

Q2.2 Esoteric

An **esoteric** subject is uninteresting or hard to understand unless you're part of a select group. English classes such as "Allusions to Greek Mythology in Modern Literature" or math classes such as "Stochastic Processes" could be considered *esoteric* because they require an understanding of terms and theories that aren't well known in general society. *Esoteric* comes from a Greek word that means "inner" or "within," as in part of the inner circle or within the group.

Investors should be skeptical of history-based models. Constructed by a nerdy-sounding priesthood using esoteric terms such as beta, gamma, sigma and the like, these models tend to look impressive. Too often, though, investors forget to examine the assumptions behind the models. Beware of geeks bearing formulas.

—Warren Buffett, chairman and CEO of Berkshire Hathaway investment company