

CONTENTS

| | |
|--|----|
| Introduction | ix |
| THE MOST IMPORTANT THING IS . . . | |
| 1 Second-Level Thinking | 1 |
| 2 Understanding Market Efficiency (and Its Limitations) | 7 |
| 3 Value | 16 |
| 4 The Relationship Between Price and Value | 24 |
| 5 Understanding Risk | 31 |
| 6 Recognizing Risk | 46 |
| 7 Controlling Risk | 57 |
| 8 Being Attentive to Cycles | 67 |

| | | |
|----|-----------------------------------|-----|
| 9 | Awareness of the Pendulum | 73 |
| 10 | Combating Negative Influences | 80 |
| 11 | Contrarianism | 91 |
| 12 | Finding Bargains | 100 |
| 13 | Patient Opportunism | 107 |
| 14 | Knowing What You Don't Know | 116 |
| 15 | Having a Sense for Where We Stand | 124 |
| 16 | Appreciating the Role of Luck | 133 |
| 17 | Investing Defensively | 141 |
| 18 | Avoiding Pitfalls | 153 |
| 19 | Adding Value | 166 |
| 20 | Pulling It All Together | 173 |