My Investment Plan: Easy to Understand and Easy to Implement

I couldn't help but laugh to myself recently when I read an article in a major business publication about banks selling structured notes linked to FAANG stocks. The only thing more complicated than an explanation of the business case for some of these tech stocks is a structured note based on their performance. It's the opposite of my small-town Vermont axiom "Simple is Sophisticated."

Any investment plan you make should work hard to eschew the use of such exotic investment products (they're called products because they are *sold* to consumers). Instead you should focus on an investment plan that is easy to understand and easy to implement.

I explained just such a plan in July 2003. This plan worked for me then, and now—fifteen years later—I am more committed to it than ever. I wrote then:

> ***Steady Cash Flow***
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> *I do not invest in securities that do not throw off cash. I value compounding above all else. When I have cash to compound, I am content, and I wish the same contentment for you. I don't take big loses because I don't do stupid things. Perhaps I'm not the best investor or even one of the best. I know that by taking more risk, I might be able to improve my returns. No thanks! I sleep well and make plenty with my keep-it-simple flow of cash, low-turnover strategy. And I have succeeded with this strategy for four decades without one meaningful loss. I'd like you to come along with me on the*

slow, steady cash-cow track. I can help you achieve the comfort and investment success you have been looking for all of your life. But I can do this for you only if you adhere rigidly to the format I lay out for you. If instead you spend each month second-guessing me or totally disregarding my advice, we will not have much in common, will we?

Know Enough

I hope you will not think of my approach as know it all. It certainly is not. Rather my approach is know enough. My plan is straightforward—easy to understand and easy to implement. Transactions are few, requiring little of your time in executing orders. It is not rare for me to go the entire year without a sale in my portfolio. I do not follow the markets daily or weekly. And I could not tell you the price of anything I own.

Successful investing is counterintuitive. For example, don't you think most investors choose mutual funds based on their good track records of recent years? I hear it all the time, as must you. Well, it's jive. All funds, even the best managed (of which there are few) can have lengthy periods of wretched performance.

Don't doubt the value of simplicity. It hasn't failed me yet, and it won't fail you.