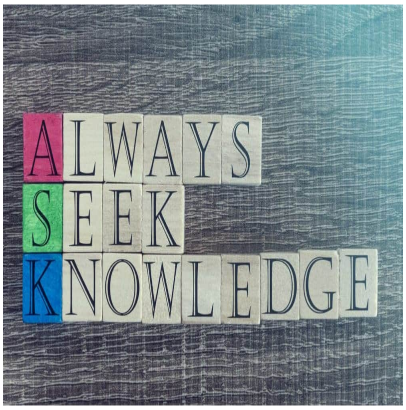


3 Things Investors Should Always Do Before Taking Financial Advice

**Description**

There's no shortage of advice when it comes to investing and stocks, especially bad advice. For investors, it can be dangerous to rely on something seen or heard, whether it's in print or on TV. Here are three things you should do before taking any advice to buy or sell a stock.



## Consider the individual's track record

It can be very easy for someone to claim that they'd bought shares of **Shopify** (TSX:SHOP)( NYSE:SHOP) at its IPO and have held onto that success forever. While it would have proven to be a smart move, that doesn't mean just because someone was able to get it right one time that they're a genius for doing so. Luck can often be confused for skill, whether it's buying an IPO or investing in something high risk like Bitcoin.

Investors should analyze someone's previous decisions or recommendations — both good and bad — to get a better idea of their success rate rather than just relying on one stock pick that turned out well.

## Look at the motivation

There can sometimes be a lot of motivation behind a recommendation to buy or sell a stock. A good example of this is when Shopify was hit with a short-seller report claiming the stock was a bad buy. Investors proceeded to sell the stock in droves, which would have benefited short-sellers of the stock.

In the case of Shopify, that's happened multiple times. Investors have gotten caught up in the panic of the news and often don't consider the source and the potential motivation behind it.

This is also why Motley Fool articles have disclosures of any positions the company or individual writer has in any of the mentioned stocks. If I were to write a positive article on Shopify saying that the stock is a buy, and I own shares of it, readers may discount it accordingly due to a perceived bias.

However, having a position in a stock doesn't mean that a good analysis can't be done and that advice is somehow bad. It's just important to take it into consideration.

## Do your own research

There's no substitute for doing your own due diligence. If investors want to buy Shopify shares, they should consider whether it is a good buy using their own analysis. That could mean looking at how the company has done recently, any recent news surrounding it, or it could just be confirming the claims that have been made in a story about it.

Especially when you're investing a significant amount of money into something, you'll want to rely on more than just a recommendation. Otherwise, you risk putting your savings in jeopardy, especially if the information was taken out of context.

## Bottom line

News and information can be more fragile than ever these days, with a lot of doubt as to what's real and what's not anymore. And when that can impact your hard-earned money, it's crucial to take a closer look and ensure you're making the decision because you think it's the best one for your future, not because of something that was seen or heard.



**CATEGORY**

1. Investing

**TICKERS GLOBAL**

1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)

**PARTNER-FEEDS**

1. Business Insider
2. Msn
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4. Sharewise
5. Yahoo CA

**Category**

1. Investing

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djagielski