



## 3 Things That Will Make You a Terrible Investor

### Description

It's easy to tell people what the right things are to do when you start investing, but what about the wrong things? Of course, there are a million little things that an investor should know, but I'd say these three are the most important.

So, if you aren't looking to fail miserably at investing, stay far, far away from these three red flags.

### Trust the wrong people

We've all heard the inside information from your brother's best friend's cousin's manager's sister-in-law who works for the company. They tell you to invest now before it's too late and you'll make a killing! Or maybe the guy who actually works *for* a company is trying to get you to invest. Or an investor might put their trust in a company that has conflicts of interest.

This came up recently with **Aphria** (TSX:APHA)(NYSE:APHA), a stock that is now reeling after being accused of buying up assets in Latin America for far more than they were worth. Even when an independent review found this to not be totally accurate, the review also found that a number of directors had [conflicts of interest](#) with the investment.

That means it's incredibly important to have trustworthy advisors in your corner doing the research you need to have before investing in a company.

### Invest with your gut

I think we've all been there, where we just have a "feeling" about a stock, or even an entire industry. You don't do the research. You don't look at different companies. You just buy out of the excitement you feel.

You're looking to make money, and that means you're basically creating your own little business, and so it should be treated that way. Give your investments the time and attention they deserve. Even if

you have a feeling about an industry, delve into that industry and find the best way to get your foot in.

A lot of the time, that can mean you end up with an ETF. If you just want to see how an industry is doing, there are plenty of options out there for you. For example, there's the risky marijuana industry. But if you want to get a piece of the pie, maybe the **Horizons Medical Marijuana Life Sciences ETF** is a better option than picking a stock based on gut.

## Be impatient

This is a hard one. After all, there is the age-old saying to "buy low, sell high." But honestly, that's only partially true. Definitely buy low and sell high, but as an investor, you don't want to always be choosing those risky stocks that could plunge at any moment.

Instead, investors need to create a solid base of stocks, ETFs, funds, and the like that are set up to increase over the long term. And that means patience! For example, look at the last five years for **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)). The stock would have been at \$69.40 when you bought and is now at \$123.03 at the time of writing. The growth has been relatively steady, but there have been a [few drops along the way](#).

When those drops happen, don't panic! It's easy to just sell, sell, sell after a drop. But look at historical performance. For CNR, this company rebounds incredibly quickly from any drops, so have patience and let your stock get back up with solid stocks like these.

## Bottom line

These mistakes may seem simple, but they are so easy to make. What you can really narrow it all down to is one thing: research. You need to find experts that know the markets, do the research before making an investment, look at past performance, and keep up to date with news on your investments to know when you should sell and when it's better to hold on.

If you do these things, you'll be setting yourself up to make some great choices in the future and some solid cash along the way.

### CATEGORY

1. Investing
2. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)

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