TOP 50 RULES to INVESTING

http://www.the-richest-man-in-babylon.com

1. An attempt at making a quick buck usually leads to losing much of that buck.
2. If stocks in general don't seem cheap, stand aside.
3. Buy and hold doesn't ALWAYS work.
4. Never throw good money after bad (don't buy more of a loser).
5. Cut your losers, and let your winners ride.
6. If the investment sounds too good to be true, it is.
7. Don't fight "the tape" (the trend.)
8. Don't fight the Fed (interest rates).
9. Most stocks that fall under $5 rarely see $10 again.
10. The best hot tip: there is no such thing as a hot tip.
11. Don't fall in love with your stock; it won't fall in love with you.
12. Don't have more than 3% AT RISK in any one position.
13. The trend is your friend until the end.
14. Trading options often leads to a quick trip to the poorhouse.
15. Bear-market rallies are often violent; giving the illusion the bull is back.
16. Low-priced stocks don't double any faster than high-priced ones.
17. Valuations don't matter in the short run.
18. When a stock hits a new high, it's not time to sell. Something is going right.
19. Have a rose garden portfolio (don't trim your roses while your weeds fester).
20. It takes courage to be a pig (don't settle for taking 10% profits).
21. Not selling a stock for a gain, simply because you're afraid of the taxes, is a bad idea.
22. Avoid limited upside, unlimited downside investments.
23. When all you're left with is hope, get out.
24. Don't keep losing money just to "prove you are right." Nobody cares.
25. Forecasts are useless.
26. Have patience and stick with your discipline.
27. When it's time to act, don't hesitate.
28. Expert investors care about risk, novice investors shop for returns.
29. Don't lose money.
30. You can learn more from your bad moves than your good.
31. A rising tide raises all ships, and vice versa, so assess the tide, not the ships.
32. Stocks fall more than you think and rise higher than you can possibly imagine.
33. Very few people have had great success short selling, even in bear markets.
34. You can't know everything about everything.
35. Since you can't know everything, seek out specialists who know their areas.
36. If a company's sales are shrinking, the business isn't growing anymore.
37. Real estate cycles are not the same as stock market cycles.
38. Investing in what's popular never ends up making you any money.
39. Know your investment edge, and don't stray too far from it.
40. Bear markets begin in good times. Bull markets begin in bad times.
41. Buy value - stocks that are priced less than their underlying assets are worth.
42. Neglected sectors often turn out to offer good values.
43. There's usually only one reason corporate insiders buy stock.
44. Don't miss a good one by being too concerned with the exact price you pay.
45. Avoid popular stocks, fad industries and new ventures.
46. Buy shares in businesses you understand.
47. Try to buy a stock when it has few friends.
48. Be patient: don't be rattled by fluctuations.
49. Mutual funds underperform the averages over the long run. Buy index funds instead.
50. If you don't understand the investment, don't invest.

Pheeww! That's a lot of rules…intuitive, yet millions of investors break these rules every day. I'd like to leave you with one more rule, which I'm seeing among investors trying to get back to where they were... 51. The people who suffer the worst losses are those who over-reach.