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COMMON STOCKS AND UNCOMMON PROFITS

AND OTHER WRITINGS BY

Philip A. Fisher

Common Stocks and Uncommon Profits and Other Writings

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Common Stocks and Uncommon Profits and Other Writings

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This book is dedicated
to all investors, large and small,
who do NOT adhere to the philosophy:
"I have already made up my mind,
don't confuse me with facts."

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Preface

What I Learned from My Father's Writings

This book grows on you. I know because it grew on me. It took me about fifteen years to understand *Common Stocks and Uncommon Profits.* When I first read the book, it made darned little sense. I was eight. It was a waste of the start of a perfectly good summer vacation. Too many big words that required I use a dictionary—ugh. But it was my father's book, and I was proud of him. I had heard at school and from neighbors and had read in the local paper that his book was making a big splash. I was told that it was the very first investment book ever to have made the *New York Times* bestseller list, whatever that meant. I felt it was my absolute duty to read it. So I did, and when completed, I was glad to be finished and free for the summer.

Who knew that I would later go on to found a large investment management firm serving thousands of clients, write my own books, and become the sixth-longest-running columnist in *Forbes* magazine's formidable eighty-plus-year history or that I would write numerous annual "Best of the Year" investment book reviews and recommend dozens of books over the decades to readers? And, yes, maybe it helped in route that I could say I'd read my first investment book when I was eight, even if I didn't understand it.

The book next seriously crossed my mind at age twenty as I faced college graduation. Father had offered me a job working with him and

my older brother. Anxious, but skeptical, I was curious to see if this job was really an opportunity. So, I read *Common Stocks and Uncommon Profits* again. (There were only a few words I didn't understand this time.)

Reading about my father's fifteen points to look for in a stock, I wondered if I could apply them to a local stock. If so, I thought this would affirm the benefit of working with my father.

Well, it didn't work. There was a local publicly-traded lumber stock, Pacific Lumber, that looked like a good profit opportunity. But the few folks I approached weren't impressed with some wanna-be kid-sleuth seeking competitive detail who was clearly ill-prepared to analyze or do anything with it. I didn't even know how to ask meaningful questions. After being shut out by the first few folks I approached with my fact-seeking questions, I gave up. But it showed me that I needed quite a bit of polishing.

Working for my father was a bumpy ride, a bit like my first professional stock purchase—a reverse "ten bagger": it fell from ten to one. I tell you all this only so you can see that even a kid in his twenties, without a lifetime at the top of his school class, having never attended a big-name university, and with no major accomplishments under his belt to brag on, even that kid could go on and in just a few years learn to effectively use the principles in this book. And so can you.

THE FIFTEEN POINTS

Ultimately, when you're a young man starting out in the industry as I was and haven't yet bought any stocks, figuring out what to buy seems immediately more important than figuring out what to sell. Fortunately, this book teaches that if you figure out the right things to buy, selling becomes a lot less important because you can hold the stocks you own longer. And what to buy derives directly from my father's fifteen points.

Applying his fifteen points was a repeatable real-world experience linked to "scuttlebutt," as he described it, all aimed at researching one stock here, another there. And it worked. I will not here recount in detail the successes that the fifteen points helped me achieve early in my career. But I gained tremendous career momentum by discovering a handful of great stocks that did wonderful things for me. From the fifteen points, I could fathom generally where a firm fit into the world and how it would or wouldn't prosper. If it wouldn't, what might its hiccups be? I soon understood why my college try at the fifteen points

failed. The craft is in the scuttlebutt, which, like all craft, takes time to learn. Scuttlebutt is simply about finding out from real, "Main Street" sources if a firm is strong or weak. Most folks don't use this approach, relying instead on the local rumor mill and Wall Street noise, most of which is aimed at selling you product.

As the century ended and a new one began, the power of scuttlebutt should have been obvious to folks, but it wasn't. If you had applied the fifteen points in this book and got your information sources from "Main Street" instead of Wall Street, you would never have bought any of the scandal stocks that so penetrated the news of the 2000–2002 bear market. The likes of Enron, Tyco, and WorldCom are always easily avoided. Those who fell for these stocks depended on gossip and Wall Street opinion rather than on "Main Street" verification of the business's strengths. The fifteen points are about very fundamental business features that can't be faked. Scuttlebutt means avoiding malarkey mills and seeking information from competitors, customers, and suppliers, all of whom have a vested interest in the target company, and few of whom have any reason to see the firm unrealistically. It means talking to the sales representatives of a company's competitors, who inherently have a basis to see the target company negatively but typically don't if the target is great. It means talking to the research people and management people of competitors as well. If all those folks see reality and strength in the target's operations and respect it and even fear it, well, simply said, it isn't Enron or Adelphia. You can count on it.

Scuttlebutt itself can be a sort of art form that identifies characterizations of the fifteen points. It's the difference between learning to play the piano (craft) and then composing (art). Art takes time to learn. You probably won't compose until you're pretty competent at playing. In almost any field, you can learn craft by repetition, but not otherwise. You may appreciate the art without any ability to create it yourself. Or, after mastering craft, you may turn yourself into an artist. But this book allows you to sense the art, and fortunately it doesn't take that long to learn because a lot of it is common sense. The problem for most folks is that they don't know that this common sense can be applied, and hence they don't try. But *Common Stocks and Uncommon Profits* shows you how.

Think about the fifteen points for a moment. I know, you haven't read them yet. Let me describe in a straightforward way what they prescribe, and you will immediately see how universally desirable the attributes are. You can read them in more detail in my father's words and savor them.

My father's fifteen points are a prescription for what to buy. They describe a firm with huge product and market potential and a management determined to continue exploiting that potential far beyond the current product generation. The prescription means an existing research effectiveness to create future product, linked to a sales-force size and efficiency that will overcome all obstacles in carrying existing and future product to market. That is very futuristic. It means enough raw product profitability, combining gross profit margins and the ratio of gross profits to administrative costs to pay for the whole darned thing. It means a real, concrete plan to maintain and to improve that profitability and happy employees at all levels, in depth, who will be loyal and productive, again futuristic and open-ended, never ending. Then, too, it means tight, great cost controls and some aspect, peculiar to its industry, that allows the target to excel relative to others in the industry. And, finally, all that must be wrapped up and guided by an open, articulate management of unquestionable integrity.

Consider the scandal stocks or other overvalued portfolios. Not a one could have passed the test via scuttlebutt because if you talked to competitors, they weren't overly scared of those slinky firms. If you talked to customers or suppliers, they weren't overly impressed either. The customers weren't impressed because the products weren't all that good by relative comparison. The venders and suppliers weren't all that impressed because the vendors' other customers would have been doing better and ordering more—the real sales volume wasn't there. And the competitors would not have held these firms in awe because they were not held by them at competitive disadvantage.

Not only would the fifteen points have easily eliminated all scandal stocks of the 2000–2002 bear market, they would have also eliminated all the so-called 95 percent club—the tech stocks that lost 95 percent or more of their value during the bear market because they were internet pipe-dreams, or whatever, with basically 1999 hype but nothing real there. Think of how many internet stocks had no real sales force (and certainly none to intimidate a competitor), and no profit margin at all, and no plan to achieve profitability much less improve it, and no fundamental research, and no ability to exist without future equity financing. And, and, and. They couldn't have made it on half the fifteen points. Then, too, the fifteen points by exclusion would have eliminated quite a lot of other companies. But think of the firms of the prior decades that the fifteen points would not have eliminated. They would

have hooked you into real firms, whether cheap or expensive, and would have allowed you to navigate the tricky currents of financial market volatility whether your own personal inclinations were toward growth stocks or value stocks, small stocks or big ones.

GOALS VERSUS SCUTTLEBUTT

My father's goals and mine were never the same. But this book works for both our goals—and for yours, too. My father was almost always a growth-stock investor—almost always. It was simply who he was. I was, in my youth, for a variety of reasons a value guy. These days, I'm neither a value, growth, big cap, or small cap guy. I'm kind of prone to go any which way I want, but that is a different story and not for this book. Anyway, as a youth and a value guy, the fifteen points served me nicely, getting me into high-quality firms with cheap stocks that as businesses did spectacularly but that were overlooked as stocks in the mid-1970's. He wanted stock in a firm that could grow and grow and grow, and he wanted stock that could be bought at a reasonable price and virtually never be sold. I wanted a dirt cheap stock that was a great firm with a bad Wall Street image, a stock that could grow fundamentally and have a price to multiple expansion so it could be sold at a premium multiple or a big markup in five to ten years.

My point: Scuttlebutt and the fifteen points work for growth stocks or value stocks, for big cap stocks or small cap stocks. Take point four: An above-average sales organization is as important, or maybe more so, to a value firm without great natural sales momentum behind it as it is to one with the wind to its back. It is also critical for a small firm that wants to overcome larger brethren. And an above-average sales organization is hard to accomplish but needed for a huge firm that wants to stave off a myriad of small venture-capital-funded wanna-bes swarming mass capital after its market. Ditto for point five about a worthwhile profit margin. For example, in a commodity-type business, without natural growth, it is true that market share, relative production costs, and long-term profit margins all tend to be pretty tightly linked. Good management gains market share and lowers relative production costs, often by introducing enhanced production technology (the application of technology rather than the production of it). Bad management simply but irregularly lowers margins until they disappear.

Hence, in 1976, I discovered Nucor, a tiny low-cost steel vendor—great management, innovative technology, lower production cost, high relative market share in tiny steel niches, gaining market share, and adding niches. I bought it as a value guy; my father followed me and promptly bought Nucor as a growth guy. Same fifteen points. I sold some years later at a huge profit, and my father held it for decades, selling at a much larger profit, by which time it had become the second-largest U.S. steel manufacturer.

I think my father, who was fifty-one when this book came out and a bit of an eclectic genius and already very successful, failed to see how the understanding of the craft, turning into an art, which had come to him slowly and intuitively over the years, would take time for a neophyte to learn. He regularly thought of things in his life differently than how he initially explained them. It was a quirky part of how his brain worked. As I write today, I am fifty-two, almost the same age as he was then; and I know, because I had to learn the process rather than invent it, that it takes time to learn.

I'm more linear than my father was and in many ways more introspective, and I urge you to read this book multiple times spanning your investment life. Take scuttlebutt, again. The scuttlebutt chapter is only three pages long. But they are among the book's most important pages. It is clear to me, in retrospect, that my father simply skipped the craft part of what otherwise might have been in the book. He just assumed it.

Over the years, I applied this process to lots of stocks on an individual basis, gaining great insights. The key? Focus on customers, competitors, and suppliers. I described the craft in my first book, *Super Stocks* (Dow Jones-Irwin, 1984), including how to do it with several real-world examples. My book was a good book, 1984–1985's best-selling stock market book. And I'm proud I wrote it. But it was not nearly as good as this book. *Common Stocks and Uncommon Profits* had much less that would become obsolete over time than my first book had; and while both books introduced new concepts, my father's new concepts were more radical for their day and more uniformly applied and more timeless—which is what makes it such a great book. My book was mostly about craft, not art. With craft, whenever you ask, you get answers. The art is to get more questions—and the right questions—flowing from the answers you receive to prior questions. I've seen people who rigidly run down a standard question list, regardless of the responses they get. That isn't art: You ask; he or she answers. What question best flows from the

answer? And so on. When you can do that well on a real-time basis, you are a composer, an artist, a creative and investigative investor. That is what my father in his prime did best.

I went with my father about a jillion times to visit companies between 1972 and 1982. I worked for him for only a year, but we did lots of things together after that. In looking at companies, he always prepared questions in advance, typed on yellow pages with space in between so he could scribble notes. He always wanted to be prepared, and he wanted the company to know he was prepared so they would appreciate him. And he used the questions as a sort of outline of topics to be covered. It was also a great backup in case the conversation went cold, which occasionally it did. Then he could get things back on course instantly with one of his prepared questions. But his very best questions always popped out of his mind, unprepared, never having been written down in advance because they were the angle he picked up on the fly, as he heard an answer to a lesser question. Those creative questions were the art. It is what, in my mind, made his querying great.

His mind was financially facile until he was pretty darned old. I want to tell you about one of the best questions I never heard him use in person and only heard about later from James Michaels. It wasn't in his books, but it would have made a great addition anywhere.

A great honor of my life was that for fifteen years before his retirement I was edited personally in *Forbes* by the great James Walker Michaels, who at his retirement as editor of *Forbes* in 1998 was beyond doubt the dean of U.S. business journalism. He brought me into *Forbes*, took a personal interest in me, and edited virtually every column I wrote by himself (which is rare for a periodical editor) until his retirement as editor. He also admired my father greatly. Once, and only once, Jim and I had a reason to spend a weekend together on the West Coast, and he hoped to come a few hours early and sit down with my father, who then would have been just shy of eighty-nine.

They met for a few hours in a conference room at my firm's headquarters on top of Kings Mountain, in California. Jim and I then drove north a few hours toward the Russian River and our destination; and en route Jim kept asking me about "that question." I had no clue what he was talking about, and I knew my father better than anyone in the world. It embarrassed me that I had no idea what he was seeking from me. For about an hour, Jim staggered trying to put it together and pretty much gave up. As often happens with our minds, when he quit trying, it popped

right out, and he said, "What are you doing that your competitors aren't doing yet?" What a great question! The emphasis was on the word *yet*. Staggering. Most folks, when you ask them that question, aren't doing one darned thing of any great significance their competitors aren't already doing and feel awestruck that you asked them this and they hadn't thought of it themselves.

The firm that is always asking itself that question never becomes complacent. It is never caught behind. It never starves for intellectual grist to chew through toward a better future. It is the firm that, coupled with integrity and raw management intellect, lives the fifteen points. "What are you doing that your competitors aren't doing yet?" implies driving the product market, forcing others to follow, and dominating for the betterment of customers, employees, and shareholders, which is sheer greatness. Jim's question both summed up my father's lifelong aspirations and summarized the gist of his fifteen points. And where he got it from I still don't know to this day. But it is a stunningly-cunning question.

Jim, who always had a nose for the twist that made a great story, returned to New York after our weekend and composed a *Forbes* article wrapped around that question. It combined the best of Jim and my father, and the whole thing reminded me of how often in my life I was the plodding, mechanical fly-wheel around my father's eclectic brilliance. I'm not meaning to demean myself. I've done very well in life; but I am more linear, more deductive, harder working, more driven, and more direct than my father, who was vastly more a non-linear genius.

My firm has applied the fifteen points and scuttlebutt to firms of most varieties, although primarily smaller, beat-up ones. Retailers, technology companies of various forms, service firms, concrete, steel, specialty chemicals, consumer products, gambling, you name it. The fifteen points hasn't always been the final decisive phenomena that compelled me or the firm, but they often added value. I've always felt free to pretty much do my own thing. While contemplating on a large scale and attempting to reach conclusions on hundreds of stock yearly, my firm mass-produced the process for many years in a process we called Twelve-Call, which was run off an operations manual with remote-location workers doing telephone interviews of customers, competitors, and suppliers. It wasn't as powerful by far as doing it yourself on a single stock, but it let us cover lots of ground. Today, we have replaced that with subsequent capital-markets technology; but that is, again, another story and outside the scope of this book.

Today my firm is managing many, many billions of dollars aimed at a handful of different goals while buying stocks around the globe and using 500-plus employees. You probably aren't doing that. You therefore shouldn't do what I'm doing, and I shouldn't do what you need to do. If you're an individual, all of the fifteen points still apply. Tactically, you use them the way I did as a young man when I didn't have the machine I have today. And you can't cover the turf I now can, but that probably isn't necessary or even desirable to you. My point is that the fifteen points are worthwhile whether used exactly as my father originally envisioned them or on an altered, more superficial but more mass-spectrum basis, for domestic or foreign stocks, for growth or value, or, for that matter, if you move away from public stocks to buy private businesses, many or just that one that you might want to own and operate personally, no matter how small. All of the same principles apply.

MUCH MORE AVAILABLE

Now, don't get the idea that the only worthwhile parts of *Common Stocks and Uncommon Profits* are scuttlebutt and the fifteen points. It's just that I think they are the jewels. There are smaller sparkles, too, bits of wisdom well worn. For example, by 1990 I'd been a professional for eighteen years and fairly successful. I'd been a *Forbes* columnist for six years. Enter Saddam Hussein. As the threat of war grew, investors grew timid. The market buckled. I've studied quite a bit of history and written two financial history books. The history as I saw it said, "Buy." But I hadn't lived that much history. One weekend, I buttressed my resolve by reviewing Chapter Eight, "Five Don'ts for Investors," and Chapter Nine, "Five More Don'ts for Investors," in Part One. And I knew that the war scare had to be a market buying opportunity. From it, along with some of my economic forecasting, came my well-timed late-1990 "buy" columns. Timing that right, when most others were bearish, helped secure my long-term place in *Forbes*, for which I've always been grateful. But you might have found the same things useful more recently as we had the 2000–2002 bear market and what could be thought of as Saddam Hussein II.

As I write, in 2002, we have had the worst bear market since, depending on how you look at it, my early career in 1974 or the Great Depression in 1937–1938. Many have had their faith in prior

investment beliefs shattered. Many have developed new-found faith in other concepts that they will soon surely find shallow, vapid, and void of eternal truth. What would my father say looking forward. He would say simply that capitalism will prevail and the United States and the Western world will progress, that you can debate where the market bottom is, and that he rarely considered himself to be very good at that (although he made a few spectacular market calls in his long career). He would say that if you own companies that have the fifteen points and don't get carried away by what he referred to as "fads and fancies," you will come through this period just fine. He would say that if you don't own stocks, this is a perfectly fine time to buy companies that possess his fifteen points. The bear market of 2000–2002 has seen to that. Might they go lower before they go up? He would always acknowledge that possibility. But he would say that it won't matter much a few years from now. Would he contemplate cutting, running, and selling out to avoid the market here? Not for a moment. There is nothing he would be less likely to do. Yes, he did lighten up on stocks several times in his ultra-long career, but only when he could know that the market hadn't fallen yet and still might, not after it had fallen, hoping it would fall still more.

Would my father fear Saddam Hussein, Osama bin Laden, or terrorists? No. Would he fear war? He tells you directly in these pages that he would not. Would he admire President Bush for pointing us toward war? No. He rarely admired presidents because he saw them as politicians and he came to not much care for politicians; and the few he ever cared for weren't so high up. He said, "The higher they go, the liar they get." And he hated war and rarely could see its justification. Would he have worried about the myriad of other negatives in contemporary media, like corporate integrity, double-dip recession possibilities, high market price-earnings ratios, the risk of Brazil defaulting, or whatever? No, not much. He would have used this time while others focused on the wrong things to refocus on the basic fundamentals of the firms he owned and to see if he should still own them. And in looking at the weakest among them, he would be contemplating if there were one or two better firms he could find somewhere to replace them. He always saw volatile, down markets as a great opportunity to upgrade the quality of his few stocks. And the more folks fretted about the market, the more he would be fretting about what he owned and didn't own.

Late in his career when asked about market timing or sector issues, he would say something like, "Well, my son has proven he can navigate those waters much better than I've ever been able to, and here is what he says . . . but, I still wouldn't trust him." He never trusted anyone to make those kinds of decisions for him. He trusted the ownership of firms that possessed his fifteen points to take care of him. And he would today.

Many times in my career, someone would tell me (a) that I was wrong (which may have been and always may be quite true) and (b) that my father never would have done what I'm doing. I would always know generally that this person clearly didn't know my father's brain one iota as well as I did and that he or she almost certainly hadn't read his writings as often as I had. So, I never much worried about people's assessment of what my father would and wouldn't have done. My point here is that even being the one who knew him best, in a business sense, I read him more than most. Even if you understand the material really well, you will benefit from rereading these pages multiple times as your investing life progresses, and you will hurt yourself if you rely solely on the lessons from one reading. First, they fade in your mind. Second, the more you read them, the more you get out of them. Without meaning to sound heretical, it is like a little investing bible—a book that is meant to be read multiple times and whose usefulness does not end with the last page.

You will find lots of other jewels of your own in these pages that may do as much for you as they have for me. But an important concluding point to make on *Common Stocks and Uncommon Profits* is to note its sheer fundamentalness. Not only does it teach the true basics of fundamentals of investing, but it has also been a core part of the training of many leading investment practitioners. For many years, it has been part of the curriculum in the investment class at the Stanford Graduate School of Business. Students of all forms passed through Stanford, read the book, and went on to become some of the nation's leading investors. But the book's breadth was broader than that. For example, Warren Buffett has long credited my father and *Common Stocks and Uncommon Profits* as being fundamental to the development of his investment philosophy. The first of my father's "Don'ts" in Chapter Nine—"Don't overstress diversification"—gets you quickly to a key cornerstone of Buffettism. And you can find it in the very same place Buffett first did.

Not much of great importance to market fundamentalism changed between the writing of my father's first book and that of his third and

last book, *Conservative Investors Sleep Well*. But a lot of water went under the investment bridge: a huge bull market, a huge bear market, 1958 to 1974—lots of fads and fancies. By then my father was sixty-seven. His last book was good, but it wasn't nearly what *Common Stocks and Uncommon Profits* was. He had done it so well the first time that his two subsequent books only made incremental additions. If you can read only one of my father's writing, let it be his first book. It was his best. Still, if you want to read more from my father, his next most important writing was his last book. It was also contributing fundamental ideas. It was a bit topical at the time but has remained timeless.

I think in *Conservative Investors Sleep Well* that Chapter Six's Motorola section is vintage Phil Fisher. In it, he shows why Motorola, which others then didn't like so well, was a great firm and one for which he was personally ready to put his neck on the line in thinking forward a very long time. It's tough to read this section of that book and not appreciate that Motorola was a true quality company. But look what happened afterward. In the next twenty-five years, the stock appreciated thirty-fold, that is, before dividends—and all in a safe, well-managed firm, incurring no brokerage costs year to year, no mutual fund operating expense ratios, and not much effort for a true believer. How often does someone give you a successful multi-decade-long look-ahead? Darned near never. Would anyone actually hold one stock for all those twenty-five years? Well, I'm here to tell you for a certainty that one Philip A. Fisher did, as his largest personal holding, all the while it was trouncing the Standard & Poor's 500. And that is and was what Phil Fisher was all about. Finding a very few great companies that he could really know and holding them for a long, long, long time while those very stocks appreciated phenomenally. *Conservative Investors Sleep Well* is simply the best treatise I know on how to buy and hold growth stocks without taking much risk. You could get that, certainly, from either book, his first or his third. The two in many ways are intellectually linked at the bodies, separated by sixteen years. Still, if you only read one, read *Common Stocks*. It offers more, is more radical for its time, is better written, is more timeless, covers more turf, and is more intellectual. If you can read both, do it.

In the book's second preface, I tell you a little about my father that isn't well known. But over the years, people often asked me about my relationship with my father, father and son having been in the same industry and all that. And because he was weird, and I'm weird, and

often they are weird, I sometimes give weird answers. For example, when they asked, as they often did, what experience from my memories with my father is my favorite, I regularly answered, "The next one." That is no more, but it was for a long time. They often tried to pin me down with something like, "Well, weren't there favorite moments when you were younger?" I readily admit there were. He was the world's greatest bedtime storyteller, and his stories had absolutely nothing at all to do with the stock market. Many were his own fictional creations. As a small child, I loved every moment of those stories—and folks like the growing legions of Buffett-philes hate that answer. They want some notion about researching some stock. But there was never really a lot of emotion about that. It was just work. So, then, in frustration, I'm often asked, "Well, if you could distill advice from your father down to a single sentence, what would it be?" I'd say, "Read his writings and try to live them out." And that is what you get with these pages. Enjoy them.

KENNETH L. FISHER

Kings Mountain, California
July 2003

Common Stocks and Uncommon Profits and Other Writings

Introduction

Kenneth L. Fisher

This is among the most beloved investment books of all times, among the bestselling of classic investment books, and now forty-five years old. My father wrote his original preface at my childhood home in September 1957. It remains herein. Forty-five years later in October 2002, in my current home, I dare write this, this book's first new preface in all those decades.

If you've read my revised preface, you might think my father is deceased. No. As I write, he is ninety-five and alive. But he is reduced by the awesome wreckage induced by late stages of aged senile dementia and probably by Alzheimer's disease (there is no right way to be sure). He is at home, in bed, about thirty feet away from where he wrote *Common Stocks and Uncommon Profits* and his other writings.

He deteriorates steadily. To those few of us taking care of him, it is startlingly quickly. By the time you read this, he may well be deceased. He will never read these words—were they read to him, he couldn't follow their meaning for more than a sentence or two before losing the thread in dangling disconnects cut by his dread disease. He was a great man but is now just a little, old man very late in life. But he is my little, old man. What this disease routinely does to people is nothing to be ashamed of; it is just a disease, not a failing. When I wrote my third book, based on one hundred cameo biographies of dead pioneers of American finance, I defined it as "dead" pioneers only on the premise that dead people don't sue, just in case I got anything wrong. But I also did so because I purposefully didn't want to cover my father in any regard. I didn't want to say anything that might hurt him if I interpreted him differently than he might have wished, which I well might have.

Now I need not worry about that because he won't know what I say here. So it is time to tell you a bit about the man who wrote one of the best beloved investment books of all time. I'm best qualified to do so because I know him better than anyone if you combine business and personal matters. Oh, certainly, in other ways my mother, his wife, knew him far better than anyone. My aunt, his sister, knew him longer than anyone. But their relationships were basically personal, not business. Yes, I have an eldest brother who worked very closely with him briefly and was temporarily my business partner and to whom I'm close. But Arthur's professional time span around Father was fairly short. He evolved to academic humanities, where he is today. Father always loved Arthur foremost of his three sons, and Arthur was more emotionally linked to Father than I was. But Arthur would be first to tell you I spent vastly more business time around Father over many more years and had a day-to-day relationship with him when Arthur couldn't, materially because Arthur lived a thousand miles away.

BEGINNINGS

My paternal ancestors were Jewish, mainly from Prague, Czechoslovakia, and Germany, all arriving in San Francisco in the early 1850's. My father's paternal grandfather was Philip Isaac Fisher and was both Levi Strauss's original accountant and the person who opened and closed Strauss's first store for him on a daily basis and served Strauss his entire career. My great-grandfather was not wealthy but at his death was financially comfortable. His wife died young, and his eldest daughter, Caroline or Cary, donned an important role caring for her siblings. My grandfather, Arthur Lawrence Fisher, the youngest of eight, adored Cary, who played partial surrogate mother. Born in 1875 in San Francisco, Arthur Lawrence Fisher grew, graduated from UC-Berkeley, and attended Johns Hopkins Medical School, graduating in 1900 and returning to San Francisco to practice medicine as a general practitioner. Later (perhaps in World War I but maybe earlier, during post-doctoral scholarship-based research at Rockefeller University), he developed a specialty in orthopedics, becoming the third orthopedic surgeon west of the Mississippi and a founding member of the Western Orthopedics Society. In 1906, Philip Isaac Fisher died, stalling briefly Arthur Fisher's marriage to Eugenia Samuels. The marriage stalled again behind the infamous