**Accounting for Value**

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**10 Fundamental Principles**

1. One does not buy a stock, one buys a business
2. When buying a business, know the business
3. Price is what you pay, value is what you get
4. Part of the risk in investing is the risk of paying too much
5. Ignore information at your peril
6. Understand what you know and don’t mix what you know with speculation
7. Anchor a valuation on what you know rather than on speculation
8. Beware of paying too much for growth
9. When calculating value to challenge price, beware of using price in the calculation
10. Return to fundamentals; prices gravitate to fundamentals (but that can take some time)

**Principles of Modern Finance**

1. The No-Arbitrage Principle
2. Efficient Market Hypothesis
3. Value is Based on Expected Cash Flows
4. Dividend Irrelevance: Value Does Not Depend on Dividend Payout
5. Diversification and Risk
6. Borrowing Does Not Add Value

**The Products of Modern Finance**

1. An Investment Strategy: Stocks for the Long Run
2. The Method of Comparable Multiples
3. Diversification in Real Time
4. Asset Pricing Models
5. Growth and Value
6. Financial Engineering
7. ***Accounting for Value***

Let’s Go!