# Article information:

Of Course You Can Beat the Market - Napkin Math - Every
<https://every.to/napkin-math/of-course-you-can-beat-the-market>

# Article summary:

1. The Efficient Market Hypothesis (EMH) is flawed and does not reflect the reality of public markets. It assumes that all investors are rational and that stock prices always reflect all available information, which is not true.

2. Warren Buffett's success in consistently beating the market through value investing is evidence against the legitimacy of EMH. Other managers practicing value investing have also achieved impressive returns.

3. Private markets, such as startups and small businesses, are even less efficient than public markets. The lack of public information and limited number of participants create opportunities for investors with time or information advantages to profit.

# Article rating:

Appears strongly imbalanced: The article is written in a biased or one-sided way, and the information it provides is not trustworthy enough to be considered a reliable source. You should consult other sources to find reliable information on the presented issues.

# Article analysis:

The article titled "Of Course You Can Beat the Market" presents a critical analysis of the Efficient Market Hypothesis (EMH) and argues that it is possible to consistently outperform the market. While the author makes some valid points, there are several biases and unsupported claims in the article that need to be addressed.

Firstly, the author presents a biased view of American individualism and optimism, portraying it as a uniquely American trait that leads to success in venture-backed startups. While it is true that America has a thriving startup ecosystem, it is not solely due to rugged individualism. Factors such as access to capital, supportive infrastructure, and a culture of innovation also play significant roles.

Secondly, the author criticizes EMH by arguing that public markets are not efficient. They claim that underpriced stocks exist and information asymmetries give certain investors an edge. While it is true that there may be instances of mispricing and information advantages, these do not invalidate the overall efficiency of public markets. The EMH suggests that prices reflect all available information on average, not in every single instance.

Furthermore, the author uses Warren Buffett's success as evidence against EMH. While Buffett has indeed achieved remarkable returns through value investing, he is an exception rather than the rule. Many professional fund managers fail to consistently beat the market over long periods of time. It is important to consider survivorship bias when looking at successful investors like Buffett.

The article also argues that private markets are even less efficient than public markets due to limited information and trading options. While this may be true to some extent, it ignores the risks associated with investing in private markets. Lack of liquidity and transparency can make it difficult for investors to accurately assess the value and potential risks of private investments.

Additionally, the article fails to acknowledge the potential downsides of actively trying to beat the market. Research has shown that most individual investors underperform passive index funds over the long term. The costs of active management, including transaction fees and taxes, can eat into returns and erode any potential outperformance.

Overall, the article presents a one-sided view of the market and fails to provide a balanced analysis of the Efficient Market Hypothesis. It relies on anecdotal evidence and cherry-picked examples to support its claims while ignoring the broader body of research on market efficiency. Investors should approach such claims with caution and consider all available evidence before making investment decisions.

# Topics for further research:

* Critiques of the Efficient Market Hypothesis
* Factors contributing to the success of American startups
* Information asymmetry in public markets
* Survivorship bias in investment performance
* Risks and limitations of investing in private markets
* Performance of individual investors compared to passive index funds

# Report location:

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