Benjamin Graham – renowned economist and professional investor. He is often referred to as the "father of value-based investing". He was born in London in 1894. (His original name was Grossbaum, but he changed it as a young man, the better to fit into the Wall Street environment.)

His parents moved to New York City when he was one year old. Graham was a brilliant student and won a scholarship to Columbia University. In 1914, at the age of 20, Graham graduated from Columbia University with a silver medal, which at that time was awarded to the second most advanced student in the United States. He was invited to teach English, Mathematics and Philosophy, but he refused. His father had died, the family was poor, and Graham needed a larger income to support the family.

So he went to Wall Street and worked for the firm of Newburger, Henderson and Loeb for $12 per week.

His early duties included being a runner, delivering securities and checks, writing descriptions of bond issues, and later writing the daily market letter of the firm. Before long, he began to analyze companies, and at the age of 26 he was promoted to full partner.

In 1923, he left to set up his own partnership, and in 1928 he began teaching investment classes at Columbia. Over time, working with former student David Dodd, the lessons of his classes were gathered into his first book, titled “Security Analysis,” which was published in 1934.

In 1950, a fellow named Warren Buffett enrolled in graduate school at Columbia to study under Graham, and he learned well. In fact, Buffett has often said that after his father, Benjamin Graham was the most important influence in his life.

Benjamin Graham passed away in 1976 at the age of 82.

So what is it that made Graham's work so special?

In short, he systematized the entire process of evaluating companies, all with the goal of finding low-risk (or no-risk) investments that would reward over the long run.

Graham liked to analyze – and quantify – a business according to six factors.

Profitability

Stability

Growth in earnings

Financial position

Dividends

Price history

The economist thought that an investor should concentrate his efforts on analyzing the financial condition of companies. When a company's shares are sold on the market at prices below their intrinsic value, there is a so-called margin of safety, which makes them attractive for investment.

Graham believed that market participants must understand the fundamental difference between investment and speculation.

A "reasonable investor," as Graham wrote in his book of the same name, should be "businesslike", that is, treat the purchase of shares the way a businessman treats the acquisition of a new business. With the most "businesslike" approach, investments are the most reasonable.