

What are the *The Not-So-Secret Secrets of Successful Investing*SM ?

The title recognizes that the *real* secrets of successful investing are not secret at all. These secrets are out there for anyone to see but to find them you have to keep an open mind and know where to look. They become hidden in plain sight because our human nature makes them difficult to follow and so we end up ignoring what amounts to *common sense investing*.

The most fundamental (and indisputable) rule of investing is “buy low, sell high” yet even a casual look at investor behavior shows that people are far more likely to do the exact opposite. Human nature makes us feel more comfortable buying at highs and selling at lows so we look for reasons to justify that behavior rather than follow a logical rule we know to be true. The field of Behavioral Finance seeks to explain why investors exhibit such seemingly irrational behavior.

People act much the same way when they want to get into shape. When told that the best way to reach their goal is proper diet and exercise the average person is likely to ask “what else have you got?” Diet and exercise are the proven “secrets” but they are boring and painful and we would rather find a more interesting and comfortable (not to mention quick) way to achieve our fitness goals. The all-banana diet or the miracle diet pill (as *seen on TV*) are far more attractive.

The *Not-So-Secret Secrets* are the investment equivalent of diet and exercise. Follow them and you have a higher probability of reaching your goals. Ignore them or (worse) follow investment fads and get-rich-quick schemes and you are more likely to experience losses than profits.