

12 TIMELESS TIPS TO HELP YOU INVEST HAPPILY EVER AFTER FOLLOW OUR RULES, AND YOU'LL LEARN A DOZEN KEY SECRETS FOR BUILDING A WINNING BLUE-CHIP PORTFOLIO THAT CAN LAST AN ENTIRE LIFETIME.

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(MONEY Magazine) – Whether you're from Mars or from Venus, if you've spent time on Planet Earth lately you're probably aware of The Rules, a controversial dating guide for women that has more than 1 million copies in print. In this slim \$5.99 paperback (published by Warner Books, a division of Time-Warner, the owner of MONEY), authors Ellen Fein and Sherrie Schneider lay down 35 uncompromising rules to help women bag a man. Samples: Always end phone calls first; don't accept a weekend date if he calls after Wednesday; and, perhaps most important, don't discuss The Rules with your therapist.

We don't pretend to have any insights into romance, but we do have thoughts on the rules investors should follow. Our Rules are just as uncompromising as those of Fein and Schneider, but there aren't as many because--to be honest--you can find a great stock a whole lot easier than you can find a decent guy.

Rule 1 Don't stare at the stock pages. Looking up your stocks every day in the newspaper is a waste of time. Buy shares you plan on holding for at least three years. As long as the company's earnings and dividends are growing as you expect, don't worry about day-to-day price fluctuations. Instead, check the prices of your stocks only once a week or so.

Rule 2 Don't buy on Friday if your broker calls after Wednesday. That's a sure way to lose your broker's respect. Instead, wait at least 48 hours after a broker's pitch before deciding to invest. Use that time to do some thinking, because you should never invest in a stock before you've taken the time to read at least a few research reports on it.

Rule 3 Fill up your time before you buy a stock. Let's say you hear from a friend about a hot stock you're simply positive you want to buy. Chill! Go for a run, take a hot bath or have a massage before you telephone your broker. That way, you won't be giddy when you decide whether to invest.

Rule 4 Always sell a winner before your profit disappears. If a formerly successful stock starts slipping, it's wiser to sell right away than to hang on too long and risk being hurt. Walk away with a profit and your self-respect.

Rule 5 Consider selling a stock if it doesn't report lovely earnings on Valentine's Day. Or any other day, for that matter. Stocks that produce erratic earnings may have many fine qualities. But they are not good long-term investments--and you want a dependable, steady stock till death do you part.

Rule 6 Don't buy more than one or two stocks a month. Don't rush into a new stock every week. Instead, try to be slightly aloof--Schneider and Fein might even say "mysterious"--when you invest. A stock is worth considering only if it's going to be really, really good to you--and investments like that won't come along very often.

Rule 7 Don't go all the way with a stock the first time you hear about it. When investors find out about a promising company, enthusiasm usually gets the best of them. And they often rush to buy a stock that may be flashy but unreliable. You should insist on proof that a stock is worthy of your trust, such as a five-year history of consistent double-digit gains in earnings per share.

Rule 8 Don't expect a stock to change. The character of an investment was set long before you came along. Don't waste time hoping that a growth stock will start paying big dividends or that an income investment

will reward you with capital gains. Be honest about your objectives. Then look for a stock that will meet them--even if it's not very exciting.

Rule 9 Don't stick with a loser. Investing isn't always fair. But by diversifying, you can ensure that your portfolio is never horribly hurt. Own at least three mutual funds with different management styles, such as growth, value and income investing. If you buy individual stocks, try to own at least eight companies in different industries.

Rule 10 Don't discuss Our Rules with your broker. There's no point debating the merits of Our Rules with brokers. They can't help the fact that they have an insatiable need to sell you things. So you shouldn't expect them to admit the wisdom of Our Rules.

Rule 11 Even if your portfolio is complete, you still need Our Rules. If you've been investing by Our Rules all along, you probably have a wonderful stock portfolio. Don't stop now! Keep on living by Our Rules, and you'll earn respectable profits without ever having to take an unbearable loss.

Rule 12 Follow Our Rules even when your friends think you're nuts. You'll find that some of your friends gossip about the hot stocks they've bought. They'll say you're silly to abide by Our Rules. But investors who behave like that squander their money on brokerage commissions. As Fein and Schneider might put it: Do Our Rules, no matter what your friends say, and you'll end up with enough money to last you a lifetime.

--Michael Sivy