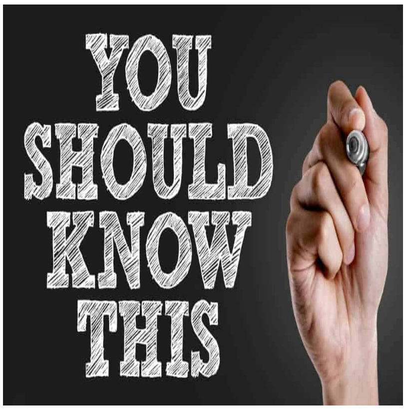

Worried You're Underperforming the Stock Market? Here's 1 Easy Tip to Consider

Description

Anytime you are underperforming the stock market, it can be a frustrating feeling. There can be any number of reasons why the stock market has been outpacing your portfolio, including the possibility of luck.

You obviously don't want to underperform the market forever. However, sometimes if you're only underperforming for short periods, it may not be a big deal.

If you are consistently underperforming the stock market, though, it could be because you don't have enough time to keep up to date with markets and the economy.

Investing takes a lot of time. First, you need to research the companies you want to buy to see how they operate, what risks they have, and what long-term growth potential exists.

You also need to research their competitors to see who has an advantage and which companies are growing their market share, and why. Missing any of this information can lead you to make a bad investment and cause you underperforming the stock market.

In addition, it's crucial to read about how the global economy is doing and pay attention to trends and developments in the North American economy.

It's important to understand how each development or impact affects other aspects of the market. This allows you to spot trouble or opportunity ahead of the rest of the investors.

Even the commodities markets should be monitored as they can play a major role in the effects on the macroeconomic environment.

There is so much to keep up to date that even many professionals have a hard time outperforming the market consistently.

So if you are underperforming the stock market and have been for a while, you may want to consider a piece of advice that even investors like Warren Buffett recommend, buy index funds.

If you're underperforming the stock market, buying index funds can go a long way

For all the aforementioned reasons and all the information it requires for investors to make prudent decisions, Warren Buffett has always recommended investors buy a low-cost index fund that gives exposure to the entire stock market.

Index funds are ideal because, in addition to being low cost, they offer tonnes of diversification and can be invested in for the long run.

Over the years, the economy is always growing, and companies on the stock market will continue to expand their operations. So you don't have to worry about companies or earnings or the state of the economy. You only have to save money and buy these index funds to hold for years.

This way, rather than underperforming the stock market, you can grow along with it. Stocks are traditionally an incredible asset class that grows faster than almost anything else. So buying an index fund is an easy and passive way to invest in the stock market that's proven to grow investors' capital consistently over the long run.

A top Canadian index fund to buy

Some investors may choose to only invest in index funds, while others may want to allocate half of their portfolio to an index fund and pick stocks with their other half.

Whatever you decided to do, if you're looking for an index fund today, one of the best Canadian funds for investors to consider today is the **iShares S&P/TSX 60 Index ETF** (TSX:XIU).

The XIU is a great index fund to buy if you've been underperforming the stock market because it gives investors exposure to 60 of the most prominent stocks in Canada.

You get businesses from banking to gold, and telecommunications to utilities, making the stock an excellent investment for passive investors.

As long as Canada's economy is growing and these stocks can expand their operations over the long run, the XIU will be a great investment.

Today the fund pays a dividend that currently yields more than 2.5%. Plus, investors have seen a total return of more than 28% over the last year.

So if you've underperformed this return or the rest of the stock market, I'd consider buying an index fund for your portfolio today. It could make a big difference to your long-term success.

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