

## L stands for lying to oneself

In announcing yesterday that he's "going quiet" at age 95, investor [Warren Buffett](#) said that he still occasionally gets a useful idea but that because of Berkshire Hathaway's size and market levels, ideas are few. By this he clearly meant that markets are overpriced. Berkshire boosted its [cash hoard](#) in the third quarter by 11%, to \$382bn, and seems to be waiting for a correction. Buffett's deceased partner,

Charlie Munger, famously said there are only [three ways a smart person can go broke](#): Liquor, ladies and leverage. And he just added the first two, Buffett said, because they started with L. "It's insane to risk what you have and need for something you don't really need," Buffett said with regard to borrowing. Gillian Tett of the Financial Times said that [her three Ls](#) are leverage, liquidity and lunacy and that bubbles always deflate, often when least expected. Now nearly everyone is expecting a correction, but not everyone. There are still some who think they're smarter than the markets. Call it L for lying to oneself. If they started hoarding cash instead, like Buffett, they might make the investments of their lives once the dust settles.

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