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3 Virtues That Will Make You Wealthier

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If a billionaire who made Warren Buffett a better investor greatly valued the insights of a particular fellow, wouldn't you want to learn from this fellow yourself? You can! One of Charlie Munger's key influences in life is Benjamin Franklin, and Franklin has given us a set of 13 virtues to follow.

They actually apply well to investing. Let's tackle a few of the virtues, and you'll see what I mean.

Order, order!
For order, Franklin explains, "Let all your things have their places; let each part of your business have its time." Don't apply that only to your garage or your daily schedule at work. Apply it to your investing, as well. Having some organization to your stock-searching process can pay off handsomely. For example, don't just look for undervalued companies without making sure they're high quality, too. Yes, an appealing price is important, but as Buffett and Munger have said, they'd rather buy a great business at a fair price than a fair business at a great price.

It's not good enough just to get excited by a low P/E. You need to have a company evaluation process, or perhaps a checklist of measures to assess. For example, **Ariad Pharmaceuticals** (Nasdaq: ARIA) has a reasonable trailing P/E around 16, but analysts expect losses this year and next. In addition, factor into your considerations that its future is somewhat dependent on the success of drugs in its pipeline, ones not yet OK'd by the FDA. Similarly, **The Andersons** (Nasdaq: ANDE) trades at 12 times earnings and has been doing well partly due to its ethanol business, but the profitability of ethanol may diminish -- for instance, if a low supply of corn leads to higher prices, pressuring margins.

Screen better
Looking at low P/E ratios can be helpful when you're stock hunting, but look for quality as well as a good price. Here are some companies resulting from a screen for several attractive attributes:

Company	Recent P/E	5-Year Avg. Rev. Growth Rate	Net Profit Margin	Return on Equity
Dolby Labs (NYSE: DLB)	19	21%	31%	19%
Taseko Mines (AMEX: TGB)	7	8%	53%	34%
Ebix (Nasdaq: EBIX)	14	44%	45%	26%
ReneSola (NYSE: SOL)	4	162%	14%	29%

Data: Motley Fool CAPS.

Even this isn't enough information, but it can help your thinking be more orderly. If you spot a large return on equity, like Taseko's, you might check to see if its debt is very high (it isn't).

Dolby fans are excited about its new offerings, such as improved surround sound and sound for gaming systems. Taseko Mines hit a bump in its gold mining recently, but prospects are rosy for its copper, molybdenum, and niobium operations. Based in China, ReneSola makes solar wafers for solar energy cells, and has been enjoying big demand for its offerings. Ebix's enterprise software prospects have also seemed strong, but your orderly investigations will reveal that there's a cloud of uncertainty over the company, due to nasty allegations. That calls for further investigation, or just staying away.

Above all, moderation
A second Franklinism we'd do well to incorporate into our investing is moderation: "Avoid extremes; forbear resenting injuries so much as you think they deserve." We're not very moderate when we load up our portfolio with small, high-flying stocks, or if we stick with companies that operate solely in the U.S., or if half our holdings are in the financial sector.

Take some time to assess your holdings and make sure that you're not overexposed in any areas. Those heavily in financials when the recent credit crisis hit suffered severe blows. It's smart to include international stocks in your portfolio, but if you're not comfortable with that, know that you can get significant foreign exposure via some American companies with major global reach. **Coca-Cola**, for example, generated 70% of its revenue abroad last year.

Be resolute
Finally, there's resolution: "Resolve to perform what you ought; perform without fail what you resolve." In investing, we need to have a philosophy and a strategy, and stick to it. Those who succumb to fear and greed tend to buy and sell at just the times that they shouldn't.

Many Foolish investors believe in buying to hold, for the long term. That means that if the market swoons and takes some of their holdings with it, these folks will remain resolute in their conviction that market prices fluctuate over time and that healthy, growing, undervalued companies will gain in value over the long haul. They may even pick up more shares when good stocks plunge. Patience pays.

Charlie Munger has been right about many, many things in the business world. His admiration for Ben Franklin is not misplaced and we'd do well to cultivate these virtues for ourselves.

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