

# *Benjamin Grahams*

## *Core Principles*

A stock is not just a ticker symbol or an electronic blip; it is an ownership interest in an actual business, with an underlying value that does not depend on its share price.

The market is a pendulum that forever swings between unsustainable optimism (which makes stock too expensive) and unjustified pessimism (which makes them too cheap). The intelligent investor is a realist who sells to optimists and buys from pessimists.

The future value of every investment is a function of its present price. The higher the price you pay, the lower your return will be.

No matter how careful you are, the one risk no investor can ever eliminate is the risk of being wrong. Only by insisting on what Graham called the "margin of safety" - never overpaying, no matter how exciting an investment seems to be - can you minimize your odds of error.

The secret to your financial success is inside yourself. If you become a critical thinker who takes no Wall Street "fact" on faith, and you invest with patient confidence, you can take steady advantage of even the worst bear markets. By developing your discipline and courage, you can refuse to let other people's mood swings govern your financial destiny. In the end, how your investments behave is much less important than how you behave.