

Invest in What Your Know - Or at Least in What's Nearby

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NEW YORK (MainStreet (<http://www.mainstreet.com/>)) — In the past, investors have used newsletters, tip sheets, websites and forums to share stock ideas, gain insight and discover new investment opportunities (<http://www.mainstreet.com/article/simple-beginners-tips-to-figure-out-which-companies-you-should-invest-in>). Of course, now there are apps. Perhaps one of the most unique is one just launched by venerable investment firm Fidelity. Called Stocks Nearby, the iPhone app allows users to discover publicly-traded companies near their present location, then pull up a quote, conduct additional research – and even place a trade.

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"As the investing maxim goes, buy what you know," Velia M. Carboni, senior vice president at Fidelity said in a statement. "The Fidelity Stocks Nearby tool enables investors to immediately research businesses that show promise – on the go. Imagine an investor coming upon a store that is packed with customers – with Stocks Nearby they can easily begin to answer the question if it's a good investing opportunity."

But some financial advisors are skeptical.

"Just driving down the street or walking around in our offices, we go past many items we use every day that are manufactured, sold or distributed by a publicly traded company," Chad Nehring, a financial advisor in Appleton, Wis. told *MainStreet*. "Does the application 'ding' incessantly? This app sounds like an interesting novelty, but a true investor must go farther."

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"More often than not, technology makes investing more difficult, complex, and confusing – not simpler," agrees Richard E. Reyes, a financial planner in Maitland, Fla. "Investing is more chaotic than ever. A truly diversified portfolio may have over 12,000 individual stocks spread globally over 50 countries and weighted towards large, small and value stocks. There is no proven academic research, nor will there probably ever be any, that shows investing in a company simply because they are in your neighborhood is a prudent investment strategy (<http://www.mainstreet.com/article/online-investing-advice-niche-players-suddenly-dwarfed-by-industry-giant>)."

One advisor was even more adamant.

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"This app is absurd to me," said Alan Moore, a fee-only advisor in Milwaukee. "Investing in nearby companies, simply because they have a lot of customers in their store, is a horrible idea for investors. I can see why Fidelity would encourage it though -- they make money when people trade, so this is encouraging their investors to buy and sell more frequently, since presumably they would be trading a lot more often than buy and hold investors (<http://www.mainstreet.com/article/its-time-to-reassess-your-investment-risk-tolerance-for-2015>). This encourages poor investor behavior, and I would steer any and all investors away from using it."

Tim Higgins, an advisor in Southborough, Mass., offers a final thought.

"I think it is a fun idea for those that like following stocks and companies (<http://www.mainstreet.com/article/millennials-spend-more-than-double-the-time-adjusting-and-checking-their-investments>)," Higgins told *MainStreet*. "However, I don't think it should be a factor in one's investment decisions. I am sure the folks in Texas would have driven by that Enron building wanting part ownership -- how would that have turned out?"

--Hal M. Bundrick is a Certified Financial Planner and contributor to MainStreet. Follow him on Twitter: @HalMBundrick (<https://twitter.com/HalMBundrick>)
