Quotes:

* By letting the roar of the crowd override his own judgement, the world’s greatest scientist acted like a fool.
* Enthusiasm may be necessary for great accomplishments elsewhere, on wall street it almost invariably leads to disaster.

Chapter 1: investment vs speculation – results to be expected by the intelligent investor

* Defensive investor: high grade bonds (25%~75%) + leading common stocks
* Long-term investing: investors handicap in a similar way like go astray in forecasts. It is theoretical that investors may have acumen or prophetic gift to beat wall street analysts’ estimate but cannot count on that in reality.
* To beat the market, investors follow 1) inherently sound and promising 2) not popular on wall street
* A common stock may be undervalued due to lack of interest or unjustified popular prejudice.
* Speculation can be exciting and rewarding, but the racetrack has calibrated the odds so that the house always prevails against people who tries to beat the house at its own speculative game.
* Wall street perennially downplays the durable virtues of investing and hypes the gaudy appeal of speculation.
* Flashy gimmicks for beating the market are the same with fast driving cars – you might get killed longer term.
* Gambling instinct is part of human nature – futile to try suppressing it but can confine and restrain it.

Chapter 2: the investor and inflation (47-)

* To what extent investors may wisely be influenced by expectations regarding inflation?
  + Change in price level and concomitant changes in earnings and market value of common stocks, with 5-year interval
  + Categorical point: no close time connection between inflationary conditions and movement of common-stock earnings and prices