

The Road to Riches...



“A Business of One...”



- ✓ You have “revenue” (your salary), for services rendered to your company.
- ✓ You have “operating expenses” (rent, car, food, entertainment).
- ✓ You (likely) have debts (car loans, credit cards, school loans).
- ✓ You want to invest in endeavors that yield a worthwhile return.

Think of yourself as a “Business of One” ...

You need to manage your finances to satisfy your short-term goals while investing for the long-term – just like any other business!

What are your investment objectives?

Now it's time to consider your own investment strategy, whether it is for your retirement, your children's education, buying a house or starting a business.

What is your primary financial objective?



What are your investment objectives?

1. How much will you need to meet your financial objective?

2. How many years will you need to achieve your objective?

3. Based on your risk-level, what is the investment you need to make today to achieve your goals in the future?

Risk level:	Annual Rate of Return
Risk-Averse:	2-4%
Moderate Risk:	6-8%
Risk-Taker:	10-12%
Daredevil:	15-20%

4. How much do you need to invest every year to achieve your financial goal, given your risk profile and time available?

The Financial Section of the News

BUSINESS

DOW 34079.18 ▼232.82	NASDAQ 13548.07 ▼168.63	S&P 500 4348.87 ▼31.39	10-YR T-NOTE 1.974 ▲0.02	EURO 1US\$ = 0.8819 Pvs. day 0.8829▼	YEN 1US\$ = 114.86 Pvs. day 114.75▲	POUND 1US\$ = 0.7345 Pvs. day 0.7358▼
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Today: the Dow ended at **34,079.18**

which was **down 232.82** from the close yesterday

The Financial Section of the News

BUSINESS

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Shows what happened with the NASDAQ Index...

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Shows what happened with the S&P 500 Index...

The Financial Section of the News

BUSINESS

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Shows the yield (interest rate) on the government's 10-year bond...

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Shows the foreign exchange rates for the Euro, Japanese Yen and British Pound...

The Dow 30 (Dow Jones Industrial Average)

The Dow Jones Index is related to the collective stock price of these 30 major US-based companies.

Company	Exchange	Symbol
3M	NYSE	MMM
American Express	NYSE	AXP
Amgen	NASDAQ	AMGN
Apple	NASDAQ	AAPL
Boeing	NYSE	BA
Caterpillar	NYSE	CAT
Chevron	NYSE	CVX
Cisco	NASDAQ	CSCO
Coca-Cola	NYSE	KO
Disney	NYSE	DIS
Dow	NYSE	DOW
Goldman Sachs	NYSE	GS
Home Depot	NYSE	HD
Honeywell	NASDAQ	HON
IBM	NYSE	IBM

Company	Exchange	Symbol
Intel	NASDAQ	INTC
Johnson & Johnson	NYSE	JNJ
JPMorgan Chase	NYSE	JPM
McDonald's	NYSE	MCD
Merck	NYSE	MRK
Microsoft	NASDAQ	MSFT
Nike	NYSE	NKE
Procter & Gamble	NYSE	PG
Salesforce	NYSE	CRM
Travelers	NYSE	TRV
UnitedHealth	NYSE	UNH
Verizon	NYSE	VZ
Visa	NYSE	V
Walgreens Boots Alliance	NASDAQ	WBA
Walmart	NYSE	WMT

When the index goes up, generally the stock price for most of the companies on the Dow 30 go up.

The 30 companies are selected by the Dow-Jones company.

The Dow Jones Industrial Index

A Financial Index based on the Stock Price of 30 large US-based companies.
It serves as one measure of financial health of the stock market and economy at large.



Why does the stock market fluctuate so much?



The “market” responds to every bit of news that comes out throughout the day.

The “market” is made up of real people, who interpret the news as either “good” or “bad”.

Good news: prices will go up!

Bad news: prices will go down!

*Volatility: a measure
of fluctuation*

The Dow Jones Industrial Index

The Dow: The Past 12 Years



The Dow Jones Industrial Index

The Dow: The Last 30 years



The S&P and NASDAQ Indexes...

S&P 500 Index

Also called the Standard & Poors Index, or just S&P 500.

The financial metric based on the stock price of the 500 largest US corporations.

"Largest" being determined by their market capitalization (Share Price * # Shares in the market)

S&P 500 Index: 30 Year Chart



The S&P and NASDAQ Indexes...

NASDAQ Composite Index: 30 Year Chart



NASDAQ Composite Index

Also called the NASDAQ Index.

The financial metric based on the stock price of all the companies listed on the NASDAQ exchange (~3000 companies).

Can include non-US companies that trade on NASDAQ.

Originally "National Association of Securities Dealers Automated Quotations"; now just NASDAQ

Expanding Our Financial Knowledge...



Like learning a new language, we need to get comfortable with the terms and and what they mean. That way we can gain confidence as we build our financial future.

Main Takeaways...

- As your own “Business of 1” – you manage your personal finances with the goal of achieving your financial objectives.
- Understanding the financial news helps you to plan your investment strategy.
- The Dow Jones Industrial Average, “the Dow”, is related to the collective stock price of 30 large US-based corporations.
- The S&P500 and NASDAQ Composite Indexes are related to the stock prices of the largest 500 companies (S&P500) and those companies that trade on the NASDAQ exchange.

While we won't be investment analysts by the end of the course, our goal is to be more knowledgeable about the world of finance, and how to use that knowledge to create a more secure financial future for us and our families.

Next Time...

*Planning for your Retirement
It's all up to you now!*



Credits & References

Slide 1: Financial planning word with coin in glass jar and graph up by suthisak, Adobe Stock (186340259.jpeg).

Slide 2: Multicultural student group set isolated on white background by sabelskaya, Adobe Stock (316216251.jpeg).

Slide 3: Coins in glass jars, save money for the future by Jo Panuwat D, Adobe Stock (203013644.jpeg).

Slides 11-15: Screenshots taken from <https://finance.yahoo.com/>.

Slide 12: Image source: <https://www.flickr.com/photos/83532250@N06/7651028854/in/photostream/> (accessed April 30, 2022).

Slide 17: Financial literacy and education with learning from books tiny person concept by VectorMine, Adobe Stock (488801284.jpeg).

Slide 19: Human Hand Drawing Retirement Plan Growth Concept by Andrey Popov, Adobe Stock (168285586.jpeg).