



3 Timeless Investing Lessons I Learned From My Mother

Description

This weekend millions of children and husbands across North America will celebrate Mother's Day with the favourite ladies in their lives. Billions will be collectively spent on flowers, cards, spa days, and breakfasts in bed, but if there's any group of people who deserve it, it's moms.

I know when I was growing up, my mother did it all. Besides holding down a full-time job, she still managed to take care of all of us, including cleaning, baking some of the most delicious treats you'll ever eat, and chauffeuring me to all sorts of stuff that seemed really important at the time.

My mother knows nothing about investing. She couldn't tell you the difference between a balance sheet and an income statement. She regularly leaves the room when my dad and I "talk business." But she has still taught me several important lessons that are relatable to the craft of investing. Here are three of the most important lessons.

Be unique

If your mother was anything like mine, she encouraged you to find your own identity and forget about what the other kids thought of you. It wasn't an easy message to accept as an angry 15-year old, but I'm sure glad I heard it.

This applies to investing in a big way. I'm convinced investors can maximize their returns by going against the crowd. Sure, you'll be questioned if you're constantly picking stocks from the 52-week low lists, but you'll also find a lot of bargains. Narrowing down the cheap stocks to companies that can recover is tough, but like anything in life it gets easier the more you do it.

One great example of this is **Penn West Petroleum Ltd.** (TSX:PWT)(NYSE:PWE), the beleaguered oil producer. When I was buying back in late 2014, other investors were avoiding the stock with extreme prejudice, citing concerns over everything from the company's bloated debt load to a recent accounting issue.

Admittedly, those are issues. But investors are getting very well compensated for them. Penn West might be the cheapest energy stock in Canada, and the new management team is doing a nice job

turning around operations. For my portfolio, I'm much happier hitching my wagon to a company like that than one of the leaders with a much smaller upside.

Be patient

If I had a nickel for every time my mother told me to be patient, I'd have a pretty heavy load.

I know many investors who could learn a thing or two about patience. In today's world of ultra-low commissions and trading stocks on our smartphones, holding a position for years seems like an eternity. Often poorly performing stocks will get the boot from a portfolio prematurely.

One such stock is **National Bank of Canada** ([TSX:NA](#)), which is often in the shadows of its larger competitors. For years the company traded at a discount to peers and paid a higher dividend yield.

But patient investors have been rewarded. The stock has done well in the past year, and is actually outperforming its peers by a relatively wide margin in the last five years. For investors with the patience to see it out, it's been a good investment.

Do your homework

I'm happy to say that when it comes to investing homework, I'm a much better student than I ever was in school.

Too often, I'll run into investors who own stocks, but really don't have much knowledge about the company. They might know the sector or other basic facts, but that's about it. The reason for this is that they simply trusted someone else's research.

Reading research is a great way to learn about stocks you might never have noticed before, but it's not a substitute for doing your own homework. Sometimes the whole picture isn't presented. Other times, people just accidentally miss important details. Hey, it happens.

Doing your own research is important for a couple of reasons. First, if you get the investment wrong, you can learn from it and improve next time. And second, the more you read, the better you'll end up investing. Just like with math problems during high school, investing takes practice.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:NA (National Bank of Canada)

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