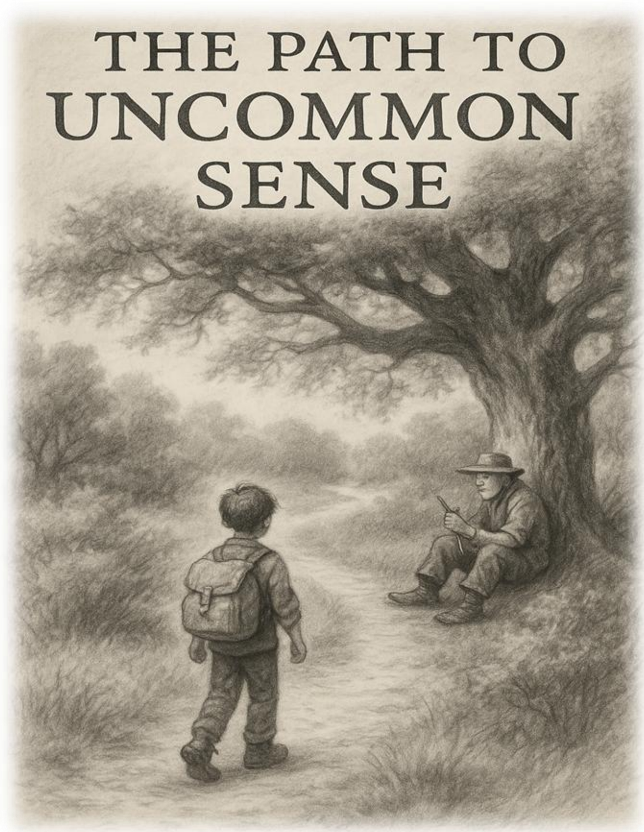
In a world where investors can easily be overwhelmed by voices constantly seeking to garner attention by creating excitement or stoking fear, we thought that it would be a good time to pause and reflect upon the thinking of some notable investors who have borne witness to a great many market cycles.

In the short parable that follows, we seek to go beyond the noise to reveal a few of the enduring principles to which these renown investors attribute their success.



Even as a young boy, he harbored an insatiable curiosity about investments. He filled his days trying to understand, seek new insights, clarity. Each day he was overwhelmed by a torrent of news, a flood of online experts, influencers, and commentators. The more voices he heard, the less he felt he understood.

One day, exhausted and confused, he set off for what he thought would be a simple walk in the woods to think, to clear his head.

He wasn't far down the trail before he realized he was hopelessly lost. He was relieved to find an old man sitting beneath a tree. The old man was cordial and seemed to know his way around. "Well, young man, you have found yourself in what we call Satisfaction Gap." As they began to talk, he told the old man of his interest in investing and why he had set off on the walk to clear his head. The old man laughed to himself that such a young man could be so curious about such grown-up things.

The old fellow tried to ease his mind, telling him not to feel bad – that a lot of much more experienced and very bright people find themselves overwhelmed with the noise and confusion and end up lost in Satisfaction Gap. Intrigued by such a young man's curiosity and determination, the old man said, "There's a way to get where you are going. But, it requires a lot of discipline, because on each path there will be people who will want to tell you about easy shortcuts and cut-throughs. But, if you follow the course I give you faithfully, you will likely happen upon 5-6 old strangers. They have made the mistakes and learned from them along the way. Absorb the wisdom they may offer and try to heed their advice. Now, get going because one need not be stranded out here without a guide."

It wasn't long before he encountered a gentleman drawing circles in the dust.

"Things turn…, forever turning" he said. He began to talk tirelessly of men and markets. He spoke of the fear and greed of man, of hope and despair — and talked of markets moving as people do, never still, never rational for long. "When others are brave, be careful; when they are fearful, be brave. Risk is not in numbers, but in hearts."

Two things stood out from their conversation to the boy as he lifted up his pack to trod on down the path:

> "Superior investors are the opposite of trend-followers."
>
> "Probable things fail to happen — and improbable things happen — all the time."
>
> — Howard Marks

The old gentleman motioned the curious investor to depart the main trail onto a less well-traveled path.

After some time, the young man dropped into a river valley and, arriving at the river, he found another fellow skipping stones into the slow-moving water.

Before he could speak, the old man spoke over his shoulder without ever looking back, "Every stone changes the water just as every belief changes the market." The world is not a mirror but a loop of belief, where perception bends reality itself. "When people think markets rise because of good news, for example, they forget that rising prices can actually create greater conviction in men." He went on talking for a bit before nodding for the boy to continue on the trail past him.

He wondered how the old man could have even known that markets occupied his mind. It was clear that the old man had said his peace, so the boy strode on past along the river bank. He ruminated upon two novel things the old sage had imparted:

> "Markets do not merely discount the future — they shape it."
>
> "I'm only rich because I know when I'm wrong."
>
> — George Soros

Eventually, as he was climbing up the side of the river valley, he came upon a small orchard. A man was pruning just a very few trees, maybe seven total, perhaps. He asked, “Why have you invested in so few trees with so much land?”

“Because doing what you understand well will reward you far more than trying to do many clever-sounding things. I could have planted a hundred varieties that I could not have tended nor known well and watched so few take root and fruit.” He continued on, speaking of patience, of learning from many fields — psychology, history, physics — for wisdom is the product of broad perspectives. Yet, success resides most often in the simple application of broad knowledge to just a few good ideas. “The wise man doesn’t chase brilliance or the newest, shiniest ideas,” he said. “He thinks broadly and seeks to avoid stupidity.”

As the young man ambled along his way, he was struck by how such an incredibly bright man continually returned to minding the basics and avoiding big mistakes:

> “It’s remarkable how much long-term advantage we’ve gained by trying to be consistently not stupid.”
>
> “The world is full of foolish gamblers. The patient investor is not one of them.”
>
> — Charlie Munger

It was nearly dawn when he happened upon another man, this one feeding cattle from an old truck. “You a farmer?” he asked.

“Truthfully I am really kind of a farmer of businesses, you might say” he replied. “I buy good fields and good stock at good prices, and wait.” He taught that time, patience and quality make the harvest, not clever timing nor good stories told by excited men. He admonished him to study, do his homework and trust that his analysis is correct.

The boy left reminded of two things the farmer had said:

> “You’re right because your facts are right — not because others agree.”
>
> “It’s better to buy a wonderful company at a fair price.”
>
> — Warren Buffett

At dusk, he came upon what looked to have been a grand old residence once, now long abandoned. A man was beginning the process of rehabilitating the old homestead.

“What happened here?” the young investor asked.

"It belonged to a man who thought prices rise forever," the old man said. "He must have forgotten that even the sun must set. He should have heeded history." In the drawing room he showed the boy old charts and graphs of empires — booms and busts, bubbles and ruin.

This man had taught him:

> "Extreme valuations always end in disappointment."
>
> "Be willing to think differently from the crowd."
>
> — Jeremy Grantham

As the moon rose over the crest of a hill, he came upon another somewhat younger man. This man was looking skyward and charting the stars. Trying to be friendly in the darkening woods, the boy called out to the man, "Some people think that you can tell the future from the stars."

The man said that, if you pay attention, some things can provide clues. He said that the bond/credit market had, at times, given him clues to happenings in broader markets. The boy said that he knew that one need not rely upon clues because the market is always right anyway to which the star-watcher said, chuckling under his breath, "The efficient market hypothesis? It's a bedtime story for the incurious. Markets may whisper to us, but it is our job to discern a course - and keep to it."

Their conversation went on for some time into the night. The next morning, when he resumed his trek, he remembered:

> You can't invest successfully by reacting to headlines.
>
> You must have a thesis and stick to it when the noise gets loud.
>
> — Jeffrey Gundlach[1]

When the traveler reached home, he looked inside his pack to find that his ideas for shortcuts, predictions, and borrowed opinions were all wet and discolored, no longer legible.

He decided that he need not try to listen to so many voices all the time. He decided that he would read the work of truly great investors and incorporate them into his thinking. He would not follow those constantly seeking the next big idea nor to the fearmongers. He scribbled notes upon the margin of his map to focus his thoughts:

"Know your direction

Ignore the noise.

Choose quality.

Know what you know well.

Let time and conviction do what noise never will."

As we head into the end of the year, this parable reminds us that:

Markets will remain emotional.

Predictions and bright ideas will continue to multiply.

Noise will not decrease.

And yet — the principles that grow wealth will remain unchanged.

Our commitment to you is to attempt to honor those principles by:

- Prioritizing valuation, quality, and durable cash flows.
- Maintaining discipline and conviction in a world addicted to immediacy and excitement.
- Thinking independently — especially when consensus grows loud.
- Stewarding your capital with the patience and prudence that lasting wealth requires.

Thank you for your continued trust.

Attribution & Sources

This story draws inspiration from the writings and philosophies of six renowned investors:

• Howard Marks — quotes adapted from his memos and *The Most Important Thing* (2011)
• George Soros — quotes from *The Alchemy of Finance* (1987)
• Warren Buffett — quotations from Berkshire Hathaway shareholder letters
• Charlie Munger — reflections from *Poor Charlie's Almanack* (2005)
• Jeremy Grantham — insights from GMO letters and essays

• [1]Jeffrey Gundlach — paraphrased ideas from interviews and public commentary

Direct quotations are used where indicated with quotations and vertical border. All other statements are interpretive dramatizations consistent with each investor's published thought.

 Inspired by the philosophies and words of Howard Marks, George Soros, Charlie Munger, Warren Buffett, Jeremy Grantham, and Jeffrey Gundlach.

[Note to Investors: The comments herein are intended to provoke thought, inform and entertain. They are not intended as specific investment advice. As often as not, the contents reflect information that the authors' feel is not adequately disseminated or understood by investors. Some discussion topics are presented for emphasis due solely to their lack of popular reporting and may not reflect the primary determinants of any specific investment decisions. In all instances, investors should consult their appropriate advisors before making any financial, tax or legal decisions.]