

Mr. Buffett Quotes on Investing

1. "Rule No.1: Never lose money. Rule No.2: Never forget rule No.1." THE TAO OF WARREN BUFFETT 2006
2. "It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price." 1989AR
3. "Only buy something that you'd be perfectly happy to hold if the market shut down for 10 years." 1996AR
4. "We simply attempt to be fearful when others are greedy and to be greedy only when others are fearful." 2004AR
5. "Why not invest your assets in the companies you really like? As Mae West said, "Too much of a good thing can be wonderful"." 1993AR
6. "Only when the tide goes out do you discover who's been swimming naked." 2001AR
7. "Stop trying to predict the direction of the stock market, the economy or elections." 1988AR
8. "Never invest in a business you can't understand." 2002 AR
9. "I try to buy stock in businesses that are so wonderful that an idiot can run them. Because sooner or later, one will." PANEL DISCUSSION FOR IOUSA DOCUMENTARY 2008AR
10. "Whether we're talking about socks or stocks, I like buying quality merchandise when it is marked down." 2008AR
11. "Our favorite holding period is forever." 1988AR
12. "I don't look to jump over seven-foot bars; I look around for one-foot bars that I can step over." 1989AR
13. "If a business does well, the stock eventually follows." 1999AR
14. "Price is what you pay. Value is what you get." 2008AR
15. "Wide diversification is only required when investors do not understand what they are doing." 1993AR
16. "Risk comes from not knowing what you're doing." INTERVIEW
17. "Look at market fluctuations as your friend rather than your enemy; profit from folly rather than participate in it."
18. "If you are in a poker game and after 20 minutes you don't know who the patsy is, then you're the patsy." 1987AR
19. "Buy companies with strong histories of profitability and with a dominant business franchise."
20. "It is not necessary to do extraordinary things to get extraordinary results." 1994AR
21. "Risk can be greatly reduced by concentrating on only a few holdings." 1976AR
22. "The critical investment factor is determining the intrinsic value of a business and paying a fair or bargain price." 1994AR

23. "Unless you can watch your stock holding decline by 50% without becoming panic-stricken, you should not be in the stock market."
24. "Great investment opportunities come around when excellent companies are surrounded by unusual circumstances that cause the stock to be mis-appraised."THE TAO OF WARREN BUFFETT 2006
25. "In the short term, the market is a popularity contest. In the long term, the market is a weighing machine."1987AR
26. "Much success can be attributed to inactivity. Most investors cannot resist the temptation to constantly buy and sell."1996 2002AR
27. "The advice 'you never go broke taking a profit' is foolish."1987AR
28. "Never risk what you have and need, for what you don't have and don't need."INTERVIEW
29. "There seems to be some perverse human characteristic that likes to make things difficult."THE TAO OF WARREN BUFFET 2006
30. "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." THE SMALL CAP INVESTOR BY IAN WYATT CHAPTER 2 QUOTE BY BUFFETT
31. "Losing some money is an inevitable part of investing and there is nothing you can do to prevent it."
32. "Avoiding the dumb things is the most important. Learn more, know limitations, avoid the dumb things."2001AR
33. "I read a lot: daily publications, annual reports, 10Ks, 10Qs, business magazines, etc."MBA TALK
34. "Emotional makeup is more important than technical skill."VARIOUS SPEECHES, TALKS, INTERVIEWS
35. "We will reject interesting opportunities rather than over-leverage our balance sheet."1983AR
36. "The best thing is to learn from other guys' mistakes."MBA TALK
37. "The most common cause of low prices is pessimism."1990AR
38. "Problems in a company are like cockroaches in the kitchen. You will never find just one."
39. "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!'" THE TAO OF WARREN BUFFETT 2006
40. "You don't need to be a rocket scientist. Investing is not a game where the guy with the 160 IQ beats the guy with 130 IQ. VARIOUS MBA TALKS AND INTERVIEWS
41. "Our approach is very much profiting from lack of change rather than from change. With Wrigley chewing gum, it's lack of change that appeals to me. I don't think it is going to be hurt by the Internet. That's the kind of business I like. BUSINESS WEEK 1999
42. "Time is the friend of the wonderful business, the enemy of the mediocre." 1989AR

43. "Over the long term, the stock market news will be good. In the 20th century, the United States endured two world wars and other traumatic and expensive military conflicts; the Depression; a dozen or so recessions and financial panics; oil shocks; a fly epidemic; and the resignation of a disgraced president. Yet the Dow rose from 66 to 11,497."2008AR

44. "Never count on making a good sale. Have the purchase price be so attractive that even a mediocre sale gives good results." BUFFETT: THE MAKING OF AN AMERICAN CAPITALIST 1995

45. "We don't get paid for activity, just for being right. As to how long we'll wait, we'll wait indefinitely." 1998 BERKSHIRE HATHAWAY ANNUAL MEETING

46. "We're more comfortable in that kind of business. It means we miss a lot of very big winners. But we wouldn't know how to pick them out anyway. It also means we have very few big losers - and that's quite helpful over time. We're perfectly willing to trade away a big payoff for a certain payoff." 1999 BERKSHIRE HATHAWAY ANNUAL MEETING

47. "It's simply to say that managers and investors alike must understand that accounting numbers are the beginning, not the end, of business valuation."1982AR

48. "When returns on capital are ordinary, an earn-more-by-putting-up-more record is no great managerial achievement. You can get the same result personally while operating from your rocking chair. just quadruple the capital you commit to a savings account and you will quadruple your earnings. You would hardly expect hosannas for that particular accomplishment. Yet, retirement announcements regularly sing the praises of CEOs who have, say, quadrupled earnings of their widget company during their reign - with no one examining whether this gain was attributable simply to many years of retained earnings and the workings of compound interest."1985AR

49. "Intrinsic value can be defined simply: It is the discounted value of the cash that can be taken out of a business during its remaining life. The calculation of intrinsic value, though, is not so simple. As our definition suggests, intrinsic value is an estimate rather than a precise figure, and it is additionally an estimate that must be changed if interest rates move or forecasts of future cash flows are revised. "1994AR

50. "The line separating investment and speculation, which is never bright and clear, becomes blurred still further when most market participants have recently enjoyed triumphs. Nothing sedates rationality like large doses of effortless money. After a heady experience of that kind, normally sensible people drift into behavior akin to that of Cinderella at the ball. They know that overstaying the festivities—that is, continuing to speculate in companies that have gigantic valuations relative to the cash they are likely to generate in the future—will eventually bring on pumpkins and mice. But they nevertheless hate to miss a single minute of what is one helluva party. Therefore, the giddy participants all plan to leave just seconds before midnight. There's a problem, though: They are dancing in a room in which the clocks have no hands. "2000AR

52. "We enjoy the process far more than the proceeds"INTERVIEW

53. "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."1980AR

54. "a stock is the right to own a little piece of a business. A stock is worth a certain fraction of what you would be willing to pay for the whole business."THE SNOWBALL 2009AR

55. "use a margin of safety. Investing is built on estimates and uncertainty. A wide margin of safety ensures that the effects of good decisions are not wiped out by errors.1990AR

56. Mr. Market is your servant, not your master. Graham postulated a moody character called Mr. Market, who offers to buy and sell stocks every day, often at prices that don't make sense. Mr market's moods should not

influence your view of price. However, from time to time he does offer the chance to buy low and sell high."
1993AR

I had to include a few Mr. Buffett quotes on life that have so impacted me:

1. Chains of habit are too light to be felt until they are too heavy to be broken.
2. Someone's sitting in the shade today because someone planted a tree a long time ago.
3. It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently.
4. **“measure your success by how many of the people that you want to have love you actually do love you .. the trouble with love is that you can't buy it”**
5. **“People ask me where they should go to work, and I say work for the whom you admire the most. Do what you love, and work for whom you admire the most, and you've given yourself the best chance in life you can”**
6. **“A football player shouldn't inherit the starting quarterback position from his father, a former start quarterback. Unearned position and inherited wealth drove Buffett crazy, offended his sense of justice, and disturbed his sense of the universe's symmetry**
7. **“Around country clubs, you hear people talking about the debilitating aspects of a welfare cycle (food stamps, etc.) and how we are perpetuating the cycle of dependency. These same people are leaving their kids with a lifetime supply of food stamps and beyond. Instead of welfare officer, they have a trust fund officer. You shouldn't consume more than you produce”**
8. **“All along I felt money was just claim checks that should be back to society. **I am not an enthusiast for dynastic wealth, particularly when the alternative is 6 Billion people we've got much poorer hands in life that we have, getting a chance to benefit from the money“****
9. **"In teaching your kids, I think the lesson they're learning at a very, very early age is what their parents put the emphasis on. If all the emphasis is on what the world's going to think about you, forgetting about how you really behave, you'll wind up with an **Outer Scorecard**. Now my dad: He was a 100% **Inner Scorecard** guy. He was really a maverick. But he wasn't a maverick for the sake of being a maverick. He just didn't care what other people thought. My dad taught me how life should be lived. I've never seen anybody quite like him."**
10. **"It [Money] could make me independent. Then I could do what I wanted to do with my life. And the biggest thing I wanted to do was work for myself. I didn't want other people directing me. The idea of **doing what I wanted to do** every day was important to me."**

PAUL LOUNTZIS