Sir JOHN TEMPLETON

TEN MAXIMS

Templeton's maxims still act as the basis of his old firm's culture and stock selection process:

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

2. **Keep an open mind**
   Never adopt permanently any type of asset or any selection method. Try to stay flexible, open-minded and sceptical...

3. **Why follow the crowd?**
   If you buy the same securities as other people, you will have the same results as other people... To buy when others are despondently selling and to sell when others are greedily buying requires the greatest fortitude and pays the greatest reward.

4. **Everything changes**
   Bear markets have always been temporary. And so have bull markets...

5. **Consider avoiding the popular**
   ...Too many investors can spoil any share selection method or any market timing formula.

6. **Learn from your mistakes**
   This time is different are among the most costly four words in market history.

7. **Buy during times of market pessimism**
   ...The time of maximum pessimism can be the best time to buy, and the time of maximum optimism can be the best time to sell.

8. **Hunt for value and bargains**
   ...In the stock market, the only way to get a bargain is to buy considering what most investors are selling.

9. **Search worldwide**
   ...If you search worldwide, you will find more bargains and better bargains than by studying only one nation...

10. **No-one knows everything**
    An investor who has all the answers doesn't even understand the questions.

Also:

The four key factors to consider in fundamental analysis of any company are:

1. The P/E ratio in relation to other comparable companies
2. Operating profit margins, particularly if they are rising
3. Liquidating value, i.e. the price the firm would fetch if sold off
4. The average growth rate of earnings, and especially the consistency of growth. In general, avoid buying companies whose earnings slip two years in a row. Also steer clear of those growing at an unsustainable pace.

When deciding which countries to invest in,

- Avoid those plagued by socialist policies and/or inflation
- Favour those with high long-term growth rates
- Especially favour those showing a trend towards economic liberalisation, e.g. privatisation, anti-union legislation, greater openness and transparency in stock market dealings.

Key sayings

"History shows that time, not timing, is the key to investment success. Therefore, the best time to buy stocks is when you have money."

"I never made money for clients by buying anything expensive."