Beginner Stocks

What are Stocks?

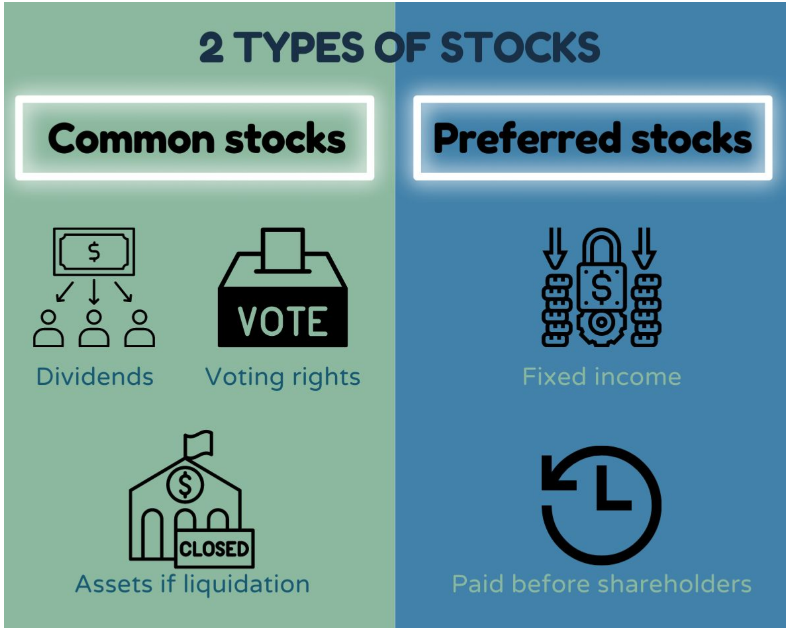
- Stocks represent ownership in a company.
- Owning a stock means you own a small part (“share”) of that business.
- Companies issue stock to raise money for growth (through IPOs).
- Investors buy stock hoping its value will rise over time.

How Investors Make Money

- Capital gains: when a stock's price increases from what you paid.
- Dividends: some companies share profits with shareholders.
- Reinvesting dividends helps your investment grow faster through compounding.

Types of Stocks

- Common stocks: give ownership and voting rights.
- Preferred stocks: pay fixed dividends but no voting rights.
- Growth vs Value stocks:
  - Growth = fast-growing companies, higher risk/reward.
  - Value = stable companies trading below their worth.



Risk, Reward, and Time

- Stocks can rise and fall in the short term — that's volatility.
- Over time, stocks historically outperform savings and bonds.
- The key to success: invest for the long term, not quick wins.

First Steps

- Open a brokerage or investing app account.
- Start small — even $10 or fractional shares can build wealth.
- Consider ETFs or index funds if you want simple diversification.
- Stay consistent: regular investing beats trying to “time” the market.

Learning Assessment Question 1

1. What does owning a stock actually mean?
    a. You’re lending money to a company
    b. You own a small part (share) of that company
    c. You’re guaranteed a fixed return
    d. You’re an employee of the company

Question 2

Which of the following is one way investors can make money from stocks?

a. Collecting capital gains when the stock price increases
b. Paying dividends to the company
c. Selling bonds at a discount
d. Avoiding all market risk

Question 3

What is a key difference between growth and value stocks?

a. Growth stocks are usually slower but safer
b. Value stocks are overhyped and risky
c. Growth stocks focus on expansion; value stocks are stable and often undervalued
d. There is no difference — they're the same

Question 4

Why is investing in stocks considered riskier in the short term?

a. Because prices can fluctuate quickly
b. Because stocks never go up
c. Because they are illegal to trade daily
d. Because they pay too many dividends

Question 5

1. What does a company gain by issuing stock to the public?
    a. Extra employees
    b. Money to fund and grow its business
    c. Guaranteed higher profits
    d. Less responsibility to shareholders