

BENJAMIN GRAHAM

updated with new commentary by JASON ZWEIG

Preface and Appendix by **WARREN E. BUFFETT**

THE INTELLIGENT INVESTOR

"By far the best book on investing
ever written." — Warren E. Buffett

**REVISED
EDITION**

**THE DEFINITIVE BOOK
ON VALUE INVESTING**

HarperBusiness Essentials

THE INTELLIGENT INVESTOR

A BOOK OF PRACTICAL COUNSEL

REVISED EDITION

BENJAMIN GRAHAM

Updated with New Commentary by Jason Zweig

To E.M.G.

Through chances various, through all
vicissitudes, we make our way. . . .

Aeneid

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The text reproduced here is the Fourth Revised Edition, updated by Graham in 1971–1972 and initially published in 1973. Please be advised that the text of Graham's original footnotes (designated in his chapters with superscript numerals) can be found in the Endnotes section beginning on p. 579. The new footnotes that Jason Zweig has introduced appear at the bottom of Graham's pages (and, in the typeface used here, as occasional additions to Graham's endnotes).

Preface to the Fourth Edition,
by Warren E. Buffett

I read the first edition of this book early in 1950, when I was nineteen. I thought then that it was by far the best book about investing ever written. I still think it is.

To invest successfully over a lifetime does not require a stratospheric IQ, unusual business insights, or inside information. What's needed is a sound intellectual framework for making decisions and the ability to keep emotions from corroding that framework. This book precisely and clearly prescribes the proper framework. You must supply the emotional discipline.

If you follow the behavioral and business principles that Graham advocates—and if you pay special attention to the invaluable advice in Chapters 8 and 20—you will not get a poor result from your investments. (That represents more of an accomplishment than you might think.) Whether you achieve outstanding results will depend on the effort and intellect you apply to your investments, as well as on the amplitudes of stock-market folly that prevail during your investing career. The sillier the market's behavior, the greater the opportunity for the business-like investor. Follow Graham and you will profit from folly rather than participate in it.

To me, Ben Graham was far more than an author or a teacher. More than any other man except my father, he influenced my life. Shortly after Ben's death in 1976, I wrote the following short remembrance about him in the *Financial Analysts Journal*. As you read the book, I believe you'll perceive some of the qualities I mentioned in this tribute.

BENJAMIN GRAHAM

1894–1976

Several years ago Ben Graham, then almost eighty, expressed to a friend the thought that he hoped every day to do “something foolish, something creative and something generous.”

The inclusion of that first whimsical goal reflected his knack for packaging ideas in a form that avoided any overtones of sermonizing or self-importance. Although his ideas were powerful, their delivery was unfailingly gentle.

Readers of this magazine need no elaboration of his achievements as measured by the standard of creativity. It is rare that the founder of a discipline does not find his work eclipsed in rather short order by successors. But over forty years after publication of the book that brought structure and logic to a disorderly and confused activity, it is difficult to think of possible candidates for even the runner-up position in the field of security analysis. In an area where much looks foolish within weeks or months after publication, Ben’s principles have remained sound—their value often enhanced and better understood in the wake of financial storms that demolished flimsier intellectual structures. His counsel of soundness brought unfailing rewards to his followers—even to those with natural abilities inferior to more gifted practitioners who stumbled while following counsels of brilliance or fashion.

A remarkable aspect of Ben’s dominance of his professional field was that he achieved it without that narrowness of mental activity that concentrates all effort on a single end. It was, rather, the incidental by-product of an intellect whose breadth almost exceeded definition. Certainly I have never met anyone with a mind of similar scope. Virtually total recall, unending fascination with new knowledge, and an ability to recast it in a form applicable to seemingly unrelated problems made exposure to his thinking in any field a delight.

But his third imperative—generosity—was where he succeeded beyond all others. I knew Ben as my teacher, my employer, and my friend. In each relationship—just as with all his students, employees, and friends—there was an absolutely open-ended, no-scores-kept generosity of ideas, time, and spirit. If clarity of thinking was required, there was no better place to go. And if encouragement or counsel was needed, Ben was there.

Walter Lippmann spoke of men who plant trees that other men will sit under. Ben Graham was such a man.

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