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Technically Speaking: Doug Kass' 50-Laws Of Investing

Written by Lance Roberts | May 4, 2021

Over the years I have published numerous articles with "investing laws" from some of the great investors in history. These laws, or rules, are born of experience, tested by markets, and survived time. 

Here are some of our previous posts:

- [Bob Farrell's 10-Rules](#)
- [Desktop Trading Guide- Part I](#)
- [Desktop Trading Guide – Part II](#)

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Throughout history, individuals have been drawn into the more speculative stages of the financial market under the assumption that "this time is different." Of course, as we now know with the benefit of hindsight, 1929, 1972, 1999, and 2007 were not different. They were just the peak of speculative investing frenzies.

Most importantly, what separates these individuals from all others was their ability to learn from those mistakes, adapt, and capitalize on that knowledge in the future.

Experience is an expensive commodity to acquire, which is why it is always cheaper to learn from the mistakes of others.

Importantly, you will notice that many of the same lessons are not new. This is because there are only a few basic "truths" of investing that all of the great investors have learned over time.

The next major down market cycle is coming, it is just a question of when? These rules can help you navigate those waters more safely, because "you're different this time."



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The Rules 1-10

- *Common sense is not so common.*
- *Greed often overcomes common sense.*
- *Greed kills.*
- *Fear and greed are stronger than long-term resolve.*
- *There is no vaccine for being overleveraged.*
- *When you combine ignorance and leverage – you usually get some pretty scary results.*
- *Operate only in your area of competence.*
- *There is always more than one cockroach.*
- *Stocks have a gravitational pull higher – over long periods of time equities will rise in value.*
- *Long investing generates wealth.*

The Rules 11-20

- *Short selling protects wealth.*
- *Be patient and learn how to sit on your hands.*
- *Try to get a little smarter every day and read as much as humanly possible – an investment in knowledge pays the best dividends.*
- *Investors sometimes think too little and calculate too much.*



As an investor, it is simply your job to step away from your *emotions* for a moment and look objectively at the market around you. Is it currently dominated by *“greed”* or *“fear”*? Your long-term returns will depend greatly not only on how you answer that question but how you manage the inherent risk.

“The investor’s chief problem – and even his worst enemy – is likely to be himself.” – Benjamin Graham

As I stated at the beginning of this missive, every great investor throughout history has had one core philosophy in common; the management of the inherent risk of investing to conserve and preserve investment capital.

“If you run out of chips, you are out of the game.”



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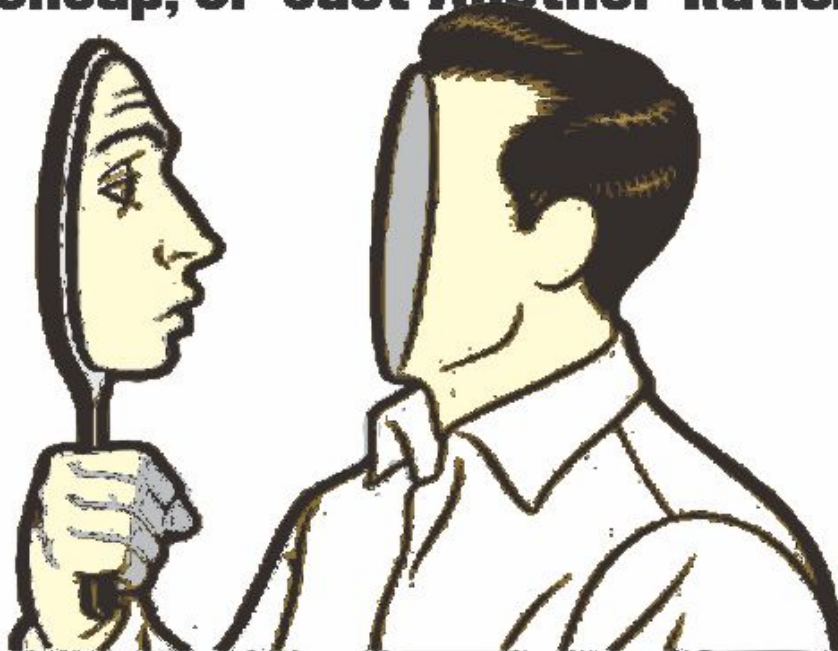


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