



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.
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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 Chairman and editor of Investment U. 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.

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