The 7 Deadly Sins of FOREX (and How To Avoid Them) Some 12 years on in my investment "career", I sat down to reflect upon my successes and failures. More to the point, I sat down to reflect upon the causes of my successes and failures, for that information is always for more important than the specific events which resulted. This personal reflection was driven both by the desire to improve my future performance, but also by the need to answer the age-old question, "What makes a good investor?" I decided to consult the dictionary for a definition of the term: Invest (ĭn-vĕst') v. 1. To commit money or capital in order to gain a financial return. 2. To devote morally or psychologically, as to a purpose; commit. I was fascinated by the definition. The concept of financial investment is an interesting one for obvious reasons; everyone wants to know how they can turn money they've already earned into more money. Unfortunately, this desire to grow one's after-tax dollars is all too often accompanied by unrealistic expectations. Beginners to the game often hope for annual returns in the hundreds or even thousands (!) of percent, and there are far too many snake-oil salesmen willing to stoke those dreams with impossible promises.To the outsider, investing often seems a dark, mysterious activity, shrouded in secrecy. Success seems elusive, if not downright impossible. Names like "Soros" and "Buffett" are oft-mentioned. Tips are exchanged in hushed tones. This program or that program is the newest "Holy Grail" of the investment world. Beginners often float from system to system, looking for that special something that will bring them the riches they desire. All too often, the second definition is ignored. Success in investment requires a certain psychological devotion to the purpose. Far too many investors expect full-time income from their investments, with only a part-time (or less) investment of energy and focus. This cannot be, for as the old saying goes, “You don’t get something for nothing.” Interestingly enough, while investors of all colors hold up Warren Buffett and George Soros (among others) as the flag-bearers of the craft, few stop to analyze the examples. Both men are rich almost beyond imagination, yet how did they get to where they are today? Their seeming overnight success was in fact not overnight at all, but the result of years and years of steady, compounded returns. Berkshire Hathaway, the investment group founded by the legendary Warren Buffett, has earned, on average, a little under 25% return annually. Certainly these returns are far better than the S&P 500 average of 9%, but by no means are they in the hundreds or thousands of percent. And yet Berkshire Hathaway stock trades at nearly $100,000 per share, and Buffett stands as one of the richest men in the world. George Soros is another great example of legend distorting fact. His role in Black Wednesday (September 16, 1992) is well publicized. Soros’ Quantum Fund sold short nearly $10 billion dollars worth of British Pound, and forced the Bank of England to float its currency or face collapse. This bold move netted Soros and his associates over $1 billion dollars profit. Not bad for a day’s work, certainly, and enough for a few tanks of gas in the limo without question, yet the return on capital was around 10%. The returns were large; so was the investment. **By Marc Low** **To read more,Please download the book.** Download This Book