



Grow With What You Know: How to Pick Stocks You Love

Description

Investment can be emotional. People tend to go on gut feelings, buying and selling according to sentiment. But while this can often be a good way to lose money fast, there could be a way of using sentiment to one's advantage.

Buying stocks that grab your attention can pay off

It's hard to track a stock that bores you. And while there's nothing boring about getting rich — or about shedding wealth overnight, for that matter — it can be hard to keep up the maintenance of a portfolio when it's full of stocks that just doesn't interest you.

That's why picking stocks that speak to your interests and expertise can be important. It can be strategic, too, since an area that interests you is more likely to be easier to navigate. Having a bit of knowledge about a sector can give investors the “intuition” needed to make sharp decisions.

For instance, while copper has upside potential and [gold is a classic safe-haven asset](#), an investor with an interest in metals and mining may get the gut feeling that palladium may be a stronger play for capital gains, simply by having read up on the subject.

Find that sweet spot between personal interest and capital gains

However, income investors with little interest in Canadian banking might want to invest in something faster moving such as telecoms or transport. In fact, investing in a real-world element of one's daily life can make it easier to connect with one's portfolio. By the same token, investing in one's area of knowledge makes it easier to “feel out” the market and make informed decisions.

Palladium and transportation were both mentioned earlier as examples of upside-generating sectors. To take the former example, palladium is booming at the moment, with per-ounce prices breaking new

ground in the \$1,783 zone. With trade war uncertainties and the possible black swan event of Brexit weighing on the markets, **North Palladium** has been climbing with gold rallying alongside it.

North American Palladium is a solid choice and is [the only pure play in the space](#). Valued higher than gold and offering an indirect play for the green economy through its use in catalytic converters, palladium has strong upward momentum and is an excellent antidote to a flat market riddled with doubt.

If you can think of it, you can invest in it. For instance, portfolio holders with an interest in aviation may want to buy shares in **Air Canada**, while a hands-on newcomer casting around for real-world inspiration could include shares in a favourite brand, such as **Canada Goose** or **Roots**. All of these are examples of stocks that have richly rewarded investors in the past and represent areas of day-to-day interest.

The bottom line

Identifying investment strategies that zero in on one's areas of interest, like the example of North American Palladium, can take research or may come in a flash of inspiration. Whether it's the utilities company that you pay your bills to, or the company that makes your favourite brands, buying shares that have emotional resonance can bring built-in industry knowledge — just don't get too attached when it looks like it's time to sell.

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