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## How Fake Financial News Can Affect Your Investments



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It has been amusing to see the term “fake news” applied to the mainstream news media over the last year or two. Because, regardless of your opinion on this topic, the financial news has mostly been fake forever.

The examples of fake financial news are endless. Magazines touting “fund to buy now” and articles online pushing “the best stocks to buy” are totally fake in terms of having any validity or accuracy. They are real only in the sense that they are designed to make you buy the media product and its recommendations, not to actually pass on useful information. We know that most studies that follow up on buying what are the “best funds” or the “best stocks” show a miserable outcome over time. There is no shortage of people who will go on television and bang the table on their opinions, which have been wrong over and over.

### Where You Can Find Fake Financial News

There are tons of websites, newsletter writers, book authors, financial tv shows and more that are all dangerous to your financial wellbeing. There are very few that are actually not fake. This is unfortunate. Luckily, the advent of the internet now provides some improvement, with many sites offering more objective data and honest opinions. One can find financial history and research “true” data with the click of a mouse (not available easily before the internet). There are a few lone souls out there relating some financial truths (John Bogle, Warren Buffett, William Bernstein come to mind), but they spend very little time on the best-seller lists. There are also some organizations devoted to investor education with an ethical tilt such as major brokerages Fidelity and Vanguard, along with industry associations such as NAPFA.com.

(For more from this author, see: [The Intellectual Challenges of Financial Planning.](#))

My early years were spent in the medical world, which for the most part tries to adhere to evidence-based data and the truthful dissemination of information (other than drug company advertising at times). Entering the world of financial information was (and continues to be) a shock. Almost nothing the layperson encounters is in their interest and almost all the information is to provoke dangerous investment behavior by appealing to the emotions of fear and greed. The TV pundit that would say “I don’t know why stocks went down today, and fluctuation is the norm” won’t get a spot on any show. The magazine article that recommends low-cost diversified and disciplined investment doesn’t gather many eyeballs.

The worst fake financial news is the advertising by large brokerages and insurance companies telling you how bright your future is with their products. Their products and employees have one major goal—to make themselves richer regardless of the effect on your wallet. They make these promises, omitting their high costs, conflicts of interest, and poor records of investing. The brighter and glossier the brochure is, the more likely you are being misled into an expensive and inappropriate product.

So, maybe you didn’t know it, but you’ve been seeing fake news for many years. Take my word for it!

(For more from this author, see: [Patience and Discipline Reduces Investment Risk.](#))



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