

# Confused, part deux

Earlier today, I put up a post on how confused I was by the current environment (the post was aptly titled "Confused"). Judging by my DMs / emails, I'm not the only one who's confused, and a lot of people felt a little relieved that there was yet another person who was bewildered by the current environment. So, given that response, I wanted to highlight one more thing I'm confused by: I'm struggling to adjust to the amount of volatility in the market on a whole bunch of levels.

In general, I love volatility; it gives you a chance to buy or sell companies at levels that can be really attractive.

But the volatility is currently so high that I'm struggling to do anything simply because opportunities are vanishing before I can do any work on them or even notice them.

For example, below is the chart of VAC, a company I've done a lot of work on.



In ~2.5 days, the stock dropped 20%. In the next 2.5 days, it rose 33%. Net, it was up ~10%. There was no company specific news or anything (though a competitor did give a mildly bullish outlook for cash generation on Monday, the last day on the chart). The stock was simply down 20% and then up 33% in the span of a week.

Would I have liked to buy some down 20%? Probably. But I tend to be a sleepy trader, and before I had even noticed the stock had dropped it was up 10%.

And I feel like I'm seeing that across the board consistently. I'll start researching a company only to see its stock up 30% on no news (and the opportunity mostly passed). Or I'll see stocks I know well drop 20% on no news, and before I can even confirm that I didn't miss anything the stock is back to where it was (or higher).

In general, my research process is pretty deep. Looking at a new company or sector takes me a week or three. I need to read the company's filing and earnings transcripts. Then I need to go read their competitors. Then I need to come back and reread the company's stuff keeping in mind what I've learned from their competitors.

It feels like an impossible approach to practice in the current environment. By the time I've even opened up the company's filings, stock prices have changed so much that the opportunity set looks completely different. By the time I've gotten to their competitors filings, the environment has changed so much that everything I was thinking about the company initially could be outdated.

Even if I want to look at a company I'm very familiar with, I'd generally like to reread their filings before I make an investment. Just to make sure I'm up to date on the company / industry and not missing anything. By the time I even think about doing that, the stock price could be up 25% and the

opportunity missed (as was the case with VAC).

It just feels like an environment more designed for quick trading and quantitative models, or just holding what you already own. It's a really tough environment to do concentrated investing and make new investments.

It's an environment I remain confused by.