

*MARTIN J. WHITMAN*  
*MARTIN SHUBIK*

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THE AGGRESSIVE  
CONSERVATIVE  
INVESTOR



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*THE AGGRESSIVE  
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*To Lois, Jim, Barbara and Tom Whitman,  
and to Julie and Claire Shubik*





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Errors and shortcomings, of course, belong to us alone.



*The difficulty lies, not in the new ideas, but in escaping from the old ones, which ramify, for those who have been brought up, as most of us have been, into every corner of our minds.*

J. M. KEYNES



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# *FOREWORD*

I first met Marty Whitman and Martin Shubik while we were students at Princeton Graduate School. We played poker together on a regular basis, often well into the night. I doubt if any real money ever changed hands, probably because we had none to wager, but when we reminisce about that time we each remember being the big winner. While we may have been gamblers at the time, Marty and Martin have taken few gambles since, either with their own money or with the money entrusted to them by investors. I didn't recognize it then, but they were starting to exhibit the tendencies that would make them successful investors. They knew when to take the calculated risk, when the payoff merited exposure, when to cut their losses, and when to raise the ante. I guess it proves the old adage "If a dog is going to bite, he's going to do it as a pup."

Obviously I have known the authors for a long time, Marty Whitman in particular. I know he is smart, honest, and successful, three characteristics I admire not only in business associates but also in friends. That he is successful should come as no surprise and would be a given for anyone who proposes to write a book on investing. After all, who would buy a book from someone with a history of breaking even? But Marty has taken success to levels most portfolio managers are hard-pressed to imagine. For example, since 1984 he has been the principal at Equities Strategies Fund and Third Avenue Value Fund, while Martin served the same two firms as an independent director. During that time, directed by the investment strategies outlined in this book, these funds on average vastly outperformed any relevant market index on a long-term basis, and for a majority of the time.

I can also speak from personal experience. Marty has served on the boards of both public companies of which I have been chief executive officer and today is the lead director on the Nabors Industries