

Title: Disadvantages of Short selling: Your risk is theoretically uncapped, since the stock you shorted can keep rising ■

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## Portfolio News



### Disadvantages of short selling

- **Can spread false information:** Unscrupulous short sellers can spread false information in the market and push a stock's price down without reason. Then they can take their profit and move on. Of course, this is no different than "pump-and-dump" schemes on the long side to get investors to buy poor or overvalued stocks.
- **Can have unlimited losses:** Your risk is theoretically uncapped, since the stock you've shorted can keep rising. You could lose more than you've put into the trade.
- **Can lose more than you could make:** While you can have unlimited losses, the most you can ever earn on a short trade is the total value of the shorted stock. So your upside-to-downside is skewed in favor of losses.
- **Must pay additional costs:** You'll have to pay extra costs to