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I entered the investment business in 1978. My mentor in Toronto was a Warren Buffett disciple who introduced me to the way Buffett thought. What I learned from Buffett is what Buffett learned from Benjamin Graham. Using Graham as his basic platform, he created his own model in which he would pay a higher price/earnings ratio if the barriers to entry were high.

I started as a research analyst and then went into corporate finance. After that I bought a mutual fund company and managed my own capital, and eventually I became a chief investment officer. Throughout my career, I've been influenced by something Vince Lombardi said. He said you can never have a perfect game because you can't control the referees or the weather. But, he said, you can have a perfect practice. Lombardi used to fine players if they were late for practice, because the most precious thing he could control was the practice process. When it comes to investing, the consistent practice of discipline comes into play all the time.

All great money managers are intellectually competitive, just like athletes. Many people get their CFA to be money managers, but in reality they are just paper-pushing administrators. They are academically robust, but they are not competitive and they don't have that extra edge, that driving instinct to reach the top. Warren Buffett plays bridge and Bill Gates once held his own Olympic Games. These guys are competitive. In reading books and talking to successful money managers, I realized they are all fiercely competitive. That was a common thread that related back to what Vince Lombardi said. I realized that because the market is so random, I had to focus on my process and be disciplined in the things I could control.

Another great piece of advice is something from Charlie Munger, who is Warren Buffett's partner. He believes that you have to work and think in a matrix. You have to have fundamental and tacit knowledge, you have to know people, and you have to take these different elements and synthesize them into a coherent whole. Look at how ants share information, and relate this to how markets share their information. Look at how bees colonize, and compare it to how markets colonize. A diamond that has the most glitter has fifty-six different angles, so you have to look at something from many different perspectives. There is a famous school called St. John's College, where students spend four years learning nothing but the Aristotelian classics. Look at different models from an Aristotelian perspective and from a Cartesian perspective. Use different thought processes to review, reflect, and respond to things.

Excerpt from from Liz Claman's The Best Investment Advice I Ever Received

Pick one day of the week where you look at only macro issues, on the critical drivers of the global economy. Don't worry about the stock stories. Think about sectors of the S&P dividend into ten different components and think about what is driving those, then rank them from best to worst. Update this every week for that week, for the month, and for the quarter, and ask yourself the question, "Why?" Is there new leadership? Is that leadership sustainable? What are the critical drivers historically? On the other four days you can concentrate on stocks and create a discipline where you only buy low-P/E or high-dividend stocks. Find your comfort level and create a model where you look at stocks based on five screens, which helps you remain focused and selective in what you choose. Time management is key and it is one of the weak areas for many money managers. By breaking down the process from macro to micro, from top-down and from bottom-up, you can allocate your research time more effectively. Then there is the integration process, where you strive to find greater stocks that are in undervalued sectors in countries that are growing.

Another important factor to appreciate is the law of mean reversion. Everything eventually reverts to its mean. Markets will move above the average and below the average, so trying to time the market to get in and get out is a big waste of time. Appreciate the value of diversification and rebalance and catch the mean reversion. Follow the Roger Gibson theory of asset allocation. You have 25 percent in bonds, 25 percent in internationals, 25 percent in domestics, 25 percent in resources, and then you rebalance every year. Set an annual date for rebalancing and stick to it. On that day, evaluate your net worth and see where you are in relation to your goals.

From 1997 to 199, the worst-performing sector was resources. Because the dollar was strong and all resources are priced in dollars, commodities were all weak. At the same time, the technology and media sectors were booming. If you had maintained that 25 percent rule, you would have been forced to sell your best-performing tech funds and you would have been buying these resource-based stocks on sale. Between 2000 and 2004, the resource position would have offset all your losses in your tech funds and you would have been net long positive. But most people did not do this and since 1999 they have lost money in their overall equity portfolio.