

Today's Daily Report looks at something called Second Level Thinking. It identifies investment opportunities that offer better value for the same growth. Think of it as taking the road less travelled - a reference to the Robert Frost poem found <[here](#)>. The obvious choice when it comes to investments means just that, that everyone is thinking the same thing. It's herd mentality (not to be confused with herd immunity) and it is why valuations for stocks get bid-up to stratospheric levels.

Legendary investment guru Warren Buffett is quoted as saying "price is what you pay, value is what you get". And like so many of his folksy aphorisms, Buffett is spot-on. As he is when he remarks "only when the tide goes out do you discover who is swimming naked". Not getting caught with your pants down is essential to both avoiding permanent capital loss and building wealth over the long term. Buying low and selling high is the name of the game in investing, so knowing what the value of something is is critical to every investment outcome. The attached article <[here](#)> from EdgePoint provides examples of Second Level Thinking, where they have made careful and deliberate decisions to invest in the less obvious choice when it comes to a given industry or sector. Taking the road less travelled as it were, and, as Frost concludes:



*I shall be telling this with a sigh
 Somewhere ages and ages hence:
 Two roads diverged in a wood, and I—
 I took the one less traveled by,
 And that has made all the difference.*

Be Safe, be well!

Martin
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