

Stock Markets and Financial Investment

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History

Dutch East India Company



Established in 1602

Defunct in 1799

The Amsterdam Stock Exchange is considered the oldest in the world.

Factors to consider investment

- **Risk**
- **Time**

What is the difference

- **Investing**
- **Speculating**
- **Gambling**

Going Public

- Initial Public Offerings (IPOs)

- Risk Involved

- Example: Netscape

IPO @ 28

First Trade Open @ 75

End of First Day @ 58

Ticker Symbols

- Example:
- Google -- GOOG
- Facebook -- FB
- Encana -- ECA.TO
- Orascom Telecom -- ORTE.CA

How I get my earns

- Dividends
- Stock Value
- Stock Split

Question: Are Dividend-Paying Stocks Preferable?

Question: How do Dividend affect stock price?

How to evaluate a stock

- Buy? Sell? Or Hold?
- Fundamental Analysis
- Technical Analysis
- Earnings per share
- Price to Earn Ratio (P/E)
- Return of Equity (ROE)

Trend is my Friend

- Bulls and Bears
- Up Trend and Down Trend
- Flat movement
- Sentiment Analysis (Greed and Fear)

Moving Avarage

- 50 day and 200 day



Place and Order

- Account or a brokerage
- Bid and Ask
- Limit Order
- Open Order
-

Type of Financial Investment

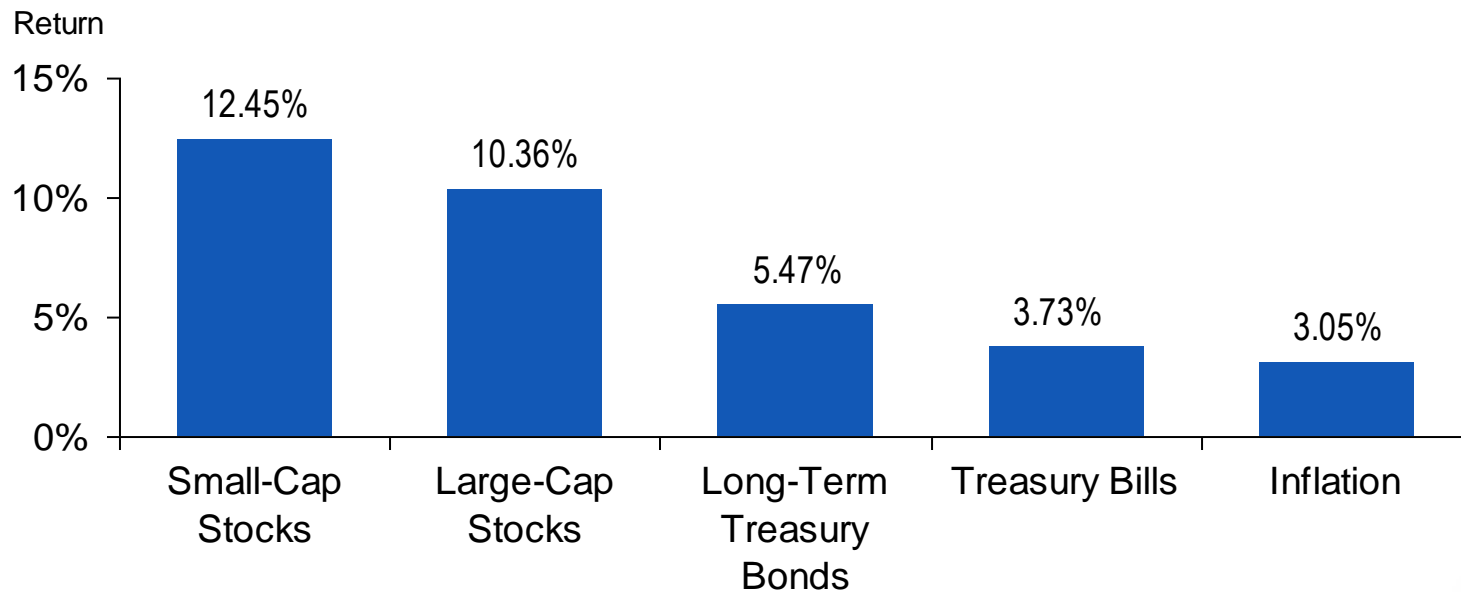
- Stocks
- Common and Preferred
- Mutual Funds
- Bonds
- Cash and Cash Equivalent

When to sell a stock?

- The fundamentals change
- The Dividend is cut
- You reached your target

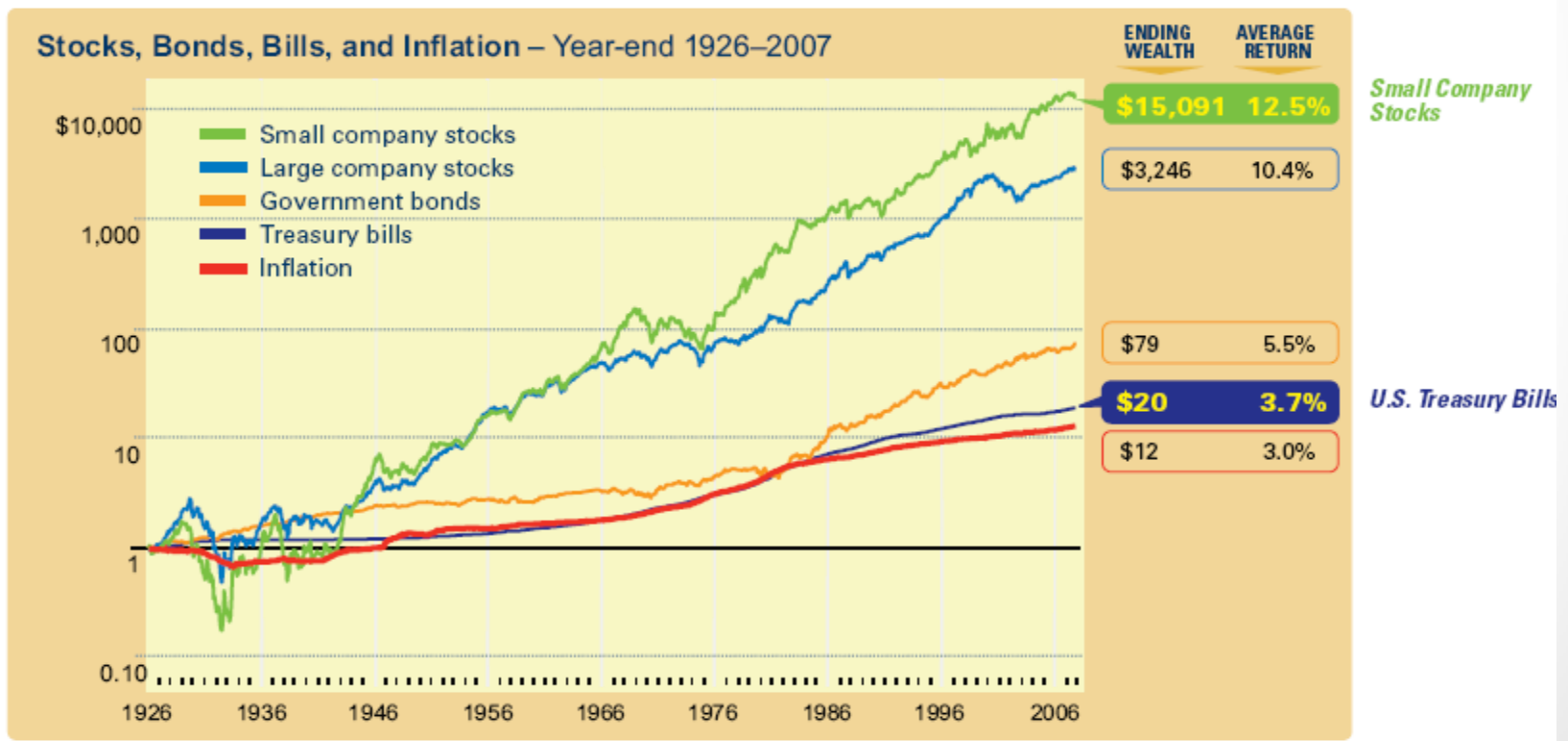
The Big Picture

Average Annual Returns of Broad Market Indicators (Year-end 1925-2007)



How much can make

See How a \$1 Has Grown



Bond Investments

- Corporate or Government IOUs
- Source of income
- Prices sensitive to interest rates

Stock Investments

- Ownership in a company
- Fluctuating prices
- Greater risk/reward potential

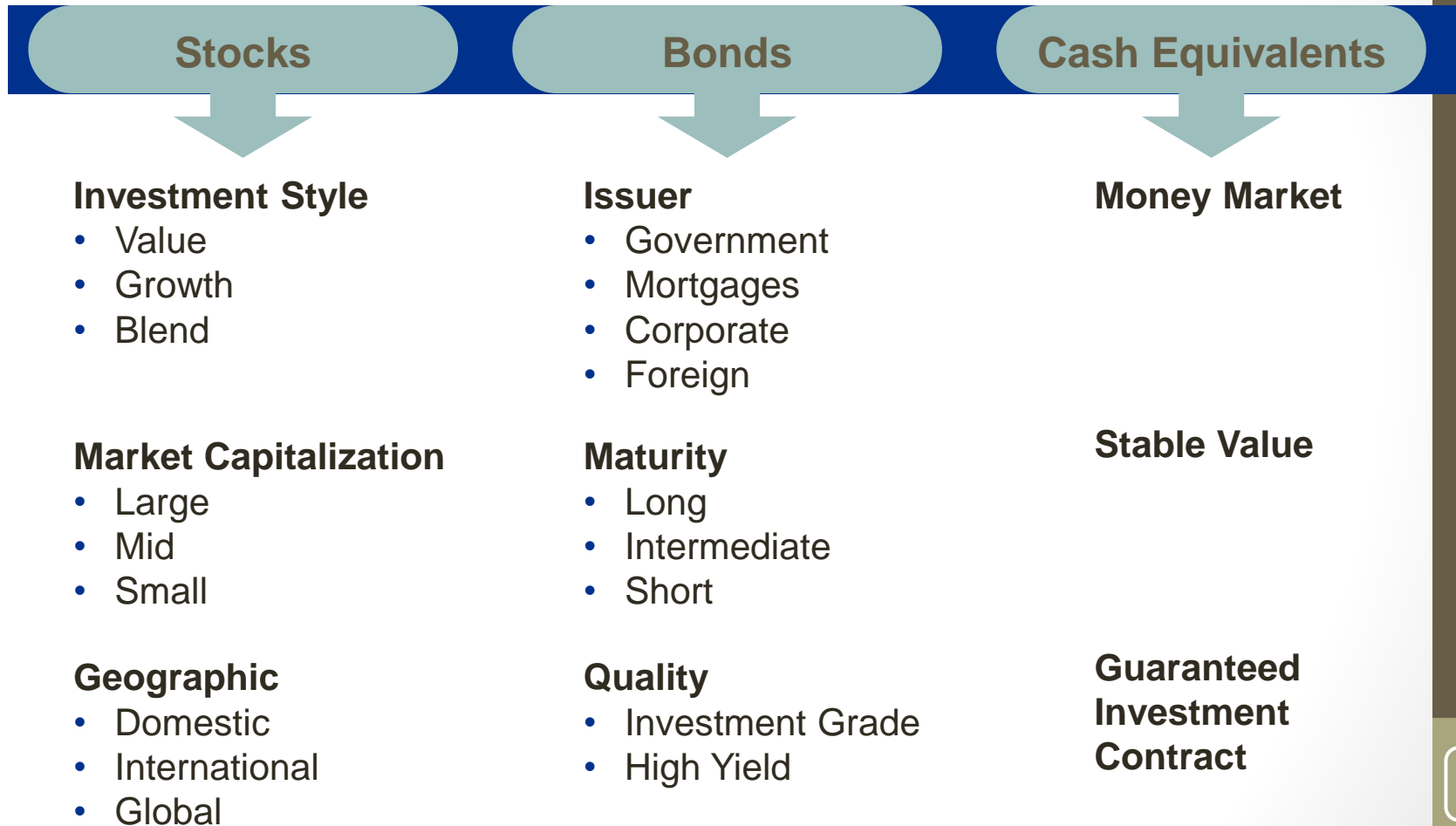
Mutual Fund Basics

- Money pooled with other investors.
- A collection of stocks and/or bonds.
- Stated investment objective
- Managed by a professional money manager.
- Potential gain or loss.
- Mutual funds are not insured.

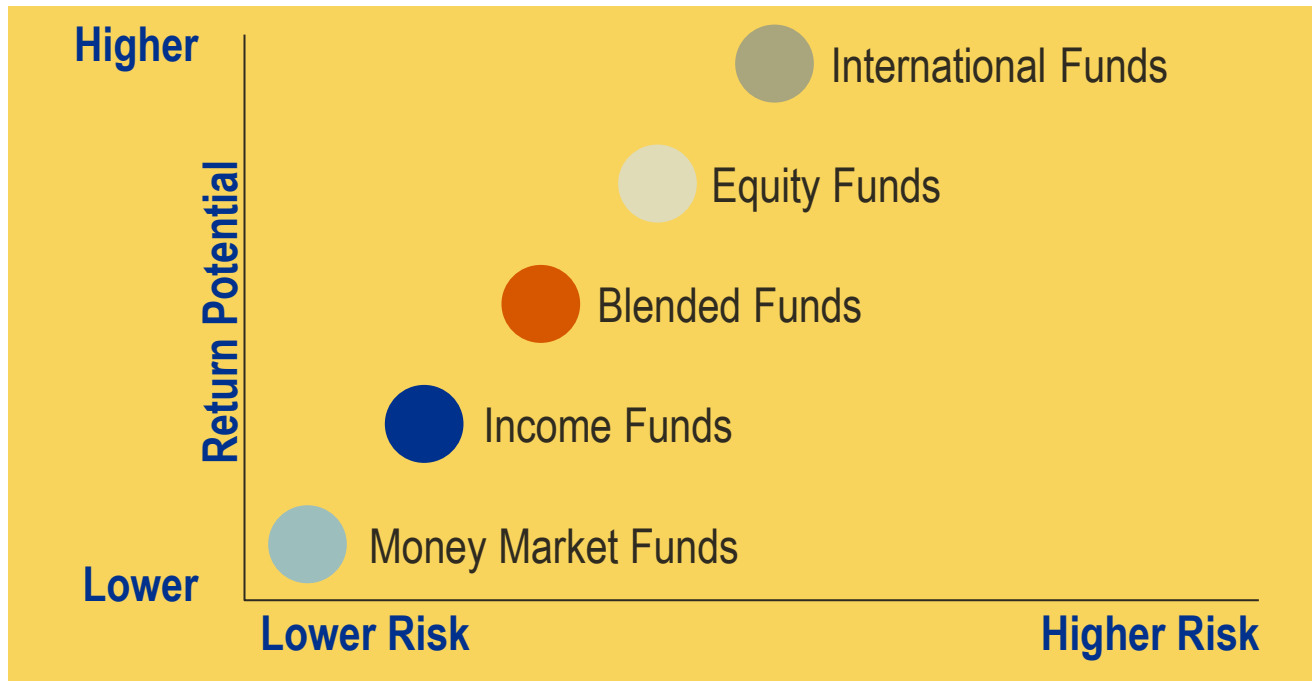
Benefits of Investing in Mutual Funds

- Professional management
- Diversification
- Low cost
- Affordability and convenience
- Liquidity

Layers of Diversification



Wide Range of Mutual Funds



Investing Your Money

