



3 Sure-Fire Strategies That Will Help You Outperform in Any Market

Description

When someone tells you they are “beating the market,” it means the returns they are achieving in their portfolio are better than their benchmark. The most common benchmark in Canada is the S&P/TSX 60 Index, which contains a basket of 60 of the largest companies listed on the Toronto Stock Exchange. The S&P/TSX 60 Index has returned investors 2.2% over the last year and 21.6% over the past two years.

How do your returns compare to those figures?

Here are five strategies you can use to beat the market consistently and achieve above-average returns in your portfolio.

Diversify, diversify, diversify...

One of the biggest mistakes a “newbie” investor can make is to not use enough diversification in their portfolio.

Sure, if you only had one stock in your portfolio last year, and it happened to be **Aurora Cannabis Inc.** ([TSX:ACB](#)), you’d probably be laughing right now, as that company’s share price managed to gain an impressive 284% last year alone.

That would definitely be an example of a market-beating stock.

But what happens if you’d put all your eggs in **Baytex Energy Corp.** ([TSX:BTE](#))(NYSE:BTE) at the start of February?

You’d have lost more than 20% of your investment just seven weeks later.

Balance the risk across your portfolio

Everyone loves to make money, but unless you've ever lost large sums of money in the stock market before, chances are you might be underestimating the risk you're taking when you make an investment.

Stocks like **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)) and **Netflix, Inc.** ([NASDAQ:NFLX](#)) are great; don't get me wrong. Shopify shares have more than doubled over the last 12 months, and Netflix shares have gained 69% just in the last three months.

But you'll want to balance some of those "high-flying" stocks with some more conservative, lower-risk business models as well — companies like **Enbridge Inc.**([TSX:ENB](#))([NYSE:ENB](#)) and **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) for example, would fit the bill.

Give yourself good options to succeed

When Warren Buffett was asked in an interview what advice he would give to young investors just starting out, he said they should get to know every publicly traded company.

When the interviewer pointed out that there were more than 4,000 publicly traded companies in the market, Buffett simply replied, "Start with the A's."

Now, it may not be realistic for you to research 4,000 companies in your free time if you still have a full-time day job.

But you may want to consider making it a habit to regularly read sites like the Motley Fool to stay current with what's happening in the markets, and maybe every once in a while, you'll be lucky enough to find a great new investment idea.

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2. NYSE:ENB (Enbridge Inc.)
3. NYSE:RY (Royal Bank of Canada)
4. NYSE:SHOP (Shopify Inc.)
5. TSX:ACB (Aurora Cannabis)
6. TSX:BTE (Baytex Energy Corp.)
7. TSX:ENB (Enbridge Inc.)
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Date

2025/07/03

Date Created

2018/03/20

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