

## Priceless quotes from Warren Buffett InvestmentNews 7-12

### 14. On risk



out.'

'You only find out who is swimming naked when the tide goes

### 13. On value investing



quality merchandise when it is marked down.'

'Whether we're talking about socks or stocks, I like buying

### 12. On market timing



are their enemies. And if they insist on trying to time their participation in equities, they should try to be fearful when others are greedy and greedy when others are fearful.'

'Investors should remember that excitement and expenses

### 11. On passive investing



from the active to the patient.'

'The stock market serves as a relocation center at which money is moved

## 10. On buying in a bull market



'Investors making purchases in an overheated market need to recognize that it may often take an extended period for the value of even an outstanding company to catch up with the price they paid.'

## 9. On buying in a bear market



'The most common cause of low prices is pessimism — sometimes pervasive, sometimes specific to a company or industry. We want to do business in such an environment, not because we like pessimism but because we like the prices it produces. It's optimism that is the enemy of the rational buyer.'

## 8. On assessing a company



'I try to buy stock in businesses that are so wonderful that an idiot can run them. Because sooner or later, one will'

## 7. On his acquisition strategy



'We have tried occasionally to buy toads at bargain prices with results that have been chronicled in past reports. Clearly our kisses fell flat. We have done well with a couple of princes — but they were princes when purchased. At least our kisses didn't turn them into toads. And, finally, we have occasionally been quite successful in purchasing fractional interests in easily-identifiable princes at toad-like prices.'

## 6. On the right stuff for picking stocks



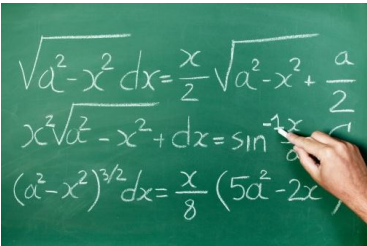
'Success in investing doesn't correlate with I.Q. once you're above the level of 125. Once you have ordinary intelligence, what you need is the temperament to control the urges that get other people into trouble in investing.'

## 5. On stock forecasts



'We've long felt that the only value of stock forecasters is to make fortune tellers look good. Even now, I continue to believe that short-term market forecasts are poison and should be kept locked up in a safe place, away from children and also from grown-ups who behave in the market like children.'

## 4. On quants



'Ben Graham's Mr. Market allegory may seem out-of-date in today's investment world, in which most professionals and academicians talk of efficient markets, dynamic hedging and betas. Their interest in such matters is understandable, since techniques shrouded in mystery clearly have value to the purveyor of investment advice. After all, what witch doctor has ever achieved fame and fortune by simply advising 'Take two aspirins?'

## 3. On money managers



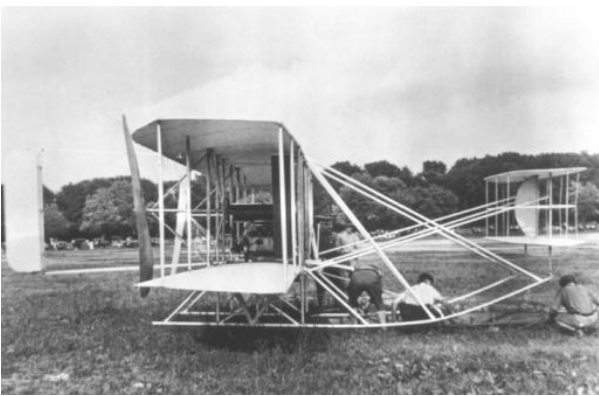
'The stock market is a no-called-strike game. You don't have to swing at everything — you can wait for your pitch. The problem when you're a money manager is that your fans keep yelling, 'Swing, you bum!''

## 2. On buy-and-hold



'Our favorite holding period is forever.'

## 1. On identifying bad industries



'The worst sort of business is one that grows rapidly, requires significant capital to engender the growth, and then earns little or no money. Think airlines. Here a durable competitive advantage has proven elusive ever since the days of the Wright Brothers. Indeed, if a farsighted capitalist had been present at Kitty Hawk, he would have done his successors a huge favor by shooting Orville down.'