SYSTEMIC APPROACH
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“Figure out what works and do it.” - Lee Kuan Yew. Here is an attempt to craft an investment decision making process that works.

Buying

1. Determine if the company is within the circle of competence.
2. Develop a thesis and derive its intrinsic value using both quantitative measures and qualitative insights. Answer 3 questions:
    a. How much cash are you getting
    b. When are you getting the cash
    c. How sure are you
3. Check the market price for its shares. If the market offers them below your calculated price, review your intrinsic value to ensure nothing was missed.
4. Prepare a one-two pager analysis, similar to Buffett’s ‘The Security I Like Best”
5. Compare the opportunity cost with your current portfolio. If the potential gain is substantial compared to an investment on some other company, or holding cash, invest. If not, move on.

Selling

- Lose confidence in the management team. (sell 100%)
- Initial investment thesis doesn’t play out in 2~5 years. (sell 80~100%)
- Economics of the business changes such that the business is no longer exceptional. (sell 80~100%)
- The market offers a chance to sell shares at a price far above their intrinsic value. (sell 10~30%)