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FIN 301
Final Project
Part 1

Stock Market

Stock Market Overview:

The Stock market is a gambling game. The Securities, Exchange Commission “SEC” and the Commodity Futures trading commission “CFTC” regulate it. Buyers and sellers trade a company stock for a set price. It is an easy way to make money quick but also a rapid way to claim bankruptcy.

Many factors can affect the price of the stock such as technology within that company, layoffs, economic growth and political growth. So these are the factors that we should really focus on for lower risk in your investment. Let’s get deeper into the process of how the transactions happen or what route you should take; in the United States we have two types of leaders in stock exchange one of them is NYSE “New York stock exchange “where the physical stock purchase happens and the other is NASDAQ “ National association of securities dealers automated quotation system”

“Physical location stock exchange” is when all future buys and sellers are in one room with all types of communication such as Telephones, computers and internet to contact their employers to take action on a transaction. This method reflects back to the NYSE and it happens during operations hours of the business. The second leader in this field would be the one that I recommend for all investors it is NASDAQ” National association stock dealers automated quotation system “this is an electronically trade center that is available to all future consumers. This is popular because is it available for you 24/7. Many corporations as stated in the book such as Google, Microsoft and etc. use NASDAQ.

Furthermore, the three types of stocks that are in the market: first Outstanding Shares, additional stocks sold by an established company and the Initial public offerings. The outstanding share is what is being traded in the secondary market. For example if I own stocks in Apple and sold them to another person; that what’s called a secondary market where the company does not gain any money for this transactions.

The second stock type is the Additional Shares that are established by the company. This transaction that can affect both the consumer and the company because it takes place in the primary market, an example for this method if apple decides to issue 1 million stocks for the market and you consume them for a certain price. This transaction takes a place in a primary market because it is paying of the founders of apple and your expanding the profit.

Finally is the Initial Public shares made by privately held firms; this is a very common step for all privately held firms. If a firm reaches its maximum potential of profit while it was

held private, it decides to go public to exploit profit by offering it to the public to invest in. This case has its advantages and disadvantages. If a company goes public that's a good sign of success and you should invest in it. On the other hand if the company does not succeed when it goes public your stocks will lose value.

Active secondary market is the most important to the financial managers, where prices of firms stocks are established. The goal of the financial manager is to increase the stock market price.

The stock market is about trade:

Two of the biggest leaders of trading stock are NYSE (New York stock exchange) and the NASDAQ, National association of securities dealers automated quotation system. Physical location stock exchange is where NYSE is included. Electronic dealer based markets, which include the Electronically trade is when the stocks and bonds are traded online, and transactions are made even when the business hours are done, which is a 24/hours operation. Trades can be conducted through:

- Market Order: It's a default option where an investor makes an order through a broker to sell or buy an investment immediately with no restriction.
- Limit Order: an order placed with a brokerage to buy or sell a set number of shares at specific price or better. Unlike market order, it won't be executed if the price set by investor can't be met during the period of time in which the order is left open.
- Stop loss order: an order can be placed with a broker to sell a security when it reaches a certain price. It's designed to limit the investors' loss on a position in a security.

There are also different types of transactions:

- IPO initial public offering: shares of stocks are sold to general public. In this process, private companies go public.
- Secondary market offering: investors can buy from other investors. In this transaction securities are bought and transferred from one investor to another. The greater number of participants, the more liquid the market.
- Private placement: securities that are sold through a private offering of shares to number of chosen investors. This transaction can only happen in private companies.
- Underwriting: in this process bankers raise investment capital from investors on behalf of corporations and governments that issue the securities.

A bear market is a market condition where prices are falling and investors only try to sell while in a bull market prices are rising.

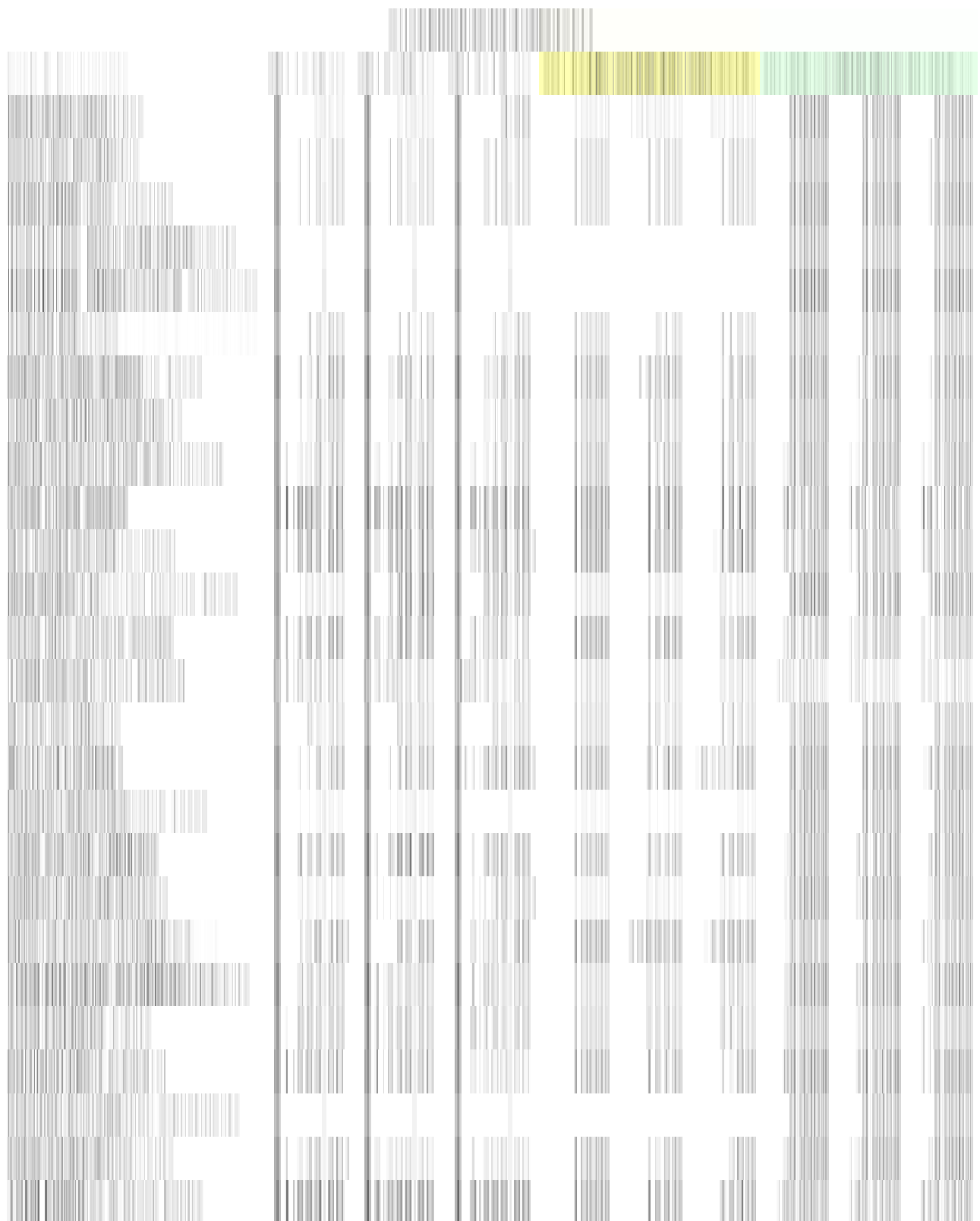
Portfolio:

Our portfolio consists of Atlas Pipeline Partners, Cisco, 3M, Oracle, Novartis, GlaxoSmithKline, Dow Chemical, Rite Aide, ExxonMobile, Kraft Food, T. Row Price Spectrum Fund, ProFunds Biotechnology UltraSector Fund, and four bonds, one of which is a Virginia municipal bond and three corporate bonds (which were difficult to figure out in the game). The rationale for buying these stocks come from spreading our portfolio over various types of

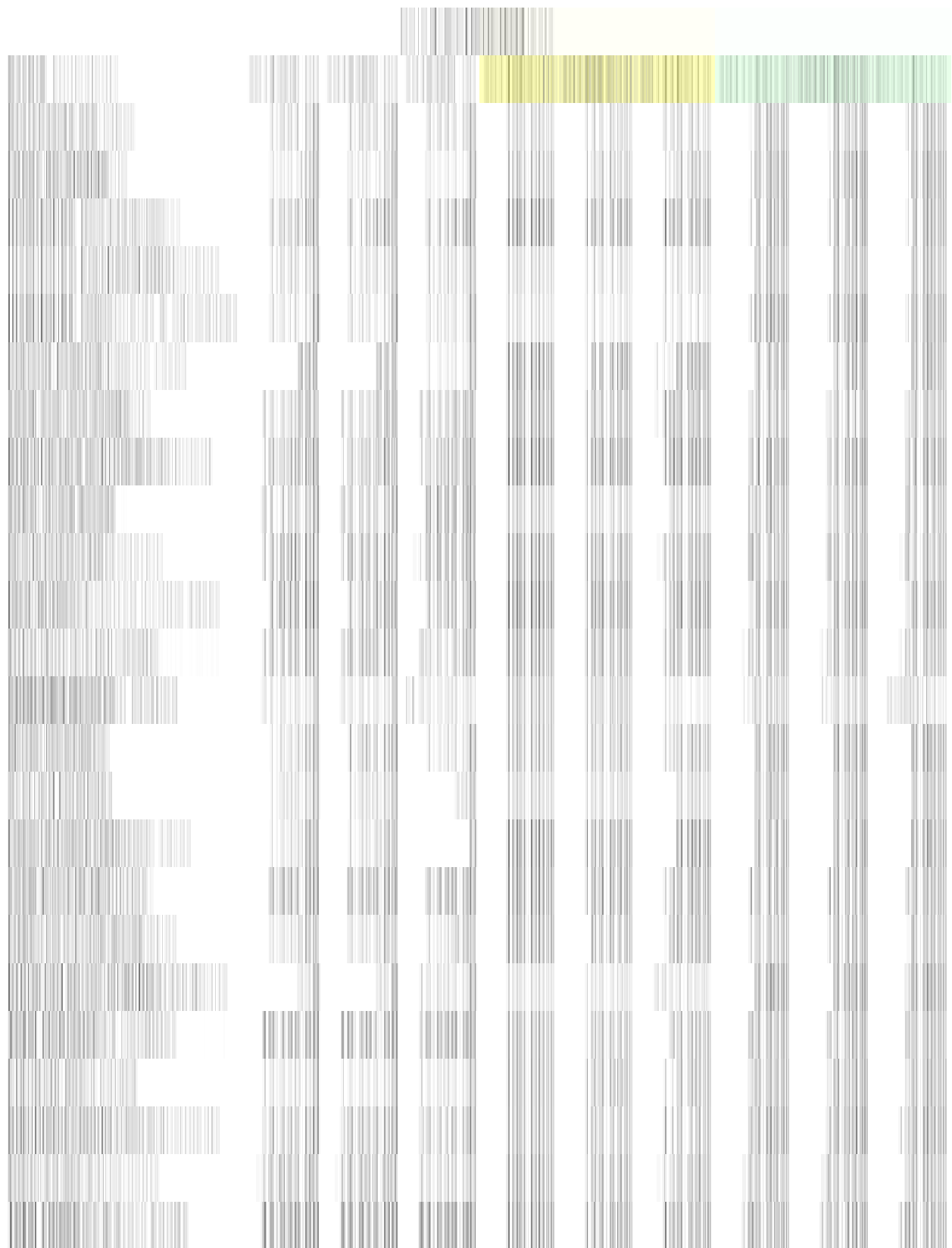
industries. Out of the numerous stocks invested in the winner is 3M and the loser is Atlas Pipeline Partners. Not much of a rational behind choosing these I (Robert Scott Lake) began making trades when directed and without doing any background investigations using word of mouth and intuition, which is not a very good method for choosing stocks. I might as well go to Wall Street and throw my money in the middle of the avenue and call it a day. I did learn a lot from this and will invest in the future, only this time I will use the tools I have learned and make educated decisions before I act.

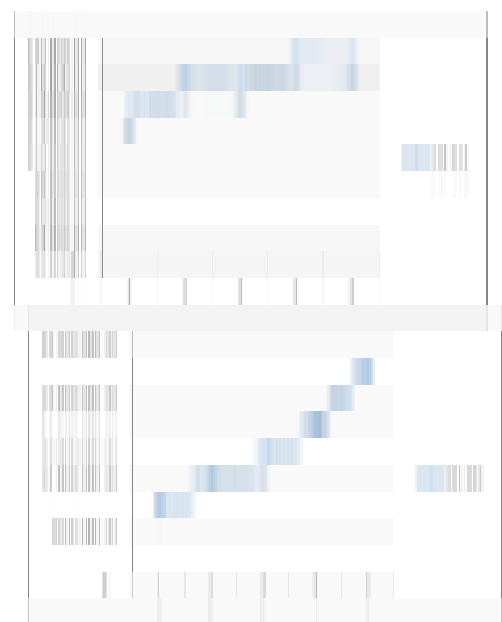
As of 12/12/2014 our portfolio came in 11 out of 37. With a net equity gain of \$1,211.07 and a percent return of 1.21. The biggest losers that sunk the ship are Atlas Pipeline Partners with a -30.93% loss, losing \$1,087.82, and Dow Chemical with -12.42% loss, losing \$615.01. The big winners Rite Aid with 16.04% increase, adding \$39.32 to the portfolio, was the most volatile stock. 3M was the one that carried the mark earning \$2,114.37 with a 15.55% increase. The rest were nickel and dime increases. A few hundred here and there, which is good but nothing to write about.

Financial Statement Analysis:



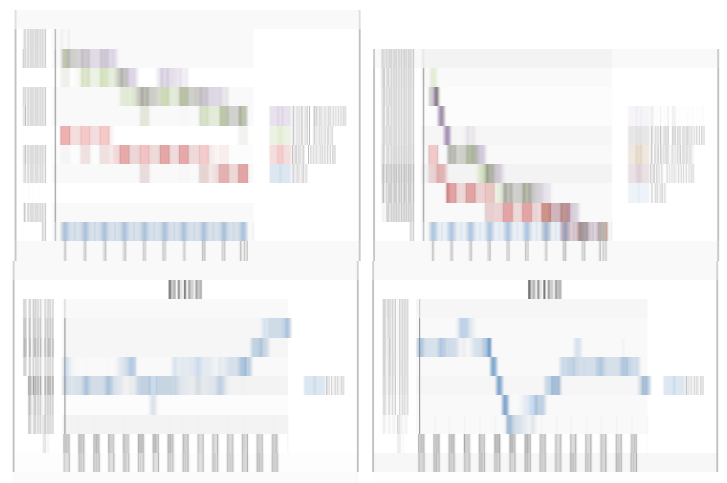
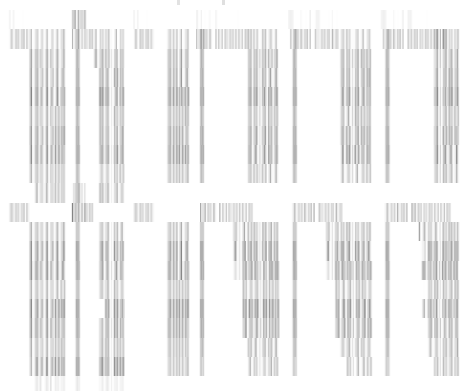
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Ratio Analysis

	MMM	Industry	APL	Industry
Current Ratio	1.70		1.76	
Quick Test Ratio	1.18		0.76	
Total Asset Turnover Ratio	0.92		0.89	
Debt Ratio	0.18		0.07	
Profit Margin	0.15	0.10	-0.07	0.063
Return on Equity	0.27	0.15	-0.07	0.126



Work Cited

Source: Boundless. "Types of Stock Market Transactions." Boundless Finance. Boundless, 03 Jul. 2014. Retrieved 12 Dec. 2014 from <https://www.boundless.com/finance/textbooks/boundless-finance-textbook/security-market-efficiency-and-returns-9/the-security-markets-83/types-of-stock-market-transactions-357-3793/>

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