Where Are the Customers' Yachts? by Fred Schwed Jr. (1940)

What the book says

- **The title joke:** A visitor to New York sees the fancy yachts owned by bankers and brokers, then asks where the customers' yachts are. There aren't any. The people selling advice got rich, and the people buying it didn't.
- **Wall Street earns from activity, not results:** Brokers get paid every time you buy or sell, whether you win or lose. So they push you to trade more.
- **Nobody can predict the market:** Schwed, a former broker himself, says forecasters sound sure of themselves but are mostly guessing.
- **Speculation vs. investing:** Speculating is trying to turn a little money into a lot quickly. Investing is trying to keep money safe and let it grow slowly. Most people mix up the two.
- **Crowds get greedy and scared together:** People buy when prices are high and excited, and sell when prices are low and scary. That's exactly backwards.
- **Humor as the weapon:** It's funny and short. It makes the point by teasing Wall Street, not lecturing.

Why it matters for a value investor today

- **Fees still eat returns:** Trading costs are lower now, but there are new ones like fund fees, options trading apps, and "free" trading paid for by order flow. Same idea: the house wins on activity.
- **Doing less is a strength:** Buy-and-hold, few trades, no leverage, and paying long-term tax rates line up with Schwed's advice. Every trade you skip is money that stays yours.
- **Ignore the forecasters:** TV pundits, Fed-watchers, and AI price predictions are today's version of 1929 tipsters. Value investors look at the business, not the forecast.
- **Watch the incentives:** Always ask, "How does this person get paid?" before trusting advice. That applies to brokers, fund managers, and even companies running buybacks or deals.
- **Temperament beats IQ:** The book's real lesson is emotional. You need to stay calm when the crowd panics or gets giddy, which is the same thing Graham and Buffett teach.
- **A good reality check:** If your manager has a yacht and you don't, ask why.

One-line takeaway: Wall Street makes money when you're busy, and you make money when you're patient.