

PERSONAL FINANCE

EP.9 STOCK



By Knockout.Economics
www.knockouteconomics.com



- **INVESTING IN STOCK**
- **WHAT IS THE DIFFERENCE BETWEEN STOCKS AND BONDS?**
- **TYPES OF STOCK**
- **RISKS AND RETURNS**
- **ADVANTAGES AND DISADVANTAGES OF INVESTING IN STOCK**



AGENDA

INVESTING IN STOCK

Investing in stock : buying shares of ownership in a public company



INVESTING IN STOCK



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**BUY A COMPANY'S SHARE
BEING ONE OF THE
OWNERS**



**DIVIDEND
CAPITAL GAIN/LOSS**



A PUBLIC COMPANY

Investing in stock: buying shares of ownership in a public company

WHAT IS THE DIFFERENCE BETWEEN STOCKS AND BONDS?



Stocks

Shareholders are owners.

It has no guaranteed returns to investors.

☞ If the business fails, shareholders only get money after all other debts are paid.



Bonds

Bondholders are creditors

It has a fixed return to Bondholders.

If the business fails, its assets will be sold and bondholders are paid first.

**Stocks
VS
Bonds**

WHAT IS THE DIFFERENCE BETWEEN STOCKS AND BONDS?



Stocks



Bonds



1. Stocks generate higher returns than bonds but it also has higher risks.
2. Bonds give reliable returns and it is suitable for risk-averse investors.
3. Diversifying portfolios with a combination of stocks and bonds is a good strategy of investment.

TYPES OF STOCK

	Common Stock	Preferred Stock
Voting right	Yes	(Mostly) No
Fixed dividend	No	Yes
Certainty	Loss making, no dividend	Paid, even company makes a loss.
Dividend payment order	After debt holders and preferred stockholders	After debt holders
Firm's obligation to pay dividend	Not obligated	Obligated

Common Stock
VS
Preferred Stock

INVESTING IN STOCK

Common Stock

Higher risk
Higher returns

Preferred Stock

Lower risk
Lower returns

Loss making, no dividend

Profit, biggest potential
for long-term gains



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Loss making, dividend
paid

Profit, fixed return on
dividends

TYPES OF STOCK

- **Growth stocks** : a share of a company has the potential to grow faster than the overall market)
- **Dividend stocks** : stocks that pay high dividends
- **Value stocks** : a share of a company that is traded at a lower price relative to its fundamentals
- **Large-cap stocks, mid-cap stocks, small-cap stocks**



Risk

The possibility of losing some or all of an investment.

Return

Dividend

(depending on company's profit and dividend policy)

Capital gains

(from increasing in price of shares)

RISK AND RETURN ON STOCK INVESTMENT



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The Best Growth Stocks Of 2022

Alphabet Inc. (GOOG, GOOGL)

Market Summary > Alphabet Inc Class A

107.51 USD

+59.59 (124.35%) ↑ past 5 years

Closed: Jul 25, 19:59 EDT • Disclaimer
After hours 107.00 -0.51 (0.47%)

+ Follow

Long term investment
for 5 years

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



Growth stocks : a share of a company has the potential to grow faster than the overall market

Reference: forbes/GoogleFinance

ALPHABET INC. (GOOG, GOOGL)



Google Cloud



Gmail



The Best Growth Stocks Of 2022

Alphabet Inc. (GOOG, GOOGL)

Market Summary > Alphabet Inc Class A

107.51 USD

+ Follow

-26.53 (-19.79%) ↓ past year

Closed: Jul 25, 19:59 EDT • Disclaimer
After hours 107.00 -0.51 (0.47%)

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



Growth stocks : a share of a company has the potential to grow faster than the overall market

Reference: forbes/GoogleFinance

ALPHABET INC. (GOOG, GOOGL)



Google Cloud



Gmail



The Best Growth Stocks Of 2022

Starbucks Corp. (SBUX)

Market Summary > Starbucks Corporation

81.50 USD

+27.50 (50.93%) ↑ past 5 years

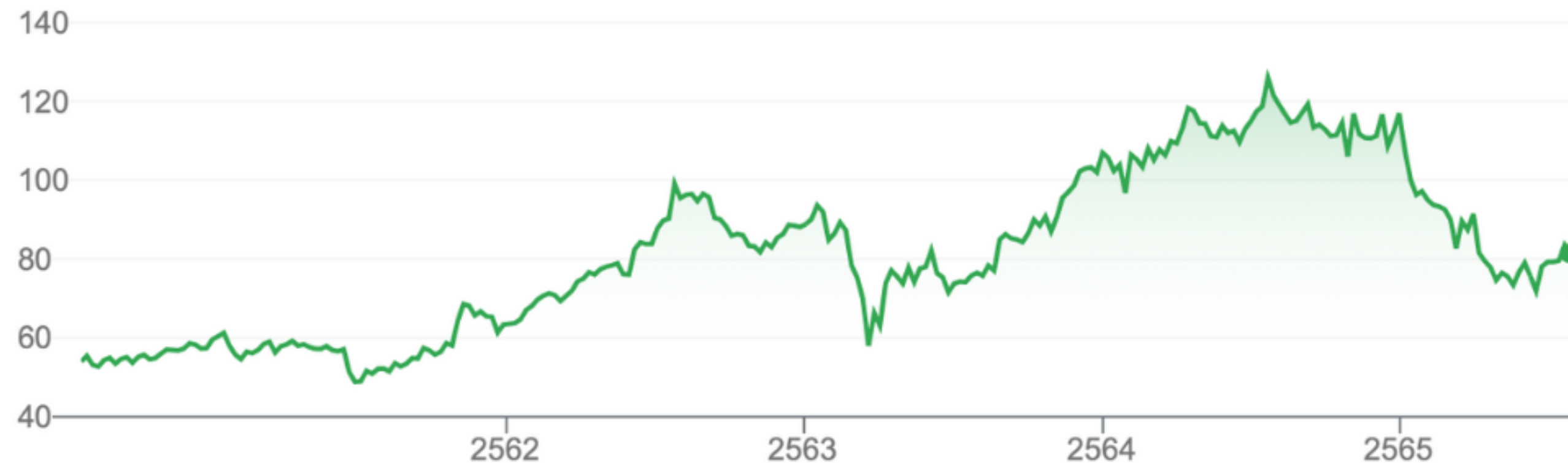
Closed: Jul 25, 19:59 EDT • Disclaimer

After hours 81.28 -0.22 (0.27%)

+ Follow

Long term investment
for 5 years

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



Growth stocks : a share of a company has the potential to grow faster than the overall market

Reference: forbes/GoogleFinance

STARBUCKS CORP. (SBUX)



The Best Growth Stocks Of 2022

Starbucks Corp. (SBUX)

Market Summary > Starbucks Corporation

81.50 USD

-44.56 (-35.35%) ↓ past year

Closed: Jul 25, 19:59 EDT • Disclaimer

After hours 81.28 -0.22 (0.27%)

+ Follow

1D | 5D | 1M | 6M | YTD | 1Y | 5Y | Max



Growth stocks : a share of a company has the potential to grow faster than the overall market

Reference: forbes/GoogleFinance

STARBUCKS CORP. (SBUX)



ADVANTAGES AND DISADVANTAGES OF INVESTING IN STOCK



It has potential to get high return from increasing in stock price and dividends.



It has risks from the possibility of losing some or all of an investment.



It can create Income stream from dividends



It has no guaranteed returns.



Returns on stock stay ahead of inflation (Thialnad's inflationn was 7.1% in May, 2022)



It takes time to research on company's profitability.