



## MAKING CENTS

### INVEST IN WHAT YOU KNOW BEST

-John P. Napolitano, CFP®, CPA, PFS, MST



**I**t makes no difference if you're an investment novice or have a portfolio that would make Warren Buffet envious. When it comes to buying equities, it may be wise to take stock in companies whose products or technology are familiar to you.

Think about it. You purchase most goods based on knowledge of performance. The same should apply to investing in companies. If you're an engineer with experience in security software, you'll have a better understanding of the anti-virus software market. Maybe you work in the catering industry. That knowledge can parlay itself into some good hospitality service or food product picks. Have a degree in the medical field? Then investment in a pharmaceutical firm or two might be a prescription for potential investment success.

Often, familiarity with a product has less to do with your occupation than with your daily lifestyle. Take a look at what is lining the shelves in your cabinets. Chances are good that most of the products you buy are also filling space in your neighbor's pantry. Popular products may translate into possible investments.

The same goes for shopping destinations. Pay attention to the types of stores under construction. Take the shopping theory one step further by identifying the places where you are most likely to spend your paycheck. Product or service value may set the stage for solid common stock performance.

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Sometimes a popular product, service or store loses ground or gets mismanaged into mediocrity or even failure. Shoddy customer service, poor application

and reduction in quality can contribute to the fall of a once shining star. Monitor not only the performance of stock you have, but also the product or service itself.

Are you becoming less inclined to visit a particular outlet? Has there been bad press about a company or its product line for any period of time? Most company negatives will eventually affect a stock's performance - and you'd be surprised how quickly that can happen.

Start with what you know, and then move on to the financial analysis. Just because you love a product or service doesn't mean that a competitor company wouldn't be a better investment selection.