

# **THE ART OF WISE INVESTING**

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The Art of Wise Investing by John Moody

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**JOHN MOODY**

**THE ART OF  
WISE INVESTING**



The  
Art of Wise Investing



# THE ART OF WISE INVESTING

A SERIES OF SHORT ARTICLES  
ON INVESTMENT VALUES,  
POINTING OUT THE ESSENTIAL  
CHARACTERISTICS OF SAFE  
INVESTMENT SECURITIES, WITH  
A REVIEW OF THE FINANCIAL  
PITFALLS INTO WHICH  
SUPERFICIAL EXAMINATION  
INEVITABLY LEADS

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## PREFACE

While the popular impression is probably the reverse, yet it is an undeniable fact that a far vaster sum of money is annually lost in this country through unwise investment, than through pure speculation. While many fortunes are constantly jeopardized and dissipated through what is known as speculation in stocks, bonds, grain-futures and like ventures, yet the many sums, large and small, which annually leave the pockets of actual investors are far greater in amount. Indeed, I would almost say that the losses through "unwise investment" are easily ten-fold the losses occasioned through mere speculation on the exchanges.

And furthermore, the losses incurred through unwise investing are far more important to the community at large; for while speculative losses are in a sense anticipated, or at least partly anticipated, the losses through mistaken investments are usually unexpected and unprepared for. Speculative losses often represent the loss of money easily gained, either through former speculation or from other sources, but the average loss of the investing public is generally a loss of hard-earned or industriously accumulated savings; and therefore such losses are felt far more deeply by the community.

The art of wise investing involves two primary motives. The first is to place one's principal where it will be entirely secure,

and the second, to gain as large a percentage of return as possible without in the least disturbing or lessening the security of the principal. The moment the status of the principal is changed for the purpose of enhancing the rate of return, the transaction ceases to be a pure investment and becomes more or less of a speculation. Thus, analyzed in its simplest form, we may put it down as axiomatic that only those are legitimate investments where the primary motive is the safe securing of one's principal and the rate of return thereon is looked upon as secondary. A speculation, on the other hand, is where the desire for large profit is so strong that the safety of the principal becomes in effect a minor consideration. That is to say, the person in-