

Benjamin Graham is widely recognized as the father of value investing. The author of *The Intelligent Investor* and *Security Analysis* (with David Dodd), his “margin of safety” concept – evaluating individual companies and purchasing shares when their stock prices trade at discounts to their underlying values – changed the landscape of investing.

Graham taught for nearly 30 years at Columbia University’s business school. Warren Buffett, his most famous pupil, credits him as a major influence on his investing philosophy. Graham influenced many investors in addition to Buffett including Charles Brandes. His advocacy for financial analysis training served as a catalyst for the Chartered Financial Analyst (CFA) program.

### Philosophy

Graham’s ideas were a radical departure from the speculative atmosphere surrounding Wall Street in the early 1920’s. He insisted on examining the value of a business from an owner’s perspective, demanding an investment offering a significant discount, or margin of safety, from its market value. He emphasized focusing on the long term instead of short-term market fear or euphoria. Graham recognized that investors prepared psychologically for volatility often can exploit the influence of irrational behavior on stock prices.

### Education

Graham attended Columbia University on scholarship and studied seven disciplines, graduating second in his class. Graham taught at Columbia’s business school from 1928-1956, and several of his students became renowned value investors.

### Quotes

“The stock market often goes far wrong, and sometimes an alert and courageous investor can take advantage of its patent errors.”<sup>1</sup> – Benjamin Graham

“Follow Graham and you will profit from folly rather than participate in it.”<sup>2</sup> – Warren Buffett

“Graham’s essential concept of value investing remains unchanged: The shares of any sound company – even a boring, slow-growing business – are a fine investment if bought at a cheap enough price.” – Charles Brandes

<sup>1</sup> Graham, B. *The Intelligent Investor*, New York: Harper & Row, 1985. p. 106.

<sup>2</sup> Buffett, W. “The Superinvestors of Graham-and-Doddsville,” *Hermes*, Fall 1984. Also in Graham’s *The Intelligent Investor*.

## Further Reading

Select books by Benjamin Graham:

*The Intelligent Investor: A Book of Practical Counsel*

*The Interpretation of Financial Statements* (with Spencer B. Meredith)

*Security Analysis* (with David Dodd)

*The Memoirs of the Dean of Wall Street*

Select books about Benjamin Graham:

*Benjamin Graham, the Father of Financial Analysis*, by Irving Kahn and Robert D. Milne

*Benjamin Graham on Value Investing: Lessons from the Dean of Wall Street*, by Janet Lowe

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