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The Terms for the Successful Long-term Investment

Nowadays one of the most popular activities for businesses is investment. The analysis of statistic data and theory in this area enables us to identify the main principles to help Ukrainian investors get a better grasp of how to approach the market from a long-term view. Every point embodies some fundamental concept which a prospective investor should follow.

1. Don't chase a "hot tip". While making an investment, it's important to know the reasons for doing so; research and analyze a company before considering investment of your hard-earned money. Relying on information from someone else is not only an attempt of taking the easy way out, it's also a type of gambling, which will never make you an informed investor you need to be to succeed in the future.

2. Don't sweat the small stuff. As a long-term investor, you shouldn't panic when your investments experience short-term movements. When tracking the activities of your investments, you should look at the big picture. Remember to be confident in the quality of your investments rather than nervous about the inevitable volatility of the short term.

3. Don't overemphasize the price-earnings (P/E) ratio. Investors often place too much importance on the P/E ratio. As it is one key tools among many, using only this ratio to make buy or sell decisions is dangerous and ill-advised. The P/E ratio must be interpreted within a context, and it should be used in conjunction with other analytical processes. So, a low P/E ratio doesn't necessarily mean a security is undervalued, nor does a high P/E ratio necessarily mean a company is overvalued.

4. Resist penny stocks. A common misconception is that there is less to lose in buying a low-priced stock. In fact, a penny stock is probably riskier than a company with a higher share price, which would have more regulations placed on it.

5. Pick a strategy and stick with it. Different people use different methods to pick stocks and fulfill investing goals. There are many ways to be successful and no one strategy is inherently better than any other. However, once you find your style, stick with it.

6. Focus on the future. The tough part about investing is that we are trying to make informed decisions based on things that have already happened. It's important to keep in mind that even though we use past data as an indication of things to come, it's what happens in the future that matters most. The point is to base a decision on future potential rather than on what has already happened in the past.

There are exceptions to every rule, but there is a hope that these solid tips for long-term investors and the common-sense principles will benefit everyone overall and provide some insight into how businessmen one should think about investing.