

Chapter 2 - 13 Matching questions

1. What are the four most expensive words on Wall Street?
2. What does it take to make up for just a few big investing errors?
3. Great products don't necessarily translate into this.
4. What is one of the all-time great myths of investing?
5. Buying a stock on the expectation of these two things is asking for trouble.
6. Instead of shooting for big gains by trying to find the next Microsoft, what should you look for?
7. What is the worst returning equity category over the long haul?
8. At the end of the day, what matters more than earnings?
9. What should you ask when you are considering a stock?
10. When is the best time to buy?
11. What is the only reason you should ever buy a stock?
12. What is it very tempting to look for when you are investing?
13. How can you spot a lot of blowups before they happen?

Chapter 2 - 13 Possible Answers

- a When everyone else is running away from a given asset class.
- b Small growth stocks
- c Validation—or other people doing the same thing
- d Finding solid companies with shares selling at low valuations.
- e Market timing
- f You think the business is worth more than it's selling for.
- g "It's different this time."
- h By simply watching the trend of operating cash flow relative to earnings.
- i Positive news flow or strong relative strength
- j Great profits
- k Many great stock picks
- l Cash flow
- m "Is this an attractive business? Would I buy the whole company if I could?"