

Stock Investing Strategies

Investing in stock for best returns

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Cons Of Dividend Investing, and What to Do About it

One strategy to produce a constant income from the stock market is by investing in dividend stocks, but this strategy does come with some disadvantages.. There are some advantages and disadvantages of using it.

The nice thing about getting into income producing stocks is that you can get a monthly income without having to attempt to find stocks that will appreciate. As long as the individual company is stable and is not going down it can be a profitable adventure.

Another major advantage is that you do not have to monitor your portfolio as closely as you would had you tried to actively trade the market, instead you only have to find a [List of dividend stocks](#) and invest in the securities that have a great dividend and are stable.

However this is not always the best way to look at it. If you are only looking for stocks which produce a high dividend you may not be getting into the best investments. Many times stocks that do offer a high dividend are doing so because they are bad investments and there would be no other way to get investors to come to in.

One way to solve this problem is by using techniques such as the [Price to Earnings Ratio](#) in order to help pick stocks that are likely to appreciate in the near future. This way you can create your own guidelines which will help you determine when a stock is a good pick and when it is simply a terrible investment.

The other disadvantage to regular dividend investing is that you lose sight of other ways of pulling money from the market. [Selling naked puts and covered calls](#) can be much more profitable than dividends.

These reasons are why instead of just buying the stock that gives off the highest dividend; I like to look for stocks which offer great dividends, great fundamentals, and high option premiums. This way I can win in all 3 ways.

11 November 2009 [Uncategorized Comment \(0\)](#) by stocar

[dividend investing](#), [income investing](#)

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