

Nineteen Common Mistakes Most Investors Make

1. Stubbornly holding onto losses when they are very small and reasonable.
 2. Buying on the way down in price, thus ensuring miserable results.
 3. Averaging down in price rather than up when buying.
 4. Buying large amounts of low-priced stocks rather than smaller amounts of higher-priced stocks.
 5. Wanting to make a quick and easy buck.
 6. Buying on tips, rumors, split announcements, and other news events, stories, advisory-service recommendations, or opinions you hear from supposed market experts on TV.
 7. Selecting second-rate stocks because of dividends or low price-earnings (P/E) ratios.
 8. Never getting out of the starting gate properly due to poor selection criteria and not knowing exactly what to look for in a successful company.
 9. Buying old names you're familiar with.
 10. Not being able to recognize (and follow) good information and advice.
 11. Not using charts and being afraid to buy stocks that are going into new high ground in price.
 12. Cashing in small, easy-to-take profits while holding the losers.
 13. Worrying too much about taxes and commissions.
 14. Concentrating your time on what to buy and once the buy decision is made; not understanding when or under what conditions the stock must be sold.
 15. Failing to understand the importance of buying quality companies with good institutional sponsorship and the importance of learning how to use charts to significantly improve selection and timing.
 16. Speculating too heavily in options or futures because they're thought to be a way to get rich quick.
 17. Rarely transacting "at the market" and preferring to put price limits on their buy and sell orders.
 18. Not being able to make up your mind when a decision needs to be made.
 19. Not looking at stocks objectively.
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