ONE-PAGE GUIDE · OFF THE PAGE

The Intelligent Investor Benjamin Graham

Mr. Market and the margin of safety

Two ideas that make money decisions calmer, and three questions to write down before any of them.

THREE CORE IDEAS

1 Mr. Market is a moody business partner.

Every day he offers a price for your share of a business. High on happy days, low on gloomy ones. Like a neighbour shouting a new price for your house every morning: same house, different mood. Use his good offers and ignore the rest.

2 Keep a margin of safety.

Pay well below what a thing is worth, so a mistake does not sink you. Like leaving early for a flight: if something goes wrong, you still make it.

3 His mood is not your mood.

The market has mood swings. You don't have to. Decide on what a thing is worth, not on how the price feels today.

DO IT TODAY about 5 minutes

1. Before any money decision, write three lines.
2. What is it worth?
3. What is the price?
4. What if I'm wrong?

Who it's for. Anyone whose mood moves with the price.

I read this years ago, so these are the book's ideas, not a tip. Prices can fall and you can lose money. I am not telling you what to buy.

Not financial advice.

A plain-words summary written by Pep Secanell, not a replacement for the book. Read The Intelligent Investor for the full story.

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