



## **Ruminations by Other People**

A bull market is like sex. It feels best just before it ends. – Barton Biggs

A dog with money is addressed as Mr. Dog. – Spanish Proverb

A fool and his money are soon parted. – Thomas Tusser

A good man leaves an inheritance to his children's children. – King Solomon

A good reputation is more valuable than money. – Publilius Syrus (1<sup>st</sup> century BCE)

A little thought and a little kindness are often worth more than a great deal of money. – John Ruskin

A man in debt is so far a slave. – Ralph Waldo Emerson

A man is rich in proportion to the things he can afford to let alone. – Henry David Thoreau

A man with money is no match against a man on a mission. – Doyle Brunson

A man without money is like a wolf without teeth. – French proverb

A market is the combined behavior of thousands of people responding to information, misinformation, and whim. – Kenneth Chang

A miser grows rich by seeming poor; an extravagant man grows poor by seeming rich. – William Shenstone

A pin lies in wait for every bubble. And when the two eventually meet, a new wave of investors learns some very old lessons: First, many in Wall Street – a community in which quality control is not prized – will sell investors anything they will buy. Second, speculation is most dangerous when it looks easiest. – Warren Buffett

A private railroad car is not an acquired taste. One takes to it immediately. – Eleanor Robson Belmont

A rich man is nothing but a poor man with money. – W. C. Fields

A safe investment is an investment whose dangers are not at that moment apparent. – Lord Péter Tamás Bauer

A small debt produces a debtor; a large one, an enemy. – Publilius Syrus (1<sup>st</sup> century BCE)

A strategy should be judged in terms of its quality and prudence before, not after, its outcome is known. – Nassim Taleb

A study of economics usually reveals that the best time to buy anything is last year. – Marty Allen

A wise person should have money in their head, but not in their heart. – Jonathan Swift

All I ask is the chance to prove that money can't make me happy. – Spike Milligan

All riches have their origin in mind. Wealth is in ideas - not money. – Robert Collier

Almost any man knows how to earn money, but not one in a million knows how to spend it. – Henry David Thoreau

Although it's easy to forget sometimes, a share is not a lottery ticket. It's part ownership of a business. – Peter Lynch

Americanism: Using money you haven't earned to buy things you don't need to impress people you don't like. – Robert Quillen

An education obtained with money is worse than no education at all. – Socrates (5<sup>th</sup> century BCE)

An investment operation is one which, upon thorough analysis, promises safety of principal and an adequate return. Operations not meeting these requirements are speculative. – Benjamin Graham

Annual income twenty pounds, annual expenditure nineteen [pounds] nineteen [shillings] and six [pence], result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery. – Charles Dickens

Another lesson I learned early is that there is nothing new in Wall Street. There can't be because speculation is as old as the hills. Whatever happens in the stock market today has happened before and will happen again. – Jesse Livermore

Any man who dies with more than \$10,000 to his name is a failure. – Errol Flynn

Anybody who thinks money will make you happy, hasn't got money. – David Geffen

As far as I am concerned, the stock market doesn't exist. It is there only as a reference to see if anybody is offering to do anything foolish. – Warren Buffett

As in roulette, same is true of the stock trader, who will find that the expense of trading weights the dice heavily against him. – Benjamin Graham

Ask five economists and you'll get five different answers (six if one went to Harvard). – Edgar R. Fiedler

At last, then, away with all these treacherous goods! They look better for those who hope for them than to those who have attained them. – Seneca (1<sup>st</sup> century)

Attempting to guess short-term swings in individual stocks, the stock market or the economy is not likely to produce consistently good results. Short-term developments are too unpredictable. – Lou Simpson

Bears don't live on Park Avenue. – Bernard Baruch

Bull markets are born on pessimism, they grow on skepticism, they mature on optimism, and they die on euphoria. – John Templeton

Buy not on optimism, but on arithmetic. – Benjamin Graham

Buy when everyone else is selling and hold when everyone else is buying. This is not merely a catchy slogan. It is the very essence of successful investments. – J. Paul Getty

Buy when there's blood in the streets, even if the blood is your own. – Baron Rothschild (attributed)

Buying at the bottom and selling at the top are typically done by liars. – Bernard Baruch

By far the biggest problem for professionals in investing is dealing with career and business risk: protecting your own job as an agent. The second curse of professional investing is over-management caused by the need to be seen to be busy, to be earning your keep. The individual is far better-positioned to wait patiently for the right pitch while paying no regard to what others are doing, which is almost impossible for professionals. – Jeremy Grantham

Calling someone who trades actively in the market an investor is like calling someone who repeatedly engages in one-night stands a romantic. – Warren Buffet

Capital as such is not evil; it is its wrong use that is evil. Capital in some form or other will always be needed. – Mohandas K. Gandhi

Capitalism without failure is like religion without hell. – Allan Meltzer

Cash combined with courage in a time of crisis is priceless. – Warren Buffett

Chase after money and security and your heart will never unclench. – Lao Tzu (5<sup>th</sup> century BCE)

Clearly the price considered most likely by the market is the true current price: if the market judged otherwise, it would quote not this price, but another price higher or lower. – Louis Bachelier

Compound interest is the eighth natural wonder of the world and the most powerful thing I have ever encountered. – Albert Einstein

Confronted with a challenge to distill the secret of sound investment into three words, we venture the motto, Margin of Safety. – Ben Graham

Contentment is natural wealth; luxury is artificial poverty. – Socrates (5<sup>th</sup> century BCE)

Contentment makes poor men rich; discontent makes rich men poor. – Benjamin Franklin

Debt is a prolific mother of folly and of crime. – Benjamin Disraeli

Debt is the slavery of the free. – Publilius Syrus (1<sup>st</sup> century BCE)

Debt is the worst poverty. – Thomas Fuller

Diversification for investors, like celibacy for teenagers, is a concept both easy to understand and hard to practice. – James Gipson

Do not accustom yourself to consider debt only as an inconvenience; you will find it a calamity. – Samuel Johnson

Do not save what is left after spending; instead spend what is left after saving. – Warren Buffett

Do you know the only thing that gives me pleasure? It's to see my dividends coming in. – John D. Rockefeller

Do you know what investing for the long run but listening to market news every day is like? It's like a man walking up a big hill with a yo-yo and keeping his eyes fixed on the yo-yo instead of the hill. – Alan Abelson

Don't let making a living prevent you from making a life. – John Wooden

Don't struggle to find the needle in the haystack; just buy the haystack. – John "Jack" Bogle

Don't tell me where your priorities are. Show me where you spend your money and I'll tell you what they are. – James W. Frick

Economic events rarely unfold in the way stock-market people forecast them. – Ben Graham

Even the blind can see money. – Chinese proverb

Even the most serious efforts to make predictions can end up so far from the mark as to be more dangerous than useless. – Peter Bernstein

Every few seconds it changes, up an eighth, down an eighth. It's like playing a slot machine. I lose \$20 million, I gain \$20 million. – Ted Turner

Every man is rich or poor according to the proportion between his desires and his enjoyment. – Samuel Johnson (18<sup>th</sup> century)

Everyone has the brainpower to make money in stocks. Not everyone has the stomach. If you are susceptible to selling everything in a panic, you ought to avoid stocks and mutual funds altogether. – Peter Lynch

Expect the best. Prepare for the worst. Capitalize on what comes. – Zig Ziglar

Extrapolation is usually right, but not valuable, and predictions of deviation from trends are potentially profitable but rarely right. So far, macro-economic forecasting doesn't represent the path to superior investments. – Howard Marks

Extravagance is the luxury of the poor; penury is the luxury of the rich. – Oscar Wilde

Far more money has been lost by investors in preparing for corrections, or anticipating corrections, than has been lost in the corrections themselves. – Peter Lynch

Fear incites human action far more urgently than does the impressive weight of historical evidence.  
– Jeremy Siegel

Few rich men own their own property. The property owns them. – Robert G. Ingersoll

Finance is the art of passing currency from hand to hand until it finally disappears. – Robert W. Sarnoff

Financial genius is a short memory in a rising market. – John Kenneth Galbraith

Financial peace isn't the acquisition of stuff. It's learning to live on less than you make, so you can give money back and have money to invest. You can't win until you do this. – Dave Ramsey

For all long-term investors, there is only one objective – maximum total real return after taxes. – John Templeton

For I don't care too much for money, for money can't buy me love. – The Beatles

For the wise man regards wealth as a slave, the fool as a master – Seneca (1<sup>st</sup> century)

Forecasts usually tell us more about the forecaster than of the future. – Warren Buffett

Formal education will make you a living; self-education will make you a fortune. – Jim Rohn

Frugality includes all the other virtues. – Cicero (1<sup>st</sup> century BCE)

Fund performance comes and goes. Costs go on forever. – John “Jack” Bogle

Great investing requires a lot of delayed gratification. – Charlie Munger

He that cannot abide a bad market deserves not a good one. – John Ray

He that is not handsome at twenty, nor strong at thirty, nor rich at forty, nor wise at fifty, will never be handsome, strong, rich, or wise. – George Herbert

He that is of the opinion money will do everything may well be suspected of doing everything for money. – Benjamin Franklin

He who loses money, loses much; He who loses a friend, loses much more; He who loses faith, loses all. – Eleanor Roosevelt

He who loves silver will not be satisfied with silver; Nor he who loves abundance, with increase. – King Solomon

He who promises runs in debt. – The Talmud

He who wishes to be rich in a day will be hanged in a year. – Leonardo da Vinci

Health is the greatest gift, contentment the greatest wealth, faithfulness the best relationship. – Buddha (5<sup>th</sup> or 6<sup>th</sup> century BCE)

How unfortunate and how narrowing a thing it is for a man to have wealth who makes a god of it instead of a servant. – Mark Twain

I am certainly not going to predict what general business or the stock market are going to do in the next year or two since I don't have the faintest idea. – Warren Buffett

I am indeed rich, since my income is superior to my expenses, and my expense is equal to my wishes. – Edward Gibbon

I am more concerned about the return of my principal than the return on my principal. – Will Rogers

I am skeptical about stock market forecasting by anybody, and particularly by bankers. – Ben Graham

I can calculate the movement of stars, but not the madness of men. – Isaac Newton (1720, after losing a fortune in the South Sea bubble)

I don't like money, actually, but it quiets my nerves. – Joe Louis

I have enough money to last me the rest of my life, unless I buy something. – Jackie Mason  
I have known a lot of investors who came to the market to make money, and they told themselves that what they wanted was the money: security, a trip around the world, a new sloop, a country estate, an art collection, a Caribbean house for cold winters. And they succeeded. So they sat on the dock of the Caribbean home, chatting with their art dealers and gazing fondly at the new sloop, and after a while it was a bit flat. Something was missing. – George Goodman (*nom de plume* Adam Smith)

I have no money, no resources, no hopes. I am the happiest man alive. – Henry Miller

I made my money the old-fashioned way. I was very nice to a wealthy relative right before he died – Malcolm Forbes

I never attempt to make money on the stock market. I buy on the assumption that they could close the market the next day and not reopen it for five years. – Warren Buffett

I put two children through Harvard by trading options. Unfortunately, they were my broker's children. – Jason Zweig

I should say that it is from time to time the duty of a serious investor to accept the depreciation of his holdings with equanimity and without reproaching himself. – John Maynard Keynes

I suppose the stock market is like this: Here I have a dish of ice cream that costs me ten cents. Robert, the waiter, comes in and says the ice cream is all gone and no more is to be had tonight. My ice cream suddenly seems more valuable to you and you offer me, say, twelve cents for it. Then Bill, who had intended to order ice cream makes you an offer of thirteen cents. You, being Scotch, can't resist taking a profit. Bill brags so much about the ice cream that I decide I was foolish to let it go in the first place and buy it back for fourteen cents. About that time I discover, to my dismay, that the ice cream has melted. – Fred C. Kelly

I tell my father's story of the gambler who lost regularly. One day he hears about a race with only one horse in it, so he bet the rent money. Halfway around the track, the horse jumped over the fence and ran away. – Howard Marks

I think everybody who predicts the future with a straight face should be required to change out of the business suit, wrap himself in a gypsy shawl, wear one of those pointed wizard's hats with a picture of a crescent moon on it, and make conjuring sounds over a crystal ball. That way, everybody would know exactly what's going on and how much credibility to give it. – Bob Veres

I was part of that strange race of people aptly described as spending their lives doing things they detest to make money they don't want to buy things they don't need to impress people they dislike. – Emile Henry Gauvreau

I'd like to live like a poor man with lots of money. – Pablo Picasso

I've got all the money I'll ever need, if I die by four o'clock. – Henny Youngman

If a man empties his purse into his head, no man can take it away from him. An investment in knowledge always pays the best interest. – Benjamin Franklin

If a man has money, it is usually a sign, too, that he knows how to take care of it; don't imagine his money is easy to get simply because he has plenty of it. – Edgar Watson Howe

If a man runs after money, he's money-mad; if he keeps it, he's a capitalist; if he spends it, he's a playboy; if he doesn't get it, he's a ne'er-do-well; if he doesn't try to get it, he lacks ambition. If he gets it without working for it, he's a parasite; and if he accumulates it after a lifetime of hard work, people call him a fool who never got anything out of life. – Vic Oliver

If all else fails, immortality can always be assured by spectacular error. – John Kenneth Galbraith

If all the economists were laid end to end, they'd never reach a conclusion. – George Bernard Shaw

If investing is entertaining, if you're having fun, you're probably not making any money. Good investing is boring. – George Soros

If it flies, floats, or fornicates, always rent it—it's cheaper in the long run. – Felix Dennis

If money be not thy servant, it will be thy master. The covetous man cannot so properly be said to possess wealth, as that may be said to possess him. – Francis Bacon

If money is your hope for independence, you will never have it. The only real security that a man can have in this world is a reserve of knowledge, experience, and ability. – Henry Ford

If past history was all there was to the game, the richest people would be librarians. – Warren Buffett

If there is one thing that marks families with money over the long term it is this: delayed gratification. – Bill Bonner

If we command our wealth, we shall be rich and free; if our wealth commands us, we are poor indeed. – Edmund Burke

If we really knew what the future will bring that is all we would have to know; but since stock market people can only guess the future and since they have the embarrassing habit of guessing wrongly, it seems best not to lay too much stress upon forecasts. – Ben Graham

If you are shopping for common stocks, choose them the way you would buy groceries, not the way you would buy perfume. – Benjamin Graham

If you can count your money, you don't have a billion dollars. – J. Paul Getty

If you don't know who you are, [the stock market] is an expensive place to find out. – George Goodman (*nom de plume* Adam Smith)

If you don't regard what you have as enough, you will never be happy even if you rule the entire world. – Seneca (1<sup>st</sup> century)

If you don't want to work, you have to work to earn enough money so that you won't have to work. – Ogden Nash

If you have no money, be polite. – Danish proverb

If you have trouble imagining a 20% loss in the stock market, you shouldn't be in stocks. – John "Jack" Bogle

If you look to others for fulfillment, you will never truly be fulfilled. If your happiness depends on money, you will never be happy with yourself. Be content with what you have; rejoice in the way things are. – Lao Tzu (5<sup>th</sup> century BCE)

When you realize there is nothing lacking, the whole world belongs to you.

If you make money your god, it will plague you like the devil. – Henry Fielding

If you owe the bank \$100, that's your problem. If you owe the bank \$100 million, that's the bank's problem. – J. Paul Getty

If you realize that you have enough, you are truly rich. – Lao Tzu (5<sup>th</sup> century BCE)

If you really want something in this life, you have to work for it. Now, quiet, they're about to announce the lottery numbers! – Homer Simpson

If you think education is expensive, try ignorance. – Derek Bok

If you think nobody cares if you're alive, try missing a couple of car payments. – Earl Wilson

If you want to be wealthy, live below your means. – Paul Merriman

If you want to feel rich, just count all of the things you have that money can't buy. – Unknown

If you would be wealthy, think of saving as well as getting. – Ben Franklin



If you're not willing to react with equanimity to a market price decline of 50% two or three times a century, you're not fit to be a common shareholder and you deserve the mediocre result you're going to get. – Charlie Munger

In a country well-governed poverty is something to be ashamed of. In a country badly governed wealth is something to be ashamed of. – Confucius (5<sup>th</sup> century BCE)

In all my 60 years in the stock market, I never found anyone whose opinion of what the stock market would do next week or next month was worth heeding. – John Templeton

In bear markets, stocks return to their rightful owners. – Wall Street aphorism

In investing, what is comfortable is rarely profitable. – Robert Arnott

In my view, predicting future private market value is like predicting future Dow Jones levels: It doesn't make any sense at all. – Seth Klarman

In the business world, the rearview mirror is always clearer than the windshield. – Warren Buffett

In the end, how your investments behave is much less important than how you behave – Benjamin Graham

In the long run, it's not just how much money you make that will determine your future prosperity. It's how much of that money you put to work by saving it and investing it. – Peter Lynch

In the short run, the market is a voting machine, but in the long run it is a weighing machine. – Ben Graham

In this business, if you are good, you're right six times out of ten. – Peter Lynch

In Wall Street, the only thing that's hard to explain is next week. – Louis Rukeyser

Index investing outperforms active management year after year. – Jim Rogers

Inherited wealth is a real handicap to happiness. It is as certain a death to ambition as cocaine is to morality. – William Vanderbilt

Invest in yourself. Your career is the engine of your wealth. – Paul Clitheroe

Investing is not a game where the guy with the 160 IQ beats the guy with the 130 IQ. Once you have ordinary intelligence, what you need is the temperament to control the urges that get other people into trouble in investing. – Warren Buffett

Investing is the intersection of economics and psychology. – Seth Klarman

Investing should be dull. It shouldn't be exciting. Investing should be more like watching paint dry or watching grass grow. If you want excitement, take \$800 and go to Las Vegas, although it is not easy to get rich in Las Vegas, at Churchill Downs or at the local Merrill Lynch office. – Paul Samuelson

Investors should remember that excitement and expenses 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 only when others are fearful. – Warren Buffett

It ain't what you don't know that gets you in trouble. It's what you know for sure that just ain't so. – Josh Billings (most likely)

It amazes me how people are often more willing to act based on little or no data than to use data that is a challenge to assemble. – Robert Shiller

It is absurd to think that the general public can ever make money out of market forecasts. – Ben Graham

It is better to have a permanent income than to be fascinating. – Oscar Wilde

It is better to live rich than to die rich. – Samuel Johnson

It is difficult to get a man to understand something when his salary depends upon his not understanding it. – Upton Sinclair

It is my conclusion that the successful investor must [have] ... patience to wait for the right moment, courage to buy or sell when the time arrives, and liquid capital. – Benjamin Roth

It is neither wealth nor splendor, but tranquility and occupation, which give happiness. – Thomas Jefferson

It is not the man who has too little, but the man who craves more, that is poor. – Seneca (1<sup>st</sup> century)

It is odd, is it not, that a person's worth to society by is measured by their wealth, when instead their wealth should be measured by their worth to society. – A. Cygni

It is pretty hard to tell what does bring happiness; poverty and wealth have both failed. – Kin Hubbard

It is remarkable how much long-term advantage people like us have gotten by trying to be consistently not stupid, instead of trying to be very intelligent. – Charlie Munger

It isn't what a man has that constitutes wealth. No – it is to be satisfied with what one has; that is wealth. – Mark Twain

It's frightening to think that you might not know something, but more frightening to think that, by and large, the world is run by people who have faith that they know exactly what's going on. – Amos Tversky

It's in the nature of stock markets to go way down from time to time. There's no system to avoid bad markets. You can't do it unless you try to time the market, which is a seriously dumb thing to do. Conservative investing with steady savings without expecting miracles is the way to go. – Charlie Munger

It's nice to have a lot of money, but you know, you don't want to keep it around forever. I prefer buying things. Otherwise, it's a little like saving sex for your old age. – Warren Buffett

It's only when the tide goes out that you learn who's been swimming naked. – Warren Buffett

It's waiting that helps you as an investor and a lot of people just can't stand to wait. If you didn't get the deferred-gratification gene, you've got to work very hard to overcome that. – Charlie Munger

Just when you need liquidity most, it tends not to be there. – Howard Marks

Lack of money is no obstacle. Lack of an idea is an obstacle. – Ken Hakuta

Large price changes tend to be followed by more large changes, positive or negative. Small changes tend to be followed by more small changes. Volatility clusters. – Benoit B. Mandelbrot

Let every man divide his money into three parts, and invest a third in land, a third in business, and a third let him keep in reserve. – Talmud

Let me tell you about the very rich. They are different from you and me. – F. Scott Fitzgerald  
Yes, they have more money. – Ernest Hemingway

Let us keep a firm grip upon our money, for without it the whole assembly of virtues are but as blades of grass. – Bhartrihari (6<sup>th</sup> century)

Lethargy, bordering on sloth, should remain the cornerstone of an investment style. – Warren Buffett

Liking money like I like it, is nothing less than mysticism. Money is a glory. – Salvador Dali

Living well and beautifully and justly are all one thing. – Socrates (5<sup>th</sup> century BCE)

Look at market fluctuations as your friend rather than your enemy; profit from folly rather than participate in it. – Warren Buffett

Love of money is the disease which makes men most groveling and pitiful. – Cassius Longinus (1<sup>st</sup> century BCE)

Many a man has found the acquisition of wealth only a change, not an end of miseries. – Seneca (1<sup>st</sup> century)

Many people think that by hoarding money they are gaining safety for themselves. If money is your only hope for independence, you will never have it. The only real security that a person can have in this world is a reserve of knowledge, experience, and ability. Without these qualities, money is practically useless. – Henry Ford

Markets can remain irrational longer than you can remain solvent. – John Maynard Keynes (attributed)

Markets look a lot less efficient from the banks of the Hudson than from the banks of the Charles. – Fischer Black

Men are a thousand times more intent on becoming rich than on acquiring culture, though it is quite certain that what a man contributes more to his happiness than what he has. – Arthur Schopenhauer

Men, it has been well said, think in herds. It will be seen that they go mad in herds, while they only recover their senses slowly, and one by one. – Charles Mackay

Mention money and the whole world is silent. – German proverb

Money alone sets the world in motion. – Publilius Syrus (1<sup>st</sup> century BCE)

Money and women are the most sought after and the least known about of any two things we have. – Will Rogers

Money can't buy friends. But you can afford a better class of enemy. – Lord Mancroft

Money can't buy happiness, but it will certainly get you a better class of memories. – Ronald Reagan

Money can't buy love, but it improves your bargaining position. – Christopher Marlowe

Money does all things for reward. Some are pious and honest as long as they thrive upon it, but if the devil himself gives better wages, they soon change their party. – Seneca (1<sup>st</sup> century)

Money has a power above / The stars and fate to manage love:  
Whose arrows, learned poets hold, / That never miss, are tipped with gold. – Samuel Butler

Money has never made man happy, nor will it, there is nothing in its nature to produce happiness. The more of it one has the more one wants. – Benjamin Franklin

Money has no ears, but it hears. Money has no legs, but it runs. – Japanese proverb  
Money is a good servant but a bad master. – Henry George Bohn

Money is a guarantee that we may have what we want in the future. Though we need nothing at the moment it ensures the possibility of satisfying a new desire when it arises. – Aristotle

Money is a new form of slavery, and distinguishable from the old simply by the fact that it is impersonal – that there is no human relation between master and slave. – Leo Tolstoy

Money is a strange business. People who haven't got it aim it strongly. People who have are full of troubles. – Ayrton Senna

Money is always on the brain so long as there is a brain in reasonable order. – Samuel Butler (17<sup>th</sup> century)

Money is better than poverty if only for financial reasons. – Woody Allen

Money is flat and meant to be piled up. – Scottish proverb

Money is indeed the most important thing in the world; and all sound and successful personal and national morality should have this fact for its basis. – George Bernard Shaw

Money is just a way of keeping score. – H. L. Hunt

Money is life to us wretched mortals. – Hesiod (8<sup>th</sup> century BCE)

Money is like an arm or leg: use it or lose it. – Henry Ford

Money is like muck, not good except it be spread. – Francis Bacon

Money is more eloquent than a dozen members of parliament. – Danish proverb

Money is more like a vaccine than a performance-enhancing drug. It can prevent a lot of misery, but it won't necessarily make you happier. – Derek Thompson

Money is not required to buy one necessity of the soul. – Henry David Thoreau

Money is of a prolific generating nature. Money can beget money, and its offspring can beget more. – Benjamin Franklin

Money is only a tool. It will take you wherever you wish, but it will not replace you as the driver. – Ayn Rand

Money is power, freedom, a cushion, the root of all evil, the sum of blessings. – Carl Sandburg

Money is the best messenger. – Yiddish proverb

Money is the man. – German proverb

Money is the representative of a certain quantity of corn or other commodity. It is so much warmth, so much bread. – Ralph Waldo Emerson

Money is the sinews of success. – Bion (5<sup>th</sup> century BCE)

Money is the wise man's religion. – Euripides (5<sup>th</sup> century BCE)

Money is time. With money I buy for cheerful use the hours which otherwise would not in any sense be mine; nay, which would make me their miserable bondsman. – George Gissing

Money is truthful. If a man speaks of his honor, make him pay cash. – Robert Heinlein

Money is usually attracted, not pursued. – Jim Rohn

Money makes everything legitimate – even bastards. – Hebrew proverb

Money makes the mare go. – English proverb

Money makes up in a measure all other wants in men. – William Wycherley

Money may be the husk of many things, but not the kernel. It buys you food, but not appetite; medicine, but not health; acquaintances, but not friends; servants, but not loyalty; days of joy, but not peace or happiness. – Henrik Ibsen

Money never cometh out of season. – Thomas Drake

Money never starts an idea; it is the idea that starts the money. – W. J. Cameron

Money often costs too much. – Ralph Waldo Emerson

Money purifies all baseness. – Talmud

Money talks. – English proverb

Money will say more in one moment than the most eloquent lover in years. – Henry Fielding

Money won't create success, the freedom to make it will. – Nelson Mandela

Money, contrary to popular myth, does help people more than it spoils them, simply because it opens up more options. The danger is that when you have your million, you then want two, because you have a button saying, "I Am a Millionaire" and that is who you are, and there are, all of a sudden – as you will notice – so many people with buttons saying, "I Am a Double Millionaire." – George Goodman (*nom de plume* Adam Smith)

Money, says the proverb, makes money. When you have got a little, it is often easy to get more. – Charles Dickens

Money, th' only power That all mankind falls down before. – Samuel Butler (17<sup>th</sup> century)

Money, which represents the prose of life, and which is hardly spoken of in parlors without an apology, is, in its effects and laws, as beautiful as roses. – Ralph Waldo Emerson

Money will buy a pretty good dog, but it won't buy the wag of his tail. – Josh Billings

Much success can be attributed to inactivity. Most investors cannot resist the temptation to constantly buy and sell. – Warren Buffett

My definition of a guru is someone who is lucky enough to be quoted in the right publication at the right time saying the right thing. – Herb Greenberg

My formula for success is rise early, work late and strike oil. – J.P. Getty

My pride fell with my fortunes. – William Shakespeare

My ventures are not in one bottom trusted,/Nor to one place; nor is my whole estate/  
Upon the fortune of this present year;/Therefore my merchandise makes me not sad. – William Shakespeare

Neither a borrower nor a lender be, for loan oft loses both itself and friend, and borrowing dulls the edge of husbandry. – William Shakespeare

Never ask of money spent / Where the spender thinks it went.  
Nobody was ever meant / To remember or invent / What he did with every cent. – Robert Frost

Never forget the six-foot tall man who drowned crossing the river that was five feet deep on average. The important thing to remember about investing is that it is not sufficient to set up a portfolio that will survive on average. The key is to survive at the low ends. – Howard Marks

Never spend your money before you have it. – Thomas Jefferson

Never stand begging for that which you have the power to earn. – Miguel de Cervantes

No man ever had enough money. – Gypsy proverb

No man is rich enough to buy back his past. – Oscar Wilde

No man's credit is as good as his money. – John Dewey

No one can look ahead five or ten years and say what is the most promising industry or the best stock to own. – T. Rowe Price

No one can predict with any certainty which way the next 1,000 points will be. Market fluctuations, while no means comfortable, are normal. – Peter Lynch

No one really knows anything about what will happen in the distant future, but analysts and investors have strong views on the subject just the same. – Ben Graham

No one, not even the most experienced trader, economist or businessman can predict with certainty the course of the stock market. – Bernard Baruch

Nobody knows what the stock market is going to do or even what it ought to do. Hence, the most valuable asset in all business, which is knowledge, is necessarily absent. – Edwin Lefevre

Not he who has much is rich, but he who gives much. - Erich Fromm

Nothing incites to money-crimes like great poverty or great wealth. – Mark Twain

Nothing is more dangerous to men than a sudden change of fortune. – Quintilian (1<sup>st</sup> century)

Nothing so undermines your financial judgement as the sight of your neighbor getting rich. – J. P. Morgan

Nothing stings more deeply than the loss of money. – Livy (1<sup>st</sup> century)

October: This is one of the peculiarly dangerous months to speculate in stocks. The others are July, January, September, April, November, May, March, June, December, August and February. – Mark Twain

Of mortals there is no one who is happy. If wealth flows in upon one, one may be perhaps luckier than one's neighbor, but still not happy. – Euripedes (5<sup>th</sup> century BCE)

Of the billionaires I have known, money just brings out the basic traits in them. If they were jerks before they had money, they are simply jerks with a billion dollars. – Warren Buffett

One bag of money is stronger than two bags of truth. – Danish proverb

One must choose, in life, between making money and spending it. There's no time to do both. – Edouard Bourdet

One of life's cruelest mysteries is why we are impelled to pursue rewards that bring success, but not happiness. – Arthur Brooks

One of the greatest disservices you can do a man is to lend him money that he can't pay back. – Jesse H. Jones

One of the greatest pieces of economic wisdom is to know what you do not know. – John Kenneth Galbraith

Only buy something that you'd be perfectly happy to hold if the market shut down for 10 years. – Warren Buffett

Opportunity is missed by most people because it is dressed in overalls and looks like work. – Thomas Edison

Our expectations of the future are not unbiased and do not reflect all available information. – Peter Bernstein

Our favorite holding period is forever. – Warren Buffett

Patience is one of the most valuable attributes in investing. – Marty Zweig

Perhaps brains or a skill are the most portable and best wealth preserver. – Barton Biggs

Plans are useless, but planning is indispensable." – Dwight D. Eisenhower

Price is my due diligence. – Warren Buffett

Price is what you pay. Value is what you get. – Benjamin Graham

Property may be destroyed and money may lose its purchasing power; but, character, health, knowledge and good judgment will always be in demand under all conditions. – Roger Babson

Prosperity is a way of living and thinking, and not just money or things. Poverty is a way of living and thinking, and not just a lack of money or things. – Eric Butterworth

Public debt should be reduced. – Cicero (1<sup>st</sup> century BCE)

Public money is like holy water; everyone helps himself. – Italian proverb

Put not your trust in money, but put your money in trust. – Oliver Wendell Holmes

Quantitatively based solutions and asset allocation equations invariably fail as they are designed to capture what would have worked in the previous cycle whereas the next one remains a riddle wrapped in an enigma. – Barton Biggs



Rather to go to bed supperless than rise in debt. – Benjamin Franklin

Ready money is Aladdin's lamp. – Lord Byron

Real poverty is less a state of income than a state of mind. – George Gilder

Remember that credit is money. – Benjamin Franklin

Remember that stocks are never too high for you to begin buying or too low to begin selling. – Jesse Livermore

Rich people plan for three generations. Poor people plan for Saturday night. – Gloria Steinem

Riches and abundance come hypocritically clad in sheep's clothing, pretending to be security against anxieties, and they become then the object of anxiety. They secure a man against anxieties just about as well as the wolf that is put to tending the sheep. – Soren Kierkegaard

Risk and time are opposite sides of the same coin, for if there were no tomorrow there would be no risk. Time transforms risk, and the nature of risk is shaped by the time horizon: the future is the playing field. – Peter L. Bernstein

Risk cannot be eliminated; it just gets transferred and spread. – Howard Marks

Risk comes from not knowing what you're doing. – Warren Buffett

Risk drives returns. – Charles Ellis

Risk means more things can happen than will happen. It is not standard deviation. It is not variability. It is this sense that future events are highly variable and unknowable that gives us the best sense for risk. – Elroy Dimson

Risk is what's left when you think you've thought of everything. – Carl Richards

Risk taking is necessary for large success – but it is also necessary for failure. – Nassim Taleb

Rule No.1: Never lose money. Rule No.2: Never forget rule No.1. – Warren Buffett

Save like a pessimist; invest like an optimist. – Morgan Housel

Say what you will against money– it is always a good Catholic. – Spanish proverb

Send your grain across the seas, and in time, profits will flow back to you. But divide your investments among many places, for you do not know what risks might lie ahead ... Farmers who wait for perfect weather never plant. If they watch every cloud, they never harvest ... Plant your seed in the morning and keep busy all afternoon, for you don't know if profit will come from one activity or another– or maybe both. – King Solomon

Shareholders are impertinent and stupid – stupid because they trust other people with their money without having sufficient control; impertinent because they want dividends, that is, they also want to be rewarded for their stupidity. – Carl Fürstenberg

Some debts are fun when you are acquiring them, but none are fun when you set about retiring them. – Ogden Nash

Speculation is an effort, probably unsuccessful, to turn a little money into a lot. Investment is an effort, which should be successful, to prevent a lot of money from becoming a little. – Fred Schwed Jr.

Spend each day trying to be a little wiser than you were when you woke up. – Charlie Munger

Spending money to show people how much money you have is the fastest way to have less money. – Morgan Housel

Stay humble or the market will do it for you. – Wall Street aphorism

Still, let me repeat it one more time. Becoming rich does not guarantee happiness. In fact, it is almost certain to impose the opposite condition – if not from the stresses and strains of protecting wealth, then from the guilt that inevitably accompanies its arrival. – Felix Dennis

Stocks have reached what looks like a permanently high plateau. – Irving Fisher (Professor of Economics at Yale University, in 1929)

Successful investing is anticipating the anticipation of others. – John Maynard Keynes

Survival is the only road to riches. You should try to maximize return only if losses would not threaten your survival and if you have a compelling future need for the extra gains you might earn. – Peter L. Bernstein

The additional rise of this stock above the true capital will be only imaginary; one added to one, by any rules of vulgar arithmetic, will never make three and a half; consequently, all the fictitious value must be a loss to some persons or other, first or last. The only way to prevent it oneself must be to sell out betimes, and so let the Devil take the hindmost. – Anonymous Pamphleteer

The art is not in making money, but in keeping it. – Dutch Proverb

The average long-term experience in investing is never surprising, but the short-term experience is always surprising. We now know to focus not on rate of return, but on the informed management of risk. – Charles Ellis

The avoidance of taxes is the only intellectual pursuit that carries any reward. – John Maynard Keynes

The best way to keep money in perspective is to have some. – Louis Rukeyser

The best way to measure your investing success is not by whether you're beating the market but by whether you've put in place a financial plan and a behavioral discipline that are likely to get you where you want to go. – Benjamin Graham

The business schools reward difficult complex behavior more than simple behavior, but simple behavior is more effective. – Warren Buffett

The chief value of money lies in the fact that one lives in a world in which it is overestimated. – H. L. Mencken

The compounding of wealth, like the building of the City, is part of the much older game of life against death. The immortality is spurious because that particular wheel is fixed; you do have to lose in the end. That is the way the senior game is set up: You can't take it with you. – George Goodman (*nom de plume* Adam Smith)

The correctness of a decision can't be judged from the outcome. Nevertheless, that's how people assess it. A good decision is one that's optimal at the time it's made, when the future is by definition unknown. Thus, correct decisions are often unsuccessful, and vice versa. – Howard Marks

The cost of a thing is the amount of what I will call life which is required to be exchanged for it, immediately or in the long run. – Henry David Thoreau

The darkest hour of any man's life is when he sits down to plan how to get money without earning it. – Horace Greely

The difference between a rich man and a poor man is this: the former eats when he pleases, the latter when he can get it. – Sir Walter Raleigh

The easiest job I have ever tackled in this world is that of making money. It is, in fact, almost as easy as losing it. Almost, but not quite. – H. L. Mencken

The evidence on investment managers' success with market timing is impressive – and overwhelmingly negative. – Charles Ellis

The fact that people will be full of greed, fear, or folly is predictable. The sequence is not predictable. – Warren Buffett

The First Law of Economics: For every economist, there exists an equal and opposite economist. The Second Law of Economics: They're both wrong. – Unknown

The first of all English games is making money. – John Ruskin

The first thing is character ... Because a man I do not trust could not get money from me on all the bonds in Christendom. – J. P. Morgan

The four most expensive words in investing are: "this time it's different." – John Templeton

The glow of one warm thought is to me worth more than money. – Thomas Jefferson

The greatest luxury of riches is that they enable you to escape so much good advice. – Arthur Helps

The greatest wealth is a poverty of desires. – Seneca (1<sup>st</sup> century)

The holy passion of friendship is of so sweet and steady and loyal and enduring a nature that it will last through a lifetime, if not asked to lend money. – Mark Twain

The individual investor should act consistently as an investor and not as a speculator. – Ben Graham

The influence [sic] on stock prices are so numerous and so complex that no person has ever been able to predict the trend of stock prices with consistent success. – John Templeton

The investor of today does not profit from yesterday's growth. – Warren Buffett

The investor's chief problem – even his worst enemy – is likely to be himself. – Ben Graham

The irony is that this is a money game and money is the way we keep score. But the real object of the Game is not money, but it is the playing of the Game itself. For the true players, you could take all the trophies away and substitute plastic beads or whale's teeth; as long as there is a way to keep score, they will play. – George Goodman (*nom de plume* Adam Smith)

The key is not to predict the future, but to be prepared for it. – Pericles (5th century BCE)

The lack of money is the root of all evil. – Mark Twain

The liabilities are always 100 percent good. It's the assets you have to worry about. – Charlie Munger

The main purpose of the stock market is to make fools of as many men as possible. – Bernard Baruch

The man who has a million dollars is as well off as if he were rich. – John Jacob Astor III (attributed)

The man who is a bear on the United States will eventually go broke. – J. P. Morgan

The market's not a very accommodating machine; it won't provide high returns just because you need them. – Peter L. Bernstein

The markets generally are unpredictable, so that one has to have different scenarios. The idea that you can actually predict what's going to happen contradicts my way of looking at the market. – George Soros

The Market Timing Hall of Fame is an empty room. – Jane Bryant Quinn

The most dangerous people in the world are very smart traders who have never gotten their teeth kicked in. – F. Helmut Weymar

The most efficient labor-saving device is still money. – Franklin P. Jones

The most predictable thing about the stock market is the number of experts who take credit for predicting it. – Dave Weinbaum

The most treasured asset in investment management is a steady hand at the tiller. – Robert Arnott

The only thing that wealth does for some people is to make them worry about losing it. – Compté De Riverol (18<sup>th</sup> century)

The only way for a rich man to be healthy is by exercise and abstinence, to live as if he were poor. – William Temple

The poor and the middle class work for money. The rich have money work for them. – Robert Kiyosaki

The poor wish to be rich, the rich wish to be happy, the single wish to be married, and the married wish to be dead. – Ann Landers

The price of education is paid once. The price of ignorance is paid forever. – Ted Nicholas

The public may boo me, but when I go home and think of my money I clap. – Horace (1<sup>st</sup> century BCE)

The real key to making money in stocks is not to get scared out of them. – Peter Lynch

The real measure of our wealth is how much we'd be worth if we lost all our money. – John Henry Jowett

The rich invest in time, the poor invest in money. – Warren Buffett

The safest way to double your money is to fold it over once and put it in your pocket. – Kin Hubbard

The stock market is filled with individuals who know the price of everything, but the value of nothing. – Philip Fisher

The thing that is least perceived about wealth is that all pleasure in money ends at the point where economy becomes unnecessary. The man who can buy anything he covets, without any consultation with his banker, values nothing that he buys. – William Dawson

The things that will destroy America are prosperity at any price, peace at any price, safety first instead of duty first, and love of soft living, and the get-rich-quick theory of life. – Theodore Roosevelt

The trend has vanished, killed by its very discovery. – Benoit B. Mandelbrot

The value of a dollar is social, as it is created by society. – Ralph Waldo Emerson

The world has not yet learned the riches of frugality. – Cicero (1<sup>st</sup> century BCE)

There are certain things that cannot be adequately explained to a virgin either by words or pictures. Nor can any description that I might offer here even approximate what it feels like to lose a real chunk of money that you used to own. – Fred Schwed Jr.

There are economic facts and there's economic predictions and economic predictions are a total waste. – Peter Lynch

There are few ways in which a man can be more innocently employed than in getting money. – Samuel Johnson

There are people who have money and people who are rich. – Coco Chanel

There are three faithful friends – an old wife, an old dog, and ready money. – Benjamin Franklin

There are three kinds of people who make market predictions: those who don't know, those who don't know that they don't know, and those who know darn well they don't know but get big bucks for pretending to know. – Burton Malkiel

There are two kinds of people who lose money: those who know nothing and those who know everything. – Henry Kaufman

There are two times in a man's life when he should not speculate: when he can't afford it, and when he can. – Mark Twain

There can be few fields of human endeavor in which history counts for so little as in the world of finance. Past experience, to the extent that it is part of memory at all, is dismissed as the primitive refuge of those who do not have the insight to appreciate the incredible wonders of the present. – John Kenneth Galbraith

There is no such things as a free lunch. – Milton Friedman

There is no such thing as no risk. There's only this choice of what to risk, and when to risk it. – Nick Murray

There is nothing new in the markets, only the history you haven't read. – Larry Swedroe

There is nothing so disturbing to one's well-being and judgment as to see a friend get rich. – Charles Kindleberger

There seems to be an unwritten rule on Wall Street: If you don't understand it, then put your life savings into it. – Peter Lynch

There will be bear markets about twice every 10 years and recessions about twice every 10 or 12 years but nobody has been able to predict them reliably. So the best thing to do is to buy when shares are thoroughly depressed and that means when other people are selling. – John Templeton

There's no money in poetry, but then there's no poetry in money, either. – Robert Graves

Those who have not found their true wealth, which is the radiant joy of Being and the deep, unshakable peace that comes with it, are beggars, even if they have great material wealth. They are looking outside for scraps of pleasure or fulfillment, for validation, security, or love, while they have a treasure within that not only includes all those things but is infinitely greater than anything the world can offer. – Eckhart Tolle

Time is Archimedes' lever in investing. – Charles Ellis

Time is the coin of your life. It is the only coin you have, and only you can determine how it will be spent. Be careful lest you let other people spend it for you. – Carl Sandburg

To be satisfied with what one has; that is wealth. As long as one sorely needs a certain additional amount, that man isn't rich. – Mark Twain

To fulfill a dream, to be allowed to sweat over lonely labor, to be given a chance to create, is the meat and potatoes of life. The money is the gravy. – Bette Davis

To help your children turn out well, spend twice as much time with them and half as much money. – Abigail Van Buren

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. – Warren Buffett

Too much money is the worst of tribulations. – Moroccan proverb

Trading stocks is simple mathematics:  $2+2 = 4$ , but our greed makes it 5 and our panic makes it 3. – Feroz Ahmed Khan

Two essentials for successful retirement are sufficient funds to live on and sufficient things to live for. – Ernie Zelinski

Two of the hardest things to do are save when you're young and spend when you're old. – Wall Street aphorism

Understanding both the power of compound interest and the difficulty of getting it is the heart and soul of understanding a lot of things. – Charlie Munger

Unless you can watch your stock holding decline by 50% without becoming panic-stricken, you should not be in the stock market. – Warren Buffett

Unquestionably, there is progress. The average American now pays out twice as much in taxes as he formerly got in wages. – H. L. Mencken

Wall Street indexes predicted nine out of the last five recessions! And its mistakes were beauties. – Paul Samuelson

Wall Street is the only place that people ride to in a Rolls Royce to get advice from those who take the subway. – Warren Buffett

Wall Street never changes, the pockets change, the suckers change, the stocks change, but Wall Street never changes, because human nature never changes. – Jesse Livermore

Wall Street sells stocks and bonds, but what it really peddles is hope. – Jason Zweig

We are all at a wonderful ball where the champagne sparkles in every glass and soft laughter falls upon the summer air. We know, by the rules, that at some moment, the Black Horseman will come shattering through the great terrace doors, wreaking vengeance and scattering the survivors. Those who leave early are saved, but the ball is so splendid no one wants to leave while there is still time, so that everyone keeps asking, 'What time is it? What time is it?' But none of the clocks have any hands. – George Goodman (*nom de plume* Adam Smith)

We deceive ourselves when we believe that past stock market return patterns provide the bounds by which we can predict the future. – John Bogle

We don't have to be smarter than the rest. We have to be more disciplined than the rest. – Warren Buffett

We have two classes of forecasters: Those who don't know – and those who don't know they don't know. – John Kenneth Galbraith

We ignore outlooks and forecasts... we're lousy at it and we admit it ... everyone else is lousy too, but most people won't admit it. – Martin Whitman

We often pay our debts not because it is only fair that we should, but to make future loans easier. – Francois de la Rochefoucauld (17<sup>th</sup> century)

We try more to profit from always remembering the obvious than from grasping the esoteric. – Charlie Munger

Wealth and poverty: the one is the parent of luxury and indolence, and the other of meanness and viciousness, and both of discontent. – Plato (4<sup>th</sup> century BCE)

Wealth and want equally harden the human heart. – Theodore Parker

Wealth consists not in having great possessions, but in having few wants. – Epictetus (1<sup>st</sup> century)

Wealth is not his that has it, but his that enjoys it. – Benjamin Franklin

Wealth is the ability to fully experience life. – Henry David Thoreau (attributed)

Wealth isn't primarily determined by investment performance, but by investor behavior. – Nick Murray

Wealth unused might as well not exist. – Aesop

What difference does it make how much you have? What you do not have amounts to much more. – Seneca (1<sup>st</sup> century)

What is the secret of success? I'm rational. That's the answer. I'm rational. – Charlie Munger

When a fellow says it ain't the money but the principle of the thing, it's the money. – Kin Hubbard

When a man says money can do anything, that settles it: he hasn't any. – Edgar Watson Howe

When a management with a reputation for brilliance tackles a business with a reputation for bad economics, it is the reputation of the business that remains intact. – Warren Buffett

When all the experts and forecasts agree – something else is going to happen. – Bob Farrell

When I had money, everyone called me brother. – Polish proverb

When I was young I thought that money was the most important thing in life; now that I am old I know that it is. – Oscar Wilde



When it is a question of money, everyone is of the same religion. – Voltaire

When money is not a servant it is a master. – Italian proverb

When money speaks the truth is silent. – Russian proverb

When reason rules, money is a blessing. – Publilius Syrus (1<sup>st</sup> century BCE)

When the Rothschilds got the word about the battle of Waterloo—in the movie it was by carrier pigeon—they didn't rush down and buy British consols, the government bonds. They rushed in and sold, and then, in the panic, they bought. – George Goodman (*nom de plume* Adam Smith)

When wealth is lost, nothing is lost; when health is lost, something is lost; when character is lost, all is lost. – German proverb

When you combine ignorance and leverage, you get some pretty interesting results. – Warren Buffett

When you locate a bargain, you must ask, “Why me, God? Why am I the only one who could find this bargain?” – Charlie Munger

While money can't buy happiness, it certainly lets you choose your own form of misery. – Groucho Marx

Who covets more is evermore a slave. – Robert Herrick

Who is rich? He that is content. Who is that? Nobody. – Benjamin Franklin

Why is the form of money round? Because it is to run from every man. – Anonymous (17<sup>th</sup> century)

Wilt thou seal up the avenues of ill? Pay every debt as if God wrote the bill. – Ralph Waldo Emerson

With an evening coat and a white tie, anybody, even a stockbroker, can gain a reputation for being civilized. – Oscar Wilde

With money one may command devils; without it, one cannot even summon a man. – Chinese proverb

Words are like money; there is nothing so useless, unless when in actual use. – Samuel Butler (17<sup>th</sup> century)

You can get in way more trouble with a good idea than a bad idea, because you forget that the good idea has limits. – Ben Graham

You can never become a good investor by watching current events, but you can almost always become a great investor by watching history. – Nick Murray

You cannot legislate the poor into independence by legislating the wealthy out of it. You cannot multiply wealth by dividing it. – Kenneth W. Sollitt

You do things when the opportunities come along. I've had periods in my life when I've had a bundle of ideas come along, and I've had long dry spells. If I get an idea next week, I'll do something. If not, I won't do a damn thing. – Warren Buffett

You don't get rich by what you earn. You get rich by what you don't spend. – Henry Ford (attributed)

You have to decide what you are going to be worried about. Markets are volatile, but retirement is certain. – Nick Murray

You know, people talk about this being an uncertain time. You know, all time is uncertain. I mean, it was uncertain back in 2007, we just didn't know it was uncertain. It was uncertain on September 10th, 2001. It was uncertain on October 18th, 1987, you just didn't know it. – Warren Buffett

You must spend money if you wish to make money. – Plautus (3<sup>rd</sup> century BCE)

You never can predict the economy. You can't predict the stock market. – Peter Lynch

You only have to do a very few things right in your life so long as you don't do too many things wrong. – Warren Buffett

Youth is the best time to be rich; and the best time to be poor. – Euripides (5<sup>th</sup> century BCE)

## **John Maynard Keynes**

from *The General Theory of Employment, Interest, and Money* (1936)

It might have been supposed that competition between expert professionals, possessing judgment and knowledge beyond that of the average private investor, would correct the vagaries of the ignorant individual left to himself. It happens, however, that the energies and skill of the professional investor and speculator are mainly occupied otherwise. For most of these persons are, in fact, largely concerned, not with making superior long-term forecasts of the probable yield of an investment over its whole life, but with foreseeing changes in the conventional basis of valuation a short time ahead of the general public. They are concerned, not with what an investment is really worth to a man who buys it “for keeps”, but with what the market will value it at, under the influence of mass psychology, three months or a year hence. Moreover, this behaviour is not the outcome of a wrong-headed propensity. It is an inevitable result of an investment market organised along the lines described. For it is not sensible to pay 25 for an investment of which you believe the prospective yield to justify a value of 30, if you also believe that the market will value it at 20 three months hence.

Thus the professional investor is forced to concern himself with the anticipation of impending changes, in the news or in the atmosphere, of the kind by which experience shows that the mass psychology of the market is most influenced. This is the inevitable result of investment markets organised with a view to so-called “liquidity”. Of the maxims of orthodox finance none, surely, is more anti-social than the fetish of liquidity, the doctrine that it is a positive virtue on the part of investment institutions to concentrate their resources upon the holding of “liquid” securities. It forgets that there is no such thing as liquidity of investment for the community as a whole. The social object of skilled investment should be to defeat the dark forces of time and ignorance which envelop our future. The actual, private object of the most skilled investment to-day is “to beat the gun”, as the Americans so well express it, to outwit the crowd, and to pass the bad, or depreciating, half-crown to the other fellow.

This battle of wits to anticipate the basis of conventional valuation a few months hence, rather than the prospective yield of an investment over a long term of years, does not even require gulls amongst the public to feed the maws of the professional; – it can be played by professionals amongst themselves. Nor is it necessary that anyone should keep his simple faith in the conventional basis of valuation having any genuine long-term validity. For it is, so to speak, a game of Snap, of Old Maid, of Musical Chairs—a pastime in which he is victor who says *Snap* neither too soon nor too late, who passes the Old Maid to his neighbour before the game is over, who secures a chair for himself when the music stops. These games can be played with zest and enjoyment, though all the players know that it is the Old Maid which is circulating, or that when the music stops some of the players will find themselves unseated.

Or, to change the metaphor slightly, professional investment may be likened to those newspaper competitions in which the competitors have to pick out the six prettiest faces from a hundred photographs, the prize being awarded to the competitor whose choice most nearly corresponds to the average preferences of the competitors as a whole; so that each competitor has to pick, not those faces which he himself finds prettiest, but those which he thinks likeliest to catch the fancy of the other competitors, all of whom are looking at the problem from the same point of view. It is not a case of choosing those which, to the best of one’s judgment, are really the prettiest, nor even those which average opinion genuinely thinks the prettiest. We have reached the third degree where we devote our intelligences to anticipating what average opinion expects the average opinion to be. And there are some, I believe, who practise the fourth, fifth and higher degrees.

If the reader interjects that there must surely be large profits to be gained from the other players in the long run by a skilled individual who, unperturbed by the prevailing pastime, continues to purchase investments on the best genuine long-term expectations he can frame, he must be answered, first of all, that there are, indeed, such serious-minded individuals and that it makes a vast difference to an investment market whether or not they predominate in their influence over the game-players. But we must also add that there are several factors which jeopardise the predominance of such individuals in modern investment markets. Investment based on genuine long-term expectation is so difficult to-day as to be scarcely practicable. He who attempts it must surely lead much more laborious days and run greater risks than he who tries to guess better than the crowd how the crowd will behave; and, given equal intelligence, he may make more disastrous mistakes. There is no clear evidence from experience that the investment policy which is socially advantageous coincides with that which is most profitable. It needs more intelligence to defeat the forces of time and our ignorance of the future than to beat the gun. Moreover, life is not long enough; – human nature desires quick results, there is a peculiar zest in making money quickly, and remoter gains are discounted by the average man at a very high rate. The game of professional investment is intolerably boring and over-exacting to anyone who is entirely exempt from the gambling instinct; whilst he who has it must pay to this propensity the appropriate toll. Furthermore, an investor who proposes to ignore near-term market fluctuations needs greater resources for safety and must not operate on so large a scale, if at all, with borrowed money – a further reason for the higher return from the pastime to a given stock of intelligence and resources. Finally it is the long-term investor, he who most promotes the public interest, who will in practice come in for most criticism, wherever investment funds are managed by committees or boards or banks. For it is in the essence of his behaviour that he should be eccentric, unconventional and rash in the eyes of average opinion. If he is successful, that will only confirm the general belief in his rashness; and if in the short run he is unsuccessful, which is very likely, he will not receive much mercy. Worldly wisdom teaches that it is better for reputation to fail conventionally than to succeed unconventionally.

## **Paul Volcker**

from *The Rediscovery of the Business Cycle* (1978)

Mood is too intangible to be accurately measured directly. However a gradual increase in confidence and increasing willingness to take risks does seem a natural consequence of a period of general prosperity. Conversely, the experience of a major recession is a chastening experience. Households, businesses, and other economic units have witnessed bankruptcies, unemployment and loss of income. Earlier plans are disrupted. Those taking the largest risks and without financial reserves tend to be hit the hardest. So, at first, caution prevails, even as recovery unfolds. But if the recovery is sustained and downturns are minor, the new surprises are likely to be favorable: productivity typically rises rapidly as capacity is more fully utilized; profits exceed expectations; jobs are easier to find; and real incomes rise. The aggressive risk-taker profits handsomely; the rewards of caution seem less evident as memories of hard times recede.

As confidence increases, that in itself gives further thrust to the expansion. Business embarks more freely on modernization and expansion, and it finds more lenders ready to underwrite its plans and also finds willing equity investors. More buoyant prices may, for a time at least, help encourage aggressive inventory or capital spending. On the consumer side, as job opportunities expand, future income seems more secure. As stock market and home prices go up, the consumer's estimate of his current and future wealth may rise.

Financial markets and financial institutions will share in the altered mood. Equity is more highly leveraged, more borrowing may be done at shorter terms, and banks and other lenders draw down their liquidity and other financial reserves. Almost imperceptibly – until they only seem lax in retrospect – traditional credit standards may be eased precisely because the new economic environment seems more secure. And so long as the forward thrust of the economy is maintained, losses are small.

Even the professional economists may be caught up in the euphoria. They may even be inclined to agree that we have finally licked the business cycle and thus help reinforce the climate of confidence!

But in the end the process is self-limiting. There are limits to economic growth over the short term: to employment, to productivity, to the need for capital goods or inventory, and to risk and leverage. When manpower is fully occupied, the economy cannot continue to improve as fast as before, and financial reserves can be exhausted. And sooner or later some exogenous force may provide a rude shock that forces a reappraisal of risks.

The result is disappointment. Reality falls short of anticipation. With past excesses suddenly exposed, a recession can quite suddenly turn severe. Risks that were blithely discounted earlier now loom large. The income stream no longer seems so certain. Jobs are harder to get and capital values may fall. Households and business firms alike try to cut their spending and rebuild liquidity. Risk premiums increase. And the new caution inhibits recovery.

## **William Bernstein**

from *The Investor's Manifesto* (2010)

Successful investors need four abilities. First, they must possess an interest in the process. It is no different from carpentry, gardening, or parenting. If money management is not enjoyable, then a lousy job inevitably results, and, unfortunately, most people enjoy finance about as much as they do root canal work.

Second, investors need more than a bit of math horsepower, far beyond simple arithmetic and algebra, or even the ability to manipulate a spreadsheet. Mastering the basics of investment theory requires an understanding of the laws of probability and a working knowledge of statistics. Sadly, as one financial columnist explained to me more than a decade ago, fractions are a stretch for 90 percent of the population.

Third, investors need a firm grasp of financial history, from the South Sea Bubble to the Great Depression. Alas, as we shall soon see, this is something that even professionals have real trouble with.

Even if investors possess all three of these abilities, it will all be for naught if they do not have a fourth one: the emotional discipline to execute their planned strategy faithfully, come hell, high water, or the apparent end of capitalism as we know it. “Stay the course”: It sounds so easy when uttered at high tide. Unfortunately, when the water recedes, it is not. I expect no more than 10 percent of the population passes muster on each of the above counts. This suggests that as few as one person in ten thousand (10 percent to the fourth power) has the full skill set. Perhaps I am being overly pessimistic. After all, these four abilities may not be entirely independent: if someone is smart enough, it is also more likely he or she will be interested in finance and be driven to delve into financial history.

But even the most optimistic assumptions – increase the odds at any of the four steps to 30 percent and link them – suggests that no more than a few percent of the population is qualified to manage their own money. And even with the requisite skill set, more than a little moxie is involved. This last requirement – the ability to deploy what legendary investor Charley Ellis calls “the emotional game” – is completely independent of the other three; Wall Street is littered with the bones of those who knew just what to do, but could not bring themselves to do it.

## **Larry Swedroe**

from *The Quest for Alpha: The Holy Grail of Investing* (2011)

Victor Hugo was a French poet, playwright and author, best known for *Les Misérables* and *The Hunchback of Notre Dame*. He was also a human rights activist who stated:

There is one thing stronger than all the armies of the world, and that is an idea whose time has come.

Despite the armies aligned against passive investing as the winning strategy, it is an idea whose time has come. Nothing Wall Street or the financial media can do will stop the trend away from active investing.

Arthur Schopenhauer was a German philosopher known for his clarity of thought. He had this to say about great ideas:

All great ideas go through three stages. In the first stage they are ridiculed. In the second stage they are strongly opposed. In the third stage they are considered to be self-evident.

The conventional wisdom on investing has been that the markets are inefficient, and smart people, working diligently, can, after the costs of their efforts, persistently exploit mispricings and deliver alpha. However, as Nicolas Chamfort, an 18th-century French writer best known for his wit, noted:

There are well-dressed foolish ideas just as there are well-dressed fools.

Just because something is conventional wisdom doesn't make it right. At one time, "the Earth is flat" and "the Earth is the center of the universe" were both conventional wisdom. In other words, even if millions of people believe a foolish thing, it doesn't make it less foolish. Active management as the winner's game is a foolish idea no matter how many people believe it, or how fervent their belief.

...

Girolamo Cardano was a 16th-century physician, mathematician and quintessential Renaissance man. He advised:

The greatest advantage from gambling comes from not playing at all.

Similarly, the only sure way to win the game of active investing is not to play. The winner's game is to accept market returns by investing in low-cost, tax-efficient and passively managed funds. Paul Samuelson put it this way:

It is not easy to get rich in Las Vegas, at Churchill Downs, or at the local Merrill Lynch office.

Wall Street knows that. However, they want to make sure you don't reach that conclusion. They need you to keep playing the loser's game of active investing because it is the winner's game for them. As author Ron Ross put it:

Wall Street does its best to follow W.C. Fields' advice: "Never smarten up a chump."

## **Morgan Housel**

from *The Psychology of Money* (2020)

My favorite Wikipedia entry begins: “Ronald James Read was an American philanthropist, investor, janitor, and gas station attendant.”

Ronald Read was born in rural Vermont. He was the first person in his family to graduate high school, made all the more impressive by the fact that he hitchhiked to campus each day.

For those who knew Ronald Read, there wasn’t much else worth mentioning. His life was about as low key as they come.

Read fixed cars at a gas station for 25 years and swept floors at JCPenney for 17 years. He bought a two-bedroom house for \$12,000 at age 38 and lived there for the rest of his life. He was widowed at age 50 and never remarried. A friend recalled that his main hobby was chopping firewood.

Read died in 2014, age 92. Which is when the humble rural janitor made international headlines.

2,813,503 Americans died in 2014. Fewer than 4,000 of them had a net worth of over \$8 million when they passed away. Ronald Read was one of them.

In his will the former janitor left \$2 million to his stepkids and more than \$6 million to his local hospital and library.

Those who knew Read were baffled. Where did he get all that money?

It turned out there was no secret. There was no lottery win and no inheritance. Read saved what little he could and invested it in blue chip stocks. Then he waited, for decades on end, as tiny savings compounded into more than \$8 million.

That’s it. From janitor to philanthropist.

A few months before Ronald Read died, another man named Richard was in the news.

Richard Fuscone was everything Ronald Read was not. A Harvard-educated Merrill Lynch executive with an MBA, Fuscone had such a successful career in finance that he retired in his 40s to become a philanthropist. Former Merrill CEO David Komansky praised Fuscone’s “business savvy, leadership skills, sound judgment and personal integrity.” *Crain’s* business magazine once included him in a “40 under 40” list of successful businesspeople.

But then ... everything fell apart.

In the mid-2000s Fuscone borrowed heavily to expand an 18,000-square foot home in Greenwich, Connecticut that had 11 bathrooms, two elevators, two pools, seven garages, and cost more than \$90,000 a month to maintain.

Then the 2008 financial crisis hit.



The crisis hurt virtually everyone's finances. It apparently turned Fuscone's into dust. High debt and illiquid assets left him bankrupt. "I currently have no income," he allegedly told a bankruptcy judge in 2008.

First his Palm Beach house was foreclosed.

In 2014 it was the Greenwich mansion's turn.

Five months before Ronald Read left his fortune to charity, Richard Fuscone's home—where guests recalled the "thrill of dining and dancing atop a see-through covering on the home's indoor swimming pool"—was sold in a foreclosure auction for 75% less than an insurance company figured it was worth.

Ronald Read was patient; Richard Fuscone was greedy. That's all it took to eclipse the massive education and experience gap between the two.

The lesson here is not to be more like Ronald and less like Richard—though that's not bad advice.

The fascinating thing about these stories is how unique they are to finance.

In what other industry does someone with no college degree, no training, no background, no formal experience, and no connections massively out-perform someone with the best education, the best training, and the best connections?

I struggle to think of any.

It is impossible to think of a story about Ronald Read performing a heart transplant better than a Harvard-trained surgeon. Or designing a skyscraper superior to the best-trained architects. There will never be a story of a janitor outperforming the world's top nuclear engineers.

But these stories do happen in investing.

The fact that Ronald Read can coexist with Richard Fuscone has two explanations. One, financial outcomes are driven by luck, independent of intelligence and effort. That's true to some extent, and this book will discuss it in further detail. Or, two (and I think more common), that financial success is not a hard science. It's a soft skill, where how you behave is more important than what you know.

**Notes:**

*The analysis in this report has been prepared by David E. Hultstrom, MBA, CFP®, CFA, ChFC®, CAIA, CPWA®, CIMA®. Questions or comments are welcome, and he may be reached at [David@FinancialArchitectsLLC.com](mailto:David@FinancialArchitectsLLC.com) or (770) 517-8160.*



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