

Foreword

For twenty years Howard Marks has been educating investors with his “Memos from the Chairman,” and in writing *The Most Important Thing*, Marks drew from these memos to compile the most important lessons he has learned as an investor. That he is an outstanding investor goes without saying; he is also a great teacher and a thoughtful author, and *The Most Important Thing* is a generous gift to all investors.

In *The Most Important Thing Illuminated*, readers will benefit not only from Marks’s hard-earned wisdom, but also from the insights of three seasoned investors—Christopher Davis, Joel Greenblatt, and Seth Klarman—and a Columbia Business School adjunct professor, Paul Johnson. Each annotator in this impressive group brings a unique perspective to Marks’s work, and an investment style that colors their reaction to Marks’s text. For Davis, superior investment ability seems to be innate, and his success is amplified by his commitment to a value approach and his disciplined industry focus. Greenblatt—himself the author of the bestselling investment book *The Little Book That Beats the Market*—has gained tremendous success through his keen eye for irrational institutional behavior. His initial insight into corporate spin-offs has been followed up by his more recent focus on overall market anomalies. Klarman has produced almost three decades of extraordinary results while being aggressively risk adverse—and

his performance is even more remarkable when one learns of his near obsession with down-side protection. Finally, Johnson brings his almost thirty years as an investment professional and twenty years as an adjunct professor to reveal how he has begun to incorporate Marks's wisdom into his courses on security analysis and value investing.

Their annotations on the original text add depth and dimension to Marks's argument, as these four thinkers discuss how Marks's philosophy resonates with, refines, or occasionally differs from their own. Marks even adds his own commentary throughout the text, bringing to light some of the underlying themes that run through the book and articulating the top priorities among his recommended actions. In addition, he offers one extra lesson not covered in the original book, on the importance of reasonable expectations. I like to think of *The Most Important Thing Illuminated* as a surrogate book group with five of the best investment thinkers alive.

Most important, this new project joins *The Most Important Thing* as an invaluable contribution to the value investing canon. Value investing began at Columbia with the publication of Benjamin Graham and David Dodd's *Security Analysis* in 1936. In 2001, the Heilbrunn Center for Graham and Dodd Investing was established at Columbia Business School. It has since emerged as the academic home of value investing.

I find it fitting and gratifying that the center played a role in the book's formation. *The Most Important Thing* was initially conceived at CSIMA (the Columbia Student Investment Management Association), Heilbrunn's annual investment conference. After hearing Marks give a presentation at the conference, Myles Thompson, founder of Columbia Business School Publishing, approached him about doing a book based on his memos and his investment philosophy. Marks was enthusiastic about publishing his investment wisdom at the birthplace of value investing and knew his ideas would be embraced by the Heilbrunn community. *The Most Important Thing* was launched a year later at the same event; *The Most Important Thing Illuminated* launched at the 2012 CSIMA meeting.

The Most Important Thing Illuminated continues the value investing community's tradition of generously sharing its ideas, insights, and investment wisdom. The Heilbrunn Center is delighted to be associated with this innovative publication and truly illuminating new contribution.

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