



FACTOR / STYLE INVESTING

Benjamin Graham: Building a Profession

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Benjamin Graham is widely known as the father of value investing and mentor to the legendary investor Warren Buffett. But Graham made another critically important contribution by advocating that securities analysts meet minimum requirements of knowledge, and be held to high standards of ethical conduct — in other words, that the profession should be treated as seriously as accounting, medicine or law.

When he began working on Wall Street, in 1914, the center of American finance resembled a lawless frontier. The concept of regulation was in its infancy, the birth of the SEC was 20 years in the future, and companies routinely hid assets and earnings from nosy outsiders.

Security analysis didn't exist as we know it. There were people known as “diagnosticians,” but they didn't do much analyzing. Instead, investors prided themselves on going with the “feel” of the market; most of them rarely looked at a financial statement.

Graham was appalled by the lack of research and quantification, and set out to change it all. In the process, he created the discipline of modern security analysis.

This collection of writings by and interviews offers valuable perspectives on investing and financial markets and details the evolution of Graham's passionate belief in the creation of a financial profession and a science of financial analysis.

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