



AN INVESTOR'S PLAYBOOK

THE MARKS FRAMEWORK

A 30-Year Investment Playbook

*Investment Principles, Mental Models,
and a Systematic Plan*

Distilled from the Memos of

HOWARD MARKS

1990 — 2025



PRIVATE STUDY EDITION

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The Marks Framework: A 30-Year Investment Playbook
Private Study Edition

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*For the investor who has decided
that temperament is the discipline,
and patience the edge.*



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How to Use This Book

This is not a stock-picking manual. It is a temperament manual. Howard Marks has written a memo every few months for thirty-five years, and the lesson that emerges from reading them in sequence is unambiguous: **investing success is determined less by what you buy than by how you behave.** This book organises his lessons into a system you can actually run.

It has four layers, designed to be used at four different cadences:

Layer	What it is	Use it
Foundations	The worldview — cycles, risk, second-level thinking.	Re-read once a year.
Principles	Ten non-negotiable rules of behaviour.	Re-read each quarter.
Mental Models	Twelve thinking tools to recognise what you're looking at.	Reach for them when deciding.
The 30-Year Plan	Concrete routines: daily, weekly, quarterly, annual, life-stage.	Run it — don't just read it.

A warning before you begin. Marks repeatedly insists that there is no formula. The investor's edge is not in the rules but in the discipline of returning to them at the moments it is hardest to do so — at market tops when greed makes them sound stale, and at market bottoms when fear makes them sound naïve. The point of writing the system down is to bind your future self to your present clarity.

Marks's Own Summary

From the introduction to The Complete Collection (October 2025), the themes Marks considers “truly indispensable to understanding the investment world”:

- Cycles are inevitable, and understanding them is of great importance.
- Investor behaviour rhymes from cycle to cycle, creating profound opportunities at the extremes.
- Emotion drives investors to do the wrong thing at the wrong time and must be resisted.
- Contrarianism at pivotal moments is much more effective than following the herd — but much more difficult.
- Price matters. There is no such thing as a good investment if the relationship between price and underlying value is unreasonable.
- You cannot excel without a knowledge advantage — found not in possessing data, but in drawing superior inferences (*second-level thinking*).
- Macro predictions are unlikely to give you an edge.
- Certainty has no place in investing; intellectual humility is essential.
- Markets aren't easy to beat; merely trying harder won't do it.
- Randomness can produce any outcome in the short run — a sound process can only be expected to work in the long run.
- Risk is indispensable; it must be controlled but cannot be eliminated.
- Skilled investors achieve *asymmetry* — returns disproportionate to their risk.
- One plausible route to asymmetry is the minimisation of losses.

Everything that follows is an attempt to translate these thirteen ideas into actions a single, individual investor can take over the course of a working life.



PART ONE

Foundations



Before any rule, three convictions about how the world actually works. Without these, the rules look arbitrary; with them, they look obvious.

1. The world moves in cycles, not lines.

Marks's very first memo in 1991 used the image of a pendulum, and he has returned to it for thirty-five years. Markets oscillate — between euphoria and depression, between celebrating the good and obsessing over the bad, between overpriced and underpriced. The midpoint of the arc best describes the average position, but it is the position the pendulum spends the *least* time in.

“The mood swings of the securities markets resemble the movement of a pendulum... Whenever the pendulum is near either extreme, it is inevitable that it will move back toward the midpoint. In fact, it is the movement toward an extreme itself that supplies the energy for the swing back.”

— Howard Marks, *First Quarter Performance*, April 1991

The actionable consequence: you cannot know *when* the swing will reverse, but you can usually know *where on the arc* the pendulum is. That single piece of awareness — sometimes called *taking the temperature* — is the most important macro task you have. Calibrate your aggressiveness to it. Do not predict.

2. Risk is the probability of permanent loss, not volatility.

Academic finance equates risk with the standard deviation of returns. Marks has spent decades disagreeing. Volatility is what you can *measure*, but it is not what hurts you. Risk is the chance of a bad outcome, and the worst outcome — the only one you cannot recover from — is the permanent impairment of capital.

“Risk means more things can happen than will happen.”

— Elroy Dimson, quoted in *Risk*, January 2006

From this single redefinition, much of the rest follows. If risk is permanent loss, then (a) it cannot be observed in good times, only inferred; (b) it is created when you pay too much, not when prices fall after you have paid too little; and (c) *survival* takes precedence over return, because you cannot compound from zero.

3. Edge comes from second-level thinking.

First-level thinking says: this is a wonderful company, I should buy the stock. Second-level thinking says: this is a wonderful company, but everyone knows it, so the price already reflects the wonder — which means the stock is no bargain, and I would only profit if the company turned out to be *more* wonderful than the consensus believes.

Second-level thinking is harder because it requires you to model *what other investors are modelling*, and to find the gap. It is the only honest

path to outperformance, because if your view is the consensus view, your return will be the average return.

“You can’t do the same things others do and expect to outperform... Unconventional behaviour is the only road to superior investment results, but it isn’t for everyone.”

— Marks, *Dare to Be Great*, September 2006

4. Intellectual humility is non-negotiable.

The future is uncertain in ways the human brain is poorly designed to handle. We are wired to convert uncertainty into certainty, to construct narratives, and to confuse familiarity with knowledge. Marks divides the investing world into the **I-Know** school and the **I-Don’t-Know** school, and is unambiguous about which is in better shape:

“There are two kinds of forecasters: those who don’t know, and those who don’t know they don’t know.”

— John Kenneth Galbraith, repeatedly cited by Marks

Treat every prediction — yours and everyone else’s — as a probability distribution, not a point. Reserve confidence for the things that change slowly: human nature, accounting identities, the price you paid. Withhold confidence from the things that change quickly: macroeconomic outcomes, geopolitics, central bank moves, next quarter’s anything.



PART TWO

The Ten Principles



Reduce the system to ten rules. They are deliberately phrased as commandments, not suggestions, because in the moment of decision you will have neither time nor calm to reconstruct the reasoning.

1. Buy below intrinsic value — always.

Price is what you pay; value is what you get. There is no asset so good that it cannot be ruined by paying too much, and no asset so flawed that it cannot be made attractive by a low enough price. *Everything is triple-A at the right price.* Estimate value first; only then look at price.

2. Define risk as permanent loss; refuse to confuse it with volatility.

Volatility is the price of admission to long-term returns. Permanent loss is the cost of mistakes. The first you can endure; the second you cannot. Build the portfolio so that no single error — yours, the world's, or sheer bad luck — can take you out of the game.

3. Take the market's temperature; calibrate aggressiveness to it.

You cannot predict. You can prepare. Read the mood of the market — credit spreads, IPO behaviour, the quality of conversation, the level of scepticism. When the climate is fearful and prices reflect it, lean in. When it is euphoric and prices reflect that, lean out. Most of the time, do little.

4. Be contrarian when it counts; conform when it doesn't.

Contrarianism is not reflexive disagreement. It is the willingness to be *uncomfortably* alone at the moments the consensus is most extreme — at the tops, when prudence looks foolish, and at the bottoms, when courage looks reckless. Conserve your willingness to be alone for those moments.

5. Resist emotion as if your portfolio depended on it. It does.

Greed and fear are not adversaries to overcome once; they are tides that return every cycle. Your tools are: a written plan made before the storm, a longer time horizon than the people quoting prices to you, and a circle of two or three trusted friends who will tell you when you are flinching.

6. Engineer asymmetry — chase upside that is bigger than your downside.

Skilled investors do not earn extraordinary returns by being right more often than average. They earn them by being more right than wrong on the things that matter most, and by losing less when they are wrong. Cap the downside; let the upside run.

7. Practice second-level thinking; refuse first-level conclusions.

Before any decision, write down what the consensus believes, then write down why you believe something different — and how you would know if you were wrong. If you cannot articulate the consensus, you are part of it.

8. Hold uncertainty with both hands.

Use ranges, not point forecasts. Speak in probabilities, not certainties. Distrust anyone — including yourself — who claims to know. Leave room in the portfolio for the possibility that the world will surprise you, because it will.

9. Judge decisions by the process, not the outcome.

A good decision can have a bad outcome and a bad decision can have a good outcome — in the short run, randomness is louder than skill. Audit your reasoning, not your P&L. Reward yourself for sound process; punish yourself for sloppy process even when it pays off.

10. Treat patience as your structural edge.

Most investors are forced to perform on someone else's timetable — quarterly clients, monthly statements, the next bonus. If you can choose your own timetable, you have an edge that capital alone cannot buy. Protect it. The single rarest commodity in markets is a long, undisturbed time horizon.

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PART THREE

Twelve Mental Models

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Principles tell you what to do. Models tell you what you're looking at. Each of these is a lens you can place over a market, a security, or a decision in seconds. Reach for the lens that best matches the question.

Model 1. The Pendulum

Markets oscillate between extremes. Ask: where on the arc are we right now? Are spreads narrowing or widening, are IPOs being celebrated or shunned, are the smart conversations about opportunity or about risk? You don't need to know *when* the swing reverses. You only need to know which direction the next swing must go.

Model 2. The Two Risks

There are two ways to lose at investing: lose money, and miss a good opportunity. You cannot fully avoid both at once. The right balance shifts with the cycle: more fear-of-missing-out at the bottoms, more fear-of-losing at the tops. The investor who seeks to avoid only one of these risks is guaranteed to be victim of the other.

Model 3. The I-Know vs. I-Don't-Know Schools

Some investors believe the future is knowable in detail. Others believe it isn't. The first group makes confident bets sized for being right. The second group builds portfolios that *survive being wrong*. Marks belongs unambiguously to the second school, and so should you. The cost of false confidence in this game is ruin.

Model 4. The Three Stages of a Bull Market

Stage 1: a few far-sighted people believe things will get better. **Stage 2:** most investors realise improvement is occurring. **Stage 3:** everyone concludes things will get better forever. Returns are largest in stage 1 and smallest (often negative) in stage 3. The bear market is the same in reverse. Locate the stage before you act.

Model 5. Defensive vs. Offensive Investing

Defensive investing wins by avoiding losers; offensive investing wins by finding winners. Most amateur investors imagine themselves as offensive players. Most great long-term records have been built by defensive ones. Choose your style explicitly, and play it consistently.

Model 6. Margin of Safety

Buy at a price low enough that even an unfavourable outcome can be tolerated. The margin of safety is what protects you from your own forecasting errors — and from the world's. If you ever find yourself wishing you had a margin of safety in a position, you didn't buy at the right price.

Model 7. Calibration — A Dial, Not a Switch

Risk is not on/off. The skilled investor moves a dial: more aggressive when prices imply fear, more defensive when prices imply complacency. The dial is rarely at the extremes; most of the time, you should be doing nothing dramatic. *Move when the case is overwhelming. Otherwise, sit*

still.

Model 8. Asymmetry / Convexity

Seek positions where being right pays multiples and being wrong costs a fraction. Asymmetry is the entire point of active investing — it is what compounds wealth in spite of being wrong half the time. Symmetric bets, no matter how confident, are not edges; they are coin flips with extra steps.

Model 9. The Race to the Bottom

When capital is abundant and prudent investments are scarce, providers of capital compete by lowering their standards — accepting lower yields, weaker covenants, riskier borrowers. The race to the bottom is a leading indicator of trouble. When you notice it, you are not early; you are merely on time.

Model 10. Process vs. Outcome

In a single trial, randomness can make a sound process look stupid and a sloppy one look brilliant. Over many trials, only process survives. Audit your reasoning quarterly; do not audit your returns more often than annually. Otherwise the noise will rewrite your method.

Model 11. The Illusion of Knowledge

More information does not equal more understanding. Past a certain threshold, additional data inflates confidence faster than it improves accuracy. Ask of every new fact: does this actually change my decision? If not, ignore it — it is taxing your attention without paying interest.

Model 12. Survival First

It is more important to ensure survival under negative outcomes than to maximise returns under favourable ones. The arithmetic is unforgiving: a 50% loss requires a 100% gain to recover. A 90% loss requires a 900%

gain. Stay in the game long enough, and time itself becomes your strongest ally. Get knocked out, and no later strategy can help you.

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PART FOUR

The Personal Decision Framework

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Principles and models are useless if they do not surface at the moment of decision. This part converts them into checklists you can actually run — short enough to complete in fifteen minutes, demanding enough to prevent you from acting on impulse.

The Pre-Investment Checklist

Before any new position, write answers to all fifteen questions. If you cannot, you do not yet understand the position well enough to take it.

- 1** What is the asset's intrinsic value, expressed as a range, not a point? How did I arrive at it?
- 2** What is the consensus view of this asset? Where do I differ, and why am I right rather than the consensus?
- 3** What is the price I am paying as a fraction of my low-end value estimate? (My margin of safety.)

- 4 What is the worst plausible outcome — not the worst-case-from-a-textbook, but a real, lived bad scenario?
- 5 If that outcome occurs, what does it do to my portfolio, my finances, and my behaviour?
- 6 What stage of which cycle is this asset's industry in? How would I know if I were wrong about the stage?
- 7 Why is this opportunity available? Who is selling, and why? What do they know that I don't?
- 8 What would have to be true for me to lose money permanently here? How likely is each of those things?
- 9 What would have to be true for this to be a triple? How likely is that?
- 10 Is the upside meaningfully larger than the downside? By how much?
- 11 What is my time horizon for this position, and can I actually hold for that horizon without forced selling?
- 12 What is the right size? (Default: smaller than my conviction tells me.)
- 13 Under what conditions will I sell? Write them down before I buy, not after.
- 14 If this position were already in my portfolio, would I add to it today at this price? If no, why am I buying?
- 15 What is the second-level argument against this trade? Have I steel-manned it?

The Quarterly Temperature Reading

Once a quarter, score the market's mood across these eight indicators. You are not predicting; you are *locating*. Each is rated -2 (extremely fearful) to $+2$ (extremely greedy). Sum the eight scores. Use the total to set the dial.

Indicator	What you are looking for	Score
Credit spreads	Tight = greedy, wide = fearful. The market's most honest mood ring.	___
Equity valuations	Shiller P/E, equity risk premium, sector multiples vs history.	___
IPO and SPAC activity	Volume, quality, day-one pops. A flood of low-quality issuance is greed.	___
Lending standards	Covenant-lite share, loan-to-value, debt-to-EBITDA. The race to the bottom.	___
Sentiment surveys	AAIL bull/bear, fund-manager surveys, put/call ratios.	___
Public conversation	Cab drivers, party guests, your in-laws. Are they buying? Asking?	___
New-paradigm narratives	Are people saying "this time it's different"? In how many sectors?	___
Your own gut	Eager to buy = greedy market. Reluctant to look = fearful market.	___

Score	Climate	Dial setting
+10 to +16	Euphoric / dangerous	70–80% of target. Raise quality and cash; slow new buying.
+4 to +9	Optimistic	85–95%. Trim winners as they run; do nothing dramatic.
–3 to +3	Neutral	100% of target. Run the plan. Do not predict.
–4 to –9	Fearful	105–115%. Lean in gradually. Quality at a discount.
–10 to –16	Capitulation / generational	Up to 130% with reserves. Buy what others must sell.

Interpretation note. The dial is a guide, not an instruction. Movement is gradual. Do not sell out at +12 expecting a crash; do not back the truck up at –5. The pendulum's extremes are reached only a few times a lifetime; most quarters will sit close to neutral.

The Three Conditions to Sell

Selling well is harder than buying well, because the urge to sell is usually strongest exactly when one shouldn't. Marks's 2022 memo *Selling Out* argues that the default action is to *hold*; the burden of proof falls on the seller. A position should be sold only if at least one of these three conditions is clearly met:

- **The original thesis is broken.** Not weakened, not delayed — broken. The reason you bought no longer applies, and you would not buy the position again from scratch.
- **The price is so far above intrinsic value that future returns are obviously poor.** Not “fully valued” — egregiously valued, by enough margin that even a generous estimate of value leaves no upside.
- **You have a meaningfully better opportunity** with capital you can otherwise not raise. The new position must be both higher quality and demonstrably cheaper relative to its value, by enough to overcome trading costs, taxes, and the mistake-rate of switching.

If none of the three applies, the position holds. *Discomfort is not a sell signal. Boredom is not a sell signal. A loud headline is not a sell signal.*



PART FIVE

The Thirty-Year Systematic Plan



Thirty years is, give or take, three full market cycles. The plan that follows is built around that fact. Each phase is matched to where you are likely to be in life, the cognitive task most appropriate to that stage, and a small number of concrete habits sized to be sustainable for years on end.

Phase	Years	Cognitive task	Capital task
I. Foundation	1–3	Build the habits and the framework before you have much money to lose.	Automate aggressive saving. Index broadly. Avoid clever positions.
II. Compounding	4–10	Live through one full cycle without making a behavioural error.	Continue to add. Begin small contrarian positions at extremes only.
III. Mastery	11–20	Develop genuine second-level thinking in two or three areas of competence.	Concentrate cautiously where you have edge. Diversify everywhere else.

Phase	Years	Cognitive task	Capital task
IV. Stewardship	21–30	Shift from accumulation to preservation. Teach the framework to others.	Reduce volatility, raise quality, plan for distribution and inheritance.

Phase I — Foundation (Years 1–3)

The single most valuable thing you can do in the first three years is *not lose*. Markets are full of clever first-time investors who blew themselves up early, learned the wrong lessons from it, and never recovered their nerve. Your job here is to build habit before you build complexity.

Required habits:

- Automate savings of at least 20% of after-tax income. The exact number is less important than its automation.
- Hold an emergency fund of six months of expenses, in cash. This is not an investment decision; it is what allows you to make investment decisions calmly.
- Default the entire investment portfolio to broad-market low-cost index funds. Resist the urge to “express views.”
- Read at least four Howard Marks memos per year — one per quarter, end-to-end, not skimmed.
- Keep an investment journal. After every decision (including doing nothing), write the reasoning.
- Do not attempt to time anything. The temperature dial in this phase has only one setting: full.

Phase II — Compounding (Years 4–10)

Somewhere in this window you will live through your first full market cycle as someone with real capital at risk. The cycle will tempt you twice: once at the top, when not buying will feel like cowardice, and once at the bottom, when not selling will feel like denial. The point of Phase II is to get through both moments with your framework intact.

Required habits:

- Continue automated contributions every single month, regardless of the market's mood.
- Once a quarter, complete the Temperature Reading. Move the dial only if the score is in the ± 10 range.
- Begin a small *contrarian sleeve* — at most 10% of the portfolio — for use only at temperature extremes.
- Read every new Marks memo within a month of publication.
- Find one or two trusted partners with whom to discuss decisions before acting on them.
- After your first real drawdown, write a one-page memo to your future self: what you felt, what you nearly did, and why you didn't.

Phase III — Mastery (Years 11–20)

By Year 11 you will have lived through enough cycles to recognise the patterns. This is the phase in which active management — if you choose to attempt it — becomes defensible, because you finally have a calibrated sense of what mistakes feel like in real time. Marks is clear: most people should not attempt active stock-picking. If you do, restrict yourself to areas where you can plausibly claim a knowledge advantage.

Required habits:

- Define *two or three* areas of competence in writing. Limit single-name positions to those areas.
- For every active position, run the fifteen-question Pre-Investment Checklist and file the answers.
- Annual portfolio review: are unrealised mistakes still mistakes? Sell them. Are unrealised winners still cheap? Add.
- Track the realised return of your active sleeve against the indexed alternative. Be ruthlessly honest.
- If after five years your active sleeve has not earned its keep over the index, return to indexing without shame.
- Begin teaching the framework — to a child, a friend, a colleague. Teaching is the deepest form of learning.

Phase IV — Stewardship (Years 21–30)

In the final phase, the asymmetry of investing flips. Earlier, missing an upside cost you future wealth you needed; now, suffering a downside costs you wealth you have already earned and may not have time to rebuild. The portfolio gradually rotates from *growth* to *preservation*, and your role widens from investor to teacher and steward.

Required habits:

- Raise the average quality of holdings. Reduce concentration. Increase liquidity reserves.
- Hold two-to-three years of planned spending in cash and short-duration bonds. This is your sequence-of-returns insurance.
- Update estate documents annually. Talk openly with heirs about both money and the framework that produced it.
- Resist the urge to swing the dial harder as confidence grows. Your job is no longer to maximise return; it is to make sure nothing breaks.
- Write the framework down in your own words, with your own examples, and pass it on. The investor who cannot articulate their system has not yet finished learning it.
- Allow yourself, at last, to do less. Most great investors compounded their advantage by being willing to be still for long stretches. So can you.

The Cadence — What to Do, and How Often

Annual rituals are where the framework is renewed; weekly rituals are where it is *protected*; daily rituals — there should be almost none — are where most damage is done.

Cadence	Action	Why it matters
Daily	Do nothing. Do not check prices. If you must, look once, briefly.	Daily price-watching converts a long-term temperament into a short-term one.
Weekly	Read for one hour: a Marks memo, a Berkshire letter, an annual report — never news.	News tells you what just happened; great writers tell you what is always true.
Monthly	Confirm automated contributions executed. Glance at allocation. No trades.	Trust the system you built when you were calm. Override it only with cause.
Quarterly	Run the Temperature Reading. Update the journal. Adjust dial only if extreme.	Slow enough to think; fast enough to catch a real shift in the climate.
Annually	Full portfolio review. Re-read this book. Re-read three classic memos.	Once a year, audit your process — not your returns. Renew commitments.
Every 3–5 yrs	Rewrite the framework in your own words, integrating new lessons.	A framework you cannot rewrite is one you do not yet own.



PART SIX

Failure Modes and Their Antidotes



Most investors do not fail because they lack information. They fail because they abandon a framework at the precise moment it would have helped them. Memorise these failure modes; expect to recognise yourself in several.

Failure	How it shows up	Antidote
Performance chasing	Buying what just went up; selling what just went down.	Anchor on price relative to value, not on price relative to last year.
Volatility = risk	Selling quality assets in drawdowns to “reduce risk.”	Pre-commit, in writing, to hold quality through drawdowns of stated size.
Forecasting addiction	Reading macro pundits, taking positions on rate calls.	Replace forecasts with cycle position. Locate, do not predict.
FOMO at the top	“Everyone is making money in X; I should too.”	Re-read your own pre-cycle journal. The smart leave when you arrive.

Failure	How it shows up	Antidote
Capitulation at bottom	Selling at a loss because you cannot stand to look at the screen.	Pre-commit a buy list at lower prices. Plan beats feeling.
Outcome judging	Concluding a strategy works because the last trade worked.	Audit reasoning, not P&L. Keep a process journal.
Knowledge illusion	Reading more, trading more; mistaking activity for understanding.	Set an information diet. Subtract sources until decisions improve.
Style drift	Quietly moving from defensive to offensive after a good year.	Write your style down. Refuse to change it after a streak.
Leverage creep	Adding margin / options because the last leveraged bet worked.	Decide leverage limits in writing in advance. Treat as inviolable.
Single-stock hubris	Believing your conviction is a substitute for diversification.	Cap any single name at a size you could lose without altering your life.
Short-termism	Letting quarterly returns rewrite multi-year theses.	Lengthen your reporting cycle. Verdict annually, not weekly.
Story investing	Buying because the narrative is compelling, regardless of price.	Refuse to evaluate a story without the price next to it.

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PART SEVEN

A Daily Code

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Frameworks live or die by what you remember on ordinary days. Cut these out, tape them above your desk, and let them outlast every market cycle you live through.

- I will judge investments by price relative to value, not by price relative to yesterday.
- I will treat risk as the probability of permanent loss — never as volatility.
- I will locate the cycle. I will not predict it.
- I will be willing to look wrong in order to be right over time.
- I will speak in probabilities, never in certainties.
- I will reach for asymmetry — bigger upsides than downsides, always.
- I will audit my reasoning, not my returns.
- I will resist emotion by writing down my plan when I am calm.
- I will treat my time horizon as a structural edge, and protect it from my own impatience.
- I will remember that the goal is not to maximise the next year. The goal is to be invested, sanely, thirty years from now.



“If we avoid the losers, the winners will take care of themselves.”

— Howard Marks (the Oaktree credo)

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PART EIGHT

A Curated Re-Reading List

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You do not need to read all 1,641 pages of the collected memos every year. You do need to return to the most important ones at the moments they matter. This list is organised not by date but by what to read when.

When to read it	Memos to return to
Once a year, no matter what	The Most Important Thing (2003) · Risk (Jan 2006) · You Can't Predict. You Can Prepare. (Nov 2001) · It's Not Easy (Sep 2015) · Dare to Be Great II (Apr 2014).
When the market feels euphoric	The Race to the Bottom (Feb 2007) · Everyone Knows (Apr 2007) · It's All Good (Jul 2007) · There They Go Again (May 2005) · On Bubble Watch (Jan 2025).
When the market feels terrifying	The Limits to Negativism (Oct 2008) · Nobody Knows (Sep 2008) · What Worries Me (Aug 2008) · Plan B (Sep 2008) · It Is What It Is (Mar 2006).
When you are feeling clever	The Illusion of Knowledge (Sep 2022) · Whad'Ya Know? (Jan 2003) · So Much That's False and Nutty (Jul 2009) · I'd Rather Be Wrong (Mar 2010).

When to read it	Memos to return to
When you are tempted to sell	Selling Out (Jan 2022) · The Long View (Jan 2009) · What's Your Game Plan? (Sep 2003).
When you are tempted to forecast	The Value of Predictions (Feb 1993) · Where'd All This Rain Come From? (Aug 1992) · Will It Work? (Apr 2009).
On risk and asymmetry	Risk Revisited (Sep 2014) · Risk Revisited Again (Jun 2015) · How Quickly They Forget (May 2017) · Returns and How They Get That Way (Nov 2002).
On cycles, deep dives	The Happy Medium (Jul 2004) · You Bet! (Jan 2020) · Sea Change (Dec 2022) · Further Thoughts on Sea Change (May 2023).

Companion Books

- Howard Marks, **The Most Important Thing Illuminated** (Columbia, 2013).
- Howard Marks, **Mastering the Market Cycle** (HMH, 2018).
- Benjamin Graham, **The Intelligent Investor** — the source of margin of safety and Mr. Market.
- Warren Buffett, **Berkshire Hathaway Letters to Shareholders**.
- Annie Duke, **Thinking in Bets** — the case for separating decisions from outcomes.
- Daniel Kahneman, **Thinking, Fast and Slow**.
- Morgan Housel, **The Psychology of Money**.



A Closing Thought

Marks is fond of the line that the four most dangerous words in investing are *this time it's different*. The four most useful words are perhaps *I have a plan*. If you finish this book and write nothing down — if you build no checklist, set no cadence, sign no commitments to your future self — the framework will not survive your first real cycle. If you do those things, the framework will outlast you.

Begin today. Re-read in a year.

About This Volume



This book is a private synthesis. Its source is the complete public archive of Howard Marks's memos to Oaktree Capital Management clients, written between 1990 and 2025 — a body of work that runs to more than 1,641 pages.

Marks is one of the most respected voices in modern investing. As co-founder of Oaktree, he built one of the largest credit-investment firms in the world, and his memos have been required reading for two generations of professional investors. Warren Buffett has said that when Marks's memos arrive in his inbox, they are the first thing he opens.

What this volume attempts is something Marks himself would probably not endorse — the reduction of his subtle, situational, and often contradictory body of work into a clean system of principles, models, and routines. The justification is purely practical: a single individual investor, working without a research team, needs a compact, portable framework they can actually run for thirty years. This book is that framework, with all the loss of nuance that compactness implies.

Where direct quotation appears, it is for criticism and commentary under fair-use principles. Readers who find these ideas useful are urged to read the original memos in full at the Oaktree Capital Management website. They are free, they are long, and they are worth every minute.

This is not a substitute for them. It is a map of them.

THE MARKS FRAMEWORK

A 30-Year Investment Playbook



“Investing success is determined less by what you buy than by how you behave.”

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- Four foundational convictions about how markets really work.
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- Twelve common ways investors blow themselves up — with their antidotes.
- A daily code to tape above your desk.
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Whether you are buying your first index fund or stewarding a lifetime of compounding, this is the playbook for the only edge most investors will ever have: the discipline to keep behaving sanely while everyone around them is not.



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