Rules for Successful Investors

1. Use an **independent**, **objective,** and **qualified Fiduciary Consultant** (MBA/CFA, with relevant and extensive experience).

2. **Avoid collusion** between consultant, custodian, and investment vehicles (see *The Virtuous Pyramid of Financial Services* ™).

3. Evaluate the **Investment Strategy**'s performance in line with the portfolio's time horizon.

4. **Balance the risk/return** relationship —risk preference vs risk tolerance, fear vs greed.

5. **Know that no one can predict the future** consistently or more accurately than the overall market —no one has a crystal ball.

6. Recognize that **economic** losses are suffered when investments fall in price, not when they are sold (**accounting**).

7. Do not let **emotions** control decision-making. This usually results in buying high and selling low.

8. **Minimize total costs**: transactions, taxes, commissions, and above all, **hidden costs** —bond resales, expense ratios, and dividend waivers.

9. Distinguish the value of diversification between accounts (or custodians) from **asset-class diversification** —rebalance portfolio (do not freeze).

10. Never **confuse luck with skill**; select managers and funds using standard statistical techniques.

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