

# Get Rich Slowly



## [An Investor's Manifesto: 20 Guiding Principles for Investment Success](#)

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Knight Kiplinger is the editor-in-chief and a columnist for [Kiplinger's Personal Finance](#), one of the "big three" [money magazines](#). In the June issue, Kiplinger offered [an investor's manifesto](#), a list of twenty guiding principles for making smart investment decisions.



Kiplinger's manifesto is a great list, effectively summarizing mainstream investment theory on a single page. I liked it so much that I obtained permission to reprint it in its entirety. **Here are the twenty points in Knight Kiplinger's investor's manifesto:**

1. **I am an investor.** I do not trade my assets frequently. That's speculation, not investing.
2. **I am also a saver**, fueling my investments with [continuous savings](#) from current income.
3. **I know that every kind of asset entails risk** — even cash, which can be eroded by inflation.
4. **I know that higher returns entail higher risk**, in every kind of asset.
5. **I accept those risks**, but I mitigate them by owning a [diversity of assets](#).
6. **I regard my home as a place to live**, not as an investment. It is not a substitute for retirement savings.
7. **I have an [investment plan](#)** and a plan for asset allocation, in consultation with a financial adviser.
8. **I invest [regular amounts every month](#)**, in both rising and falling markets. I know I cannot gauge market tops and bottoms. If I receive a windfall — a bonus, bequest or gift — I gradually feed it into my regular investment mix.
9. **I don't pour more money into hot markets** nor completely cash out of plunging markets.
10. **I spread my investments** among [several asset classes](#), in a mix fitting my age and risk tolerance.
11. **My share of bonds roughly equals my age.** I will allocate to stocks a declining portion of my financial assets as I get older.
12. **I rebalance my portfolio every quarter.** If the stock market plunges, pushing my stock allocation way below its target percentage, I sell bonds and use my cash to buy stocks.
13. **I force myself to sell high and buy low** by periodic rebalancing — just what is temperamentally difficult for most investors to do.
14. **I know that stocks are risky in the short run**, so I hold in equities no money for which I have a likely need in the next three years.
15. **But stocks are not too risky in the long run.** They have [outperformed all other commonly-](#)

[traded assets](#) over periods of 15 years and longer.

16. **Foreign stocks account for at least 15% of my stock allocation.** I believe that developing economies will enjoy much higher growth than the U.S. in the decades ahead.
17. **I never borrow against my stocks.** Margin calls could force me to sell good assets at a bad time.
18. **I stick with my game plan.** I do not check the value of my investments every day or even every week.
19. **I try to keep my cool** when other folks are losing theirs.
20. **I remind myself often: I am an investor.**

Do you disagree with any of Kiplinger's mantras? Are there others you'd add to the list? (For example, I might include: "I buy low-cost [index funds](#). I know that over the long-term, indexing beats the returns offered by most other investment options.") **Do you hold a set of principles that guide your investment decisions?**

In April, I shared a similar document from billionaire John Templeton, who described his [16 rules for investment success](#).