



## Take a Page from Warren Buffett

A well-designed plan is necessary for successful investing, but you must also have the discipline to stay on course, rebalance, and tax-manage, as needed. Unfortunately, most investors do not have a written plan. And, emotions such as greed and envy in bull markets, and fear and panic in bear markets, can cause investors to discard even well-designed plans.

Here are some of the best quotes by Warren Buffett, arguably the best investor of our generation, from *Thoughts of Chairman Buffett: Thirty Years of Unconventional Wisdom from the Sage of Omaha* by Simon Reynolds:

- On hiring: “Somebody once said that in looking for people to hire, you look for the three qualities: integrity, intelligence, and energy. And, if they don’t have the first, the other two will kill you.”
- On market predictions: “I have never met a man who could forecast the market.”
- On choosing investments: “It’s like when you marry a girl. Is it her eyes? Her personality? It’s a whole bunch of things you can’t separate.”
- On giving your kids a big inheritance: “The idea that you get a lifetime supply of food stamps based on coming out of the right womb strikes at my idea of fairness.”
- On stocks with good histories: “The investor of today does not profit from yesterday’s growth.”
- On how to view stocks: “Look at stocks as businesses. Look for businesses you understand, run by people you trust and are comfortable with, and leave them alone for a long time.”
- On ethical investment management: “The investment manager must put his client first in everything he does.”
- On thinking long term: “I wouldn’t buy any stocks I would not be happy owning if they stopped trading it for three years.”

- On predicting markets: “The fact that people will be full of greed, fear, or folly is predictable. The sequence is not predictable.”
- On the limitations of wealth: “Money, to some extent, sometimes lets you be in more interesting environments. But, it can’t change how many people love you or how healthy you are.”
- On the ideal investor personality: “The most important quality for an investor is temperament, not intellect. You don’t need tons of IQ in this business. You don’t have to be able to play three-dimensional chess or duplicate bridge. You need a temperament that derives great pleasure neither from being with the crowd nor against the crowd. You know you’re right, not because of the position of others, but because your facts and your reasoning are right.”
- On inheritance: “Children should be given enough to do what they want to do, but not enough to be idle.”
- On risk: “Risk is not knowing what you’re doing.”
- On long-term thinking: “Our favorite holding period is forever.”

All of these thoughts are good places to start when developing your investing plan. Use what you’ve read, create an approach which fits your needs, and execute. This disciplined process will guide you to make sound decisions.

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