

50 Mental Models for Long-Term Investors

A curated guide from sustine.top — investment philosophy, mental models, and the art of thinking clearly.

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"It takes character to sit with all that cash and to do nothing. I didn't get to where I am by going after mediocre opportunities." — Charlie Munger

I. Foundational Models

1. Circle of Competence

Definition: Every investor operates within a domain of genuine understanding — businesses, industries, and dynamics they truly comprehend. Operating inside this circle produces superior decisions; venturing beyond it, disguised as opportunity, produces ruin.

"I'm no genius. I'm smart in spots — but I stay around those spots." — Warren Buffett

Application: Before any investment, ask one honest question: "Can I explain in plain language exactly how this business makes money and what could destroy it?" If you hesitate, the circle has already been crossed.

2. Margin of Safety

Definition: The difference between intrinsic value and the price paid. Benjamin Graham's central doctrine: buy assets at a sufficient discount to absorb errors in estimation, unexpected adversity, and the ordinary cruelty of markets.

"The three most important words in investing are: margin of safety." — Benjamin Graham

Application: Calculate a conservative intrinsic value estimate, then demand a 20–40% discount before buying. The margin is not pessimism — it is engineering tolerance built into every bridge.

3. Compounding

Definition: The process by which returns accumulate not just on principal but on all previously earned returns, producing exponential rather than linear growth over long time horizons. Patience is the only required ingredient.

"My wealth has come from a combination of living in America, some lucky genes, and compound interest." — Warren Buffett

Application: Never interrupt compounding unnecessarily. Each withdrawal, each panic sale, each speculative detour resets the clock. The enemy of compounding is not bad markets — it is impatience.

4. Intrinsic Value

Definition: The present value of all future cash flows a business will generate over its lifetime, discounted back at an appropriate rate. It is not a precise number but a range, and the discipline lies in estimating honestly rather than optimistically.

"Price is what you pay. Value is what you get." — Warren Buffett

Application: Build a range of intrinsic value estimates under conservative, base, and optimistic assumptions. Invest only when market price falls below the conservative end of the range.

5. Latticework of Mental Models

Definition: Charlie Munger's prescription that investors should build a multi-disciplinary framework drawing from psychology, physics, biology, history, and economics — because reality is not sorted into academic departments, and single-discipline thinking produces systematic blind spots.

"You've got to have models in your head... and you've got to array your experience — both vicarious and direct — on this latticework of models." — Charlie Munger

Application: Spend one hour each week reading outside finance — history, biology, engineering. Cross-domain analogies surface insights that pure financial analysis cannot reach.

6. Opportunity Cost

Definition: Every investment decision implicitly rejects every alternative. The true cost of holding a mediocre business is not just its underperformance in isolation — it is the compounded return of the excellent business you did not own instead.

"The difference between successful people and really successful people is that really successful people say no to almost everything." — Warren Buffett

Application: Before buying anything, ask: "What is the best alternative I am giving up?" Hold capital in cash or index funds rather than mediocre ideas — mediocrity has a real cost.

7. Mean Reversion

Definition: Extreme outcomes — high profitability, high valuations, high sentiment — tend over time to revert toward long-term averages. This is not a guarantee of timing but a gravitational force that patient investors can exploit.

"Trees don't grow to the sky." — Old German proverb (cited widely in finance)

Application: When a business or sector appears permanently invincible, that is precisely the moment to calculate how far current metrics deviate from historical norms. Reversion is not a question of if — only when.

8. First Principles Thinking

Definition: Stripping a problem down to its fundamental, irreducible truths rather than reasoning by analogy from convention. In investing, it means asking what a business is actually worth based on economics, not what others are paying for it.

"I have no use for people who are comfortable with mediocrity." — Charlie Munger

Application: When the market assigns an extraordinary valuation, rebuild the economics from scratch: unit economics, addressable market, reinvestment rates. If the first-principles valuation cannot justify the price, the convention is wrong.

9. Asymmetry of Outcomes

Definition: Long-term investing is structurally asymmetric: losses are capped at 100%, while gains are theoretically unlimited. This asymmetry rewards concentrating on avoiding catastrophic loss and letting winners compound uninterrupted.

"Rule No. 1: Never lose money. Rule No. 2: Never forget Rule No. 1." — Warren Buffett

Application: Evaluate every investment by asking "What is my maximum realistic loss?" before asking "What is my potential gain?" Position sizes should reflect this asymmetry, not conviction alone.

10. Long-Term Orientation

Definition: The deliberate choice to measure investment outcomes in years and decades rather than quarters and months, allowing business fundamentals rather than sentiment oscillations to determine returns. Most investors claim this virtue; few practice it.

"Time is the friend of the wonderful business, the enemy of the mediocre."
— Warren Buffett

Application: Before selling any position, ask whether your reason for selling is a change in the business's long-term economics or merely a change in recent price. The latter is almost never sufficient justification.

II. Behavioral Models

11. Loss Aversion

Definition: The psychological reality that losses feel approximately twice as painful as equivalent gains feel pleasurable, as demonstrated by Kahneman and Tversky. This asymmetry causes investors to hold losing positions too long, sell winners too early, and avoid rational risks.

"The most important quality for an investor is temperament, not intellect."
— Warren Buffett

Application: When considering selling a loser, ask whether you would buy it today at the current price. If the answer is no, the position should be exited regardless of the purchase price — the past cost is irretrievable.

12. Disposition Effect

Definition: The systematic tendency to sell assets that have risen in value while holding assets that have fallen, driven by the desire to realize gains and the aversion to crystallizing losses. This is the behavioral mirror-image of sound investing.

"The investor's chief problem — and even his worst enemy — is likely to be himself." — Benjamin Graham

Application: Invert your instincts: when you feel the impulse to sell a winner "to lock in gains," ask instead whether the business continues to compound. When you feel reluctance to sell a loser, apply the same re-buy test described above.

13. Anchoring Bias

Definition: The tendency to rely excessively on the first piece of information encountered — typically the purchase price — when making subsequent judgments. An investor anchored to their entry price evaluates sell decisions against the wrong reference point.

"What people wish is what they believe." — Demosthenes

Application: Cover the purchase price when reviewing a position. Evaluate only the current fundamentals and current price. The market has no memory of what you paid; your analysis should not either.

14. Confirmation Bias

Definition: The tendency to seek, interpret, and remember information that confirms pre-existing beliefs while unconsciously dismissing contradictory evidence. In investing, this produces stubbornness with deteriorating positions and blindness to thesis changes.

"What the human being is best at doing is interpreting all new information so that their prior conclusions remain intact." — Warren Buffett

Application: Actively seek the strongest argument against your investment thesis before investing. Read the bear case first. Assign someone the explicit role of devil's advocate in your investment process.

15. Dunning-Kruger Effect

Definition: The cognitive phenomenon whereby people with limited knowledge in a domain overestimate their competence, while genuine experts recognize the depth of what they do not know. Markets create ideal conditions for this bias to flourish — early success reinforces it.

"The more I learn, the more I realize how much I don't know." — (attributed to various)

Application: Track your investment decisions in writing with explicit reasoning before outcomes are known. Compare predicted vs. actual outcomes quarterly. The gap between predicted and actual is a calibration instrument.

16. Recency Bias

Definition: The cognitive tendency to overweight recent events relative to the base rate of history, causing investors to extrapolate the recent past indefinitely into the future — projecting bear markets as permanent and bull markets as self-sustaining.

"This time is different — four of the most dangerous words in investing." — Sir John Templeton

Application: When sentiment is most extreme — euphoria or panic — deliberately research the historical frequency of such episodes and their typical duration. History rarely rhymes perfectly, but it provides a base rate.

17. Overconfidence Bias

Definition: The documented tendency to overestimate the accuracy of one's forecasts and the robustness of one's analysis. In finance, it manifests as excessive concentration, under-diversification, and trading frequency that destroys the edge assumed to exist.

"The investor who says 'This time is different' when the facts say otherwise is likely to be wrong." — Sir John Templeton

Application: Maintain a written pre-mortem before each significant investment: "Assume this position loses 50%. What went wrong?" The exercise forces honest engagement with downside scenarios before commitment.

18. Herd Mentality

Definition: The social instinct to conform to the behavior of the majority, amplified in markets by the visibility of others' returns and the social pain of underperformance. Herding produces bubbles on the way up and panics on the way down.

"Be fearful when others are greedy, and greedy when others are fearful." — Warren Buffett

Application: Measure your portfolio's distance from consensus — not to be contrarian for its own sake, but because alpha requires differentiation. If your holdings and reasoning are indistinguishable from the crowd, the expected return is the crowd's return.

19. Sunk Cost Fallacy

Definition: The error of allowing past irrecoverable costs to influence current decisions. Capital already deployed cannot be retrieved; only future outcomes can be affected. Holding a losing investment because of money already spent is an irrational but near-universal impulse.

"Should you find yourself in a chronically leaking boat, energy devoted to changing vessels is likely to be more productive than energy devoted to patching leaks." — Warren Buffett

Application: Evaluate every position as if it were a fresh cash allocation decision. "Should I buy this at the current price?" — not "Should I sell it given what I paid?" These are the same question, asked correctly.

20. Mental Accounting

Definition: The cognitive tendency to treat money differently based on its source or designated purpose — "house money" from market gains feels like it can be risked more freely, while capital carefully saved feels precious. Economically, all dollars are identical.

"Money is fungible. The gains from your last trade are not free money." — Charlie Munger (paraphrase)

Application: Maintain a single portfolio framework for all capital. Profits from a position do not justify lower standards for the next decision. Resist the impulse to "play with house money" — a dollar is a dollar, regardless of its origin.

III. Decision-Making Models

21. Inversion

Definition: Charlie Munger's most-cited heuristic: approach problems by asking what would guarantee failure, then systematically avoid those outcomes, rather than directly pursuing success. Inverted thinking reveals risks that forward-looking analysis misses.

"Invert, always invert. Turn a situation or problem upside down. Look at it backward." — Carl Jacobi (popularized by Munger)

Application: Before any investment, ask: "What would guarantee I lose money in this position?" List every plausible path to loss, then assess whether your thesis adequately addresses each. Ones you cannot rebut are warnings.

22. Second-Order Thinking

Definition: The discipline of analyzing not just the immediate consequences of a decision but the consequences of those consequences — what happens next, and what happens after that. First-order thinking produces crowded trades; second-order thinking finds the overlooked.

"Failing to consider second- and third-order consequences is the cause of a lot of painfully bad decisions." — Ray Dalio

Application: For any investment thesis, write out the causal chain two levels deep: "If X happens, then Y happens, which causes Z." Positions with the most robust second-order logic — ones the crowd hasn't traced — carry the most durable edge.

23. Via Negativa

Definition: The principle, drawn from Stoic philosophy and Nassim Taleb, that progress comes more reliably from removing harmful elements than from adding beneficial ones. In investing: removing bad decisions, biases, and toxic positions often outperforms finding new winners.

"It is not enough to do good; one must do it in the right way." — John Stuart Mill

Application: Each year, audit your portfolio not for what to add but for what to eliminate: decisions made from emotion, positions outside your circle of competence, names held from inertia. Subtraction compounds.

24. Meditatio Malorum (Premeditation of Adversity)

Definition: The Stoic practice of deliberately imagining negative outcomes before they occur, not to induce anxiety but to prepare rational responses. Investors who have pre-thought the scenario of a 40% drawdown will not make fear-driven decisions when it arrives.

"The wise man will remember all misfortune as if it might happen... He is ready, not frightened, when it arrives." — Seneca

Application: For each core position, write a scenario in which it falls 40% and your original thesis is intact. Pre-decide whether you would hold, add, or sell. Having the decision already made removes fear from its execution.

25. Caute (Epistemic Caution)

Definition: The Spinozan imperative to exercise rigorous intellectual humility — to proportion confidence to evidence, resist premature conclusions, and remain genuinely open to being wrong. In markets, premature certainty is the most expensive cognitive error.

"Caute." — Baruch Spinoza's personal motto (Latin: "Be cautious")

Application: Assign explicit probability ranges to investment assumptions rather than point estimates. A revenue growth assumption stated as "15–25%" forces honest acknowledgment of uncertainty. Point estimates cultivate false precision.

26. The Inner Scorecard

Definition: Warren Buffett's framing of the fundamental choice between evaluating one's decisions against internal standards of quality and reasoning versus the external standard of others' opinions. Short-termism and herding are products of an outer scorecard.

"Would you rather be the world's greatest lover and have everyone think you're the worst, or the world's worst lover and have everyone think you're the greatest?" — Warren Buffett

Application: Keep a private investment journal with explicit reasoning before each trade. Return to it quarterly. If your decisions cannot be justified to a skeptical future self, they should not be made to impress a contemporary audience.

27. Festina Lente (Make Haste Slowly)

Definition: The ancient maxim — Augustus Caesar's favorite — advising that sustainable achievement requires deliberate, unhurried analysis, even under apparent urgency. In investing, the urgent trade is usually the wrong trade.

"Make haste slowly." — Emperor Augustus

Application: Impose a mandatory 48-hour waiting period before executing any investment decision made in response to news or market movement. The urgency almost always evaporates; the reasoning rarely improves.

28. PDCA Loop (Deliberate Iteration)

Definition: Plan-Do-Check-Act: the feedback cycle that converts mistakes from expensive failures into compounding wisdom. An investor without a systematic review process cannot learn from errors because the errors are not structured for analysis.

"Pain + Reflection = Progress." — Ray Dalio

Application: After every position closed — win or loss — write a one-paragraph post-mortem identifying the single most important thing the outcome revealed about your process. Filed consistently, this archive becomes a compounding intellectual asset.

29. Radical Open-Mindedness

Definition: Ray Dalio's principle that productive decision-making requires genuinely considering perspectives that contradict your own with the same intellectual seriousness you give your preferred view — a discipline that is far more demanding than it appears.

"Radical open-mindedness and radical transparency are invaluable for rapid learning and effective change." — Ray Dalio

Application: For each major investment position, read the best public bear thesis as if you wrote it. If you cannot steelman the opposing view adequately, you have not yet earned your conviction.

30. Base Rate Thinking

Definition: The statistical discipline of anchoring forecasts to the historical frequency of comparable outcomes before adjusting for case-specific factors. Investors systematically ignore base rates, focusing on the unique features of each situation while forgetting how often "unique" situations fail.

"The outside view is almost always more accurate than the inside view." —
Daniel Kahneman

Application: Before forecasting a company's growth, research the historical base rate of companies in comparable situations achieving similar growth. Then ask what would have to be uniquely true for this company to beat the base rate.

IV. Character Models

31. Temperament Over Intellect

Definition: Benjamin Graham, Warren Buffett, Charlie Munger, and Jason Zweig all independently concluded that superior investment returns depend more on emotional stability, patience, and rational discipline than on raw analytical intelligence. Many brilliant analysts are ruined by their emotions.

"The most important quality for an investor is temperament, not intellect."
— Warren Buffett

Application: Identify your three most significant emotional triggers in investing — fear, greed, boredom, social pressure — and design explicit rules that govern your behavior when those triggers are activated, removing discretion from the most dangerous moments.

32. Deferred Gratification

Definition: The capacity to resist immediate reward in favor of larger future reward — the foundational virtue of long-term investing and compounding. Markets are designed to tempt short-term action; the investor who can wait is structurally advantaged.

"Sustine et abstine." (Bear and forbear) — Epictetus

Application: Calculate what your portfolio would be worth if you made half as many trades over the next decade. For most investors, the answer is "more." Inactivity is not laziness — it is the practical expression of deferred gratification.

33. Stoic Dichotomy of Control

Definition: Epictetus's foundational distinction between what lies within our power (our judgments, analysis, risk management) and what does not (short-term price movements, economic cycles, geopolitical events). Directing energy toward the former and accepting the latter is the Stoic investor's operational philosophy.

"Make the best use of what is in your power, and take the rest as it happens." — Epictetus

Application: Maintain a two-column decision log: actions you control (position sizing, research quality, entry discipline) and conditions you do not (market timing, macro events). Direct all optimization effort to the first column.

34. Discipline as Competitive Advantage

Definition: In markets populated by emotional participants, the consistent application of a sound process — buying at defined criteria, selling at defined criteria, maintaining defined position sizes — is itself a source of alpha, independent of the quality of any individual idea.

"In the business world, the rearview mirror is always clearer than the windshield." — Warren Buffett

Application: Write your investment process as a checklist with explicit yes/no criteria. Execute the checklist before every trade. Positions that fail one item of the checklist require an explicit written exception — making exceptions expensive creates discipline.

35. Independent Thinking

Definition: The refusal to outsource the formation of investment convictions to the crowd, media, or authority — not as contrarianism, but as epistemic self-reliance. As John Templeton relocated to the Bahamas to gain distance from Wall Street consensus, physical and intellectual distance from noise produces clearer judgment.

"Always be independent." — Celia Bader (advice to her daughter, Justice Ruth Bader Ginsburg)

Application: Before reading any analyst report or media commentary on a position, write your own one-paragraph thesis from first principles. Compare it afterward. The frequency with which media changes your thesis is a measure of how much independent thinking you are actually doing.

36. Humility Before Markets

Definition: The recognition that markets aggregate vast distributed intelligence, that permanent competitive advantages erode, that the investor's own analysis is always incomplete, and that the history of investing is littered with brilliant analysts destroyed by the assumption that their model was right and the market was wrong.

"I am always humble before the tape." — Jesse Livermore

Application: Every quarter, re-read the reasoning behind your worst-ever investment decision. Not as self-flagellation, but as a recalibration of your confidence level. Humility maintained through evidence is the most durable form.

37. Patience as Active Discipline

Definition: Distinguished from passive waiting, investment patience is the active choice to maintain a position despite short-term adversity because the long-term thesis remains intact — exercising daily judgment that the original reasoning is still sound, rather than simply forgetting to sell.

"Patience is crucial; wait for clear setups." — Richard Marcus (Wyckoff method practitioner)

Application: Schedule quarterly thesis reviews for every position. At each review, actively re-confirm that the original investment thesis is still intact. Patient holding is only virtuous when it is informed — not when it is the path of least resistance.

38. Simplicity Over Complexity

Definition: Charlie Munger's consistent preference for simple, understandable businesses over complex financial instruments and elaborate strategies — because complexity creates hidden risks, obscures honest appraisal, and makes performance attribution impossible.

"Our investment style has been given a name — focus investing — which implies ten holdings, not one hundred." — Charlie Munger

Application: If you cannot explain your investment thesis in three sentences to an intelligent non-specialist, it is too complex. Complexity you cannot explain is risk you cannot measure.

39. Integrity of Process

Definition: The commitment to following your defined investment process consistently — even when deviation would have produced better short-term results — because a process only produces reliable outcomes if it is applied reliably. Selective discipline is no discipline.

"Good judgment is key, acquired gradually, partly through mistakes." — Charlie Munger

Application: Track every deviation from your stated investment process. At year end, calculate the return impact of each deviation. In most cases, systematic rule-following outperforms discretionary override — the evidence will reinforce the discipline.

40. Continuous Learning

Definition: Charlie Munger's prescription — embodied in his daily reading regimen — that the investor's edge compounds through the accumulation of knowledge across many domains over many years. The investor who stops learning stops compounding.

"In my whole life, I have known no wise people who didn't read all the time — none, zero." — Charlie Munger

Application: Allocate one hour each day to reading outside your immediate portfolio focus: business history, biographies of investors, science, economics. Keep a "learning log" — one insight noted per reading session — and review it quarterly.

V. Market Structure Models

41. Economic Moats

Definition: Warren Buffett's metaphor for the durable competitive advantages that protect a business from competitive erosion — network effects, switching costs, cost advantages, intangible assets, and efficient scale. Without a moat, profitability attracts competition until it disappears.

"The key to investing is not assessing how much an industry is going to affect society, or how much it will grow, but rather determining the competitive advantage of any given company." — Warren Buffett

Application: For every investment, identify the specific moat source and test its durability: Has it narrowed in the last five years? What is the most credible competitive threat to it? A moat described vaguely is a moat not yet understood.

42. Mr. Market

Definition: Benjamin Graham's allegorical business partner who offers daily prices to buy or sell your share of the business — sometimes rationally, often driven by euphoria or despair. The intelligent investor uses Mr. Market's moods as a service, not a guide.

"Mr. Market is there to serve you, not to instruct you." — Benjamin Graham

Application: Replace the phrase "the market thinks" in your vocabulary with "Mr. Market is offering." The linguistic shift reinforces the separation between market price and business value — the distinction on which all value investing depends.

43. Wyckoff Composite Operator

Definition: Richard Wyckoff's conceptual model of a sophisticated institutional actor — the "composite operator" — whose accumulation and distribution phases leave identifiable footprints in price and volume. Understanding supply and demand dynamics reveals where institutional capital is flowing.

"Study the footprints of the operators in the market." — Richard Wyckoff

Application: Analyze price and volume behavior at key support and resistance levels: is volume expanding on advances (accumulation signal) or contracting (distribution signal)? Volume confirms what price merely suggests.

44. Reflexivity

Definition: George Soros's theory that market participants' perceptions influence the fundamentals they believe they are only observing — creating self-reinforcing feedback loops. Rising prices improve corporate fundamentals (easier financing, better sentiment) which justify higher prices, until the loop breaks.

"Financial markets are always wrong... The question is whether the initial bias will be validated or refuted." — George Soros

Application: In any strongly trending market, ask whether the price trend is itself altering the fundamental reality — cheap capital enabling unprofitable companies to survive longer than their economics justify. When the financing dries up, the fundamental reality reasserts itself abruptly.

45. Maximum Pessimism

Definition: John Templeton's principle that the best buying opportunities appear precisely when the majority of investors have abandoned hope — at the point of

maximum pessimism — because at that moment, every rational seller has already sold and prices reflect the worst plausible scenario.

"The time of maximum pessimism is the best time to buy, and the time of maximum optimism is the best time to sell." — Sir John Templeton

Application: Maintain a watchlist of high-quality businesses that are currently out of favor. When news coverage and analyst commentary on a watchlist company reaches uniform negativity, begin calculating whether current prices discount that pessimism adequately.

46. Price Is Not Value

Definition: The foundational distinction separating investment from speculation: market price is a transaction at a moment in time determined by supply and demand between buyers and sellers; intrinsic value is an estimate of the present worth of future cash flows. These diverge constantly and converge eventually.

"It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price." — Warren Buffett

Application: Never use recent price performance as evidence of value. A stock that has fallen 50% may be half as expensive or twice as risky — the price alone cannot tell you which. Only the comparison of price to independently estimated value can.

47. Quality of Earnings

Definition: The discipline of distinguishing reported accounting profit from genuine economic cash generation — examining the gap between earnings per share and free cash flow per share, the sustainability of margins, the conservatism of revenue recognition, and the adequacy of maintenance capital expenditure.

"Focus on operating earnings, not headline EPS." — Warren Buffett (2023 Berkshire letter)

Application: For any investment candidate, calculate free cash flow yield alongside earnings yield. When they diverge materially — free cash flow persistently below earnings — the accounting deserves close scrutiny before capital is committed.

48. Pricing Power

Definition: The ability of a business to raise prices without losing meaningful volume — the clearest practical expression of a durable competitive moat. Businesses without pricing power are perpetually vulnerable to input cost inflation and margin compression.

"The single most important decision in evaluating a business is pricing power." — Warren Buffett

Application: Test pricing power historically: has this business raised prices at or above inflation over the past decade? Have volumes held? Businesses that have done so reliably — consumer staples, essential software, dominant brands — are structurally superior to those that have not.

49. Liquidity as Risk Management

Definition: The deliberate maintenance of liquid reserves — cash and easily liquidated positions — both to withstand forced selling during drawdowns and to exploit opportunistic purchases when Mr. Market offers extraordinary prices. Capital not yet invested is not idle; it is optionality.

"Cash combined with courage in a crisis is priceless." — Warren Buffett

Application: Maintain a target minimum cash allocation — typically 5–15% for individual investors — not because the cash earns well, but because it prevents two catastrophic errors: forced selling at lows and inability to buy when prices are most attractive.

50. Turning Over Rocks (Diligence as Method)

Definition: The investor's imperative to examine many opportunities systematically and patiently — Peter Lynch's bloodhound discipline — rather than waiting for ideas to arrive. Most great investments are found through exhaustive search, not inspiration. The ratio of rocks turned to gems found is high; the process is irreplaceable.

"The person that turns over the most rocks wins the game." — Peter Lynch

Application: Establish a structured weekly process for screening new ideas — a fixed number of new candidates reviewed per week, with written notes kept regardless of outcome. The quality of investment decisions improves proportionally with the quality of the opportunity set considered.

Closing Note

These fifty models are not a system to be applied mechanically. They are lenses — each one illuminating a different facet of the same underlying reality. The investor who masters any one of them will invest better. The investor who builds them into a coherent latticework will invest differently from almost everyone else.

The goal is not to be clever. The goal is to be consistently rational when others are consistently irrational — to suffer less from the predictable errors of human psychology and benefit from the opportunities those errors create.

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