



CREATING PROSPERITY BY CONNECTING INVESTMENT OPPORTUNITIES TO INVESTORS

INVESTORS' CORNER

Beginners in Trading

Part 2

"Investing should be more like watching paint dry or watching grass grow.

If you want excitement, take \$800 and go to Las Vegas."

Paul Samuelson

This is the second part continuation of a three part series. Part 1 which discussed tips to select an advisor and opening a brokerage account is available at www.vertexinv.com or at www.dcsx.cw.

In this publication, we will discuss the qualities that you as a beginner should be evaluating when selecting a broker or an advisor. They are:

- Whether the broker or advisor is a reputable and legitimate organization to be offering you brokerage or investment advisory services. Make sure you get in bed with an organization that has the legal framework and operational know how to offer you the services that they are offering. Questions to ask are - Is the company registered with the relevant authorities? Is the advisor qualified to be giving me advice? For example, the CFA Charter is the gold standard in qualification for any advisor, does the advisor has one of these type of qualifications? Be careful, there are a lot of phonies out there!
- Are the fees and costs reasonable? Some brokers charge fixed fees or variable fees or both. Some fees might be too good to be true! And some may offer very complex fee structures that have a lot of hidden fees. When deciding, take extra care in looking at the fees involved to decide whether this is a good fit for your budget and the types of activities you plan to do.

- Whether the minimum balance that you may need to open an account or to maintain the account is within your budget. This speaks for itself really, a minimum balance that works for you may not be a reasonable level for another person.
- Whether they have strict rules on withdrawing your money from the account when needed. Understandably, a broker may want you to lock in your money in the brokerage account for a period of time, similar to a term deposit set-up. This should not be surprising when doing investments as it usually requires a longer time frame than savings for the wealth creation to be optimal. Because of this, it is important that you understand the minimum time period that you must let your money stay in the brokerage account and the costs that may be involved if you are forced to break your investment before that time.
- And whether the broker or advisor offer value-added services. For the broker; do they only offer to buy or sell stocks for you? For example, some brokers may offer access to more than one stock market or region. This is good as it contributes to better diversification benefits which leads to less risk for your money. For the advisor; does he or she give you guidance throughout the entire process? Does he or she provide additional services like monthly or quarterly reporting on the performance of your investments or updates on next steps for you given your portfolio growth or does he or she provide follow-ups on a stock if the company performance have changed negatively or positively?

I know that's a lot to take in. We will pause here. For the next publication we will explore additional tips for beginners in trading.

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.

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