

Principles of Investing

- 1 - Movements that are based on emotion destroy investment success. Establish and commit to an investment balance that aligns with tolerance for risk.
- 2 - While stocks beat bonds over the long-term, bonds provide stability and allow us to stay invested and weather through rougher times.
- 3 - Equities should be balanced across different markets, recognizing that there will always be under-performing and out-performing areas.
- 4 - Stay diversified within asset classes.
- 5 - Keep investment expenses low.
- 6 - Manage the portfolio close to established targets, trimming areas that have grown large, and adding to areas that have declined.
- 7 - Do not chase performance.
- 8 - While index investing is the best approach for the average investor, there are active managers capable of outperforming the market. An active manager must be different from the index to beat it over time, otherwise it will track and underperform.
- 9 - Focus on the long-term and do not overemphasize the short-term.
- 10 - Be willing to change your mind and learn from mistakes.