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Learn from Li Ka Shing

1. Stability is the most important
2. Always have cash. Cash is king. Cash during crashes are important. Cash is opportunity.
3. Be optimistic

During 1967 Riots, Li Ka Shing bought land at their lows when people were fleeing HK.

The world is very turbulent and remains so.

2.17.2018

ETF finished the week up 8%.

The previous two weeks ETF dropped 15%.

Have to be careful of these short period bouts of volatility which causes people to panic and sell.

The key to stocks is not to get scared out of them (Lynch).

You need to always hold cash so you can expand in any field easily (Li Ka Shing)

We don’t like cash because it underperforms stocks in the long run. But we like to hold cash so our lives aren’t controlled by somebody else. We don’t want to lose even 1 night’s sleep. (Buffett)

In early development of markets, it is more speculative than investing. Those that haven’t been through cycles before are prone to speculation than people who have been through wild speculation.

If markets get hot, new issues are doing well and people on leverage are doing well, a lot of people would be attracted. Not only speculation but also gambling. China being a new market in which there is widespread participation will have some crazy experiences.

The Chinese will have more trouble. They are more speculative and it is a dumb idea. [Munger]

It will give investors more opportunities if they can keep their wits about them if you have wild speculation. If we get into periods that are tough, we will certainly do well. We won’t get fearful. Fear spreads like you cannot believe until you have seen a few examples of it.

In Sep 2008, 35 million people have money in money market funds with 3.5 trillion dollars in them, they were not afraid of losing money. Three weeks later they were all terrified, 175 billion flowed out in 3 days. The way the public can react is extreme in markets. [Buffett]

People like action and they like to gamble. If they think there is easy money to be made, they will rush to it and for a while it will be self-fulfilling and create new converts until the day of reckoning comes. Just keep preaching investing and if markets swing around a lot you will have a few converts here and there to the group that recognizes that markets are there to be taken advantage of rather than instructing you. [Buffett]

Thoughts: in bull markets, more and more people see others get rich through stocks and open accounts and at the top of the bull market, number of accounts opening reaches maximum and people sell off. It is driven by envy and jealousy when people see others get rich and they are afraid to be left behind.

Don’t predict interest rates.

2.18.2018

Weekly pnl Markets were closed on thurs and fri and they are all fut’s pnl.



