

A Winning Strategy: Stay in the Game

There are endless cliches about never giving up and quitting being the surest way to lose. Finishing a race is a prerequisite to winning it. My son-in-law, E.J. Smith, managing director of our family run investment council firm, recently explained some of the philosophy behind what it takes to develop a winning investment strategy on his blog Yoursurvivalguy.com. He wrote:

“E.J., Has Your Phone Been Ringing off the Hook?”

Well this was a fun month for the stock market with wild swings from high to low of around 2,000 points in the Dow Jones Industrial Average.

One question I’m asked on a consistent basis is “E.J., is your phone ringing off the hook?” and my answer is “no,” and I know why. Most of you have been educated by Dick Young that investment success is achieved over a lifetime, not a month or two. Investment success is about hitting singles and doubles, taking some walks here and there and sometimes getting hit by a pitch. Staying in the game is key. It’s a winning strategy because it puts compound interest into play. Spend a lifetime compounding money on a consistent basis and you’ll wake up one day and say “Wow, I have a pile of money.” It’s funny, when I ask investors how they achieved their success. They don’t talk about the stock market. They talk about working long hours, putting one foot in front of the other, showing up for work every day and s-a-v-i-n-g as much as they could save. Looking back 40-years, they know how tough it was to save \$1,000. Compound that at 8% and it’s \$21,725 today. Not a bad start.

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