Avoiding Investment Pitfalls

Common Investment Mistakes

Failing to plan

Looking for quick wins

Not doing research

Investing is easy!

Lack of balance

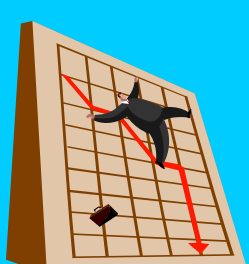
Relying on "Hot" Tips

The "I Like That Firm" Philosophy

Doing the Wrong Thing at the Wrong Time

Taxes

Risk



It is to your investment advantage to know and avoid Investment pitfalls Here are the most common investment mistakes that even the most experienced investors may sometimes make...

Failing to plan

If you are buying a house, saving for your child's education or even planning for retirement, you may need to explore different investment strategies. Planning is essential in order to avoid failure.

Looking for quick wins

Consider investing as a long-term process. Few people have the skill to determine the perfect time to buy and sell and therefore as an investor you may run the risk of losing a lot of money. Long-term strategies may not make you a millionaire overnight, but ultimately you reduce the risk of becoming bankrupt in the process.

Not doing research

Do your research first, and then decide whether to invest and not the other way around. Putting the cart before the horse can result in losses which could have otherwise been avoided. There are many sources of information to help you learn about the investing process and specific investment vehicles. **USE THEM!**

Investing is easy!

If it were easy to consistently beat the market there would be many more market analysts and brokers who are millionaires. Don't overestimate your abilities, or those of your advisor.

Lack of balance

It is said that variety is the spice of life. However trying to eliminate risk by choosing too many investments can destroy opportunities for good returns. On the other hand having too few investments or focusing on one industry sector will significantly increase your risk. Try to engage in a more balanced approach when investing.

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Relying on "Hot" Tips

Building wealth takes time, patience, and discipline. "Hot" tips too often come from uninformed sources and may be based on misinformation. By the time you get a tip, it's often too late and the opportunity has passed. NEVER buy a stock based solely on a tip.

REMEMBER INSIDER TRADING IS AGAINST THE LAW!

The "I Like That Firm" Philosophy

Research is the best way to find out how good a company really is.
Just because they may make your favourite beauty product, snack, or vehicle, doesn't mean that they are a well-run, profitable company. Investigate before you invest!

Doing the Wrong Thing at the Wrong Time

Buy low. Sell high. It's good advice for making money. If you have a good investment plan, there's no need to panic when markets fall. Spend the time to make a plan and stick to it through the downturns – they're often a great time to buy rather than sell.

Taxes

Taxes play an important role in investment planning. Different investments are taxed differently. Involve a qualified professional to speak about taxation in your financial planning process.

Risk

There are many types of risk that can affect an investment. Even guaranteed investments have some risk. Your investment objectives will guide you in determining how much risk you should take.