

FOR INVESTORS

VIRTUES OF THE SAGE

The one legend whose name comes to everyone's mind when we hear the words "investment billionaire" is Warren Buffet, also known as the "Sage of Omaha" – the role model for several generations of investors. His unique investment style, laser sharp focus on creation of long term wealth, is the stuff folk lores are made of. But how does one model oneself after him? What does that he do that we can emulate?

We give here an extract of merely a few of the jewels from the treasure chest of investment wisdom which Buffet has bequeathed us with. Investors should imbibe these ***timeless virtues***!

Virtue No.1 : PATIENCE BEFORE INVESTING ... until the opportunity shows up

"The best times to deploy capital are when things are going down"

Patience is the greatest virtue in the world of investing. Wait for an unexpected fall in the price, which may be triggered by an irrational fall leading to a temporary mispricing, or an even bigger "Black Swan" event that causes prices to fall. Waiting for such a mispricing to emerge before deploying capital has been one of Buffet's greatest virtues.

Virtue No.2 : BEING OPPORTUNISTIC ... know the opportunity when it shows up

"Opportunities come infrequently. When it rains gold, put out the bucket, not the thimble"

Invest big – win big! When you realise an opportunity is at hand, do not hesitate or hold yourself back. Buy shares in good companies, at a good price and in *good quantity*!

Virtue No.3 : BEING PRUDENT WITH THE PRICE ... do not overpay

"A stock can be a good buy or a bad buy, it all depends on the price. You can convert a good investment into a bad deal by paying too much"

The higher the price you pay, the lower the returns you will ultimately make on the investment. You may have identified a wonderful business to invest in, but if you pay too much, it will turn into a bad deal!

Virtue No.4 : PATIENCE AFTER INVESTING ... once invested, remain invested, patiently

"The stock market is a device for transferring money from the impatient to the patient"

"Patience is the key to successful investing. It's essential to have a long term perspective and enough discipline to avoid impulsive decisions"

In the world of investing, the proverbial "tortoise" can really beat the "hare". Slow and steady can really win. It is widely said that investing is like "watching paint dry". The process of investing may not be always exciting and fun, but the one virtue which distinguishes a winning investor and a losing one is quite often *"patience"*.