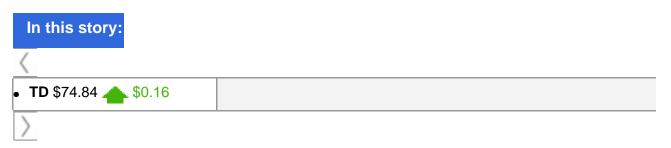


No one talks about what they lost



Data delayed at least 15 min

Paul Barker, Postmedia News · Friday, Oct. 8, 2010

Pity the novice online trader who rushes blindly into this business. Unlike the boom years when millions of investors easily -- if often temporarily -- increased their net worth in a rapidly inflating market, conditions today are far different.

Doing your homework before you make that first trade is not only recommended, it's essential.

Charles Whaley, the Torontobased CEO of ProfiTrend Enterprises, tracks the performance of stocks, exchange-traded funds (ETFs) and indexes. He has been in the trading game for 20 years, and he knows where neophytes go wrong.

"A common mistake would be to go directly to online trading and not try it through a full-service broker first, where you get some advice along the way," he says.

Another error is to have unrealistic expectations, he says. "If you meet a trader in a cab or a bar or wherever you happen to be, everyone, myself included, is happy to talk about our successes."

But, he notes, rarely does anyone talk about the stock they nearly lost your shirt on.

As a result, the thinking of the novice investor becomes skewed, Mr. Whalley says, toward a "lottery mentality."

John See, president of TD Waterhouse Discount Brokerage, says there are many people who jump into online investing without first taking some time to understand what they are trying to accomplish.

Points to consider, he says, include determining your real risk tolerance. Are you willing to put some of your principal at risk and if so, how much?

According to TD Waterhouse, goals and objectives are the building blocks to any sound financial plan: "They help you determine your investment time frame, the

amount that needs to be saved and a strategy for selecting the appropriate investments. Goals should be clearly defined and measurable so that progress can be easily monitored."

For the novice, online trading can be intimidating at first, says See, but people shouldn't worry about the occasional misstep. "If investing was a perfect science, we would all be very rich," he says.

Cesar Rainusso, vice-president of strategy and product development at BMO InvestorLine, notes there are many online tools that allow an investor to get some education and establish a sound investment plan.

"One of the mistakes we see people making is they open up an account and rush into trading because they may have seen that the market is really hot and don't want to miss out on it, or a friend tells them about a stock tip and they go out and buy it blindly," says Mr. Rainusso.

WEBSITES FOR ALL INVESTORS

Here is a selection of bank-associated and independent web-sites that cater to the novice and experienced online investor alike

- www.rbcdirectinvesting.com - www.scotiatrade.com - www.tdwaterhouse.com -

www.investorsedge.cibc.com - www.bmoinvestoronline.com - www.hsbc.ca/1/2en/personal/investdirect - www.independentinvestor. info -- unbiased sources of information on investing

- www.investingonline.org-- tools to help investors "stay safe" online - www.
investopedia.com-- a handy guide for understanding online investing terminology http://tsx.profitrend.com-- tracks trends of companies on the S&P/TSX Composite
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