



# CREATING PROSPERITY BY CONNECTING INVESTMENT OPPORTUNITIES TO INVESTORS

---

## INVESTORS' CORNER

---

### Beginners in Trading

#### Part 1

“Everyone has the brainpower to follow the stock market.  
If you made it through fifth-grade math, you can do it.”

*Peter Lynch*

Trading on the stock market is much easier than you might think. Perhaps in the past it may have been difficult or only for the affluent but with the advent of the internet and the rise of numerous applications connecting exchanges across the world, stock markets are just as available as signing up for a twitter account. So if it is so easy, why not do it? Delving into the unknown can be a bit scary. I know. So here are the first two of five tips that I would like to share with you as a beginner in trading!

#### ***1. Find the right partner:***

How will you know what stock to buy, how much to buy, or better yet, which countries or regions from which to buy the stock? Should you even be buying stocks, should I be buying bonds instead? Or on the contrary, should I be doing even more exotic investments with higher potential returns? The solution? Find an investment advisor. The investment advisor will assist you by assessing your personal situation – your salary, your net worth, the main reason you are investing, the time frame for which you are investing, your comfort level with losses – and help to determine the type of investments you should be making and the level of risk that you can afford to take given your budget and monthly obligations. This part is very important for you as a beginner as you will need a lot of guidance in your decision making process, primarily in the beginning.

## ***2. Open a brokerage Account***

While trading on the stock market has become very easy, unfortunately, it is not possible to go to DCSX and buy a stock directly from them. You will have to do this through a broker. A broker is able to buy or sell a stock or bond on the DCSX for you. No investor has direct access to the stock market to buy or sell a stock or a bond. Therefore, in order to start, it is important for you to open a brokerage account. A brokerage account is different from a savings account in that a savings account is normally held at a commercial bank. While a brokerage account is with a broker or an intermediary that provides an account for you to buy and sell stocks. There is another distinction that I would like to make, a broker is different from an investment advisor.

There are times when a broker may provide investment advisory as an additional service; the same as in Tip #1. However, not all brokers may offer this because the functions of a broker is significantly different from the functions of an advisor; bear in mind they are **NOT** one in the same. This is because, a broker is guided by a suitability standard, meaning the broker must make recommendations to you that are suitable given your personal circumstances, however there is no guarantee that such a recommendation is always in your best interest. However the responsibility of an Investment advisor goes a step further, because they have a fiduciary responsibility to you. What this means is, recommendations that an investment advisor make must be both suitable and in your best interest. In other words, an Investment advisor has to put your interest as a client first above his or her own. Therefore, if you sign up with a broker that offers advisory as a separate function, this would be a better set up for you as a beginner. If not, then you may have to look for an investment advisor to augment the service you get from a stand-alone broker so that your best interest is always being served.

Not all brokers or investment advisors are the same. Like any relationship, it is recommended to choose your partner well.

For the next publications we will explore the qualities that you should be looking for when deciding on an investment advisor or a broker – that will be in Part 2. In Part 3, we will share the remaining tips for beginners in training.

Follow Investor's Corner for everything you need to know about Wealth Creation!

***This editorial is presented to you by the DCSX with the collaboration of Vertex Investments.***

***Author of this publication: Stephanie Shaw CFA, MBA.***

