

Comments by Ben Graham at luncheon on 11/21/62

In new edition of Security Analysis, Graham comes up with a valuation of 550. He asked our opinions.

Bert felt the averages wouldn't go below 550

I said I didn't ~~try~~ try to figure intrinsic value of Dow Jones but instead tried to buy undervalued stocks.

Ed. Laufer agreed with me and Larry Kessel had no opinion.

Ben told us of his relationship with IDS. He was asked to make suggestions on improving methods of analysis. He charged \$10,000 for a preliminary study. His conclusions were that Analysts started out favoring a stock and then went out and talked to management which confirmed their ideas. They went for growth stocks justifying their recommendations on the fact that comparable companies were selling at even higher multiples.

Ben has changed his ideas on multiples of companies. Thinks stocks will sell at higher multiples in the future. Thinks 15 times past earnings and  $13\frac{1}{2}$  times future earnings.

I indicated that investors are more sophisticated than in the past possibly because they have read E.G.'s books. (105,000 copies of S.A. have been sold according to Charles Tatham).

A lot of wealthy investors who will put some money in Tax Exempts but will now buy large quantities of an oil producer and then force

*B.G. Don't* ~~Ben didn't~~ think there was much change in the ability of avg. investors altho he conceded there was more money around to buy things. *See*

Larry felt opening of Common Market would cause great agony and competition for many American Companies and European Companies would penetrate American markets with lower profit margin than they were willing to accept in Europe. E.G. felt the Common Mkt gave us some protection as we would all be in the same boat. The Common Market would tend to operate the way our tariff barriers had in the past.

Ben is going to Washington to talk to Cary and Milton Cohen. *Henry Cohen*  
Thinks S.E.C. can require several ~~xx~~ new things. 1. Require companies to file annual reports that correspond to reports co's make to S.E.C. (I.C.C. requires this). 2. Make O.T.C. co's file reports to S.E.C. or give stockholders similar ~~xxxx~~ info to Listed Companies