



Here's the Number 1 Threat to Your Portfolio

Description

There are multiple factors out there right now affecting your portfolio, and it's not just a [market crash](#). Even without the pandemic affecting the market place, there are a number of issues bringing down your bottom line. Oil and gas, global debt, a U.S. election, all of these can hurt your savings. But none of these are the real threat.

What all of these points have in common is the negativity that surrounds it. It's as if every day there is something new that hits the news, and markets sink lower. People sell off believing things are only going to get worse. While it's true that there are likely to be further market crashes posing a threat to your portfolio, that's still not the problem.

The problem is: your investment style.

Investing should be all about the numbers, but for investors it rarely is. It's your money, which means you're prone to getting emotional. So when you see your numbers falling lower and lower, your stomach can start to do back flips. But there is a solution to the threat you pose to yourself and your savings.

Step 1: stop looking

Studies have shown that your portfolio will do better simply by not looking at it so often. If you're looking at your portfolio on a daily basis, it increases the likelihood of seeing losses. Once you see those losses, you want to make changes. The portfolio could therefore sink lower. After all, commission alone costs money on trades, so you've already taken that from your savings.

When you do look at your portfolio, change the view. You can see a lot of ups and downs looking at a daily basis, but change it to monthly or even annually and things look a lot rosier. Then, you can believe there isn't a huge threat to your portfolio, as overall it's done quite well!

Step 2: smart investing

Now I'm not saying that you should ignore your portfolio all together. What you should do is know *when* to look. When there are large purchases in your life, or when the markets are showing major activity, take a look — not only just to see what's going on, but also to see what you can afford. That holds true for if you can afford that new house, or if you can afford to juggle your investments.

If you have a stock that you can sell a partial stake in to buy up another strong stock that's dipped in this economy, do it. There are a number of options out there. Buying up bank stocks, for one, is a great option right now.

A stock like **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) will also give you some of the [highest dividends](#) around! That's money you can use to reinvest. While it might take some time to reach high prices in the next few years, if you hold long term, you'll see that money grow sky high.

Step 3: GOALS!

Practically everything you do in life has a goal — so why shouldn't investing? If it's for retirement, meet with your financial advisor and come up with that number. Having a goal means you are working towards not just a number, but a moment in time.

It means you can leave your portfolio alone until you've reached that moment in time, and can then start selling and playing with your investments.

If you follow these rules, you stand a significant chance of enjoying your goals later in life. It also means you can enjoy the everyday moments a lot more, rather than spending all your time fussing over financials.

So take yourself out of the equation and reduce that threat to your portfolio.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
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