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In [@HowardMarksBook's](#) memo early this year, one key thing I realized is how wrong I was to dismiss some businesses because I thought they were overvalued simply after looking at the P/E, P/S ratio etc.

You can't determine a business is overvalued without knowing the in-depth qualitative fundamentals of the business, because otherwise where is your edge? Anyone in the world can simply look at a company's P/E ratio.

I know this seems obvious, but so many people on fintwit are very guilty of this - myself included.

Unless I really know and understand a business, even if it has a seemingly absurd P/E or P/S ratio, I will refrain from concluding it is overvalued. It's just lazy and wrong.

The weird thing about this is that when I'm normally researching a business, I totally understand this about valuation and do in-depth research and determine if it's undervalued. But then I'm quickly dismissive of a tech company that trades at 50x earnings and say it's overvalued