



## WORDS OF WISDOM ON INVESTING

*"Investing is dazzling in its complexity. But the main messages are few and easy to understand."*

Charles Ellis

*"The real opportunity to achieve investment success is not by scrambling to outguess the market in the short-run, but by adhering to investment policies which position the portfolio to benefit from the long-term forces of the market."*

Charles Ellis

*"To invest successfully, one needs a sound intellectual framework for making decisions and the ability to keep emotions from corroding that framework."*

Warren Buffet

*"Intelligent investors separate emotions from reason and trust in reason to prevail over the longer term."*

John Bogle

*"Short-term performance measurement is the mortal enemy of long-term investment return."*

Charles Ellis

*"To earn higher returns, you should invest with simplicity. The great paradox of our age is the more complex the world becomes, the more simplicity we must seek to realize our investment goals."*

John Bogle

*"The costliest errors in investment management are rooted in human nature. They stem from a quest for comfort which the capital market will not provide."*

Richard Arnott

*"Pick the right portfolio mix for your situation, and then leave it alone. Don't jump just because there is a headline in the paper; you are just as likely to get it wrong as get it right. Leave it alone."*

William Sharpe  
Earned Nobel Prize for work in  
Investment Management Theory

(see over)

*"Investors who pay too much attention to the price fluctuations of the market will eventually commit financial suicide."*

Charles Munger  
Warren Buffet's Partner

*"Volatility is normal; it is the price you pay for the higher returns you earn in the stock market."*

Peter Tanous

*"If investors spend five minutes a year trying to figure out the direction of the stock market, they have wasted four minutes."*

Peter Lynch

*"Your success in investing depends on your ability to realize, at both the heights of ebullience and the depths of despair, that 'this too shall pass'."*

John Bogle

*"Two years of losses will turn investors with ten-year horizons into investors with one-month horizons; they want out."*

Kenneth Fisher

*"The cost of excessive vigilance is very high. Investors who worry about their portfolios too much will reduce their returns by up to 70%."*

*Study of Myopic Loss Aversion*  
Quarterly Journal of Economics (February 1995)

*"Buying and selling stocks may be fun. But if your goal is profit not pleasure, a little indolence is useful. Stock trading is a very expensive form of entertainment."*

Jonathan Clements

*"Billions of bytes of market data give investors no more ability to pick stocks than to pick numbers on a roulette wheel."*

*The Illusion of Control*  
U of C Study on Investor Behavior

*"Uninformed investors look on investing as a game and fail to diversify because diversification is boring. Professional investors diversify because they want to reduce risk and do not believe that investing is a form of entertainment."*

Peter Bernstein  
Founding Editor – Journal of Portfolio Management

*"Investors will improve their returns if they turn off the Business Channel and watch the Golf Channel instead."*

Dean Alexander  
Cypress Capital Management Ltd.