My Golden Rules:

What I Have Learned in 30 Years of Investing

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The older I get, the more I find myself falling back on some simple rules that keep me on the right path when temptation or doubt arises. Some I have learned from others; some I have learned the hard way. You may agree or disagree. That is fine. The point is that I think every investor needs to have some basic rules to keep them disciplined and help avoid mistakes. Here goes:

1. Great stocks are rarely cheap; cheap stocks are rarely great.

2. Buy the future, sell the past.

3. Trust your gut, not Excel models, because life is not linear.

4. It is better to be approximately right than precisely wrong. Avoid paralysis by analysis. Once you have enough information to make a decision, make the decision and move on.

5. Be confident in your decisions. If you are not confident, then the decision is wrong.

6. Sometimes you are wrong. Just admit it. And when you are wrong, don't be afraid to change your opinion. It's always better to make money (or not lose money) than to prove a point.

7. Don't invest in anything that can fall out of the sky and hit you in the head. It is hard enough to make money when the company's assets are firmly planted on the ground.

8. If an investment plummets, you must do something. Either believe in it enough to go all in, or get all out. Don't sit there and hope for a bounce back. Hope is not a strategy. You are paid to make decisions, so make a decision.

9. That being said, your first loss is usually your best loss.

10. When everyone is in a panic, that is the time to be bold. Fear is the enemy of successful investing.

11. Economic forecasts are useless for equity investors. The stock market is one of the leading indicators used in forecasting the economy. So you want to take the thing that is being forecasted to create a forecast about the thing that you are using to make a forecast? A completely and utterly useless exercise.

12. Biggest weights go to your best investment ideas. The better the idea, the bigger the weight. Don't be shy.

13. If you need cash, don't sell your biggest holdings; by definition they are your best ideas. Sell the smallest positions for cash.

14. Cash should either be under 3% or over 15%. Anything in between and it is not enough to help in a bear market, but is enough to hurt in a bull market.

15. When in doubt, do half. That way you feel good no matter what happens.

16. Management lies. A lot. In fact, what the CEO and CFO don't say is often more important than what they do say.

17. There is no such thing as a coincidence in the market. Everything means something.

18. Don't confuse a bull market for genius. It is easy to look smart when markets go up, but just because you look smart doesn't mean you are smart.

19. Stick with your discipline. You might miss some opportunities, but more importantly, discipline will help you to avoid mistakes.

20. Finally, remember that for most managers, their biggest regret usually is not what they bought, but what they did not sell.