



12 Timeless Rules of Investing

By Dr. Steve Sjuggerud, President, Investment U

1. An attempt at making a quick buck often leads to losing much of that buck.

- The people who suffer the worst losses are those who over-reach.
- If the investment sounds too good to be true, it is.
- The best hot tip I've found is "there is no such thing as a hot tip."

2. Don't let a small loss become large.

- Don't keep losing money just to "prove you are right."
- Never throw good money after bad (don't buy more of a loser).
- When all you're left with is hope, get out.

3. Cut your losers; let your winners ride.

- Avoid limited-upside, unlimited-downside investments.
- Don't fall in love with your investment; it won't fall in love with you.

4. A rising tide raises all ships, and vice versa. So assess the tide, not the ships.

- Fighting the prevailing "trend" is generally a recipe for disaster.
- Stocks will fall more than you think and rise higher than you can imagine.
- In the short run, values don't matter.

5. When a stock hits a new high, it's not time to sell . . . something is going right.

- When a stock hits a new low, it's not time to buy . . . something is going wrong.

6. Buy and hold doesn't ALWAYS work.

- If stocks don't seem cheap, stand aside.

7. Bear markets begin in good times. Bull markets begin in bad times.

8. If you don't understand the investment, don't buy it.

- Don't be wooed. Either make an effort to understand it or say "no thanks."

- You can't know everything, so don't stray far from what you know.

9. Buy value, and sell hysteria.

- Paying less than the underlying asset's value is a proven successful strategy.
- Buying overvalued stocks has proven to underperform the market.
- Neglected sectors often offer good values.
- The "popular" sectors are often overvalued.

10. Investing in what's popular never ends up making you any money.

- Avoid popular stocks, fad industries and new ventures.
- Buy an investment when it has few friends.

11. When it's time to act, don't hesitate.

- Once you're in, be patient and don't be rattled by fluctuations.
- Stick with your plan . . . but when you make a mistake, don't hesitate.
- Learn more from your bad moves than your good ones.

12. Expert investors care about risk; novice investors shop for returns.

- If you focus on the risks, the returns will eventually come for you.
- If you focus on the returns, the risks will eventually come for you.

Dr. Sjuggerud discusses these investment truths and much, much more in his FREE, twice weekly Investment U E-Letter. If you're not currently receiving the IU E-Letter, but would like to, simply click on this link: www.investmentu.com

Dr. Steve Sjuggerud is the President and editor of Investment U. He is also the editor of his own newsletter, Steve Sjuggerud's True Wealth, and an expert global investor. He possesses more than 10-years experience in the investment world as an analyst, a broker, and an institutional trader. Steve completed his Ph.D. in developing market currencies in 2000.