

HOW TO SUCCESSFULLY **INVEST** IN STOCKS

**WHY ARE THEY APPROPRIATE EVEN FOR
BEGINNER INVESTORS**

www.educationforinvestors.com

WHAT YOU'LL FIND IN THE E-BOOK:

- How to buy stocks
- Choosing the right stocks
- Why are stocks appropriate tools even for a beginner
- Easy strategies for long-term investing

Autor e-booku: Škola investora, www.skolainvestora.sk

How to invest in stocks

Apart from which tool you decide to use to trade, you will also need to learn how to get started. Here are the basic steps to invest in stocks:

The difference between trading and investing



TRADING – usually involves holding positions for a short period of time

INVESTING – This means you'll be buying and keeping stocks for longer periods of time

Therefore, it is important for you to decide what is best for your money. Are you interested in long-term growth, short-term, or day trading?

- The basic rule is to never invest more than you can afford to lose. Part of that decision often involves deciding whether you're ready to start now or whether you'll wait until you have more funds saved.

- You will need to select a broker offering the services and products you have decided on. Also, be sure to choose a broker that is reliable, trustworthy, and offers reasonable fees.
- Learn how to use the investment platform and how to trade on it. It is best to create a DEMO ACCOUNT
- Reinvest some of the profit back into your portfolio and build your wealth

Why invest in stocks?

Nowadays, more and more people are looking for ways to value their money and thus prevent the real thinning of their savings due to inflation.

Experienced people know how to find a suitable broker themselves based on reviews and recommendations. However, there are many beginners or people who need advice on choosing a platform and a broker.

Why exactly stocks?

The most traditional way of investing is the purchase of shares of companies listed on stock exchanges. By purchasing a share, the investor acquires a share in the company, which also brings him a possible share of the profit. Investing in company shares generally entails a higher degree of risk, but this is balanced by the possibility of high returns in the order of tens of percent per year.

Shares are equity securities, which means that their owners own a proportionate share of the company. Put simply, shares are small pieces of a company, and buying them gives the owner a theoretical right to a portion of any profits.

Holding shares is therefore interesting for investors for two main reasons. First, there is the profit share in the form of dividends, which the company may or may not pay out, whether it generates a profit or not. The second reason is the income from the capital evaluation of the shares, or the difference between the purchase and sale price. When we then add the capital and dividend yield, we find the total yield on the stock.

How to choose the right stocks?

Holding events is interesting for investors. They get a share of the profits in the form of dividends, which the company may or may not pay out, whether it generates a profit or not. The second reason is the income from the capital evaluation of the shares, or the difference between the purchase and sale price. When we then add the capital and dividend yield, we find the total yield on the stock.

You can actively manage your free funds and enter the world of trading without unnecessary mental and time burdens by investing in stocks for the long term. Stock traders are much more profitable in the long run than the average successful day trader, which is a great premise for beginning traders. Since there is no leverage effect, the trader has a chance not to burn out at the beginning and to get used to the specifics of stock trading in relatively calm waters.

The goal of the beginner investor is to find such stocks that are undervalued and promising from the point of view of future growth. Look for stocks that will be priced below their value and so that the market is assumed to at some point balance the disproportion between the value and price. You can find out the value of a share using fundamental analysis tools or on financial websites.

Simple strategies for long-term investing

The best time-tested strategy for long-term investing is that patience and simple principles win. It is pointless to immediately embark on complex investment approaches bordering on academic theory, which take considerable effort and time to apply in practice.

If you do not know or do not want to deal with the selection of specific stock titles and want a greater evaluation, then choose a regular purchase of ETFs or CFDs of leading stock indices. The most well-known are the American S&P 500, the Dow Jones Industrial Average (the 30 largest US companies), the technological Nasdaq Composite, the Japanese Nikkei 225, the German DAX, or the European EURO STOXX 50.

Regularity is essential in this strategy. For beginning traders, the easiest way is to choose a target amount of investment for each year and start spreading it out within the framework of monthly purchases. This way you avoid local positive and negative fluctuations, and you don't have to deal with the psychological aspect of trading.

The second approach and strategy to buying stocks are to find the best performing funds and see what they have bought and buy it too.

What are Blue Chips shares

The term blue chips define large companies that have a high weight on the stock market in terms of annual turnover and market value. The income of these companies is usually provided by the sale of high-quality and established products and services.

Blue chips are not the right playground for speculators, but for investors who do not want to gamble but want to invest their capital carefully in the medium to long term and slowly evaluate it.

Benefits of blue chips

- 1. Lower stock volatility**
- 2. Good dividend yield**
- 3. Tradable anytime on all major exchanges**
- 4. High transparency of business development**

Examples of Blue Chip stocks in Europe and the US

Apple Inc. (AAPL) Wal-Mart Stores (WMT) Coca-Cola (KO) Johnson & Johnson (JNJ) Walt Disney (DIS) Google Inc. (GOOG) Bank of American (BAC) Nestle (NSRGY) Volkswagen (VOW)

**Leave your investment worries to the
professionals**



WE OFFER YOU A FREE CONSULTATION AND A WEBINAR

WWW.EDUCATIONFORINVESTORS.COM