



Share market investing or trading

The Investor's Creed

(or Safer Trading Rules*)

A *very successful* share market investor or trader will have a series of principles or beliefs that will help to guide their investing actions and emotions.

These beliefs might include the following:-

1. Investing / trading for a living is a business, so treat it seriously and professionally. Always maintain and follow a tested investing plan and strategy.
2. Always protect your capital — pro-actively.
3. Always determine a stop loss position *before* entering a position in the market, and follow the pre-determined exit strategy.
4. Cut any losses quickly, to minimise the losses.
5. Let the profits run.
6. Don't blindly react to a “hot tip”, or “gut feel”.
7. Only invest in liquid stocks.
8. Keep your positions relatively small — compared to the capital base.
9. Do NOT get emotionally attached to ANY stock. If it triggers the sell criteria, then sell it immediately!
10. Always keep your eye on the ball — monitor your positions according to your documented strategy.

Failure to follow these principles is courting disaster. A possible outcome is a potentially severe loss of capital. Some of these are explained in Robert's “*Share Market GEMS!*”.

Remember: if you lose 50% of your capital, then you need a 100% return just to get your money back. Now how likely is that?

If you start with \$1000, and you lose \$500, then to get your capital back to \$1000 you need to **double** your \$500 — that's a 100% increase!!

If you lose half of your capital, and then lose the other half, then you are out of the game.

* — The term “Safer Trading Rules” does not guarantee that you won't lose money. Strictly following the rules will only help to make investing/trading “safer”, compared to not following them. Here, the word “safer” should perhaps read “less unsafe”.



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