



## Steal These 4 Investing Tips From Kevin O'Leary

### Description

Thanks to his successful media career—first on *Business News Network*, and then as one of the stars on *Dragon's Den* and *Shark Tank*—Kevin O'Leary has gone from a successful businessman to a true household name. Love him or hate him, there's no arguing with his success.

Since O'Leary's wealth is concentrated in private investments, nobody is really sure just how much he's worth. Various estimates peg O'Leary's net worth to be approximately US\$400 million. That's not bad for a man who started his first business in a basement funded by a \$10,000 loan from his mother.

Over the years, the man who calls himself Mr. Wonderful has been kind enough to share some of his wisdom with individual investors. Here are four of Kevin O'Leary's most important investing lessons.

### Diversify

O'Leary has a simple strategy to make sure you don't really get hurt in case one of the companies in your portfolio ends up being a fraud or going bankrupt. As long as investors limit their total exposure to one stock at a maximum of 5% of total holdings, that's enough diversification.

Unfortunately, many investors don't do that. I know many people who buy their employer's stock aggressively, enticed by the discount offered to employees. Others might load up on the next sure thing, only to buy right when shares are hitting their peak.

Diversification protects investors from themselves. There are dozens of stories out there of certain investors riding one hot stock to riches. What we don't hear about are the thousands of people who tried the same thing and failed.

### Don't ignore bonds

O'Leary repeats the same investing advice that many financial advisors have been saying for years. Every investor should have a healthy bond component in their portfolio.

O'Leary recommends a simple rule. An investor should have their age as a percentage of bonds in a

portfolio. A 30-year-old investor should have 30% in bonds and 70% in stocks. A 70-year-old should have the exact opposite asset allocation.

There's an easy way for investors to get exposure to all sorts of bonds, and that's through the **iShares DEX Universe Bond Index Fund** ([TSX:XBB](#)), an ETF that holds nearly 1,000 different Canadian government and corporate bonds.

The trailing 12 month yield is 2.85%, which isn't bad in today's low interest rate world. But most importantly, bonds have a history of doing well when equities struggle.

### Be careful when swinging for the fences

When you watch a few episodes of *Shark Tank* or *Dragon's Den*, you'll notice something about the way O'Leary invests. He often makes offers much lower than what his peers offer.

It's obvious why O'Leary does things this way. He wants exposure to the types of businesses that are featured on these shows. He just doesn't want to pay top dollar to own them. He's a value investor.

Many investors would benefit from having this sort of restraint in their personal portfolios. We all want to own great companies. Just don't pay high prices for them.

### Insist on dividends

O'Leary has a simple rule when it comes to owning a stock. If it doesn't pay a dividend, he doesn't even consider it. The slogan of his investment company was "get paid to wait" after all.

O'Leary doesn't disclose his own personal holdings, but it's pretty easy to guess what kind of stocks he likes.

Canada's banks have been terrific dividend investments over the years. **National Bank of Canada** ([TSX:NA](#)) might not be as well known as the so-called Big Five, but it has plenty of things going for it. It has a cheap P/E ratio (at least when compared with its peers), expansion potential both inside Canada and internationally, and a great dividend yield of 4.8%.

Another dividend stock investors should be looking at is **Alaris Royalty Corp.** (TSX:AD), a company that negotiates royalty deals for privately held companies. O'Leary is well known for asking for these types of deals on both *Dragon's Den* and *Shark Tank*, and the 5.2% dividend yield is enough to make just about every dividend investor happy.

### CATEGORY

1. Dividend Stocks
2. Investing

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. TSX:AD.UN (Alaris Equity Partners Income Trust)
2. TSX:NA (National Bank of Canada)
3. TSX:XBB (iShares Core Canadian Universe Bond Index ETF)

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