Ten Commandments for Investing

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In the Bible, it is written that Moses stayed 40 days and nights atop Mount Sinai where God gave him the 10 Commandments (Exodus 20:1-17). Written on stone tablets, the Jewish people were to live by these religious imperatives. The 10 Commandments are recognized as the moral foundation in Judaism and Christianity.

While I am in no way making comparisons to the original 10 Commandments, in his book "*Winning The Loser's Game*," Charles D. Ellis lists his version of the 10 "commandments" of investment decision-making.

1. **Don't speculate.** If you feel you must "play the market" to satisfy some emotional itch, recognize that you are gambling on your ability to beat the pros – and limit the amounts you play with to those you would gamble with the pros at Las Vegas.

2. **Don't buy on tips.** No matter how sure you feel a tip must be, let it pass. The only good tips depend upon having really important inside information. And using inside information is illegal.

3. **Don't do anything in investing primarily "for tax reasons."** Tax shelters are poor investments.

4. **Don't think of your home as an investment.** Think of it as a place to live with your family, period.

5. **Never do commodities.** Consider the experience of a commodities broker who, over a decade, advised nearly 1,000 customers on commodities. How many made money? Not even one.

6. **Don't be confused about stockbrokers.** While some stockbrokers are wonderfully conscientious people who are devoted to doing a good, thoughtful job for customers they work for over many years, you can't assume that your stockbroker is working that way for you.

7. **Don't invest in new or "interesting" investments.** They are all too often designed to be *sold* to investors, not to be *owned* by investors. And don't believe what you hear from other investors.

8. **Don't invest in bonds (solely) because you've heard that bonds are conservative or for safety of either income or capital.** Be aware that bond prices fluctuate nearly as much as stock prices.

9. **While respecting that money is a store of value and for the good it can do, don't ever let money dominate you.** If you find yourself adding it up more than ten times a year, you are probably paying too much attention and are risking getting caught up in the crowd.

10. **Don't trust your emotions.** When you feel euphoric, you're probably in for a bruising.
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