This article is of the writer's experience and opinion. If you require financial advice then see your bank manager of financial advisor.

**Learning from past investing mistakes**

By Robert A. Stewart

"He who never made a mistake never made anything,"

But, there is no need to make a mistake if you can help it. How? By learning from other people's mistakes.

The most tragic thing of all is to not learn from your own mistakes; here are some tragic examples which have left people with badly burned fingers.

In October 1987 the share market crashed big time; there were horrific stories of mum and dad investors losing fortunes. Leading up to the crash investors would borrow money to purchase shares by using the value of their shares as collateral. As the share values increased, they were able to borrow more and more money. One story I was told was of a man who borrowed money using the value of his home as collateral.

Many companies were basically called paper shufflers; in order words they were not producing anything tangible but trading in shares.

It took several years before the market recovered.

One should never borrow money to purchase shares which is the first basic lesson of investing.

During the Global Financial Crisis several finance companies went belly up in NZ; these included Provincial Finance, Hanover Finance, Dominion Finance, Lombard Finance, and South Canterbury Finance. There were sad stories with one common one being of investors who had their whole life savings invested in the company. The media's spin on this is to tell the viewer about the investors who lost everything they invested but that is not the case. The truth is investors were drip-fed money from whatever money the receiver's could recover.

The investors concerned had a lot to say about all of this but one thing was never mentioned was the fact that they placed all of their financial eggs in one basket. This is a fundamental mistake. In one case, an investor had NZ$400,000 invested in Hanover Finance. One would have thought an investor with commonsense would have spread their money around.

It does make one wonder whether someone provided this investor with misleading advice.

The second basic lesson is to not place all of your financial eggs in the one basket.

Cyptocurrency such as Bitcoin and the like have been very popular during the last ten years. Stories of great wealth have been floating around from time to time of investors who have invested x number of $ and turned it into a fortune worth x. My view of Cypto Currency is that it should be treated as a bit of a gamble where you only invest discretionary income in. Only money you can afford to lose should be invested in crypto currency.

It should be worth remembering that for every person that made a killing of some kind, whether on the share market, cryptocurrency, or other kind of investment that there will of a lot more people who lost their money. What usually happens is that many of those who made the killing will try repeat the feat and end up giving back most if not all of their gains.

A company called "Cryptopia" which was basically a blockchain which held funds invested in Bitcoin was hacked into and all those with bitcoin invested with cryptopia lost their money. There were some sad stories of an x amount of $ lost.

The third lesson here is to NEVER invest money in cryptocurrency which you can not afford to lose. In other words only use your discretionary money for Bitcoin.

It is certainly well worth remembering that if there is a chance of capital gain then there is also a chance of capital loss. That is the nature of investing.

The bottom line is this; "It is up to YOU, the investor to take responsibility for your mistakes.

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