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BIGGEST
MISTAKES
INVESTORS
MAKE



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THE SEVEN BIGGEST MISTAKES MOST INVESTORS MAKE

Results don't lie. Most stock investors, if not all, have some bad habits that keep them frustrated and ineffective in the market.

What kind of results are you getting from your investing?

If you're like most people, you'd probably like to improve your investing results. One of the reasons you're not getting what you want may be that you have no plan for investing in the market. You take tips from friends or TV personalities, and you invest on "gut instinct" rather than zeroing in on a method and sticking to it.

So what habits result in better investing? The good news is: It's not that tough to change your investing habits, though it might mean giving up some of your long-held beliefs. And you'll have to accept that you absolutely won't be able to buy every stock that makes enormous price gains. No one does, and no investing system will help you spot every single huge gainer. But you can get *enough* of them to make a difference in your financial position, and in your life.

One of the reasons you're not getting what you want may be that you have no plan for investing in the market.

So let's jump in, and look at the Seven Mistakes that are preventing you from seeing better results in the stock market.



ONE: USING TOO MANY DIFFERENT INVESTING METHODS AND STYLES.

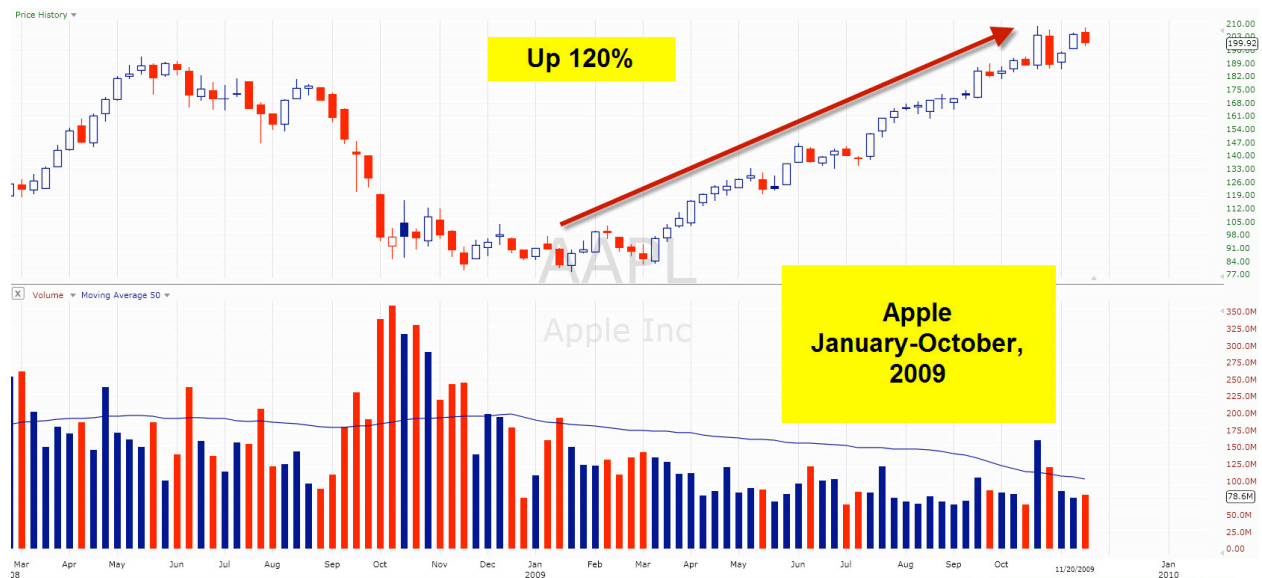
As you might have guessed by our name, Simple Growth Investing, we're growth investors. In a nutshell, that means we focus on stocks with hot new products, or an industry that's in favor now. There's something new driving sales, which in turns drives profit growth.

And when professional investors – like mutual funds, banks, insurance companies, hedge funds and pension funds – see those hefty earnings increases, they snap up shares. And what does that do? It sends the price higher.

An example of an outstanding growth stock from the past few years is Apple. That's a no-brainer: Think of the iPod, the iPhone, increased purchases of MacBooks and iMacs. As the company continued innovating and introducing great products, people kept buying. Investors caught on, and the share price kept moving higher.

Another big growth stock has been Baidu, a Chinese Internet search engine and portal. Another one that's easy to understand. As more and more Chinese citizens move into the middle class, they're using the Internet more, buying stuff online, playing games – everything people all over the world are using the Internet for. And professional investors see plenty of potential remaining for big growth in China – so they've been grabbing Baidu shares.

Stocks like Apple and Baidu (and many others) have rewarded investors with outstanding profits. Between January and October, 2009, Baidu climbed 189%. Apple rose 120% in that time.



You can find other names that have risen even more. Some of those have been growth stocks with a solid track record of sales and earnings growth. That's the kind of stocks we focus on here at Simple Growth Investing.

You might also find speculative stocks – those with no profitability and usually a very low share price – that have also scored big run-ups. It happens, no question. But in our experience, and the experience of many other successful traders, those stocks can be riskier and if you're not super careful, can lead to sudden losses.

So when we say you should decide on an investing style and stick with it, we'd recommend growth investing. We have plenty of posts and materials here on Simple Growth Investing to help you with that.

But if you do choose growth investing, don't mix it with some speculative stocks, some value investing, some long-term investing and maybe some day trading for a quick pop here and there. By mixing all these styles, you'll just dilute your focus and dilute your results.

So pick a style and stick with it. You'll develop an expertise, and you'll begin to recognize the better names, and understand when to buy and sell them.



TWO: USING TOO MANY SOURCES FOR INVESTING INFORMATION.

All stock information is not created equal.

Be judicious about what sources you use, and understand what they're really saying.

For example, be very cautious about reading posts on open-access stock forums. It might initially seem like these are populated by knowledgeable people, but the sad truth is: Many of the posters on online stock forums simply have no idea what they are talking about. They're struggling to get direction. They test ideas on others – who are often just as clueless. They have opinions from Mars. They get into pissing matches where nobody has any sense of what's correct.

So why would you bother? Oh, right – to get stock tips, or to validate your ideas. But seriously – don't waste your time on most stock forums. Occasionally, there's a poster who is a bit more knowledgeable, but in many cases, even the most uninformed people can make themselves sound authoritative while they're just spouting their opinions! Avoid these places. You'll get more out of an old Starsky & Hutch rerun.

Be judicious about what sources you use, and understand what they're really saying.

And never buy a stock just because someone in the media recommended it. Do you ever watch those financial TV channels that have market news throughout the trading day? If you do, pay no attention to the parade of professional fund managers who grace the screen all day, telling you “what trade works now!”

Because guess what? Another guy will be on in five minutes, telling you about *his* idea for the best trade, and it'll be something altogether different! Can they both be right? And either way, how is the strategy of a professional money manager – with hundreds of millions to invest, and a full-time research staff at his disposal – right for you? It can't be. He's operating in a different universe from yours. Ever notice how many of the fund managers on TV are touting the big-name, big-cap, widely traded stocks? That's because with tens of millions or hundreds of millions under management, they can't be jumping in and out of illiquid small caps – exactly the kind of stocks you're nimble enough to enter and exit quickly.

Fund managers strive to outperform the major indexes. That makes it too risky to hold large positions in too many thinly traded small caps. Why is that? Because smaller stocks are often more volatile than bigger, more established companies. Say Fund Manager Joe Schmoe decides to start making some purchases in Acme Widgets, which trades 300,000 shares a day. Because so few shares are available, it's probably going to be hard for Joe to get the shares he wants. His buying pushes the stock's price higher.

Smaller stocks are often more volatile than bigger, more established companies.

But the next day, Fund Manager Jane Schmane realizes that her investment in Acme has netted her a paper profit, and she has some reasons to reallocate cash. So Jane begins unloading shares – which sends the price lower as quickly as Joe sent it higher.

That's grossly oversimplified, of course, but you get the idea. That's a big piece of the reason why these guys on TV will keep telling you why Wal-Mart (which trades about 17 million shares a day) or Microsoft (which trades about 58 million shares a day) is or is not a good idea today. They won't be talking about a little-known tech stock that is showing fantastic gains, and has excellent earnings – but only moves 300,000 shares per day.

Now, Wal-Mart and Microsoft are both great companies. I've shopped in the first one, and I'm using the operating system of the other right now! But because those stocks are so big, and so widely owned, the chances of explosive price growth are quite low. Of course, the chance of a sudden swing to the down side is also low – making the stock a safe choice for big fund managers, who have to show results better than the S&P 500 and have to prove themselves vs. other fund managers.

So by owning the widely traded big-cap stock that's trending along in a more or less sideways fashion, Joe or Jane Fund Manager avoids a lot of risk and the potential for losses. That will make his or her year-end return look better than if the fund showed some weakness due to investments in little-known, volatile, thinly traded stocks.

So all this means: Following the recommendations of fund managers on TV or in magazines is not the way you'll maximize your investment. Those recommendations are not made with you in mind, even though they'll say things like, "Here's what the retail investor [that's you!] should do." Nah. That fund manager has absolutely no idea how to recommend stocks for you. Pay no attention.

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One final thought on this topic. When one of these managers appears on TV, notice how the show host doesn't consistently ask him or her how much the fund is up or down for the year. If the fund is having a great year, you can be sure the guest will want it brought up. Usually, it comes up in the "talking points" that the fund manager's PR person has supplied to the show. But frequently, performance doesn't come up at all. Which leaves you to wonder: How *has* this fund done in the past year? Three years? Five years? If the fund has underperformed during that time, you probably won't hear about it while you're busy writing down this genius' picks. So be wary about the "expertise" of these folks who appear on television.

So it's OK to watch the financial channels to get some basic news on what's moving the markets, but never, ever watch for stock tips. (Or even worse, tips on how to be trading options. More on that a bit later.)



THREE: CLUTTERING UP YOUR INVESTING WITH LAYERS OF COMPLEXITY.

<Sigh.> You know the saying: Keep It Simple Stupid.

OK, I'm actually not calling you stupid (after all, you're reading this, so there's no way you're stupid)!

But there are a lot of people out there who seem to think they sound smarter by throwing around a lot of fancy-sounding investing jargon. A lot of that jargon centers around the "technicals," or, put simply, the price and volume movements of a stock.

But for people who like to impress others, it's fun to toss around terms like Bollinger bands, stochastics, MACD, the Relative Strength Index, and other obscure terminology.

Maybe you believe a speaker sounds intelligent and sophisticated by using these terms. But the record really speaks for itself: Top growth investors of the past century, including Jesse Livermore and Nicolas Darvas didn't use any more indicators than absolutely necessary. Fancier and more sophisticated isn't necessarily better, when it comes to getting top-notch results!

Here's the key to utilizing only the tools you need: Treat stock charts as something that can help you identify the best times to buy and sell. Sounds simple, right? Good news – it is simple!

But people who like to seem sophisticated treat chart-reading as an end all unto itself, rather than as a tool to help you recognize buy points and sell signals.

Repeat after me: Charts are a tool to help your investing. They shouldn't be turned into a second career. You don't need 37 different oscillators to understand whether a stock is showing strength and being bought or sold by professional investors.

We suspect that much of the reason people rely on these tools is to they can boast (to themselves, anyway): "This is complicated. I'm cool because I understand it." No, no, no. The idea is to make good investing choices, not to tinker with the tools. The name "technical analysis" for chart reading is unfortunate. It scares many people off, and, simultaneously, gets many others (the geeky ones) excited about something complex with its own set of impenetrable jargon.

It doesn't have to be that way. Chart reading doesn't have to be complicated to be effective. There really are only a few basic elements you need to understand in order to make charts work for *you*, not the other way around.

The idea is to make good investing choices, not to tinker with the tools.

If you're interested in learning some basics of chart reading, we're here to help you with that at Simple Growth Investing. So relax. It absolutely doesn't have to be as difficult at you might have thought.



FOUR: OWNING TOO MANY INDIVIDUAL STOCKS.

Ever notice how some individual investors have dozens of individual stocks in their portfolios? I'm not talking owning mutual funds, which is something altogether different, and not the topic of this report.

Instead, I'm talking about individual stocks. Just don't own too many – seven is probably about the highest number any person should own at one time. And that's only if you have at least \$1 million to invest, and can spend some quality time with your stocks every day.

If that sounds like you, cool! In a minute, we'll take a quick look at some portfolio management techniques.

But say you're starting out with about \$3,000 to invest. (And by the way, it's best to ignore all those so-called investing "gurus" who mean well, and tell you it's possible to start investing with only a few hundred dollars. It *sounds* like a good, encouraging thing to tell newbies, and people who tell you that often mean to be helpful, but the truth is: With a small portfolio, the commission costs will eat away at your capital very fast. Even if you're using a low-cost online brokerage, you have to be prepared to occasionally move in out of stocks fairly quickly. Don't worry, we're *not* talking about day trading!! But as we'll see below, you sometimes have to move pretty fast to preserve your gains or cut your losses – so that's one reason why it's not really a smart idea to start with "only a few hundred dollars," as so many well-meaning but clueless investment writers suggest.)



OK – so back to your \$3,000 portfolio. In this case, you'd be OK with no more than four stocks making up the entire portfolio. There's a simple reason for this: You're a busy person. You can't keep up with news, earnings reports and other developments about a whole slew of stocks. No one can. Mutual funds have paid research staffs – people who get money in exchange for spending their weekdays researching every last detail about a company and its stock. No one pays you to chase down these details, do they? And you're probably not really inclined to spend your off-hours making lists of when earnings reports are due, how your company's industry is faring and how its competition is doing, how global macroeconomic developments are affecting the company and its industry – you get the idea.

So keep it simple. By limiting yourself to just a handful of individual stocks, you can easily have some key facts at your fingertips, such as the date that earnings are reported. And for those of you with a life outside of stock investing, you could set an alarm on your computer or phone or PDA, so you know when it's time to check your stock, and make a decision about holding, selling or buying when the quarterly earnings report rolls around.

Of course, there are also services that offer you sample portfolios and reminders of when an individual stock should be sold, or whether holding or buying more shares would be the best move. Simple Growth Investing offers that service. You can check it out [here](#).

However you decide to manage your portfolio, you'll do best by keeping it simple.

However you decide to manage your portfolio, you'll do best by keeping it simple. No big downside surprises when you forgot about an earnings announcement, or when a stock heads south because of poor news about its industry. By holding only a few stocks at a time, it's much easier to keep up with developments that could have a big effect on the price.



FIVE: BELIEVING THAT “SELL” IS A DIRTY WORD.

You don't need to be told that Warren Buffett is one of the most amazingly successful investors in history. He's developed a phenomenal system that's resulted in making billions of dollars in the stock market.

But unfortunately, small investors have tried to emulate the methodologies Buffett used at Berkshire Hathaway. It sounds easy enough: You learn about a company, spot so-called “undervalued” stocks, buy them, and hold on!!

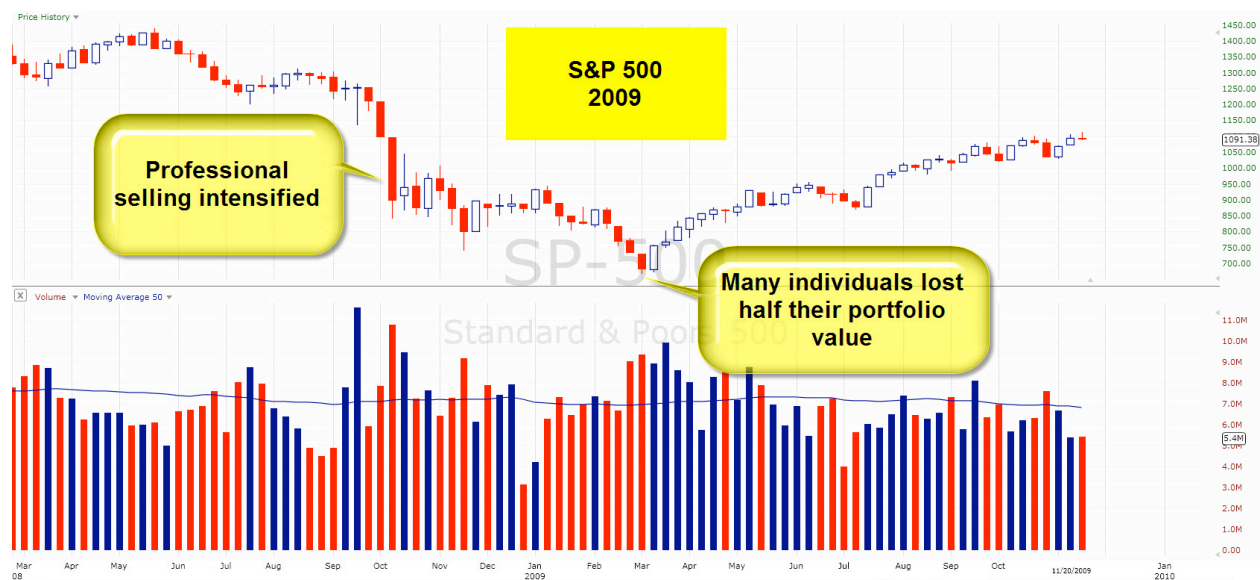
We said “unfortunately” above, because too often, that method just doesn't work out. And it fails for the same reasons that growth systems don't work for most people: It's too complicated and time-consuming. That's obvious. It also requires some guesswork on the part of individuals. How can you be *certain* that a company is currently undervalued, and it will eventually begin to rise higher again? Do you have the time, resources and know-how to do all the research and analysis that Warren Buffett and Charlie Munger do at Berkshire Hathaway? I'm gonna say that's a no.

And that's just on the buy side. How about on the sell side? This is where the Buffett emulation has hurt a lot of people. Don't get me wrong – I'm not disrespecting or doubting Mr. Buffett! He's got a great system that works well in his situation. I'm just saying it's not so easy to re-create at home.

For most at-home investors, it's not the waiting that's the hardest part – it's the selling (sorry, Tom Petty). The old adage about “buy and hold” morphs into “buy and forget about.” So investors often sit with big losses, continuing to believe that the stock is bound to go up...someday.

And by the way – Buffett does sell shares. He’s not obligated to tell you about it on the day he sells, but the news media often learns about it after the fact, as Berkshire Hathaway discloses its trades. So even buy-and-hold investors understand that selling is often the right move. And to be fair – the retail investor and the news media have seriously misinterpreted Mr. Buffett’s strategy over the years. Of course, they’ve oversimplified it to the point where it’s useless to individuals in many cases, and even harmful in some. You can bet that’s not something that Warren Buffett intends.

If you need any proof that buy and hold isn’t necessarily the best strategy, think about what happened to investors in the 2008 and 2009 bear market. The general market had begun to show weakness in the autumn of 2007. But as selling intensified in the autumn of 2008, many investors didn’t know what to do.



Because there’s a bias among investors against selling, individuals waited for things to get better. But it took until March of 2009 for a new uptrend to begin – and as of November, 2009, most investors still aren’t back to where they started!



Remember – that bias against selling comes from those professional investors who appear on TV and write columns for magazines. *They* can't just start unloading all their holdings, because they need to keep a certain amount of money invested at all times (essentially, most of them are fully invested 100% of the time). So they advise you to act the same way. That's pretty silly, and it results in you getting hurt.

Think of it this way: What if a professional athlete advised you to train *exactly* the same way he does, year-round? Sounds good, right? Here's the training plan of a winning athlete! Just follow this, and you'll be a winner, too!

Not so fast. That pro athlete has a staff. He's got a sports-medicine doctor. A physical therapist. A nutritionist. Maybe a massage therapist, yoga or stretching instructor, weight trainer, and undoubtedly some coaches for sport-specific instruction and motivation. You. Don't. Have. That. So when he tells you to eat spinach every day and run wind sprints, he's not lying, but there's a lot he's omitting. And by omitting what really goes into his program, day in and day out, he's leaving out the very information that you need, if you don't want to get hurt.

Same with the advice from the professional investors. They discuss what they're buying at any given time, but not too often do they discuss what they're selling. They don't tell you that they're not alone in making decisions – that they have a full staff of analysts, traders and other assistants – and they don't tell you they need to remain fully invested. So their "advice" is predicated upon that requirement, which doesn't apply to you. Someone is obviously selling when you see huge, catastrophic declines in the major indexes, as we did in 2008 and the early part of 2009. But because the pros are telling you where they're putting their money now, you feel as though that's the correct advice.

For the individual investor, *there's nothing wrong with selling* as you see market weakness, and simply parking your money in cash for a while. Months, if necessary.

Selling is not a dirty word, despite strong cultural bias. We think of selling a stock as giving up, showing weakness or raising a white flag. That's really stupid and ridiculous. The only way to keep your gains in the stock market is by selling, isn't it? Say you're a real estate investor. You don't think, "Gee, this house has really appreciated since I bought it. And it looks like the real estate market's about to drop, but it would be admitting defeat if I sold the house now, and pocketed my profits. So I better hang on for awhile."

Huh?

That wouldn't make any sense, but it's exactly the irrational way people often think about the stock market. And it comes back to this weird, illogical bias individuals have against selling stocks – even to keep a profit!!

We've referred a few times to some legendary growth investors – Jesse Livermore and Nicolas Darvas, for example. They made their money not only by buying properly, but by selling at the right times. Same with other wise growth investors – Gerald Loeb and Bernard Baruch, to name a couple.

One other thing that all those investors had in common, and you should make it your practice, too: Determine a point at which you'll sell any stock to prevent big, catastrophic losses. This is a move which will protect your capital, and you'll never suffer those double-digit losses in the stock market.

For the individual investor, there's nothing wrong with selling as you see market weakness, and simply parking your money in cash for a while.

Determine a point at which you'll sell any stock to prevent big, catastrophic losses.



For example, if you decide that you'll sell if a stock falls 6% below the price where you bought it, just sell if the stock falls to that point. If it rebounds, you can always buy it again. But especially in weaker markets, if a stock drops too far below its buy point, it frequently won't bounce back any time soon.

So make a habit of selling to cut losses. That's another wise move that protected the most successful individual investors in the 2008 and 2009 market downturn.

What good is holding your shares until you lose 50% or 60% of what you had before? What good is holding your shares until you're dead?

Sure, there are the old stories of Great Aunt Betty who owned shares of Early American Railroad and Telegraph and Motorcar (we made that up, by the way), which she bought in 1933 and still held when she died in 2005. Yeah, yeah, they'd split 17 times and this and that, and were now worth \$1 million when she'd paid \$26.50, and her heirs are whooping it up. Whatever. Yes, that happens once in a blue moon. So does winning the lottery.

Learn to sell at the right time to keep your gains – or cut your losses very small – and you'll make money.

Don't count on long-term investing, or buy and hold as your little ticket to heaven. Learn to sell at the right time to keep your gains – or cut your losses very small – and you'll make money.



SIX: FIGHTING THE MARKET'S TREND.

This one goes along with the idea of selling. When the market is trending higher, it's the right time to be looking for stocks making fresh run-ups.

But when the indexes are selling off, chances are, any individual stock you own will also head south. In many cases, the best thing you can do is sell your stock in the downtrend (as we saw above). Focus your *buying* on times when the market itself is moving higher.

Sounds simple, right. Buy in an uptrend, be ready to sell in a downturn. But how do you know the general trend of the market? It's actually pretty simple to determine, by watching whether or not the major indexes are moving up or down over the course of several days or weeks. You also have to check the trading volume on days when the indexes make significant moves.

Because the majority of stocks move in the same direction as the general market, it's absolutely crucial to time your buying and selling to the way the indexes are trending.

That's exactly how we were able to maintain the value of my stock portfolio in the 2008 and 2009 bear market. We sold all our shares before the market tanked, and didn't lose my money. There was nothing magical or lucky about it – we simply timed our selling to go with the market's flow.

If used properly, tracking the indexes' selloffs and upside reversals reliably identifies market peaks and valleys. So why don't more people use that method?

Here's why: It's time-consuming to learn and master. And once you've learned it, it requires a commitment to tracking price and volume across the major indexes – every single trading day. In addition, you have to be ready with a calculator to do the math on the percentage changes each day. Then you have to track these – maybe in an Excel spreadsheet – and keep an ongoing count of how many days of heavy-volume buying and selling have occurred.

Do you really see yourself doing this?

Didn't think so.

Not only is it very time-consuming to track this data, but there's a lot of conditioning that we should all be fully invested, at all times. (Remember that discussion earlier about the financial media and the fund managers?)

Fortunately, there really are simple ways of getting information about the market trend, without spending your days and nights hunched over your computer, with a calculator by your side. (Sounds fun, doesn't it? Just cancel your golf game and time with your friends and family. You have to spend hours every day tracking the stock market! Sounds crazy – but that's what some investing services actually expect you to do – *after you've paid them* for their materials!)

You can check our blog every day for relevant updates about the market's trend. You can [learn more here](#) about your best buying and selling moves in any market condition.

Following the general market's trend, not fighting against it, is one of the keys to realizing your true potential as an investor. Just remember: When you buy a stock in a market downturn, chances are, it will also go down. The math is not in your favor.

Following the general market's trend, not fighting against it, is one of the keys to realizing your true potential as an investor.

But if you buy in a market uptrend, you'll be much better positioned to take advantage of the rising tide.

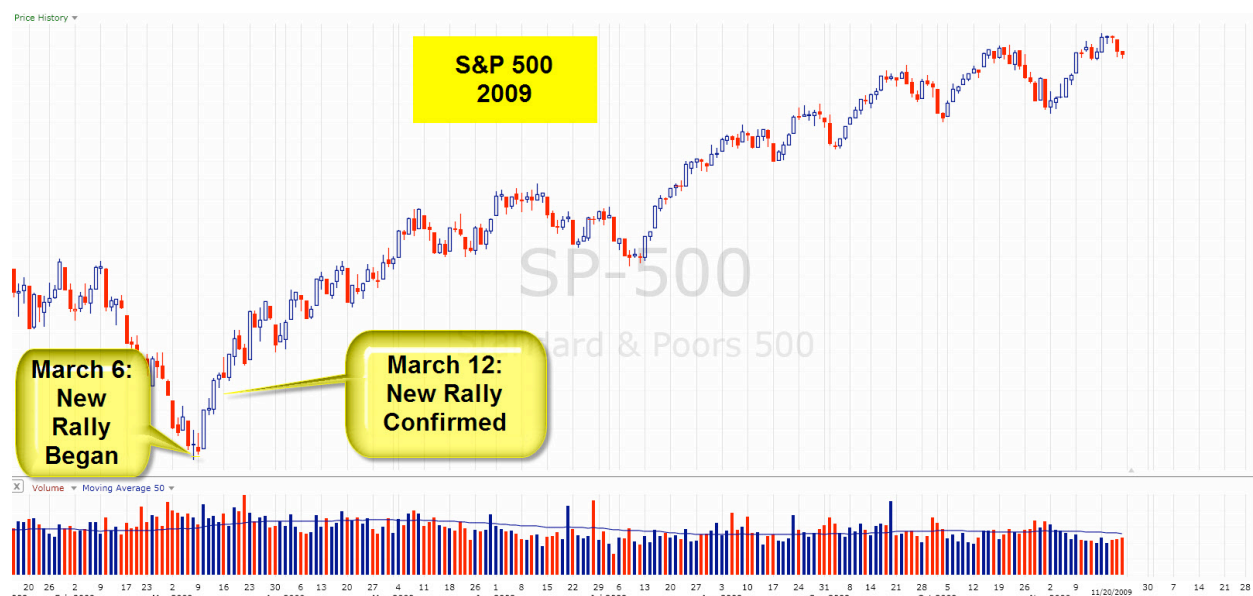
So why fight it?

HOW TO DETERMINE WHICH DIRECTION THE MARKET IS TRENDING

In case you're wondering exactly what goes in to determining a new market uptrend, here's a quick explanation:

When a downturn in the market has dropped to a new low, check major indexes each day. See if at least one of them (the Dow, Nasdaq, S&P 500 or NYSE Composite) beginning to rise on heavy volume. You're looking for one index (or more, but all you need for a signal is one) to show a significant increase – around 2% or so – in heavier volume than the previous session.

This usually happens four or more days after the uptrend begins. There are various reasons given for the four-day wait, but essentially, it's been shown that these “follow throughs” tend to be most successful if they happen a few days after the uptrend begins.



There's no telling how long an uptrend will last, once you have this confirmation. It can fizzle after a few days, or last weeks or even months.

So that begs the question: How do you know if an uptrend is reversing lower, and becoming a downtrend?

After a rally has been underway for awhile, notice whether there's heavy-volume selling for several days within a short period, and whether the indexes have stopped making upward progress. That's your sign that a rally is running out of juice, and it may be time to sell some stocks.

These methods do work. They're simple and straightforward ways of identifying market shifts. However, they take some time to really comprehend them thoroughly, and to master their use. There are easier ways for you to get this information at key junctures. You can learn more here.



SEVEN: NOT EXPECTING TO MAKE MISTAKES – AND NOT FIXING THEM QUICKLY.

Even the best investors make mistakes in the market. Maybe you buy a stock that doesn't really have the kind of fundamental and technical strength that normally precedes a big uptrend. Maybe you bought a stock without noticing that it was due to report earnings the next day. Then bam! The report is disappointing, and the stock slumps 15% in one fell swoop. Or maybe industry events or economic events unfold that neither you nor anyone else could have anticipated, and that sends the stock lower.

No investor is that amazing superhuman who's never wrong in the market! Read "Reminiscences of a Stock Operator," the semi-fictionalized biography of Jesse Livermore, a phenomenal investor who lived in the early part of the 20th century. In that book, and in Livermore's own how-to guide, "How to Trade in Stocks," he recounts examples of money-losing trades.

But what made Livermore different from most, and what makes the best investors different today, is willingness to learn from mistakes. Livermore didn't blame the market, or the guy who gave him a bad tip, or the company itself for being bad. Instead, he accepted responsibility when he broke his own rule and bought a stock based on a tip, something he had vowed never to do. It's not about beating yourself up – it's about acknowledging the mistakes, understanding how you made them, and taking steps so you don't repeat them.

Livermore, like Gerald Loeb, Nicolas Darvas and many other top investors of the past century, realized that some errors are inevitable, and always took quick action to minimize those errors. They all had a system for quickly cutting losses if a stock's price fell a certain percentage below what you paid for it. Some investors say 10%, other systems are adamant about 7%-8%, still others recommend keeping it much smaller. Keeping it below 10% is a good idea – and in shaky market conditions, a smaller percentage is usually better.

Looking at it one way, that's a very mechanical discipline that is a simple way of saving yourself a lot of money and heartache, and lets you sleep at night.

[Learn more here](#) about staying informed when a stock you own may be dropping below its buy point. One of the trickiest part about many growth investing systems is that they expect you to monitor stock charts all day long, so you're ready to hit the "sell" button the moment a stock dips a certain percentage below the buy point.

But that process can be more simple and manageable. It's entirely possible to buy at the right time and sell when necessary to protect your money – without being chained to your computer 24/7, and without making the stock market the focus of your entire life!

And beyond the mechanical process of selling at the right time, there's a true psychological freedom that comes when you just expect that you will occasionally buy a stock that doesn't work out. And of course, you *will* miss some names that jump higher! That's life, and accepting it makes the activity of investing that much easier. Why get angry at the stock market? Why flagellate yourself over the big one that got away, or the "sure thing" that didn't pan out?

There is always another opportunity, another company with something innovative that's driving customer demand.



There is always another opportunity, another company with something innovative that's driving customer demand. Sometimes geopolitical changes spur growth – witness the boom in Chinese stocks in recent years. Sometimes industry changes result in higher stock prices – that's been true in commodities stocks lately, as the underlying assets have been bid up. There's always something – whether it's a new technology or a service or something as simple as a retail concept that catches on with the public.

And yes – that's true even in a weak economy. Did you know that in the depths of the recession in 2009, clothing retailers were among top-performing stocks? That's right – some of the better names, like Aeropostale, were managing inventory and keeping prices low. Those techniques kept earnings growth solid, which in turn attracted big investors.

The point is: There's always something new coming along that's a ripe candidate for investment. Not just one new thing, but many, every year. Think about it: A few years ago, had you heard of Green Mountain Coffee Roasters? Baidu? NetEase? Vistaprint? Ctrip?

All of those made huge price gains in 2009. But prior to their huge rallies, none of those were big household names like Microsoft, Wal-Mart or Procter & Gamble, Johnson & Johnson or even Apple.

Opportunity is constantly knocking – and don't let anyone tell you differently.

So go easy on yourself if you let a big winner get away. There will be another one coming down the pike, right behind it! Give yourself permission to make mistakes with your investing. Mistakes are inevitable. The real point is to understand how to cut your losses early, and to offset the duds with huge winners. Don't obsess about a stock where you lost some money, or one that you missed.

Opportunity is constantly knocking – and don't let anyone tell you differently. New, entrepreneurial companies with fresh ideas are always coming along, offering golden opportunities. That's true no matter who's in the White House or Congress, whether the economy's been poor, or whether your favorite investment category seems out of fashion this year. Be open to new opportunity, and you will find it.

Stock investing can be very financially rewarding – if you stick to the right names, invest at the right times, and keep the right mindset.



SO WHAT'S NEXT?

You're now armed with some essential information to help you become a better investor.

But you'd probably like to continue that process, right? Check out our blog and sign up for our weekly [Simple Growth Stock Update](#) where you'll get the low-down on how a current growth stock is doing. We'll give you some context for the broader market, too, and some ideas for how to approach stock investing in the current market condition.

Our goal for writing this has been to help you discover how truly simple stock investing can be, and to help make it even more viable and realistic for you.

You can enjoy great financial success as a growth investor. We hope this book has helped as you get started on the journey, and we hope our [blog](#) and weekly update will also contribute to your success.

Simple Growth Investing consists of successful stock investors who have taught thousands of people how to make money in a market that's trending higher, and to preserve capital in a market that's trending lower. We've used all of these methods ourselves, and can recommend these actions for you! For more about us and to learn more growth investing tips, check out our [blog](#).

