

# STOCK TRADING FOR BEGINNERS

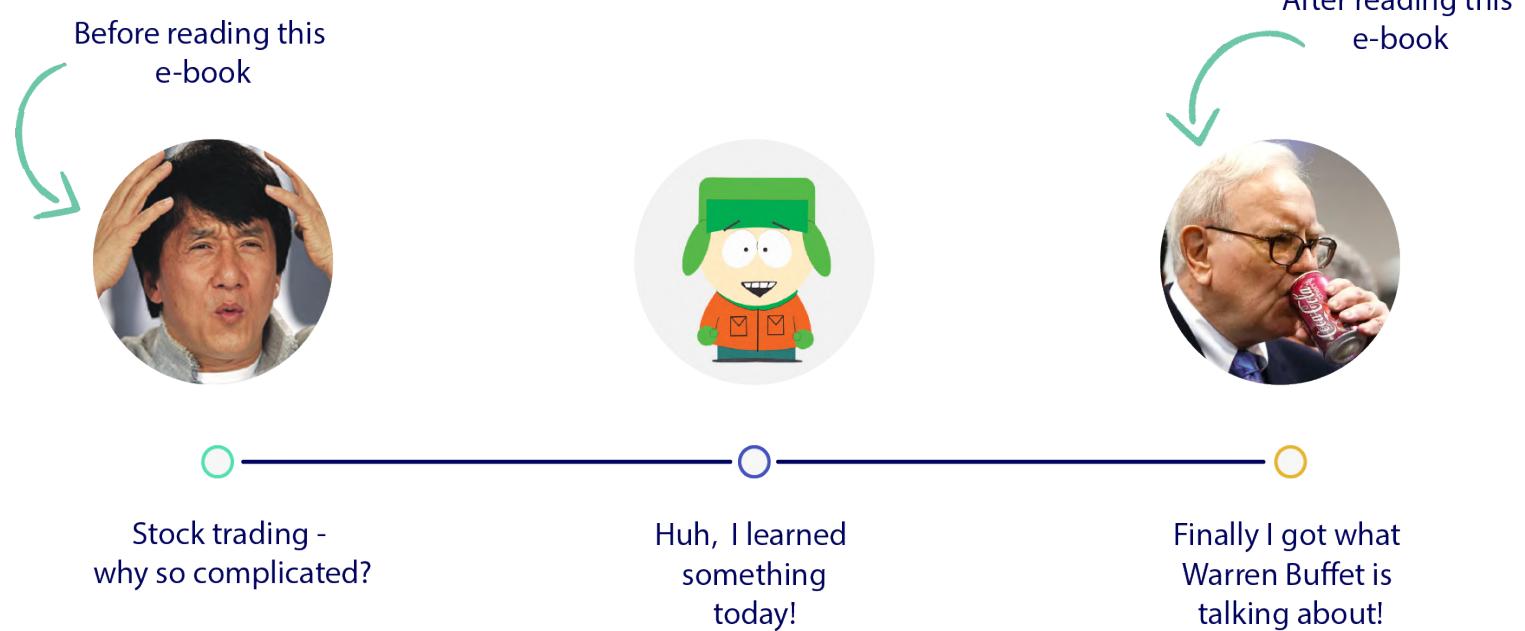


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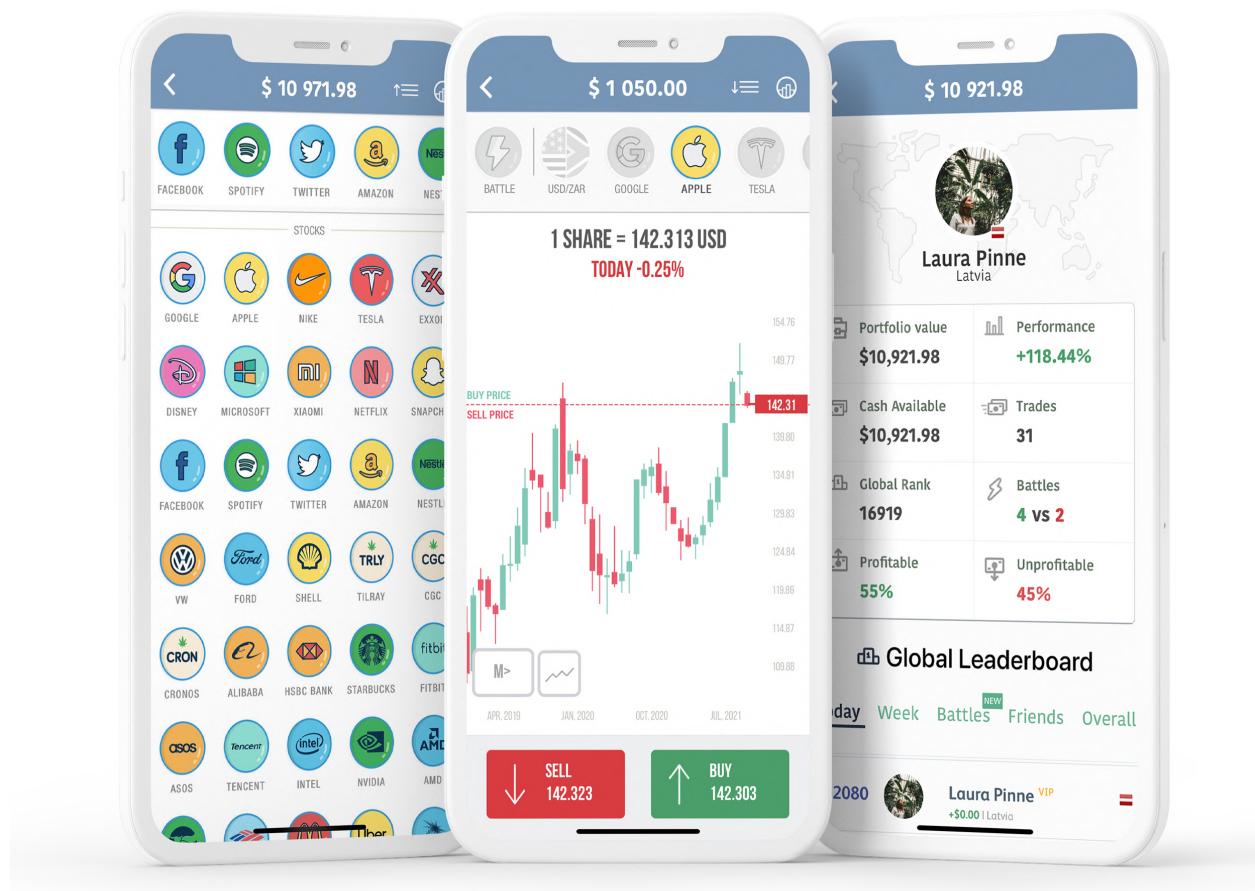
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# WHY INVEST IN STOCKS?



## 1 Control your future

Stocks are super popular with investors thanks to their potential to generate positive returns over months and years. Holding a well-diversified portfolio of stocks can net you much more growth than simply placing your money in a bank account. Great, huh?

## 2 Start with \$100

Unlike some other assets, you can begin stock trading using just a small amount of cash. Many brokers, like [eToro](#) for example, will allow you to trade with \$100 or less – meaning you can start small and work your way up when you feel confident!



## 3 Stop working earlier

Algorithms prove: saving 25% of your annual expenses would enable you to live off the investments you make. This not only ensures that you won't need to work until old age but it will also give you a lot more freedom to do the things you have always wanted to.

## 4 Own a piece of your favorite company

Everyone has heard of companies like Tesla, Apple, and Microsoft. The stock market provides a way for you to invest in these companies! By placing some money in your favorite stocks, you get the double benefit of supporting the company while generating positive returns as it succeeds.



## 5 Protect your cash

Inflation can be tricky to protect yourself against, as it essentially lowers the value of your money over time. By investing in stocks, you'll be able to preserve this value and outrun the inflation – ensuring you get more bang for your buck in the years ahead!

# I WANT TO TRADE BUT I DON'T HAVE TIME



You probably work, and maybe you have a spouse or partner. In addition, you might have children to care for or a college to attend on top of that. No matter what commitments fill your life, it can be difficult to juggle everything. Maybe you need to try copy-trading?

## 🏆 CHOOSE A COPYTRADING PLATFORM 🏆

[eToro](#) is a winner for its easy-to-use copy-trading platform where traders can copy investors across 2300+ instruments. The minimum amount required to copy a trader is \$200.

## 👩‍💻 CHOOSE A TRADER TO COPY 💻

Search for traders by performance, assets, risk score, and experience.

## 💰 CLICK "COPY" AND ENJOY 💰

Click the “Copy” button to start automatically copying the trader’s positions. It's easy!

TRY COPYTRADING

\*68% OF RETAIL INVESTOR ACCOUNTS LOSE MONEY WHEN TRADING CFDS WITH THIS PROVIDER. YOU SHOULD CONSIDER WHETHER YOU CAN AFFORD TO TAKE THE HIGH RISK OF LOSING YOUR MONEY.

# HOW THE STOCK MARKET WORKS?



**1** COMPANIES  
WANT TO RAISE MORE  
MONEY.

**2** THEY DECIDE TO SELL  
PARTS OF THEMSELVES  
("SHARES") TO DO SO.



**3** THESE SHARES ARE  
SOLD ON THE STOCK  
MARKET.

**4** MEMBERS OF THE  
PUBLIC (INVESTORS) BUY +  
SELL THESE SHARES.



**5** THE COMPANY  
RECEIVES THE MONEY IT  
NEEDS TO GROW.

# HOW TO PROFIT FROM STOCKS?

You can profit from stocks in 3 different ways. Let's look into them in detail.

## Rising stock prices

The first way to generate a profit from stocks is a price rise. If you purchase a stock today and the price goes up tomorrow, you can sell it for some quick profit.

For example, if you purchased one Amazon share for \$2k and the price went to \$2,300, you can sell that share for a \$300 profit. This is called generating a capital gain.



## Dividends

The second way to make a profit from stocks is through dividends. Well-established companies usually share their profits with investors. If you own shares of a company that pays dividends, you will be rewarded with a fraction of their profits every year.

McDonald's is just one example of such companies. In 2020, they paid investors \$5.05 per share in dividends. Compared to the stock price at the time, you would generate approximately 5% profit on your investment annually from dividends alone.

 McDonald's	2020	2019	2018	2017	2016	2015
Dividend per share	\$5.05	\$4.73	\$4.19	\$3.83	\$3.61	\$3.44

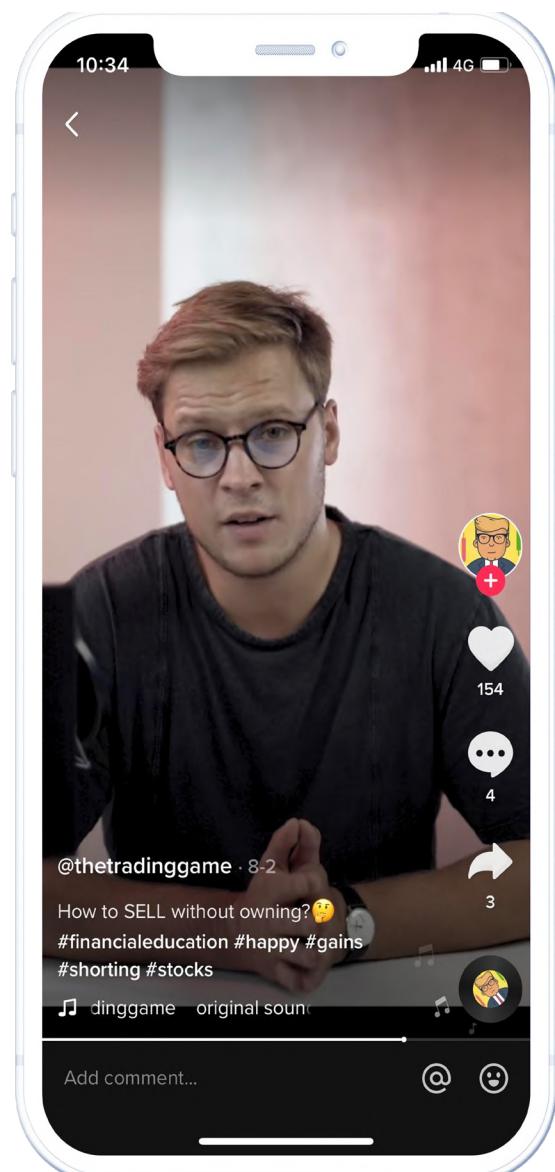
## Falling stock prices

The third way to make a profit from stocks is if their price is falling. Falling prices can generate profits if you know how to use Contracts For Difference (CFDs) and open "short" positions.

CFDs are financial instruments that allow traders and investors to profit from price moves in both directions. A long position will benefit from a price rise, while a short position will be profitable if the price goes down.

If you open a short CFD position and the price moves downward even for a small percentage, you can close that position for a profit at any time.

**Check out this simple TikTok about short selling** 



**Click here to watch** 

# REGULATED STOCK BROKERS



- ✓ MINIMUM DEPOSIT \$50\*
- ✓ SOCIAL TRADING
- ✓ 3 MONTHS LOSING RATE  
68%\*\*\*
- ✓ 0% COMMISSION\*\*\*  
ON STOCKS

[VIEW](#)

- ✓ MINIMUM DEPOSIT \$100
- ✓ USER FRIENDLY PLATFORM\*\*
- ✓ 3 MONTHS LOSING RATE  
77%\*\*\*
- ✓ MULTICARTING TOOLS

[VIEW](#)

\*THE MINIMUM FIRST DEPOSIT IS \$50 FOR CLIENTS FROM AUSTRIA, GERMANY, NETHERLANDS, NORWAY, ITALY, UNITED KINGDOM, IRELAND, SPAIN, SWEDEN, USA. ELSEWHERE IT STARTS FROM \$200.

\*\* PLUS 500 IS THE LARGEST CFD PROVIDER IN THE UK, GERMANY AND SPAIN.

\*\*\*BROKERS ABOVE STATE THE % OF RETAIL INVESTORS THAT LOSE THEIR MONEY WHEN TRADING CFD'S. CFD ARE COMPLEX INSTRUMENTS AND COME WITH A HIGH RISK OF LOSING MONEY RAPIDLY DUE TO LEVERAGE. BETWEEN 74 - 89% OF RETAIL INVESTOR ACCOUNTS LOSE MONEY WHEN TRADING CFD'S. YOU SHOULD CONSIDER WHETHER YOU CAN AFFORD TO TAKE THE HIGH RISK OF LOSING YOUR MONEY.

\*\*\*\*ZERO COMMISSION DOES NOT APPLY TO SHORT OR LEVERAGED POSITIONS.

# TRADING VS INVESTING

Many people do not know the difference between investing and trading. It may seem that these two terms are representing the same thing but there are very distinct differences. The table below shows exactly how these two strategies differ.

	Investing	Trading
 <b>Timeframe</b>	Medium to long term	Short term
 <b>Profits</b>	From rising stock prices and dividends	From rising and falling stock prices
 <b>Instrument</b>	Stocks	Stocks or Contracts For Difference (CFDs)
 <b>Risk</b>	Limited to initial investment	Potentially magnified by CFD leverage

## Investing in stocks

Serious investors usually play the long game with stocks. The end goal is to acquire as many shares as possible over the course of a few years or even decades. Long-term investors will probably not sell when the price is going up and will also probably accumulate more during periods of underperformance. They have very clear goals and they do not deviate from them based on price movements alone.

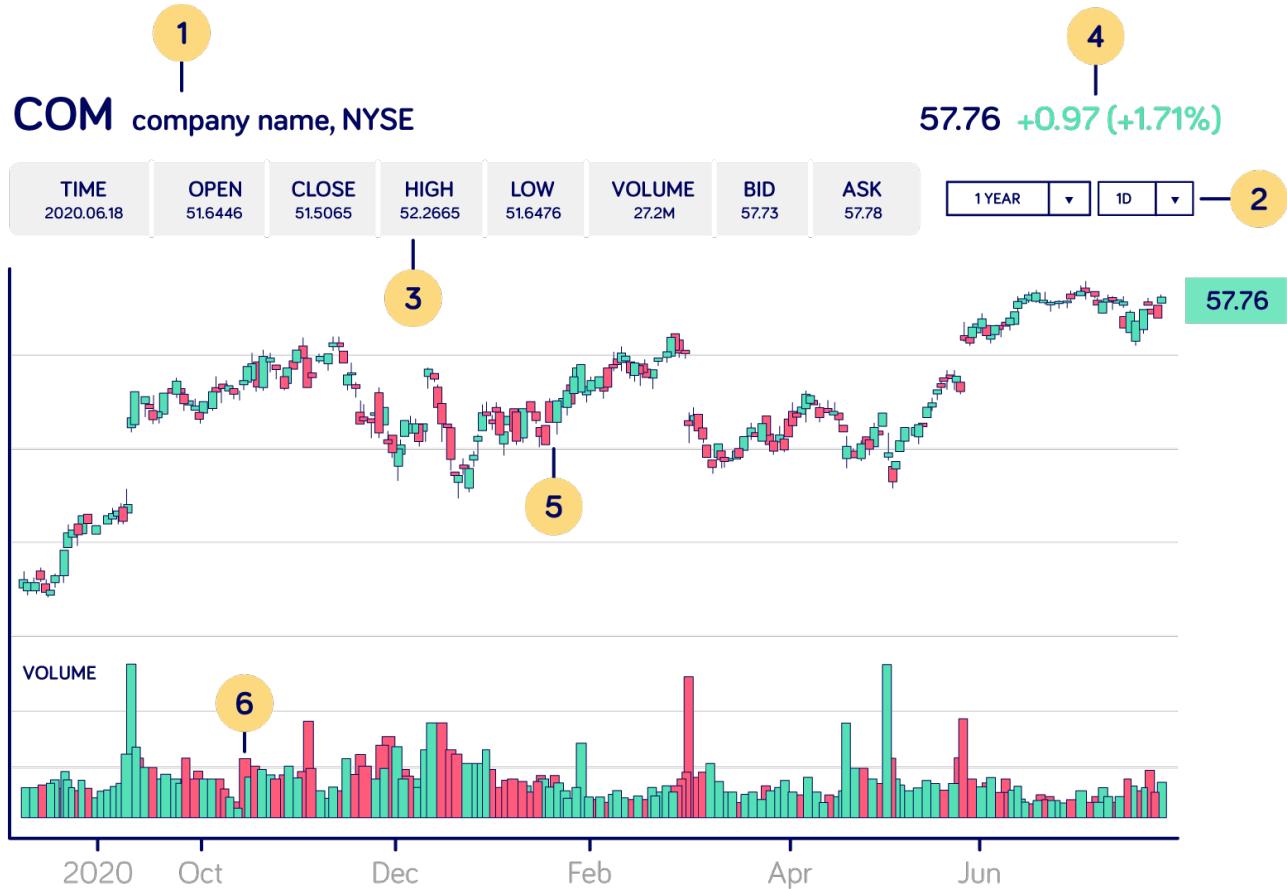
## Trading stocks

Stock traders have a very different mindset. They usually aim for short-term profits rather than long-term accumulation. Traders don't hold on to their stocks for too long. Sometimes they will buy and sell a stock in a matter of hours if that seems like a profitable move. Instead of looking into the long-term plans of a company, traders will look for news and updates that may move the price up or down in the coming hours, days, or weeks.

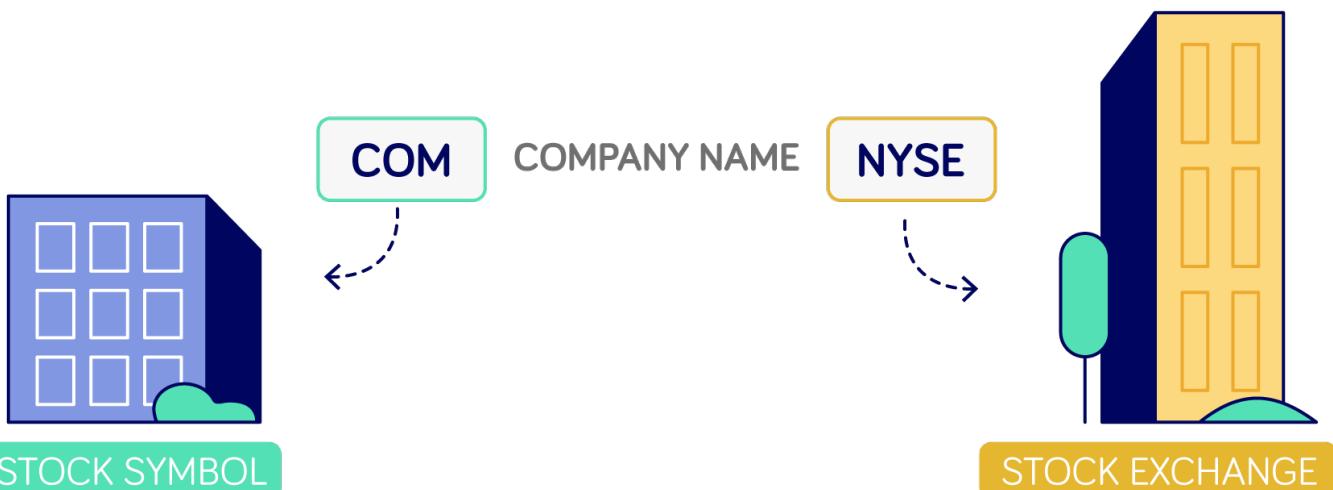
Experienced traders always use the stop-loss order to minimize their losses if their trade ends up being a bad one.

# HOW TO READ A STOCK CHART?

If you're going to actively trade stocks as a stock market investor, then you need to know how to read stock charts. If you're a new trader, you might not know where to begin. In this chapter, you will learn the basics of reading stock charts!



## 1 STOCK SYMBOL AND STOCK EXCHANGE



Also known as TICKER.  
Ranges from 1-5 letter.  
Represents the company

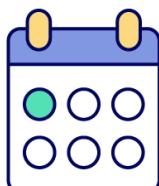
Shows the exchange on  
which the stock is traded.

2

## CHART PERIOD

The time frame used for forming a chart.

It can be:



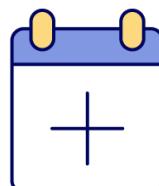
DAILY



WEEKLY



MONTHLY



QUARTERLY



ANNUALLY



Traders usually concentrate on charts made up of daily and intraday data to forecast short-term price movements.



Investors usually focus on weekly and monthly chart to spot long-term trends and forecast long-term price movements.

3

## PRICE CHANGE

Highest price at which the stock traded during the time period

HIGH

51.6446

OPEN

Price of the trade

Last price at which the stock was traded

HIGH

51.5065

OPEN

Lowest price at which the stock traded during the time period

52.2665

51.6476

## 4

## LAST CHANGE

**57.76 +0.97 (+1.71%)**

ASK  
57.78

1 YEAR ▾ 1D ▾



Displays the net change, positive or negative, for the most current (farthest right) bar.

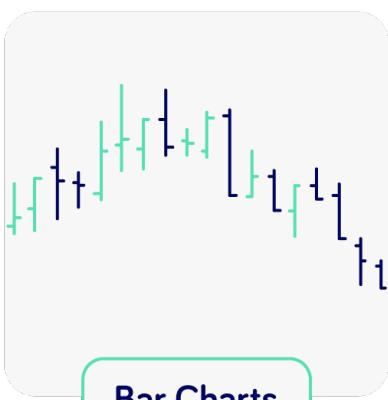
Since we are looking at a daily stock chart this reflects the day's price change, compared to yesterday's closing price. So, this stock had a +\$0.97 (+1.71%) increase in price from yesterday's closing price.

If there was a decline, it would show like this

**-0.97 (-1.71%)**

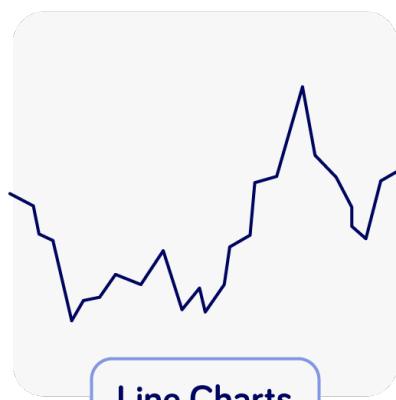
## 5

## TYPES OF STOCK CHARTS



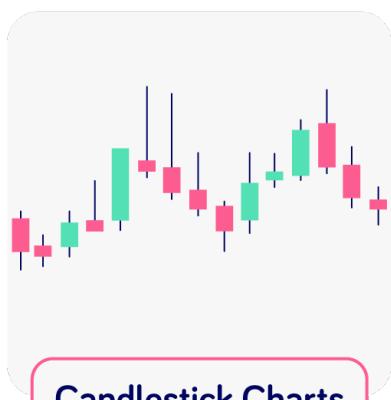
**Bar Charts**

helps you to identify the prevailing trend and to time the entry and exit of your trades.



**Line Charts**

A line chart is the simplest and most basic type of stock chart used to analyze stock market. A line chart shows the direction of the stock's closing price. This quickly gives the stock-chart reader a view of the price trend.



**Candlestick Charts**

Candlestick charts are used by traders to determine possible price movement based on past patterns.

Candlesticks are useful when trading as they show four price points (open, close, high, and low) throughout the period of time the trader specifies.

# WHAT MAKES A STOCK GO UP AND DOWN?

When you look at the price chart for a stock, you'll often see peaks and troughs – these relate to the increases and decreases in the stock's value. On the most basic level, these increases and decreases can be attributed to supply and demand.

To provide an example of this, if there's more demand for a stock than there is supply, the stock price will go up as it's seen as more valuable. Conversely, if there's lots of supply for a stock but not much demand, the price will fall so that the stock is at a more appropriate price level to buy at.

Now, you might be wondering, "What kind of things affect the supply and demand of a stock?". Countless factors come into play, but here are some of the main ones:

## #1 News about the company

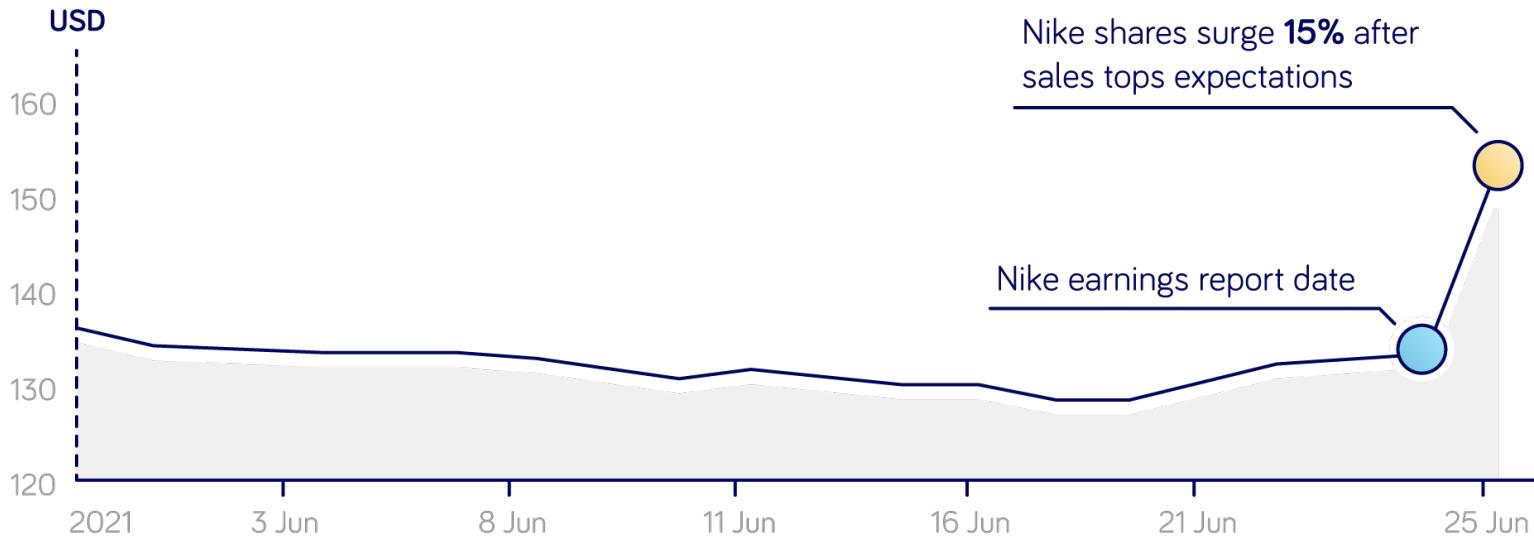


One of the most significant factors that affect the demand for a stock is news regarding the company in question. Think about it logically – if a company received some really bad news, fewer people would want to buy their stock, right? That's pretty much how it works but on a larger scale.

On the other hand, if a company reported some great news (e.g. the launch of an exciting new product), more people would want to buy the company's stock. In turn, this would increase the share price overall!

The pandemic has had an impact on Nike's stock price but one forecast changed that completely. Full-year sales were expected to top \$50 billion and the stock price immediately jumped by 15.5% in just one day, eventually reaching an all-time high of \$154.59.

Nike managed to double their revenue from \$6.31 billion to \$12.34 billion, beating even the Wall Street estimates by more than 1 billion dollars.



## #2 Competition 🤖

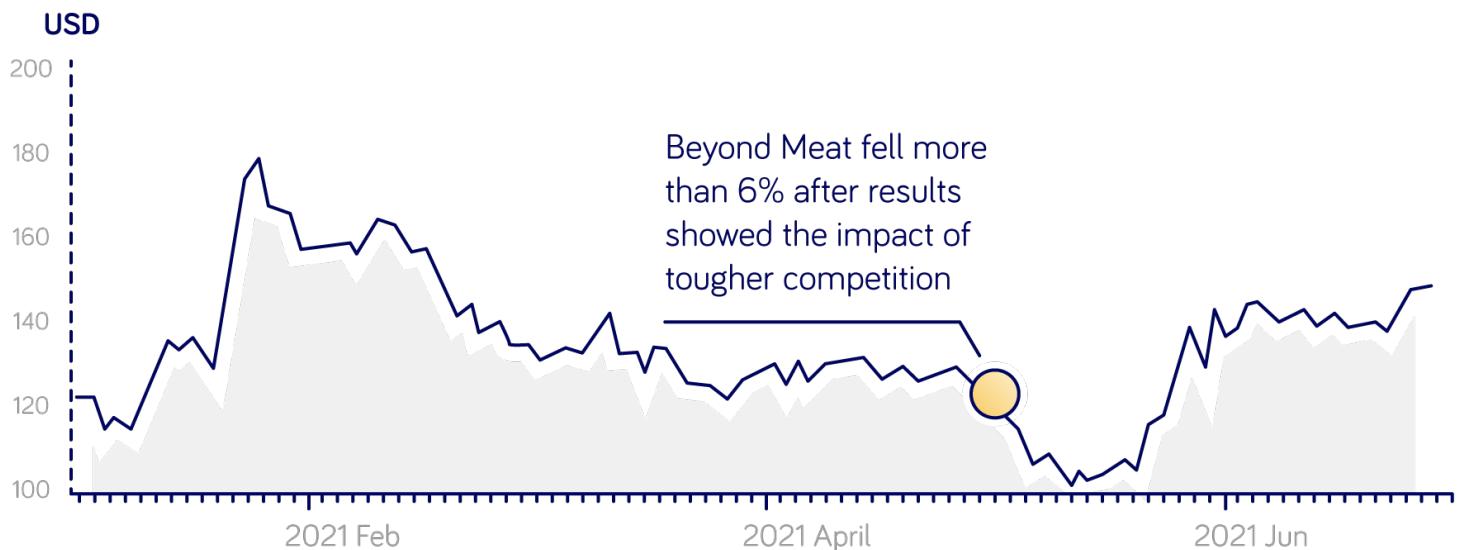
What rival firms are doing is another factor that can influence supply and demand. Imagine you were a Tesla shareholder and Ford announced that they are releasing a brand new electric vehicle with much better features and range. You may be tempted (and other shareholders may also be tempted) to sell your shares and buy Ford shares. If lots of people sold their shares, it would then force the share price down.

For example, the stock price of Beyond Meat was negatively influenced by both the pandemic and rising competition. Since all restaurants were closed and analysts started to become disappointed with Beyond Meat's plant-based meat substitutes in restaurant menus, the stock price of this company fell more than 6% in one day.

The company also needed to increase promotional activities and lowered their prices compared to last year. This resulted in lower revenue which always has a negative impact on the stock price.



BEYOND MEAT®

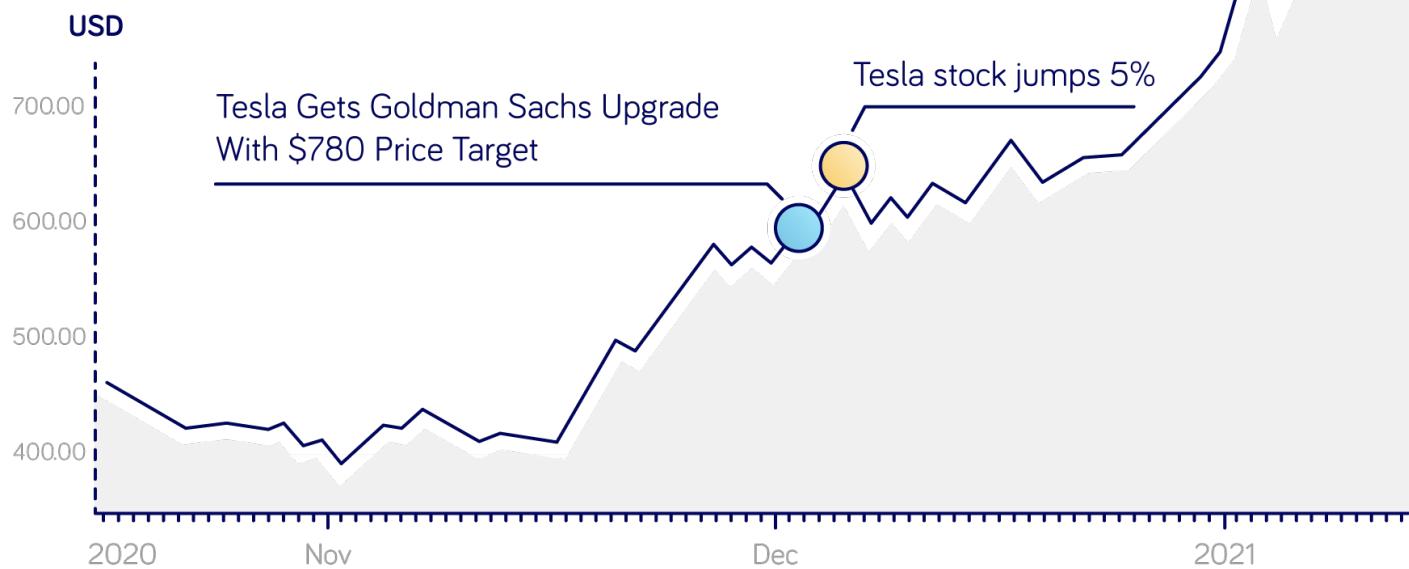


### #3 Analyst recommendations 🧑

Stock analysts from huge companies such as Morgan Stanley, JPMorgan, and Goldman Sachs provide insight into the price potential of various companies. This insight is then translated into either a 'Buy', 'Hold', or 'Sell' recommendation. Many investors will look out for these recommendations as analysts from companies like these will be highly skilled and have access to in-depth information. If a top analyst provided a 'Buy' recommendation for Apple, Apple's share price would likely rise as large numbers of investors would be scrambling to invest.

On December 3, 2020, Goldman Sachs upgraded Tesla from "Neutral" to "Buy" and raised the price target from \$455 to \$780 which fueled a multi-month price rally. This news alone drove the price up by 5% but future forecasts of Tesla maintaining a market share of 20% in the EV market influenced an even bigger appreciation in price.

# TESLA



## #4 External news 📰

As mentioned earlier, company news can really affect a firm's stock price – but so can external news. Reports related to the economy or political statements can influence a company's stock price either positively or negatively, depending on the context. To provide an example, imagine the government announced that they were banning petrol and diesel cars. If this happened, companies such as Ford and Chevrolet would experience considerable declines in their share price as the firms would not be seen as having a high value anymore.

## #5 Investor sentiment 😠😍

Investor sentiment simply refers to how investors 'feel' about a stock overall. As the stock price is affected by large-scale supply and demand shifts, if the vast majority of investors were bearish (e.g. they felt the stock was going to go down), the chances are that's what would happen! What tends to happen is that more and more people pile on the bandwagon when the sentiment turns negative – which then makes the share price fall even more!

 The Irish Times

European shares dip as fears of a fresh Covid wave dull sentiment

European shares dip as fears of a fresh Covid wave dull sentiment ... The 26 per cent slump in Deliveroo Holdings' flotation price to 287.45 ...

2021. gada 31. marts



# WHAT IS A STOCK MARKET INDEX

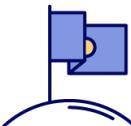
There are actually over 100,000 publicly traded companies in the world to choose from. Luckily, the use of a stock market index can help define a particular market, as well as track its performance in a way that is easy to reference.

## MAIN MARKET INDICES

Following are the three most-followed indices in the US stock markets

<b>1</b>	<b>DJIA</b>	<b>2</b>	<b>S&amp;P 500</b>	<b>3</b>	<b>COMPOSITE</b>
Dow Jones Industrial Average	Standard & Poor's 500 Index	Nasdaq Composite Index			
Represents about a quarter of the value of the entire U.S. stock market.	It represents about 80% of the total value of the U.S. stock markets and therefore gives a good indication of movement in the U.S. marketplace as a whole.	Its movement generally indicates the performance of the technology industry.			

## STOCK MARKET INDICES MAY CLASSIFIED IN MANY WAYS:

				
<b>Global</b>	<b>Regional</b>	<b>National</b>	<b>Industry</b>	<b>Exchange</b>
Includes stocks from multiple regions and types of business	Stocks that are defined by geography, like Asia, Europe, Southeast Asia, etc.	Indices composed of the stocks of large companies listed on a nation's largest stock exchanges	Specialized indices tracking performance of industries, like electronics, energy, finances, etc.	Indices may be based on one exchange or group of exchanges.

## FACTORS THAT INFLUENCE INDEX MOVEMENTS

			
Corporate and economic reports	War and terrorism	Domestic and foreign political events	Natural disasters

# SIMPLE STOCK TRADING STRATEGIES

Stock trading strategies may seem rigorous but they are more than flexible. If you try implementing one strategy and it ends up exceeding your risk tolerance or schedule, you can always make slight changes and fine-tune it until it fits your personal preference.

We will look into six different trading strategies so hopefully, you will find one that you are comfortable starting with. Take your time to try and understand all of them in detail. Determining a comfortable risk/reward ratio early on is always better than making an irreversible mistake.

	Dividends stocks	Value stocks	Growth stocks
 <b>Timeframe</b>	Short to long term	Mid to long term	Mid to long term
 <b>Risk Level</b>	Lower	Medium	High
 <b>Valuation</b>	Fair	Undervalued	Overvalued
 <b>Growth Potential</b>	Low	Medium	High
 <b>Market Cap</b>	Mid - large cap	Mid - large cap	Small - large cap
 <b>Pays Dividends?</b>	Yes	Yes	No

## **Value investing**

Value investors evaluate the "intrinsic value" of a stock based on the company behind it. Once a relative price is established traders can then determine if the stock is trading below or above the target price. If the stock is trading below the target price it is time to buy more and if the price goes above a certain limit, it would be best to sell and wait for a better opportunity.

## **Growth investing**

This strategy focuses on fast-growing companies. Companies that scale fast and grow at a rapid pace can bring investors bigger returns in the short term but due to their volatile nature, the stock price will probably follow their growth pace. Usually, these stocks are highly volatile so they are considered "high risk - high reward".

## **Small-cap investing**

This one is more attractive for investors that are looking to get into stock at an early stage. Investors that utilize this strategy look for companies that have a market cap at or below \$2B (the price of stock times the circulating supply of said stocks). Just like growth investing, this strategy can generate high returns but it also comes with high-risk potential. Volatility in price is almost always guaranteed.

## **Quality investing**

A quality investing strategy is simply putting money into high-quality companies with a strong balance sheet and good track record. These companies are almost always resilient to change and volatility so they can be a great hedge against downturns in the market.

## **Dividend (income) investing**

Investing in dividends is usually more popular with the older generations. This type of investing relies on dividends that are paid out every year and dividend investors actively look for these opportunities. Usually, older investors will go down this route as it is a great source of passive income and the stock price is rarely volatile.

# HOW TO READ A BALANCE SHEET

A lot of beginner investors get a feeling that balance sheets are hard to read but there are a few key features that you can focus on in order to make it a lot simpler than it seems. If you want to determine the health of a company just look at their debt, cash on hand, and the number of shares in circulation. In general, debt and the number of circulating shares should be going down, while cash on hand should be increasing. If something seems odd be sure to take a closer inspection.

Every quarter, companies are required to file a financial report. These can usually be found on their website in the financial section, but you can also look for them on financial websites like Yahoo Finance. If you are new to investing don't be fazed by the complexity of these reports. Once you get the hang of things they will be very easy to read and evaluate.

## #1 Cash & Cash Equivalents

This represents the amount of cash a company has on hand. You should always compare it to the previous reports to see if the numbers are going up or down. Usually up is good and down is bad but that is not always the case. Companies can use this cash to pay off debt and pay dividends to investors or even invest to scale and grow the company.

If the debt is going up that can be a bad sign but you will need to figure out why that is happening. If the company is borrowing money to make an investment that will earn even more in the long run, then debt isn't such a bad thing.

### Apple Inc. (AAPL)

NasdaqGS - NasdaqGS Real Time Price. Currency in USD

**148.89 +3.03 (+2.08%)**

### Balance Sheet

Breakdown	9/29/2020	9/29/2019	9/29/2018	9/29/2017
▼ Total Assets	323,888,000	338,516,000	365,725,000	375,319,000
▼ Current Assets	143,713,000	162,819,000	131,339,000	128,645,000
> Cash, Cash Equivalents & S...	90,943,000	100,557,000	66,301,000	74,181,000
> Receivables	37,445,000	45,804,000	48,995,000	35,673,000

## #2 Long Term Debt 💰

This information can be found in the liabilities section and is a great indicator of the long-term health of a company. If the numbers are lower than last year, this means that the company is working toward eliminating its debt. This could indicate that management has a good grasp over the company and is willing to put extra efforts towards repaying their debt.

Again, numbers may be bigger than last year if this cash is allocated toward a strategic investment that will benefit the company in the long run.

### Apple Inc. (AAPL)

NasdaqGS - NasdaqGS Real Time Price. Currency in USD

**148.89 +3.03 (+2.08%)**

### Balance Sheet

Breakdown	9/29/2020	9/29/2019	9/29/2018	9/29/2017
✓ Total Assets	323,888,000	338,516,000	365,725,000	375,319,000
> Long Term Debt And Capit...	98,667,000	91,807,000	93,735,000	97,207,000
> Non Current Deferred Liab...	-	-	3,223,000	34,340,000
> Receivables	37,445,000	45,804,000	48,995,000	35,673,000

## #3 Total Shares Outstanding 💰

When looking into a balance sheet be sure to check the number of shares available in circulation. Preferably their number is constantly going down which is a very good sign for investors. When a company goes public they issue a certain number of shares to be sold to early investors. As the company grows it should have a buyback program that takes these shares off the market and puts it on the balance sheet. With younger companies, you can even see this number going up which isn't necessarily a bad sign but only if the company is putting that extra cash to good use.

Share Issued	16,976,763	17,772,944	19,019,944	20,504,804
Ordinary Shares Number	16,976,763	17,772,944	19,019,944	20,504,804

# HOW TO READ AN EARNINGS REPORT?

Understanding the value of earnings is probably the most important thing you should be doing before you get into investing. Everyone from the smallest investor to the CEO of a large corporation is obsessed with this number, but why is that? We will try to break it down as simply as possible.

## What Are Earnings?

In simple terms, earnings represent the profit of a company. If a company is selling a product, you should subtract the costs of producing that item from the revenue generated by the sales to determine their earnings. It is good to know that this is just a simplified way to do the math because the accounting process is a bit more complex. If you are confused with many different terms used by investors, you should know that the terms profit, net income, bottom line, and earnings all refer to the same thing - earnings.

## Example of eToro earnings calendar

COMPANY SYMBOL	SECTOR	MARKET CAP	EXPECTED	WHEN	EPS
 WMT Walmart Inc.	Services	419.01B	2021-08-17	Before Market Open	1.315
 HD Home Depot Inc	Services	352.28B	2021-08-17	Before Market Open	3.2473
 A Agilent Technologies Inc	Healthcare	48.32B	2021-08-17	After Market Close	1.1094
 JKHY Jack Henry & Associates Inc	Technology	13.16B	2021-08-17	After Market Close	1.3117

## Earnings Per Share

This number may be a bit more tricky to calculate but it is not that complicated. Companies usually have a set number of shares circulating in the free market. To know how much the company is earning per share you should divide their total earnings by the number of shares outstanding.

Here is an example of an EPS calculation. Company A has earned \$1M in the past year and company B performed exactly the same but there is a slight difference. Company A has 1 million shares outstanding, while company B has only 500,000 shares outstanding. When we divide their earnings by the number of shares in circulation, we can conclude that company A has a \$1 EPS while company B has a \$2 EPS value.

## Why Are Earnings Important? 🤔

Earnings are the main factor driving stock prices. If a company is reporting high earnings, this usually implies a rise in the stock price and the same goes for underperformance but the price reacts in the opposite direction. A rising stock price indicates that investors are optimistic about future earnings but this may not always be the case.

During the dot com bubble, there were numerous examples of investors making completely wrong assumptions. The internet boom made everyone optimistic about the upcoming technology so people were investing money into almost anything that had a connection with the internet. Prices were constantly going up and when reality hit the bubble burst completely. The vast majority of companies simply couldn't generate as much revenue as investors were expecting.

Profitable companies have two ways of handling their profits. The first option is to reinvest in the product/service they are offering, improve it and try to generate even more revenue. In this scenario, investors will not get a share of profits but will probably benefit from the rising stock price.

The second option is to do a buyback program and pay out dividends. While smaller companies will almost always reinvest profits to maximize investor returns, well-established businesses will share their profits with shareholders through dividends, if they don't have any immediate plans of reinvesting or a stock buyback.

# HOW TO PICK YOUR FIRST STOCK?

Buying your first stock can be a fun way to learn more about investing and find out whether it's something you want to do more of. It's the perfect way to dip your toe into the water of stock investing. So let's talk about the steps you'll need to take to pick your first stock!

## #1 Choose a Business You Understand 😎

The best way to invest is to get involved with the stocks you understand, meaning that you are familiar with their business model. For example, if you don't know the inner workings of oil and gas companies, you probably shouldn't invest in them. When the market makes sudden moves you will not know why and how that happened so panic selling or FOMO may kick in. You definitely want to avoid this.

There is a simpler way to find stocks you will understand, even if you are completely new to investing. If you put your money in the following businesses it will probably be a good investment:

-  Places you spend money at
-  An industry you work at
-  Car manufacturers you actually like and use
-  Places (both online and offline) where you shop and spend money

The simple logic behind this strategy is that there are more people like you doing the same thing and, in turn, generating revenue for these companies. If you like a car, there is a high chance a lot of other people like it as well, meaning that the car company behind it will probably be good to invest in.

## #2 Financial Strength 💰

A company you want to invest in should have a strong financial background. For a stock to be considered a safe investment, the company behind it should have a strong track record, good reputation, and transparent financial reporting. Here are a few indicators that should help you identify a good investment opportunity:

- 💰 Consistent growth in both revenue and net profit
- 💰 They have more cash on hand than debt
- 💰 Reasonable P/E ratio
- 💰 A dividend payout ratio below 100%
- 💰 High gross and net margin
- 💰 High return on equity

At the end of the day, a company you are investing in should be consistently profitable.

## 3. Visionary Leadership 🕵️

Before investing in a company be sure to look into their management because they are the ones making important decisions. Their management should be honest with a good track record but they should also own the company stocks. This way you will know that they are working in your best interest because stock price fluctuations will affect their wealth as well.

If an executive owns a high percentage of the shares they will probably want to keep the company profitable for their own benefit as well as yours. A few indicators of great management are:

- 💡 Passionate and dedicated
- 📰 Straightforward with both good and bad news
- 🤝 Has high integrity

#### 4. High Growth Prospects 💰

Lastly, you should be able to evaluate the growth runway of a company. They should be aiming for consistent growth but also have room for it. This means that their financial management is long-term oriented so the stock prices should rise in value as well as the whole business.

High-risk stocks also have a high potential and can be attractive to beginners but if you are looking for a safe long-term investment always choose a safe bet. Consistent growth and a proven track record should be your highest priority.

## 💡 WARREN BUFFETT'S INVESTMENT TIPS



TO INVEST, BUSINESS  
MUST HAVE/BE ⤵

WARREN BUFFETT'S FORTUNE IS  
WORTH MORE THAN \$100 BILLION ,  
ACCORDING TO FORBES.

1. UNDERSTANDABLE
2. FAVOURABLE LONG-TERM PROSPECTS
3. HONEST AND COMPETENT LEADERS
4. ATTRACTIVELY PRICES

# HOW TO BUILD A DIVERSIFIED STOCK PORTFOLIO

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It is a well-known fact that saints don't work on Wall Street. Companies that have grown for decades can always make irreversible mistakes and that is why you shouldn't just rely on research. 🤞 No matter how much effort you put into researching a company there is always a chance that your investment will go to zero.

Investors do have an option to minimize risk by investing in many different great companies that have a good track record and reputation - Google and Apple are such companies. You can't really expect any of those to go bankrupt in the near future but no one can predict what will happen in the long run.

**!! Keeping all of your eggs in one basket is never a good idea so be sure to spread your investment accordingly. !!**

A general rule of thumb for new investors is to have around 12 different companies in their portfolios in the first year of investing. Diversifying too little will increase investment risk while diversifying too much will minimize the returns more often than not.

**Here are a few things you should know:**

## Market Cap

Investing only in big companies will leave you with very little room for growth while only investing in small caps could wipe out your entire portfolio. 🙄 Experienced investors look for balance and usually hedge their small-cap bets by also investing in well-established companies.

## Sectors

There is opportunity in every sector so be sure to explore a few of them before making your final decision. This strategy also hedges from unforeseen economical conditions. For example, a drop in oil prices will have negative effects on oil stocks but it will benefit FedEx and Airlines. This is why spreading your investment between sectors is always a good idea.

## Geography

It is important to know how much of an impact an economic crisis in one country could hurt a company you are invested in. Since the global economy is constantly changing it is not as easy to predict where every country will be in a few years or decades. For example, if the US gets hit by an economic crisis it wouldn't affect McDonald's and CocaCola as much as it would affect Chipotle. The first two generate revenue outside of US borders while Chipotle relies on a stable US economy.

## Asset Classes

Investing in stocks isn't the only option out there. Investors can also put their money into government bonds and real estate to further protect their capital. Usually, the younger generations will start with stocks until they build up a good portfolio and slowly transition to bonds and real estate at an older age. This helps them protect their wealth and have a guaranteed income stream.

# HOW TO INVEST \$1000



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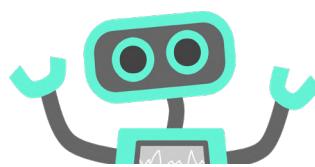
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FOOD AND BEVARAGES

PHARMA AND HEALTH CARE

AI AND ROBOTICS

IT SOFTWARE



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- NESCAFE
- BEYOND MEAT
- COCA COLA

- PFIZER
- JOHNSON AND JOHNSON
- MODERNA

- IBM
- NVIDIA
- INTEL

- FACEBOOK
- APPLE
- AMAZON
- MICROSOFT

# BEST STOCK TRADING FOR BEGINNERS



The Motley Fool

## 4 Streaming Video Stocks That Have a Killer Advantage

We're enjoying more entertainment than ever from our homes, but these stocks have a leg up on the competition.

 **Rick Munarriz** (TMFBreakerRick)  
Aug 16, 2021 at 11:55AM  
Author Bio

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### Key Points

- There are a lot of players in streaming these days, but only a handful have legit advantages over the competition.
- Netflix and Disney have unmatched content catalogs for a reason.
- Roku and fuboTV have unique advantages to make them stand out against more established names in their markets.

Where should you invest \$1,000 right now? 

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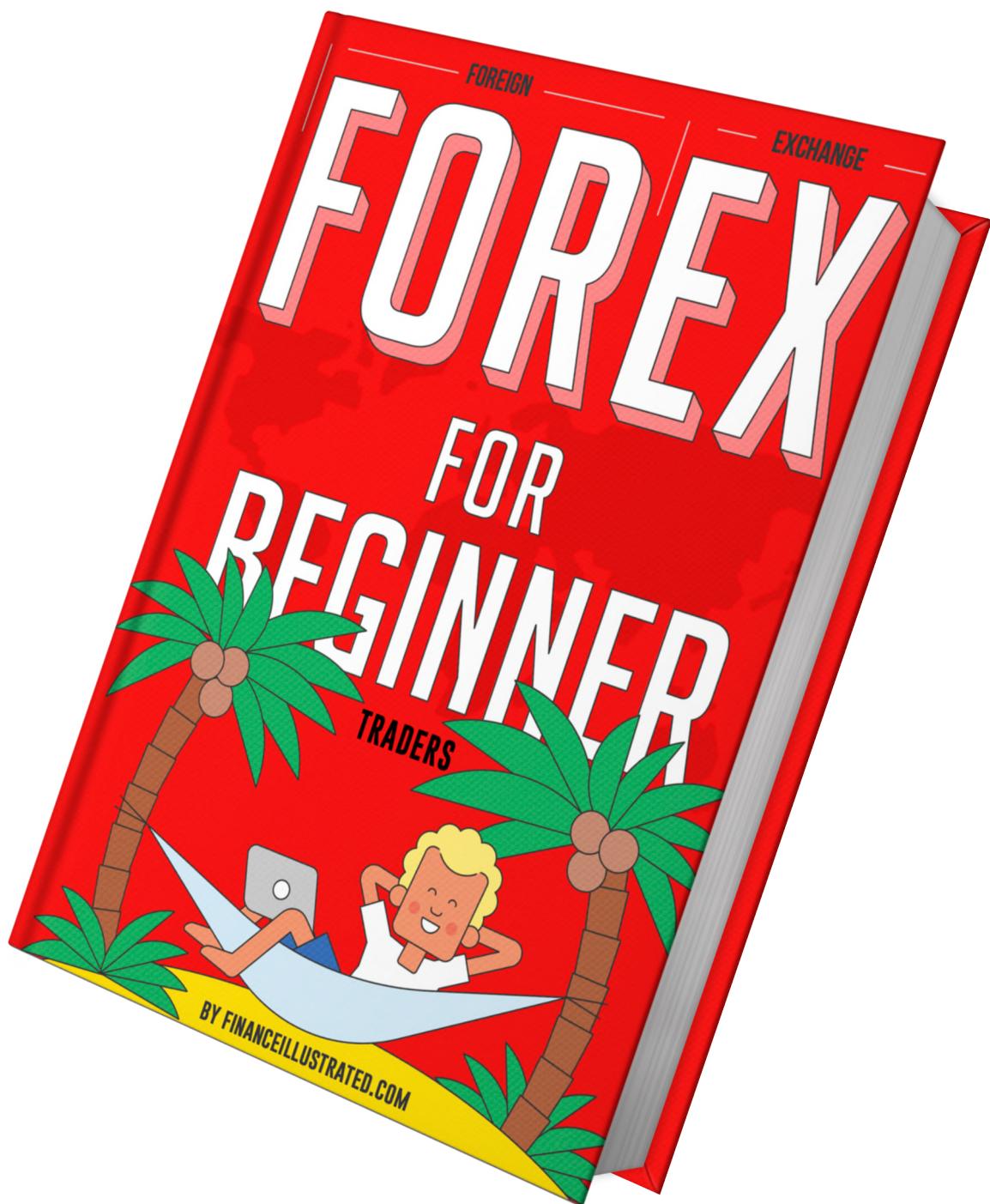
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