

# WHAT ARE THE SECRETS TO SUCCESSFUL INVESTING?



Feeling overwhelmed by all the advice?

The secret to success lies in 7 enduring principles

Investors often feel confused at the overwhelming amount of advice that they are constantly bombarded with by the media and so called experts. Yet the “secret” to successful investing is not complex. Voluminous research and actual investor results over many decades have proven that there are 7 key principles that will determine the success of your investment experience:

## 1. **Begin with the End in Mind**

In other words, be clear about your goals and the right investment strategy will quite naturally follow from these

## 2. **Investment Markets Work**

Capital markets are not perfect but for all practical purposes, you can act as though shares and other assets are fairly priced. In other words; don't play the loser's game of trying to “beat the market” by picking winners

## 3. **Avoid Market Timing & Trading**

Successful timing requires you to know: when to get in, when to get out, and when to get back in. The success rate of active managers & investors who try timing markets is poor and this is largely due to the high costs of trading

## 4. **Higher Returns Require Higher Risks**

The only way to consistently get higher returns is to take higher risks and therefore your returns will ultimately be determined by your risk profile. However, not all risks are worth taking – make sure you are properly rewarded for the risks you take on

## 5. **Diversify, Diversify, Diversify**

Diversification is the closest thing there is to a “free lunch”. Diversify globally, across asset classes and within asset classes to increase risk adjusted returns

## 6. **Strategy Determines Performance**

Contrary to popular belief, over 90% of investment performance is determined by your portfolio structure and strategy, not individual security selection and market timing

## 7. **Discipline Makes the Difference**

Your ability to stick to a long term plan in the face of all the investment market “noise” will be the major determinant of your investment experience. Your biggest challenge – even your worst enemy – is likely to be yourself. Avoid the emotional roller coaster of greed and fear that drives most investors towards mediocre returns or even failure

The paradox of successful investing

Thus the paradox of successful investing is that although the principles are simple, their application is not easy. Sometimes the difference between success and failure will be the quality of the financial advice you receive and your willingness to follow this. So be sure to choose the right partner to undertake this investment journey with you.