

Seth Klarman

Quotes

*Investing, Long, Risk, Opportunity, Loss, Government, Investment Success,
Looks, Views, Discipline, Thinking, Knowing, Investment, Believe, Way,
Intelligent, Swings, Clients, May, Successful*

The single greatest edge an investor can have is a long-term orientation.

~Seth Klarman

Value investing is at its core the marriage of a contrarian streak and a calculator.

~Seth Klarman

Ultimately, nothing should be more important to investors than the ability to sleep soundly at night.

~Seth Klarman

The stock market is the story of cycles and of the human behavior that is responsible for overreactions in both directions.

~Seth Klarman

In reality, no one knows what the market will do; trying to predict it is a waste of time, and investing based upon that prediction is a speculative undertaking.

~Seth Klarman

Investment success cannot be captured in a mathematical equation or a computer program.

~Seth Klarman

Patience and discipline can make you look foolishly out of touch until they make you look prudent and even prescient

~Seth Klarman

The near absence of bargains works as a reverse indicator for us. When we find there is little worth buying, there is probably much worth selling.

~Seth Klarman

As Buffett has often observed, value investing is not a concept that can be learned and gradually applied over time. It is either absorbed and adopted at once, or it is never truly learned.

~Seth Klarman

I think markets will never be efficient because of human nature.

~Seth Klarman

The overwhelming majority of people are comfortable with consensus, but successful investors tend to have a contrarian bent.

~Seth Klarman

There's no such thing as a value company. Price is all that matters. At some price, an asset is a buy, at another it's a hold, and at another it's a sell.

~Seth Klarman

Value investing is risk aversion.

~Seth Klarman

Macro worries are like sports talk radio. Everyone has a good opinion which probably means that none of them are good.

~Seth Klarman

Over the long run, the crowd is always wrong.

~Seth Klarman

The avoidance of loss is the surest way to ensure a profitable outcome.

~Seth Klarman

In a rising market, everyone makes money and a value philosophy is unnecessary. But because there is no certain way to predict what the market will do, one must follow a value philosophy at all times.

~Seth Klarman

All an investor can do is follow a consistently disciplined and rigorous approach; over time the returns will come

~Seth Klarman

Almost every financial blow up is because of leverage.

~Seth Klarman

Investing today may well be harder than it has been at any time in our three decades of existence.

~Seth Klarman

When a stock is selling at a discount to liquidation value per share, a near rock-bottom appraisal, it is frequently an attractive investment.

~Seth Klarman

Typically, we make money when we buy things. We count the profits later, but we know we have captured them when we buy the bargain.

~Seth Klarman

The trick of successful investors is to sell when they want to, not when they have to.

~Seth Klarman

Individual and institutional investors alike frequently demonstrate an inability to make long-term investment decisions based on business fundamentals.

~Seth Klarman

Loss avoidance must be the cornerstone of your investment philosophy.

~Seth Klarman

If you can remember that stocks aren't pieces of paper that gyrate all the time --they are fractional interests in businesses -- it all makes sense.

~Seth Klarman

While knowing how to value businesses is essential for investment success, the first and perhaps most important step in the investment process is knowing where to look for opportunities

~Seth Klarman

Value investors should completely exit a security by the time it reaches full value; owning overvalued securities is the realm of speculators.

~Seth Klarman

Be sure that you are well compensated for illiquidity - especially illiquidity without control - because it can create particularly high opportunity costs.

~Seth Klarman

Value investing is predicated on the efficient market hypothesis being wrong.

~Seth Klarman

We are not so brazen as to believe that we can perfectly calibrate valuation; determining risk and return for any investment remains an art not an exact science

~Seth Klarman

The inability to hold cash and the pressure to be fully invested at all times meant that when the plug was pulled out of the tub, all boats dropped as the water rushed down the drain.

~Seth Klarman

Graham's wonderful sentence as, an investor needs only two things:

cash and courage. Having only one of them is not enough.

~Seth Klarman

In contrast to the speculators preoccupation with rapid gain, value investors demonstrate their risk aversion by striving to avoid loss.

~Seth Klarman

We worry top-down, but we invest bottom-up

~Seth Klarman

When all feels calm and prices surge, the markets may feel safe; but, in fact, they are dangerous because few investors are focusing on risk.

~Seth Klarman

We are big fans of fear, and in investing it is clearly better to be scared than sorry.

~Seth Klarman

The cost of performing well in bad times can be relative underperformance in good times.

~Seth Klarman

Ratings agencies are highly conflicted, unimaginative dupes. They are blissfully unaware of adverse selection and moral hazard. Investors should never trust them.

~Seth Klarman

I know of no long-time practitioner who regrets adhering to a value philosophy; few investors who embrace the fundamental principles ever abandon this investment approach for another

~Seth Klarman

The best protection against risk is knowing what you are doing.

~Seth Klarman

The prevailing view has been that the market will earn a high rate of return if the holding period is long enough, but entry point is what really matters.

~Seth Klarman

Avoiding where others go wrong is an important step in achieving investment success. In fact, it almost assures it.

~Seth Klarman

In investing it is never wrong to change your mind. It is only wrong to change your mind and do nothing about it.

~Seth Klarman

We buy expecting to hold a bond to maturity and a stock forever.

~Seth Klarman

A simple rule applies: if you don't quickly comprehend what a company is doing, then management probably doesn't either.

~Seth Klarman

Complexity - limits competition.

~Seth Klarman

A tipping point is invisible, as we just saw in Greece. In most situations, everything appears fine until it's not fine, until, for example, no one shows up at a Treasury auction.

~Seth Klarman

Successful investors must temper the arrogance of taking a stand with a large dose of humility, accepting that despite their efforts and care, they may in fact be wrong.

~Seth Klarman

Most investors are primarily oriented toward return, how much they can

make and pay little attention to risk, how much they can lose.

~Seth Klarman

Analysts recommendations may not produce good results. In part this is due to the pressure placed on these analysts to recommend frequently rather than wisely.

~Seth Klarman

One must understand the importance of an endless drive to get information and seek value.

~Seth Klarman

My experience is that short sellers do far better analysis than long buyers because they have to. The market is biased upward over time-as the saying goes, stocks are for the long run.

~Seth Klarman

While it might seem that anyone can be a value investor, the essential characteristics of this type of investor-patience, discipline, and risk aversion-may well be genetically determined.

~Seth Klarman

When people give away stocks based on forced selling or fear that is usually a great opportunity.

~Seth Klarman

Sometimes buying early on the way down looks like being wrong, but it isn't.

~Seth Klarman

Be indifferent if you lose your short term clients, remember they are your own worst enemy

~Seth Klarman

Like to have a catalyst - reduces dependence on the market:
Distressed debt inherently has a catalyst - maturity.

~Seth Klarman

By investing at a discount, Benjamin Graham knew that he was unlikely to experience losses.

~Seth Klarman

All investors must come to terms with the relentless continuity of the investment process.

~Seth Klarman

Benjamin Graham wrote, "Those with enterprise haven't the money, and those with money haven't the enterprise, to buy stocks when they are cheap."

~Seth Klarman

People should be highly sceptical of anyone's including their own, ability to predict the future, and instead pursue strategies that can survive whatever may occur.

~Seth Klarman

Flexible approach - will look at ALL asset classes.

~Seth Klarman

Limit risk with: Deep analysis Bargain purchase Sensitivity analysis.

~Seth Klarman

A value strategy is of little use to the impatient investor since it usually takes time to pay off.

~Seth Klarman

If only one word is to be used to describe what Baupost does, that word should be: 'Mispricing'. We look for mispricing due to over-reaction.

~Seth Klarman

When a Wall Street analyst or broker expresses optimism, investors must take it with a grain of salt.

~Seth Klarman

Investing is the intersection of economics and psychology.

~Seth Klarman

We don't deal in absolutes. We deal in probabilities.

~Seth Klarman

Generally, the greater the stigma or revulsion, the better the bargain.

~Seth Klarman

The real secret to investing is that there is no secret to investing.

~Seth Klarman

Bad things happen, but really bad things do not. Do buy the dips, especially the lowest quality securities when they come under pressure, because declines will quickly be reversed.

~Seth Klarman

Depressions aren't good but the depression mentality is good.

~Seth Klarman

Costs and liabilities are rarely overstated.

~Seth Klarman

Be focused on process and not outcome

~Seth Klarman

Never stop reading. History doesn't repeat, but it does rhyme.

~Seth Klarman

Why should the immediate opportunity set be the only one considered, when tomorrow's may well be considerably more fertile than today's?

~Seth Klarman

Hold cash when opportunities are not presenting themselves.

~Seth Klarman

Do not suffer interim losses, relish and appreciate them

~Seth Klarman

The way to maximize outcome is to focus on the process.

~Seth Klarman

Once you adopt a value-investment strategy, any other investment behavior starts to seem like gambling.

~Seth Klarman

It is crucial in a sound investment process to search a mile wide than a mile deep with they find something - also.. never stop digging for information.

~Seth Klarman

There are no long-term lessons - ever.

~Seth Klarman

I don't have a Bloomberg on my desk. I don't care.

~Seth Klarman

It's incredibly important to note that when you don't allow failure, you get more failure.

~Seth Klarman

There is an old saying, "How did you go bankrupt?" And the answer is, "Gradually, and then suddenly." The impending fiscal crisis in the

United States will make its appearance in the same way.

~Seth Klarman

The government can reasonably rely on debt ratings when it forms programs to lend money to buyers of otherwise unattractive debt instruments.

~Seth Klarman

Always look for forced urgent selling.

~Seth Klarman

Courage is a function of process.

~Seth Klarman

There is no amount of bad news that the markets cannot see past.

~Seth Klarman

If another person were to enter the building, it would once again be empty.

~Seth Klarman

Don't short many stocks. Instead they hedge for tail risk with CDS and options. They are happy to incur illiquidity

~Seth Klarman

Avoid organizing investment team into silos.

~Seth Klarman

Excess capacity in people, machines, or property will be quickly absorbed.

~Seth Klarman

We work really hard never to get confused with what we know from what we think or hope or wish.

~Seth Klarman

You probably would not choose to dine at a restaurant whose chef always ate elsewhere. I do eat my own cooking, and I don't "dine out" when it comes to investing.

~Seth Klarman

When a government official says a problem has been "contained," pay no attention.

~Seth Klarman

Having great clients is the key to investment success.

~Seth Klarman

Buying's easier, selling's hard - [it's] hard to know when to get out.

~Seth Klarman

I find value investing to be a stimulating, intellectually challenging, ever changing, and financially rewarding discipline

~Seth Klarman

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