Investment Philosophy

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CIO, DSP Pension Fund

Manages:

DSP Pension Fund Managers Scheme E - TIER I

DSP Pension Fund Managers Scheme E - TIER II

DSP Pension Fund Managers Scheme A - TIER I

DSP Pension Fund Managers Scheme Tax Saver - TIER II

The framework is applicable only for the Equity portion of the Funds mentioned.

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CORE FRAMEWORK

“Whether appropriate or not, the term "value investing" is widely used. Typically, it connotes the purchase of stocks having attributes such as a low ratio of price to book value, a low price-earnings ratio, or a high dividend yield. Unfortunately, such characteristics, even if they appear in combination, are far from determinative as to whether an investor is indeed buying something for what it is worth and is therefore truly operating on the principle of obtaining value in his investments. Correspondingly, opposite characteristics - a high ratio of price to book value, a high price-earnings ratio, and a low dividend yield - are in no way inconsistent with a "value" purchase.” ~Warren Buffett, Berkshire Hathaway Letter, 1992[1]

Not merely listening to Warren Buffett has helped me, but as I have made many investing mistakes based on free cash flow and earnings yields, I have internalized that the above quote truly captures the essence of value investing. Value Investing is simply buying something for less than it’s worth. I follow this timeless principle of value investing while managing money.

However, learning vicariously and experientially, I’ve observed that speculation ruins the so-called “dumb money” while dogma ruins the perceived “smart”. I do not believe in just “Value Factor” investing where one buys stocks trading at very low multiples. Without context, it matters little to me - whether a stock is selling at earnings multiple of 7, 17 or 170. A business is worth the sum of its future free cash flow discounted back at an appropriate long-term interest rate. That’s how a buyer of a private business would value a business. One won’t think about the multiple first and the cashflow one can get out of the business, second. Rather, one

would do the reverse and arrive at a multiple one wants to pay for a business. I try to think and invest similarly. Still, for me to consider investing in a business, it should not only have an attractive free cash flow yield with reasonable margin of safety but also have certain qualitative characteristics: a strong balance sheet, a simple yet sustainable business model with low terminal value risk and a rational capital allocation framework in place from an honest and adaptable management, the only real link between business value and total shareholder returns. For the long term, I primarily stick to a diversified *core* portfolio of such companies. Tactically, I *explore* and take small positions in special situations that arise from infrequent market dislocations, leading to a long tail of holdings in my portfolio.

***I've explained my Core & Explore Construct below.**

ENTRY PROCESS

Idea Generation

Over the course of several years, I've gotten ideas from Factsheets of some of the greatest investors and from widely available platforms such as ValuePickr, screener.in and Twitter. Often, I use platforms such as Refinitiv to screen stocks. I also like Peter Lynch's framework for idea generation - ideas can come from anyone from anywhere. Reading one earnings' call transcript can lead to another company.

Through these sources, I've built a long and structured coverage universe of hundreds of companies. Periodically, I keep reviewing this list. As a practice, I have built Prof. Bruce Greenwald's Asset Value and Earning Power Value models[2] for several of these companies. I

have an evolving understanding of how to value specific companies in many different sectors, and my models can adapt. Ideally, I want to buy quality companies where the spread between my estimate of the intrinsic value of the business and the market price is the highest. In my quest to achieve this, I sort my watchlist of quality businesses based on this value and price dispersion.

However, without being too dogmatic, I try to find attractive opportunities. I would consider even a seemingly bad quality business for a small allocation in my portfolio, if the risk/reward is in my favor. I assess that based on various factors: margin trend, balance sheet profile, ROIC (return on invested capital) trajectory, fundamental changes in the industry structure, cyclical uptick in earnings, unreasonably low market expectations built into the stock price, etc., as value investing does not mean buying only good businesses; it means buying businesses well.

In markets, the pendulum can erratically swing from one extreme to the other on any industry. Therefore, I often find individual ideas by thinking about operating performance and valuations of the businesses across sectors that have been performing well and badly at any given time.

Investment Selection

I like the idea of buying GARP (growth at a reasonable price) stocks. However, this well-intentioned idea has transcended the boundaries of investing to enter the realm of speculation because Buffett has taught us to buy a great business at a wonderful price while he himself does so, rarely. Perhaps, he knows that most investors neither have the fortitude nor the gumption to buy good securities really cheap.

Over the years, I've watched many "investors" including famed fund managers and venture capitalists slap insanely high growth rates and margin assumptions on businesses to justify astronomical valuations for unprofitable businesses in highly dynamic industries, as if nothing can ever fall short of expectations. If you curiously question the assumptions of these "investors", they would tell you such assumptions are "reasonable". I simply avoid such mental

gymnastics. Rather, I'm always looking for attractive opportunities, yet I always keep mediocre companies as the secondary option for my portfolio over the higher quality ones.

As value and growth are joined at the hip, I want both. I find it hard to hold a business long term if it is not growing. A profitably growing business not pricing in its potential is my prescription to avoid most of the value traps. Understanding the past and the present operating performance of the company, I also try to avoid investments that require high growth rate assumptions to work out. Embedding margin of safety at every step in my investment selection process, I look for the following qualitative characteristics in an investment:

1. Simplicity: I firmly believe that focusing on a select few things in business is effective. A business should be simple for me to understand. If a company has lots of adjacent businesses, it will probably be too complex to understand, and I am more likely to miss where the negative shock may come from. A consumer-packaged goods company focused on chocolates and candies and a luxury watch manufacturer are great examples of simple business models whereas a semiconductor company is an example of a complex business model whose odds of future success are best handicapped by a specialist in the space.
2. Competitive Advantages: A business must be focused on making lives easier/pleasurable for its customers, and it should have some sort of a mouse trap with its customers: 1) regulatory capture like that of a stock exchange or a rating agency, 2) mindshare like that of the cigarettes and an energy drink maker, 3) sticky/contractual customer base like that of a mission-critical API/Chemical company, 4) distribution advantages like those of an adhesive and a baby milk powder maker, 5) geographical and cost advantage of a high quality zinc producer, 6) preferable and/or aspirational product/brand like that of a luxury jewelry maker, 7) network effects of a social media company, etc. All such businesses usually have one or a combination of several such advantages.
3. Sustainability: A business model must have a profitable growth flywheel that has sustained its momentum for an unusually long period of time in the past and is likely to

do so in future, aided by some sort of moat i.e., competitive advantage and/or total addressable market for its product/service. The longer the company can defend its moat, the longer the sustainability of its cash flows and reinvestment runway, reducing its terminal value risk. A simple business with a sustainable business model doesn't require one to make bold predictions.

4. Good Corporate Governance:
"We seek to identify and own highly intelligent companies – companies that are focused on driving shareholder value higher, through great operations and intelligent long term strategic thinking combined with smart capital allocation." ~Turtle Creek, 2020 Letter to Unitholders[3]

Judging people, especially avoiding charlatans, is a critical part of my investing process. Good Corporate Governance is not only limited to the integrity of the management - visible from the past actions related to how it treats its minority shareholders but also extends to the 1) capital allocation talent - visible in the business's long term ROIC ranges, 2) ability to adapt/evolve - visible from some of the pivotal/key business decisions, and 3) hunger to grow - visible from long term Sales and Earnings CAGR (compounded annual growth rate).

- *a good ROIC*: ROIC tells us how much a business earns from its existing investments. If ROIC-WACC > 0, a business is probably creating shareholder value. In India, the WACC (weighted average cost of capital) for most companies is ~12%. So, I'm inclined toward investing in companies that can consistently generate and sustain a >12% ROIC for a very long period. Typically, my core portfolio is made up of businesses that generate >15% ROIC.

- *a good Sales and Earnings CAGR*: The Nifty50 Index has grown its EPS from [4] Rs.73.73 in January 2003 to Rs.831.09 in January 2023 - a CAGR of 12.88%[5]. So, I'm

more interested in companies that have been able to grow earnings at least in line with this historical EPS CAGR.

- *long term*: Long term is not some timeframe. It is a way of thinking. Ideally, I want to own all the businesses I buy, forever, but it is an objective, not a prescription. So, realistically, when I'm researching a company, I look at its past 3-year, 5-year, 10-year sales and earnings growth and think about the same for the next 3-4 years. But I always think about the longevity of its competitive advantages for a much longer timeframe, as that lowers the terminal value risk, leading to higher intrinsic value even for businesses that have relatively matured.

I have also reluctantly learned to admire the management teams that can tell their story well, while reinvesting in the business to build a powerful franchise for the long term. Good storytelling, backed by execution can help management teams control the narrative. And that may lead to increased market capitalization for these companies, reducing their cost of capital to "keep building".

5. Low Leverage:

"Ants have adapted to be Resilient to extreme events, even though most days it costs them from a productivity optimization perspective." ~Brinton Johns and Brad Slingerlend, Complexity Investing[6]

Lots of good analyses on capital structure focus on minimizing WACC that is usually possible through debt. Using leverage could prove to be prudent 80% of the time, but it can wreck the income statement and the balance sheet during the rest 20% of the time so much that it may become impossible for businesses to bounce back. Businesses get destroyed when they add greedy fragility to their existence.

Typically, I avoid companies with complex capital structures and those that use high debt to reduce their WACC, primarily to garner higher multiples for their stocks as it masks the low ROIC of a business. Personally, I value resilience more than I value optimization, just as ants do. However, whenever a company with sustainable business

and good corporate governance increases the use of cheap debt, I look for a potential capital structure arbitrage opportunity.

6. Reasonable Valuation: What I buy is very important, but what price I pay is equally or more important to me. "Reasonable" and "Attractive" are the key operating words in describing my investment selection process. For me, a reasonable valuation is not the one that fairly values a business, but a cheap valuation that substantially undervalues the sum of the future free cash flow of a business. It is a valuation from which I can expect to generate an acceptable return on my investment.

   - *an acceptable return*: The Nifty50 Index has gone from 1,086 points in January 2003 to 18,064 points in January 2023 - a CAGR of ~15%.[7] However, the index's earnings yield has also trended lower as its P/E went from 14.74 to 21.74 during the same period. Without the multiple expansion, the index would have a CAGR of 12.88%. Hence, I consider an IRR (internal rate of return) of ~13% an acceptable one, supported by India's GDP growth[8] and inflation rate.[9]

USD has appreciated from Rs.47 to Rs.82 during the same period - a CAGR of 2.82%.

Sometimes, a business is trading at a reasonable valuation in plain sight, but more frequently, I must think about the sustainability and longevity of the competitive advantages and the free cash flow trajectory of a business. If the market underestimates a business's potential, the probability of positive surprises grows significantly.

While I tend to be prepared for the left-tail risks that could negatively impact a specific business, I also acknowledge the concept of Mean Reversion.[10] Valuing a business, I rarely assume that a business's valuation multiples and operating performance deviate dramatically from their long-term averages in my favor. Still, I try to decipher the range of possible outcomes for each individual business in my portfolio, being cognizant of the fact that the best and worst outcomes in history exceeded the best and worst outcomes at that time.

Based on these ideas, I try to figure out what market expectations are embedded into the stock price. Keeping a decent margin of safety, depending on the terminal value risk in the business I am valuing, I arrive at a price I want to pay. Typically, the weighted average of the valuation multiples of the companies in my portfolio would be visibly reasonable.

PORTFOLIO CONSTRUCTION

I believe that investing is much more art than science. Knowing oneself, one must paint one's own canvas - a portfolio uniquely suited to one's own personality and subjective understanding of businesses. Therefore, I've found that no position construction formula is prescriptive for me.

When a business comes into my radar, the first thing I think about is whether the product/service has a good value proposition and whether the business meets my quality parameters. Then I think about the valuation, and what I need to assume to get a decent return on my investment from the current price. The higher the quality and the expected return (based on my conservative expectations), the larger the position.

Position Sizing

"It ain't what you don't know that gets you into trouble. It's what you know for sure that just ain't so". ~Mark Twain[11]

After selecting an investment, I try to assign probabilities for a range of outcomes on an investment through Bayesian Analysis.[12] These probabilities are imperfect and subjectively dependent on my qualitative judgment of a business.

Ideally, I want to allocate the highest amount to the investments where the probability of my judgment being correct is the highest, as good investment ideas are scarce.[13] However, I want to stay rational in my actions and do not want my profits/losses to cloud my judgment. I have allocated much higher weights to positions in my personal portfolio in the past. But today, a ~8% allocation to a business in my portfolio (at cost) works as an alarm for me to be less aggressive. I'm always constructively "worried" about my positioning, and such a position size cap prioritizes resilience and longevity over optimization of the portfolio returns.

Pension Fund mandates in Equity Schemes prohibit a fund manager from allocating more than 15% of the fund's assets into an individual position.

Averaging Down

"Losers average losers." ~Paul Tudor Jones[14]

I believe that averaging sensibly,[15] over time, is what separates a good investor from a mediocre one. With the benefit of hindsight, averaging down when one's proven right feels great, but it could prove catastrophic in many situations. So, I predominantly average down aggressively in profitably growing companies that surpass the quality criteria I described in my **'Investment Selection'** process.

As I try to inculcate margin of safety at every step-in portfolio management, a stock going down a lot from my purchase price on a *full position size*, under normal market conditions, may mean I have been proven wrong, as timing the entry points matter. Even before entering a stock, I almost always have a clear plan of action in mind for my investments. I have a good idea about what I would do during a rise/a drawdown in the market value of that investment. I'm also prepared for a languishing price for a prolonged period.

Time reveals a lot about the accuracy of one's decisions in markets. Unconventionally, once I make a purchase at a price that offers an acceptable IRR, I go into the rest and digest mode on that idea. I let it simmer for days and even months. I also try to understand the near-term

temporary risks to the stock price, so I can craft a sharper plan of action to scale up my position at a lower price.

As I build conviction, I average down on a good business because now my expected IRR has gone up. But customarily, I avoid averaging down on an investment in a business: 1) if I've reached a maximum manageable position size, 2) that is highly levered, 3) that is cyclical 4) whose competitive position has been threatened.

Averaging Up

Over a period, I've observed that good investments make one average up, not down. There are only two scenarios in which I will average up on an investment: 1) if the intrinsic value of the business has gone up at least in tandem with the price action, 2) if the intrinsic value of the business is higher than I initially thought was the case.

Core & Explore Construct[16]

"Don't tell me what you think, tell me what you have in your portfolio." ~Nassim Nicholas Taleb, Skin in the Game[17]

Most investors want to buy high quality businesses, but there are ample opportunities in the lower tier businesses primarily because most investors wouldn't touch such stocks. Usually, ~70% of my portfolio is the *core* that is diversified among few stocks that fit my business quality framework described above; these stocks have a secular growth trajectory with potential to compound earnings over a very long period. But the remaining ~30% is the *explore* part of my portfolio, comprising stocks that may deviate meaningfully from my quality framework. I believe such a portfolio is more concentrated than most of the intelligently constructed portfolios, yet more reflexive than the highly concentrated portfolios that rely on bolder predictions.

Nonetheless, I believe that no stock in my portfolio compromises the first principles of value investing – paying for something less than it's worth. The *explore* part will have various types

of stocks such as 1) Asset Plays – businesses that are trading below the replacement cost of the assets, 2) Turnarounds – businesses that had management issues, but now material change is happening there *or* businesses that have a certain vertical with large TAM (Total Addressable Market) and/or businesses that have improving ROIC, 3) Cyclicals – businesses that are at their cyclical troughs in my opinion, and seldom, 4) Unprofitable hyper-growth businesses with strong value proposition, reinvesting for their future.

Many times, I do not sweat on an exit strategy in a good quality business, but I have clear exit multiples (based on my understanding of their long-term ranges) in my mind for a lower quality business in my portfolio. Rarely, but if such a business improves qualitatively, I would stay with it longer unless my exit process commands me to sell.

EXIT PROCESS

Most value investors, including me, have a bias toward understanding the downside from an investment well, but upside rips in stocks can take us by surprise, and these up-moves are as hard to manage as the downside. So, I try to hold stocks much longer, making it critical for me to predominantly invest in profitably growing quality businesses.

Rarely falling prey to the Disposition Effect,[18] I would continue to hold a stock as long as the business is doing well and the valuation is merited, even sometimes at a premium. Yet, I try to understand the market psychology and narrative on the stock, based on commentary from market participants. I try to decipher when the stock has significantly deviated away from its fundamentals on the upside and has entered the positive momentum territory where each new piece of information about the stock is taken positively. In such a case, I would sell slowly and gradually on every rise, even when I "feel" that irrationality on the upside can prevail for much longer.

I would also sell a stock if: 1) a new issue surfaces about management's integrity and corporate governance, 2) the operating performance of the business falls short of my conservative assumptions 3) the competitive position of the business has seriously been threatened, 4) my expected IRR from the stock drops below an acceptable IRR, 5) I believe that my thesis and understanding on the business and/or valuation were incorrect, 6) a better investment opportunity comes along.

ALPHA GENERATION

My objective is to perform better than major indices and my benchmarks. My job is not only to protect our investors' capital but also to grow their invested capital with us. If I do not do so in the long term, I believe that there is no reason for my existence as an active money manager. Still, I do not claim to generate alpha, while simultaneously believing that I would perform decently well over the long term.

I believe there are 3 types of edges in the market:

1. Informational Edge: *"With enough insider information and a million dollars, you can go broke in a year." ~Warren Buffett*

   With the widespread information on companies today, it is very hard to get any informational edge. Company-related critical information must lawfully reach the broader markets at once.

   Managements and outsiders who have this information are known to have some "Black Edge"[19] that, if used unlawfully for personal gains, may lead them into precarious situations.

Nevertheless, most markets participants are complacent. I do not have any material informational edge but reading and thinking take a lot of time and effort. Those who are inclined to do so have some edge over other market participants.

2. Analytical Edge: *"Long ago, Sir Isaac Newton gave us three laws of motion, which were the work of genius. But Sir Isaac's talents didn't extend to investing: He lost a bundle in the South Sea Bubble, explaining later, 'I can calculate the movement of the stars, but not the madness of men.' If he had not been traumatized by this loss, Sir Isaac might well have gone on to discover the Fourth Law of Motion: For investors as a whole, returns decrease as motion increases." ~Warren Buffett, Berkshire Hathaway Letter, 2005*[20]

   I take solace in the fact - if the great Sir Isaac Newton did not have an analytical edge in markets, I and most other investors do not stand a chance.

   While I do not have any analytical edge compared with the growing number of Quants and Mathematical Ninja traders who can crunch large datasets and analyze the information much faster with precision, keeping an eye on a select few important business-related micro variables that impact the stock, I may analyze an information that others deem useless, and make sense of it. Contrarily, I may choose to ignore a piece of information completely while others are sweating on the same.

   Additionally, I do not believe that being more analytical in markets increases one's probability of success. To succeed in investing, one needs to develop sound judgment and stomach volatility. One needs to comprehend relevant qualitative and quantitative facts, synthesize them to reach a reasonable conclusion, and behave well over time.

3. Behavioral Edge: *"One does not have to be smart to make a fortune. All he has to know and do is what it takes. Of times, that is so simple as to be beneath the notice of anyone but obvious Adams." ~Thomas Phelps, 100 to 1*

> Investing is a humbling endeavor. It is the only profession I can think of, where a non-professional may beat well-experienced professionals by a wide margin, merely by behaving well i.e. buying fear and selling greed.
>
> Informational and Analytical edges are rendered completely useless if one isn't self-aware and can't control one's emotions. One must learn and train oneself to behave well.
>
> What one shouldn't do while investing in capital markets is as important as what one should do. Hence, I want to invert the question from *"how will I invest well?"* to *"how will I invest terribly?"*.[21]

There are many ways to fail at investing well. Barring speculators, I believe there are two terrible types of investors: 1) those who can't change their minds, 2) those who change their minds too often. I have observed that the absolute best investors persevere with the ideas they've internalized over long periods of time, and they have a sense when these ideas have been structurally challenged. Conviction can neither be borrowed nor be built on shaky foundations and belief systems.

While investing, I try to keep an open mind, yet never giving up on first principles of value conservation and value creation.[22] Neither I try to be contrarian nor I try to be with consensus. I try to be rational and decisive. I try to think independently and correctly. I consistently work on my temperament to prepare for inevitable market drawdowns. My natural inclination is to be almost always wary of consensus. I try to have some variant perception[23] on a specific business. I try to find disconfirming evidence against the existing and potential investments I like and do the reverse on those that I don't.

No matter how much the upside is, I refuse to buy great businesses if they're trading at prices that do not offer margin of safety. Markets oscillate between greed and fear. When they don't aggressively do so, they entice people into doing something dumb. I buy fear, and I refuse to buy fancy, fad, and greed. In my attempt to avoid stupidity, I am willing to remain relatively

inactive for long periods of time. I refuse to invest in assets I do not understand well. The cost of this perceived behavioral edge is that I may underperform at times. Yet, I'm willing to pay this cost for the prize of doing decently well over the longer term.

"Investing should be more like watching paint dry or watching grass grow. If you want excitement, take $800 and go to Las Vegas." ~Paul Samuelson[24]

Most market participants are trying to get rich quick whereas I want to compound slowly, because I do not believe one can get rich quick. One can only get poor quickly. Most market participants are chasing high and quick returns. Going for a high IRR doesn't take guts, going for a reasonable one does. Humility in position sizing and portfolio construction combined with realistic return expectations with good grasp on base rates are critical to success in investing.

I do not chase alpha. Alpha is a by-product of sound investing process, right behavior, and mental fortitude. I believe that I have developed a sound process that has the capacity to suffer. I know that I try to behave well. I realize that I'm not as good as Buffett or Munger at analyzing a business and taking an extremely concentrated position. If diversification is the protection against ignorance, I need some of that protection. I think for myself and my fund's unitholders. I know that losing money on a large, concentrated position may dampen my self-confidence, a valuable asset as an investor, and make it harder for me to bounce back. That sort of self-awareness, combined with patience and decisive action, is my edge.

I don't look for long shots and multi-baggers, but I'm always looking for potentially the most certain capital appreciation that can be possible in equities. The risk-adjusted returns matter to me. If a stock, for which I had to assume high growth rates for the business, advances by x% and the one for which I had to assume no growth advances by the same degree, it compels me to think deeper and introspect whether my mental models were flawed at the time of making the purchase. Good outcome on an investment may not tell me whether my thought process was correct, but right reasoning usually helps.

MANAGING OPM

How do I think while managing other people's money?

"Our job is to create wealthy investors, not run after them." ~Parag Parikh, Founder, PPFAS[25]

In the field of Finance, most of the people who say *"What is good for the client is good for us"* are merely virtue signaling. I differentiate the business of gathering AUM from the business of investing. There are phenomenal businesspeople who run asset management companies, rarely generating returns superior to their benchmarks and peers, regardless of the asset classes they're managing. I admire their entrepreneurial prowess and sales acumen for gathering large AUM. However, there is little to learn from them about investing well and portfolio management.

I think of investing as a profession that is focused on great outcomes for the clients. As doctors are health professionals, portfolio managers are wealth professionals who must prioritize improving their clients' financial lives over selling more fee-generating products.

I think of myself as a fiduciary for my fund's unitholders, and I do everything in my power to serve their interests over everything else.

What should an investor, investing in my fund, expect?

I believe it is extremely important to do decently well over a long time in investing rather than try to hit it out of the ballpark. I'm not the right portfolio manager for you, if you want to outperform every month, quarter or even a year. I'm not the right manager for you if you have an investing horizon for less than 3 years. I'm not the right manager for you if you fear underperformance during spectacular bull markets.

However, over a very long term, one can expect to do reasonably well in a fund I manage. During the roaring bull markets, one can expect our cash levels to build up. This is not a "cash call" I take; cash is my default position. Rising cash level means that I do not find enough attractive opportunities to invest incremental amounts in individual stocks.

Similarly, during drawdowns, one can expect our cash levels to go down over time, and sometimes swiftly during sharper drawdowns. I think this is good news for the investors who want to compound their capital over a longer period.

Thank you for reading. If you liked what you read, consider choosing DSP as your Pension Fund Manager.✌️

Disclaimer: This post is for informational purposes only. I and DSP Pension Fund Managers may or may not hold securities discussed above. This is NOT a recommendation to buy or sell securities discussed. Please do your own research before investing.

Glossary

1. **Warren Buffett, Berkshire Hathaway Letter, 1992**
2. **Lectures from Prof. Bruce C. Greenwald during 2005 to 2008 on the value investing process**
3. **Turtle Creek, 2020 Letter to Unitholders, Page 6, Para 5**
4. Rs. Symbol used throughout this post is the Indian Rupee (INR). $ Symbol used throughout this post is the US Dollar (USD).
5. **Trendlyne Data on Nifty50 EPS**
6. **Complexity Investing**
7. **Trendlyne Data on Nifty50 Index**
8. **StudyIQ Data on India's GDP**
9. **WorldData on Inflation Rates in India**
10. **Mean Reversion**
11. Quoted by Howard Marks, The Most Important Thing Illuminated: Uncommon Sense for the Thoughtful Investor, Chapter 14, Knowing What You Don't Know
12. **Bayesian Analysis Explained**
13. **Do Stocks Outperform Treasury bills?**
14. **Losers Average Losers**
15. **When do you average down?, John Hempton, Bronte Capital**
16. I borrowed the phrase Core & Explore from Anthony Robbins
17. Nassim Nicholas Taleb, Skin in the Game: Hidden Symmetries in Daily Life, Introduction
18. **The Disposition Effect**
19. **Black Edge**
20. **Warren Buffett, Berkshire Hathaway Letter, 2005**
21. **Inversion and the Power of Avoiding Stupidity**
22. **The CEO's Guide to Corporate Finance, Page 3**
23. **Variant Perception**
24. **Paul Samuelson's Words of Wisdom**
25. **Rajeev Thakkar, PPFAS**