

Stocks and Bonds



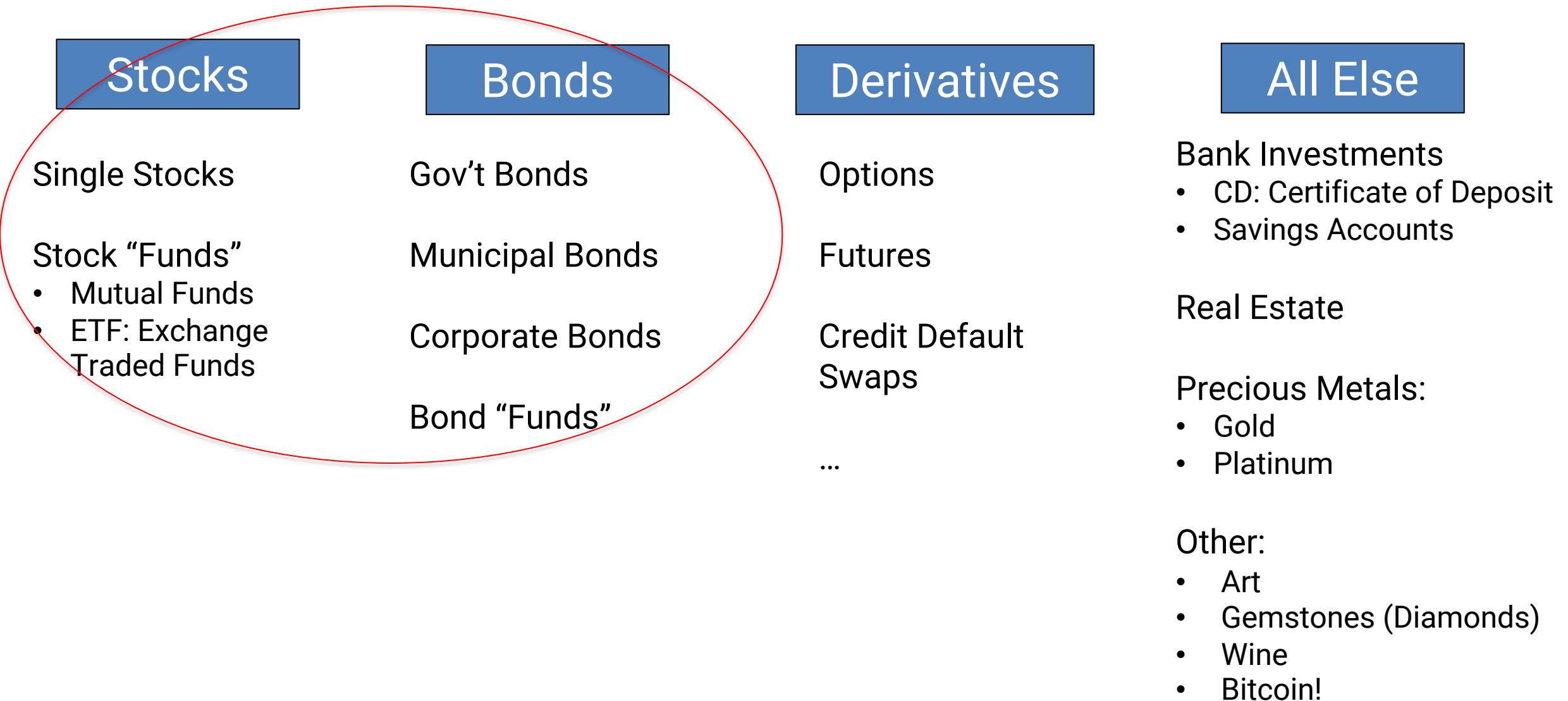
Now that you can calculate your way to becoming a millionaire in 30 years, how do you actually do it?

Safe Harbor Statement

Note: I am not a Financial Advisor. The information contained in this lesson and future lessons is for educational purposes only and not intended to be a recommendation or endorsement for any of the stocks or bonds used as examples, companies discussed that sell investments, or anything that might be construed as investment advice.

If I were a successful Financial Advisor, I would be riding a much nicer bike to class!

Investment Vehicles



So what is “Stock”?

Stock represents ownership in a company.

At the company's inception (and sometimes later in life), the company “authorizes” a specific number of shares of stock.

Some of those shares go to founders of the company, and if lucky, to employees.

The rest are bought and sold by the public (after the company “goes public” after its “Initial Public Offering”, or IPO).

Example. Starbucks has about 1.2 billion shares of stock that trade in the market.

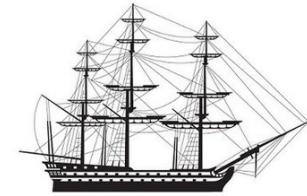
You own 1000 shares of Starbucks. You own a very small % of the company – but you're still a shareholder!.

Howard Schultz, a founder of Starbucks, owns 33 million shares of Starbucks, or 2.75% of the company, and he's one of the top 5 shareholders!*



How Do You Buy Stock?

Plenty of companies, or “brokerage firms” to choose from...



Do some research, and select the one you like, and open an account...and you start “trading”.

Some excellent resources...

A screenshot of the Yahoo Finance website (finance.yahoo.com) displayed in a web browser. The page features a navigation bar with links for Home, Mail, News, Finance, Sports, Entertainment, Search, Mobile, and More... Below the navigation is a search bar and a sign-in button. A banner for ClearBridge Investments promotes "Discover Authentic Active Management". The main content area displays real-time market data for the S&P 500, Dow 30, Nasdaq, and Russell 2000, each with a small chart showing its performance. To the right, there's a link to "U.S. markets closed" and advertisements for TD Ameritrade and E*TRADE.

finance.yahoo.com

A screenshot of the CNN Money website (money.cnn.com) displayed in a web browser. The page has a header with the CNN Business logo and links for Markets, Tech, Media, Success, and Video. The main headline reads "MARKETS". Below it, the website shows the latest percentage changes and specific values for the Dow, Nasdaq, and S&P 500. An advertisement for E*TRADE encourages users to "Open an account".

money.cnn.com

Apple's Stock Price

Apple's Daily Stock Price (AAPL): 2017-2022



Image Source: Yahoo Finance

A Rags to Riches Story...



Howard Schultz
Founder and CEO



<https://youtu.be/LnA7n9qSB7E>

What you hope for...Starbucks (as of 2/28/22)



Image Source: finance.yahoo.com

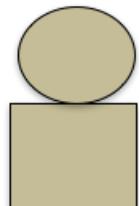
So what is a “Bond”

Corporate Bond



Wants to raise \$1B to fund some new product development.

Issues 10 year “Bonds” for \$1000 each, promising 4% interest per year.



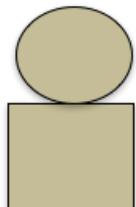
You buy some corporate bonds to diversify your portfolio.

Government Bond



Wants to raise \$50B to fund some new public project.

Issues 10 year “Bonds” for \$1000 each, promising 3% interest per year.



A Bond is like an IOU with interest.

You buy some government bonds to diversify your portfolio.

Government Bond Terminology...

Government Bonds



Short-Term Bonds (<6 Years): “Bills”

Mid-Term Bonds (6-12+ Years): “Notes”

Long-Term Bonds (12+ Years): “Bonds”

Main Takeaways...

- Buying and selling stocks and bonds is simply a matter of opening a brokerage account with a brokerage firm, and start...
- Financial websites such as finance.yahoo.com and money.cnn.com provide a wealth of information about a company and its stock price.
- Stocks represent ownership in a company. When you own stock, you're a shareholder!
- Bonds are similar to loans from a bank – an investor buys a bond, effectively loaning the organization money for the promise of interest in return.

Next Time...

Volatility and Risk



Credits & References

Slide 1: Stocks bonds by Jane, Adobe Stock (68348601.jpeg).

Slide 4: New York, New York, USA - March 14, 2011: Illuminated Starbucks sign in a Starbucks restaurant on 34th street by DW labs Incorporated, Adobe Stock (283741591.jpeg).

Slide 5: Charles Schwab & Co., Inc, Public domain, via Wikimedia Commons.

https://commons.wikimedia.org/wiki/File:Charles_Schwab_Corporation_logo.png (accessed May 1, 2022). E-Trade, Public domain, via Wikimedia Commons, <https://commons.wikimedia.org/wiki/File:ETrade.svg> (accessed May 1, 2022). TD Ameritrade, Public domain, via Wikimedia Commons, https://commons.wikimedia.org/wiki/File:TD_Ameritrade.svg (accessed May 1, 2022). KaramTM, CC BY-SA 4.0 <<https://creativecommons.org/licenses/by-sa/4.0/>>, via Wikimedia Commons, https://commons.wikimedia.org/wiki/File:Logo_Vanguard.jpg (accessed May 1, 2022).

Slide 6: Image source: screenshot from finance.yahoo.com, <https://finance.yahoo.com> (accessed May 1, 2022). Image source: screenshot from money.cnn.com , <https://money.cnn.com/data/markets/> (accessed May 1, 2022).

Slide 7. Apple Stock Price Image Source: Yahoo Finance, 5-Year Interactive Graph (accessed April 6, 2022).

Slide 8: Starbucks logo image source:

https://en.wikipedia.org/wiki/File:Starbucks_Corporation_Logo_2011.svg#/media/File:Starbucks_Corporation_Logo_2011.svg (accessed May 1, 2022).

Slide 9: Starbucks Stock Price Image Source: Yahoo Finance, 5-Year Interactive (accessed April 6. 2022).

Slide 10: Starbucks financial information image source: Yahoo Finance (accessed April 6, 2022).

Credits & References

Slide 11: Caterpillar Inc., Public domain, via Wikimedia Commons. https://commons.wikimedia.org/wiki/File:Caterpillar_logo.svg (accessed May 1, 2022). United States Capitol Building, on Capitol Hill in Washington DC, USA, by 3000ad, Adobe Stock (190125904.jpeg).

Slide 12: United States Capitol Building, on Capitol Hill in Washington DC, USA, by 3000ad, Adobe Stock (190125904.jpeg).

Slide 14: Investment volatility metaphor of riding roller coaster, financial stock market fluctuation rising up and falling down concept, people investors riding roller coaster on fluctuated market by Nuthawut, Adobe Stock (408535511.jpeg).