

WARREN BUFFETT WEALTH

Principles and Practical Methods Used by the World's Greatest Investor

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MAIN IDEA

The story of Warren Buffett’s investment success with Berkshire Hathaway illustrates quite definitively the key to creating enormous wealth isn’t to constantly try to time the market’s peaks and troughs. Instead, to become wealthy, carefully select businesses you’d like to own, invest significant amounts of capital into those companies and then aspire to owning them for a lifetime – or even for several lifetimes if you can. In other words, it comes down to not how much money you have to invest but more how you actually invest what you have. The key investment principles and practical ideas Warren Buffett uses are:

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| Warren
Buffett’s
Investment
Principles
and
Practical
Ideas | 1 | Study the best in every field – and then emulate them |
| | 2 | Know what kind of investor you actually are |
| | 3 | Develop your own signature investment philosophy |
| | 4 | Know what you own – be an active rather than a passive owner |
| | 5 | Invest in Main Street, not on Wall Street |
| | 6 | Buy to keep, and try to buy a lot of a few |
| | 7 | Whenever you or others make a mistake, try and learn from it |
| | 8 | Be aware of the myths about investing – and don’t get sucked in |
| | 9 | Work with others who share your same passion and strategies |
| | 10 | Have a genuinely “rich” life aside from your investment activities |

1. Study the best in every field – and then emulate them	Page 2
Warren Buffett studies the best in every field of human endeavor. He then takes the principles of excellence gleaned from other sources and grafts them into his own investment philosophy and practices. This, he believes, is one key to outperforming the average investor.	
2. Know what kind of investor you actually are	Page 2
Take the time to determine what kind of investor you genuinely aspire to be. This decisions will lie at the very heart of your ability to create wealth.	
3. Develop your own signature investment philosophy	Page 3
Your investment philosophy captures your personal guiding principles. These principles form the foundation for your investing plan or road map for moving forward.	
4. Know what you own – be an active rather than a passive owner	Page 4
Before investing in a company, get to know and understand how it makes money in great detail. Only then can you tell what its true value is, and whether or not the asking price is a bargain.	
5. Invest in Main Street, not on Wall Street.	Page 4
Buy stock in companies whose products and services you personally use and like. Choose a business you understand. Most likely, this will be in your neighborhood, not far away.	
6. Buy to keep, and try to buy a lot of a few	Page 5
To create vast wealth, you need to buy a handful of stocks and benefit from owning them indefinitely. This buy-and-hold approach will serve you well if you’ve done your homework.	
7. Whenever you or others make a mistake, try and learn from it	Page 6
Don’t be afraid to make mistakes in investment decisions. Even Warren Buffett has made some. What’s more important is that you learn from mistakes and move on.	
8. Be aware of the myths about investing – and don’t get sucked in	Pages 6 - 7
Great accomplishments are always surrounded by myths. Don’t believe everything you hear about Warren Buffett. There are no shortcuts when it comes to the creation of greatness.	
9. Work with others who share your same passion and strategies.	Page 7
Warren Buffett has designated Lou Simpson, CEO of Capital Operations for GEICO Auto Insurance as his back-up investor. His investment philosophy aligns well with Buffett’s own.	
10. Have a genuinely “rich” life aside from your investment activities.	Page 8
Keep your wealth building activities in perspective and live a balanced life. Aim high and work hard, but don’t forget to do all the other things that interest you as well. Keep everything in balance and always remember the bigger picture. Life is more than building wealth and wealth is more than money.	

