

Finance – Personal Investing Workshop

❖ Introduction

- Why Invest?
 - Most valuable asset = TIME
 - Compounding

❖ Investment Vehicles

- Bonds
 - Debt – sold by government and corporation to raise money for other purposes
 - Bonds pay interest semiannually, providing a predictable income stream
- Stocks
 - Equity (share) – ownership of a corporation
 - Prospect of not working
 - Make money by investing in companies you trust
- Mutual Funds
 - Collection of stocks and bonds
 - Open-ended: flexible buying/selling time
 - Professionally managed portfolio with varied strategies
 - Large stocks, small stocks, government bonds, corporate bonds, global, domestic

❖ Tips & Strategies

- Invest early
- Begin with minimum amount of money
- Never a *right* time
- Never borrow money
- Diversify, take risks, research & stay informed
- Research Tools
 - News (Bloomberg, NY Times, Wall Street Journal)
 - Websites (Yahoo! Finance, Marketwatch)
 - Research Tools (10-K, 10-Q)
- Common Errors
 - Don't
 - “Buy high sell low”
 - Buy on hot top & rumor
 - No investment plan
 - Get emotionally attached
 - Low-priced stocks get you more money
 - Do's
 - Keep it
 - *Always* research
 - Keep yourself updated with World News
 - Identify trends
 - Use ratios

❖ Reading Stock Quotes

- Broad market analysis
 - Indices confirm price movement
 - Gain further insight into the securities within technical analysis
 - Major indices: S&P 500, Dow Jones, NASDAQ

- Sector analysis
- Individual stock analysis
 - Technical Analysis
 - Short term
 - Chart reading
 - More risky
 - The *Three Principles* (market actions discount everything, history always repeats, prices move in trends)
 - Bullish vs. Bearish Market
 - Support & resistance lines
 - Moving averages
 - Fundamental Analysis
 - Long term
 - Company performance
 - Ratios (EPS, P/E ratio, P/B ratio, Debts to Assets ratio, profit margin)

❖ Buying & Selling

- Full-service broker
- Online/discount broker
- Online Investing & Trading Websites
 - Charles Schwab, Vanguard, E-trade, Scottrade