Lecture 3. Principles of Public Investment Regulation

What are the 4 main principles of investment?

Following the four simple principles – goals, balance, cost and discipline – and focusing on the things you can control will help you become a better investor and ultimately deliver you the best chance for investment success.

Ten Principles to Investment Success

These ten principles of investment success, or what we call the Templeton maxims, were created by Sir John Templeton, who was the founder of the Templeton investment group. He was regarded as one of the world's wisest and most respected investors and was described by Forbes magazine as “the dean of global investing” and “one of the most successful money managers in history”.

Today, many of our strategies still follow his investment management principles – principles that have stood the test of time and are of enduring value to future generations of investors.

Principle 1. Invest for Real Returns

The true objective for any long-term investor is maximum total real return after taxes.

Principle 2. Keep an Open Mind

Never adopt permanently any type of asset or any selection method. Try to stay flexible, open minded and skeptical. Long term top results are achieved only by changing from popular to unpopular the types of securities you favour and your methods of selection.

Principle 3. Never Follow the Crowd

If you buy the same securities as other people, you will have the same results as other people. It is impossible to produce a superior performance unless you do something different from the majority. To buy when others are despondently selling and to sell when others are greedily buying requires the greatest fortitude and pays the greatest reward.

Principle 4. Everything Changes

Bear markets have always been temporary. And so have bull markets. Share prices usually turn upward from one to twelve months before the bottom of the business cycle and vice versa. If a particular industry or type of security becomes popular with investors, that popularity will always prove temporary and, when lost, may not return for many years.

Principle 5. Avoid The Popular

When any method for selecting stocks becomes popular, then switch to unpopular methods. Too many investors can spoil any share selection method or any market timing formula.

Principle 6. Learn from Your Mistakes

This time is different are among the most costly four words in market history.

Principle 7. Buy During Times of Pessimism

Bull markets are born on pessimism, grow on skepticism, mature on optimism and die on euphoria. The time of maximum pessimism is the best time to buy, and the time of maximum optimism is the best time to sell.

Principle 8. Hunt for Value and Bargains

Too many investors focus on outlook and trend. Therefore, more profit is made by focusing on value. In the stock market the only way to get a bargain is to buy what most investors are selling.

Principle 9. Search Worldwide

To avoid having all your eggs in the wrong basket at the wrong time, every investor should diversify. If you search world-wide, you will find more bargains and better bargains than by studying only one nation. You also gain the safety of diversification.

Principle 10. No-one Knows Everything

An investor who has all the answers doesn't even understand the questions.

What are the main principles of international investment law?

The main focus is on the law governed by bilateral and multilateral investment treaties. It traces the purpose, context, and evolution of the clauses and provisions characteristic of contemporary investment treaties, and analyses the case law, interpreting the issues raised by standard clauses.