

# **HOW TO SELECT INVESTMENTS**

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How to Select Investments by G. C. Selden & Frederick Lownhaupt

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**G. C. SELDEN & FREDERICK LOWNHAUPT**

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BY

FREDERICK LOWNHAUPT  
G. C. SELDEN, GEORGE GARR HENRY  
WM. H. TIBBALS AND  
JOHN J. CUSHING

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## PREFACE

**T**HE chapters included in this book were originally published in **THE MAGAZINE OF WALL STREET**. They are reprinted, with some minor revisions, because of their permanent value to investors.

All the authors here represented are men of standing and experience in the investment field. Frederick Lownhaupt is the author of "Investment Bonds," widely used as a text-book. G. C. Seldon, of the Editorial Staff of **THE MAGAZINE OF WALL STREET**, is the author of a number of popular financial books. George Garr Henry was formerly Vice-President of the Guaranty Trust Co. of New York. William H. Tibbals, now deceased, was a member of the Salt Lake Stock Exchange and an expert judge of mining securities. John J. Cushing is a New York attorney, formerly Editor of "The Corporation Searchlight."

The varied points of view here presented make the volume more suggestive than if it had been entirely written by a single author.

**THE MAGAZINE OF WALL STREET.**  
New York, July, 1918.

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CHAPTER I

**Bondholders Are Creditors of the Cor-  
porations Whose Securities They  
Own**

**A**MONG the most curious phenomena of the investment business is the woeful ignorance of many bond buyers as to fundamental facts. It is peculiar that people should give their most vital attention and study to some line of business endeavor wherein they accumulate their money and then with the most supine indifference leave the investment of the gathered profits of the grown fortune to the haphazard and hit-or-miss methods or lack of methods that are so evident among the security-buying public.

The indictment holds notwithstanding the fact that there is a strong demand for investment literature and that a certain degree of investment education has been attained by many.

It is not easy to acquire a working knowledge of investments. There is no royal road to this state. Only years of study and practical hand-

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ling of the details make the person engaged in the business of selling bonds familiar with the many fine points along with the general principles of investment. Much less can he who gives no more than desultory attention to this wide and difficult subject expect to gain a degree of proficiency enabling him to form accurate judgments on the securities offered him through extensive advertising and by the persistent bond salesman.

There are certain foundation principles underlying the superstructure of investment buying that must be observed by the conservative banker in buying securities as well as by the individual investor when buying them over from the banker. But generalizations do not carry finality. Beyond a goodly number of generalizations or principles there is a vast amount of specific information that must be injected into the case. That is to say, a certain number of fundamental facts must be ascertained about an investment, after which the investigation or study must proceed with numerous details affecting that particular security.

For that reason the student of investments never reaches the end of the course. New conditions arise with every security presented, each