

How Can You Spot a Loser in Investing?

Back in July 1994, I wrote:

You Has It or You Don't.

Dressed in snakeskin, feathers, grease paint and radiant colors, New Orleans gris-gris musician, Dr. John, delivers his musical message. Funky, gumbo-tinged rhythms spiced with a Bayou flavor makes for a perennial Mardi Gras atmosphere when delivered by Crescent City favorites like Jessie Hill, Cyril Neville, Chuck Carbo, Allen Toussaint, and the eclectic Night Tripper, Dr. John.

When asked what makes the whole musical gumbo of New Orleans come together, Dr. John explains that it's the groove of the thing, a pulse, an inner self sort of thing. Notes the Doctor, "You either has it or you don't."

The Rhythm of Investing

Why is it that some investors you know seem to get it right most of the time, while many more do not? No rhythm, that's why. It's not hard to spot a loser in the financial markets. A loser has no plan, little perspective and less understanding of the risk/reward trade-off. There's no beat.

A winner in the financial markets, by contrast, always has a plan, has great perspective and is a keen student of the risk/reward ratio. It's the backbeat that lays down the rhythm for the foundation of New Orleans R&B as well as for successful investing. You need the foundation.

So, to spot an investing loser, look for someone with "no plan, little perspective and less understanding of the risk/reward

trade-off.” If you haven’t developed these three critical elements of a winning investment strategy, get started today. Here are three small steps you can take today towards investment success.

1. Get a plan. If that means hiring an advisor, do so.
2. Get some perspective. A good start can be made by [signing up](#) for the Richard C. Young & Co., Ltd. monthly client letter (free even for non-clients) at [younginvestments.com](#).
3. Get a better understanding of the risk/reward tradeoff by picking up a copy of [The Intelligent Investor](#) by Benjamin Graham. And if you have managed to spot an investing loser among your friends or family, the book makes a great stocking stuffer too.

Dr. John – Full Concert – 08/13/06 – Newport Jazz Festival (OFFICIAL)