

“The essence is simplicity.”

Legendary investor Lou Simpson nailed what good investing is all about. Yet, looking at today's financial world you'd think you needed a PhD, a Bloomberg terminal that costs a small fortune, and an army of analysts just to keep up. But investing doesn't have to be complicated. In fact, it shouldn't be.

Unlike flying a fighter jet, performing open-heart surgery, or studying quantum physics, investing isn't *naturally* complex. It's made complex by an industry that profits from the illusion. Wall Street benefits when people believe investing is too hard to do on their own. Complexity justifies charging high fees. Complexity sells products. And complexity keeps people dependent on “experts.”

On top of that, many people complicate investing simply because they want to look smart. While this may feel good, it is not correlated with success and can even undermine sound investment decision-making. The market doesn't pay for cleverness. It rewards owning top-tier business platforms whose value increases dramatically over time. Which is, frankly, while it is being experienced, unremarkable.

So what should an investor do?

Master the fundamentals.

First and foremost, find CEOs with ambitious goals that have demonstrated the ability to execute. Identify people who create multiple ways to win. Partner with them early, before others realize their potential. When an investor gets this decision right, everything else usually falls into place.

Second, make sure these operators are running businesses with good, and preferably *improving*, economics. That means rising returns, durable cash flows and opportunities to reinvest capital intelligently.

Third, don't pay a silly price for the stock. Even the best company will be a bad investment if bought at too high a price. Stay flexible on valuation while remaining grounded in reality. Leave room for things to go wrong, because they will.

Then...do nothing.

This may be the hardest step of all. The temptation to act is always there. Markets swing wildly. Everyone else is *doing something*. But often, the most profitable behavior is simply sitting tight. Let time and the management team you have partnered with do the heavy lifting.