

# No Dumb Questions

---

I found these quotations from Murdoch Murchison (Templeton fund manager) in the book *The Super Analysts* by Andrew Leeming:

*It's very easy to come into the industry and listen to people talking and think "Well, I could ask a question about that, but I won't because everyone else probably knows the answer." You may actually find that a lot of people **don't** know the answer.*

*... I think it is important to recognise that you can learn from other people and that there are an awful lot of brains out there you can use to your benefit. There is a lot of knowledge and experience out there that you can tap, especially in the early years of your career, **but perhaps even more so in your later years when you realise how little you know.***

I added the emphasis in the last quotation above because it resonated so strongly with me. A couple of years ago I gave a presentation at an ATAA conference about how to move from a beginner to a great investor. Part of that was in understanding how dangerous a little knowledge can be. The bold part of the quotation reminded me of the old tale of the eighty-year-old speaking at his birthday party and remarking that if only he knew now what he thought that he knew when he was twenty.

It is what we do not know that can be most dangerous in investing and in life. In investing, it is one reason that I often teach fundamental analysis-based investors what I call "Charting 101". Part of that is that what can save you from big mistakes is knowing that if a stock price is heading for the lower right corner of the chart, it is a downtrend and something is wrong – possibly something that you do not know.

If you are thinking of buying such a stock, don't unless you really believe that you know something that the market does not. This comes out again and again in the book *The Super Analysts* when they look at their worst mistakes. Over and over again the analysts said that their worst mistakes were when the market knew something or understood something that they did not.

On the other hand, you may already own such a stock. I would not already own it myself because I will never hold a down-trending stock no matter how good I think it is. This is because I have great humility with regard to the market – it knows far more than I do and has better information flows and analysis skills. However, there are many investors who take a long-term view and think that it is the market that is wrong. It is true that the market can be wrong, especially in the short term. However, I have found that this is a very bad assumption to make. If you want to go on holding a stock in the face of a strongly adverse market view, you must ask questions and keep asking them until you understand why the market has it wrong and why you have it right when all around you have it wrong. This is the situation in which it is not that you may ask a dumb question. It is instead the situation in which it is dumb not to ask questions.

More from Murdoch Murchison:

*You have to question a variety of people, assimilate different ideas ... The best way to do that is to ask questions and not be afraid to ask and to listen to others. ... you go to company meetings ... Some*

*company managements may be strong, some may be corrupt and some may be incompetent, but most of the people running these businesses have worked hard for twenty or thirty years and know their industries pretty well and know very well the difficulties that they face.*

*The technical skills can be taught ... What **can't** be taught? That's a good question and there's no simple answer. ... There is no recipe for success in [investing]; there's no mould into which you can pour people and create successful fund managers. ... There are a multiplicity of models out there that can work for you, but the glue, perhaps, is discipline. Discipline and the willingness to ask questions, and a willingness not always to accept the consensus viewpoint or conventional wisdom.*

## To read more of my work

### Previous Articles

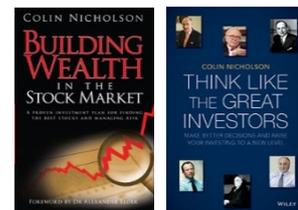
All my previous articles for the free website are now on the *Educational Articles* page on the Free Resources menu. They are now listed alphabetically by title with a brief description of their contents.

### Books

I have written two books, both of which are available for purchase from the **Buy Books** menu:

**BUILDING WEALTH IN THE STOCK MARKET** – A proven investment plan for finding the best stocks and managing risk

**THINK LIKE THE GREAT INVESTORS** – Make better decisions and raise your investing to a new level



### Members Website

Follow my thinking on my own investments, disclosure of my portfolio as I go, weekly market scans, weekly market charts and analysis plus many more articles about investing and analysis

*I am one of the very few investors who publishes their investment results each year, which I have done since 2000 – see the Investment Returns page on the About Colin menu on the website*