

# **Common Cents**

A beginners guide to investing



***"Common sense ain't common"***

- Tracy Young



## LET'S GET STRAIGHT TO THE FREE STOCK!

I decided to provide you with the stock in the beginning of this E-book as encouragement to start your journey towards a better financial lifestyle. Sign up for a Robinhood account using [my link](#) and claim a free stock. As you read this guide you'll gain the necessary knowledge for effectively creating a financial goal sheet, building a portfolio, selling stocks after hours and more beneficial tools. There's also a glossary for common trading terms.

## WHY I LIKE ROBINHOOD

The Robinhood app is a powerful trading platform for beginning investors who want a clean, basic user experience or anyone without a big bankroll. Robinhood offers commission-free trades, fractional shares — meaning you can invest as little money as you want in a company regardless of its share price — and it allows you to trade cryptocurrency.

The app is easy to use (Search for your company - click trade button - enter the price you want- Swipe up to submit your trade!)

Robinhood offers the ability to invest in stocks, Exchange Traded Funds (ETFs), options, gold and cryptocurrencies.

## WHAT YOU'LL GET: 1 free stock

**WHO IS ELIGIBLE:** New users (including people who may have downloaded the app before but never finished setting up their account)

## HOW TO EARN IT:

Sign up with [My referral link](#) to get started.

Complete the registration and verify your account.

Link your bank account and transfer \$1 (dead ass just \$1)!

## Receive your FREE STOCK INSTANTLY.

My Robinhood link: <https://join.robinhood.com/andres2012>

## Read more about Robinhood

<https://money.com/how-to-use-robinhood-beginners/>

<https://www.nerdwallet.com/reviews/investing/brokers/robinhood>

# About The Author

Dre Steinberg, an Adobe Certified Visual Artist, is the Creative Director and Owner of Harlem based graphic design studio Designed To Conquer. Before starting his business Dre spent the past ten years working in finance, connecting design and data as a Presentation Specialist working at fortune 500 companies such as Merrill Lynch, KPMG, CIT Bank and JP Morgan Chase. His realized average people are not taught financial literacy or the importance investing has in making our lives easier.

To be clear I am not a financial advisor and I didn't write this to promise you outrageous dreams. This isn't a how to flip \$100 into \$10,000 gimmick. I'm here to educate and simplify what you need to know when it comes to investing.

*Lets Connect*





## WHAT YOU'LL LEARN

Expect to learn, terms, saving strategies and how money makes money. You'll also get reference links, a financial goal worksheet and a **FREE STOCK!**

Treat this guide as a tool for your investment journey. It will be a "cheat sheet" you can reference as a new investor. I want to help those who maybe overwhelmed with starting in their investment journey.

This guide is intended for new investors and those who have started investing but need a better grasp of what they're doing. My goal is to help 100 people with their investing journey on the right foot.

This is an interactive E-book, anything text/words highlighted blue is a link you can click.

**EXAMPLE**



# 01

## BASICS

Initial Public Offering  
What Is A Stock  
Stock Market Vs Stock Exchange  
Ticker Symbol  
Hours Of Operation



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# 01

## BASICS

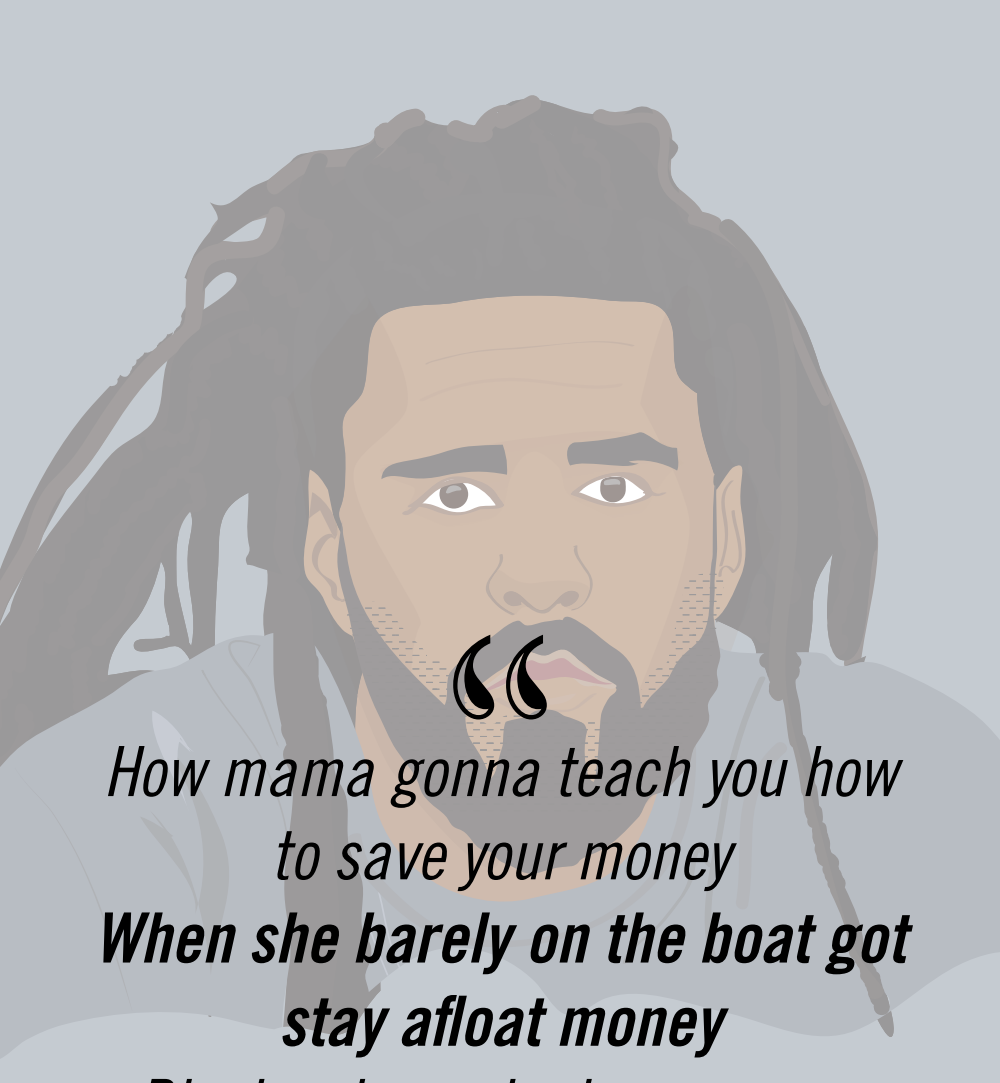
Initial Public Offerings

What Is A Stock?

Stock Market Vs Exchange

Ticker Symbols

Hours of operation



“

*How mama gonna teach you how  
to save your money*

***When she barely on the boat got  
stay afloat money***

*Blacks always broke cause we  
dont know money*

***Spend it before we get it*** and  
could never hold money

No wallets, nah,  
we'd rather fold money

”

*- J. Cole*





# INITIAL PUBLIC OFFERINGS

An initial public offering aka an IPO, is the very first time a company stock is sold to the general public. This is the same day the company gets “listed” on a stock exchange. So think “for the streets” when you see IPO.

## WHAT IS A STOCK?

A stock is a part ownership in a business. In order to raise capital, companies issue stocks for sale to the general public, which are then traded as the value rises and falls.

In the short term, a share price moves based on the opinion of the crowd. When there are more people looking to buy, the price goes up. However, the news and influencers impact what the investors think about certain stocks.

A company's true value is reflected in its price over the long term, which is why time - more than anything else - is the key element of successful investing.

### LONG STORY SHORT



An Initial Public Offering is when companies sell their stock for the first time to the public.



A stock is a piece of ownership in a company.



In the long-term, a company's true value is reflected in its share price.



In the short-term, share price changes based on the opinion of the masses.



# STOCK MARKET AND STOCK EXCHANGE

The stock market is a place all stock exchanges within a country occur. Think of the stock market as a mall, which has different stores ( stock exchanges ). The NASDAQ and New York Stock Exchange are our country's exchanges. They'd be comparable to Bj's and Costco, they both sell similar things and have to compete for customers. The more trades they process, the more money they make.

In stock exchanges, buyers and sellers connect. When shares are for sale, they have an "asking price". A buyer purchases a stock by paying a " bid price. " The "spread" is the difference between the ask price and the bid price ( usually a couple cents ). That spread is how the exchanges make money. It's their commission.

## TICKER SYMBOLS

Think of tickers as nicknames. A ticker, or stock symbol, is a unique 3 to 5 letter abbreviation for the company. Tickers are assigned to every public company for identification purposes.

## MARKET HOURS

The markets are open from 9:30AM - 4PM during normal business days. With extended hours trading, you'll be able to trade during pre-market and after-hours sessions.

Pre-Market opens at 9AM.  
After-Hours close at 6PM.

## LONG STORY SHORT



Stock exchanges operate within a stock market.

**AAPL**

The ticker symbol is an abbreviation of the company.



There is an "ask" price and a "bid" price for shares; the "spread" is the gap between the two.



Pre-Market: 9AM - 9:30AM  
Regular Market: 9:30AM - 4PM  
After Hours: 4PM - 6PM



# 02

## PREPARATIONS

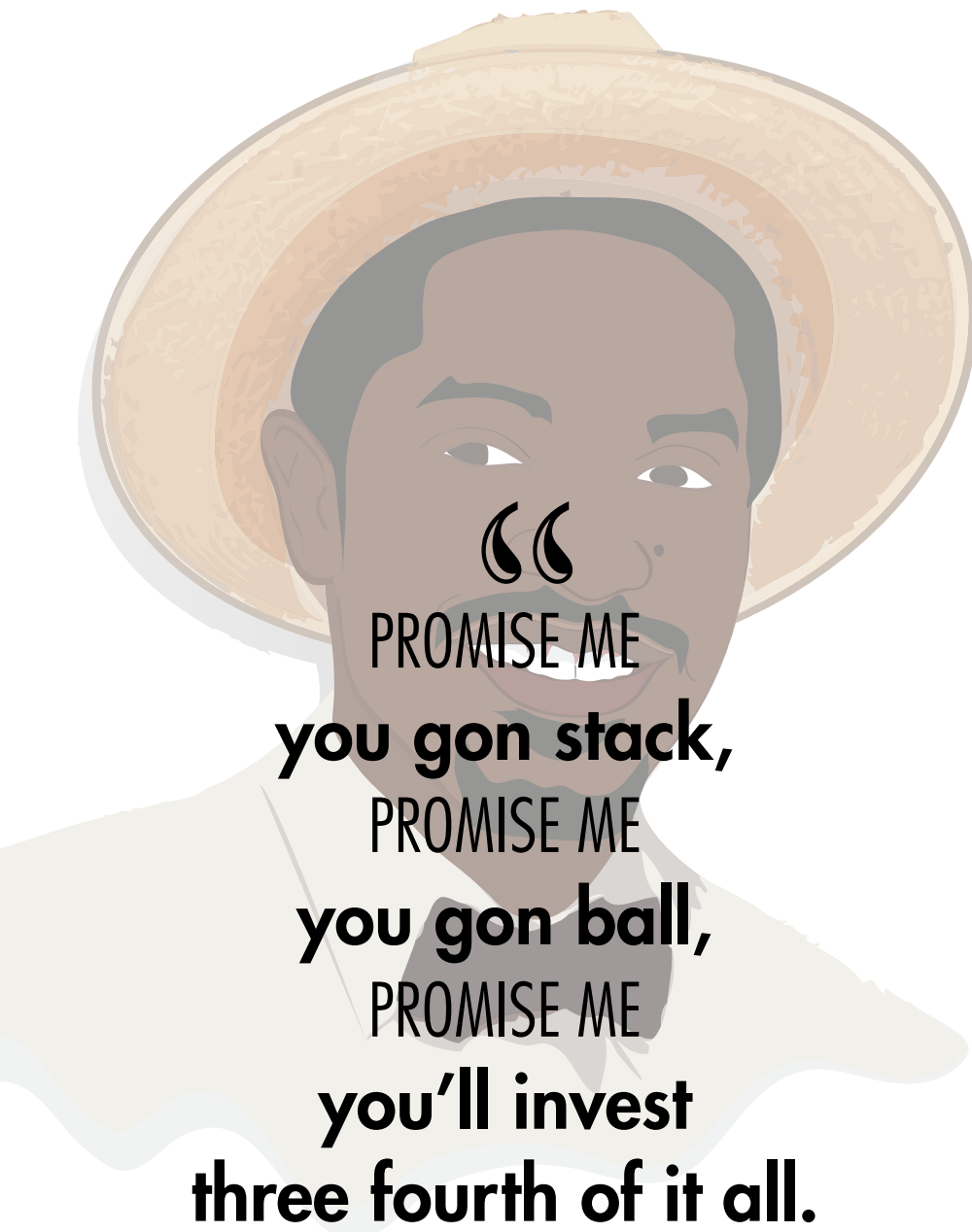
Financial Goals

Risk vs Reward

Why Buy Stocks?

Compound Interest

Dividends



“

PROMISE ME

**you gon stack,**

PROMISE ME

**you gon ball,**

PROMISE ME

**you'll invest**

**three fourth of it all.**

*For what?*

**So your kids, kids, kids  
can have some cheese**

”

- *Andre 3000*



## FINANCIAL GOALS

Investing focuses on achieving long or short term financial goals. Goals matter more than age does. When considering stocks, invest according to how long you plan to reach your financial objective in the future.

Make your goal specific, instead of saying you want to "be financially comfortable" or "have a lot of money," frame your goal like this: I want \$60,000 in 5 years. Add tangible possessions to your goals, a three-bedroom home in Connecticut. Eventually you will have a vision of yourself that is made up of many different goals.

Set goals that are important to you, they should motivate you and be specific so that you can measure your progress toward reaching them. Maybe having \$1,000 invested by New Year's and a new bed room set for your daughter is more your style.

The longer you have your money invested, the more powerful compounding becomes. That means the more patient you are, the greater returns in the future. You don't need thousands to get started. You can start small and keep adding to your investment over time.

## RISK VS REWARD

If those people who bought the first iPod had bought \$399 worth of Apple stock instead, it would be worth \$36,480 today.

Risk in financial terms is defined as "the chance that an investment's actual gains will differ from an expected outcome or return."

Successful investors have the ability to remain calm and level-headed during the gains and losses of their investments. That mindset will depend a lot on your **tolerance for risk**.

You have to be willing to balance those safe companies with more risky investments. If you want to enjoy the benefits, you have to be willing to take the risk.



**LONG STORY  
SHORT**



# FINANCIAL GOAL WORKSHEET

What You Want	What It Will Cost	When You Want It <small>Measured In Years</small>	Annual Payment <small>Cost Divided by Years</small>	Monthly Payment <small>Annual Payment Divided by 12</small>	Time frame <small>Short: 0-5 Medium: 6-10 Long: over 10 in years</small>	Acceptable Risk Level <small>High, Medium, or Low</small>	Mutual Fund Allocation Percentages		
							Stocks	Bonds	Money Market
Lexus	\$45k	5	\$9k	\$750	Short	Low	25	40	35

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From The Neatest Little Guide To Mutual Fund Investing.

## LONG STORY SHORT

1

Make specific goals that are important to you

2

Learn your risk tolerance

3

Be willing to take a chance on stocks

4

Start small, but start now!



## WHY BUY STOCKS?

Unlike a savings account, your original deposit can multiply faster when you invest in the right companies. Owning stocks means you're buying a part of a company. Money kept in a savings account gets eaten away by inflation, invested money is working for you 24/7.

You can either profit from owning stock in a company whose price per share increases. Once you sell your shares, you keep the returns. However some companies decide to return money to their shareholders via dividends as well.



THE AVERAGE RETURN IN SAVINGS IS 0.06% COMPARED TO 10% IN STOCKS.

If you put \$100 in a savings account for 1 year with an APY of 0.06% you'll have 100.06. If you invest \$100 for 1 year with an APY of 10% your return should be \$110+ due to the power of compound interest.

## COMPOUND INTEREST

Compound interest is money earned over time, calculated using interest rate and the compounding time period. It makes your money grow.

Let's say you subscribed to Netflix Premium for \$18 and remained a loyal customer for the next 50 years, spending \$10,800. If you stuck that \$18 per month into a savings account you'd have that plus some interest. (\$10,982 based of .06 interest)

But investing that money in stocks after one year you'd be up 10% on average. The following year, you make interest on your interest, and so on. After 50 years, that money would have made you over \$300,000.



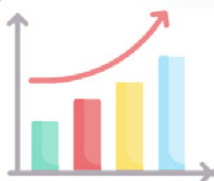


## DIVIDENDS?

Dividend paying companies will provide you with a steady stream of income. Dividends are paid on a monthly, quarterly, or yearly schedule. Companies that pay dividends to their investors are usually less volatile.

These stocks provide a way for investors to get paid during rocky market periods, when capital gains are hard to achieve. They provide a nice hedge against inflation, especially when they grow over time. Advantages for owning a dividend paying stock are passive income stream, solid total investment returns and dividend reinvestment for compounding returns.

### LONG STORY SHORT



Invested money can grow much faster than cash in a savings account.



Compound interest is when money starts earning money.



Some companies pay out regular dividends to their shareholders.

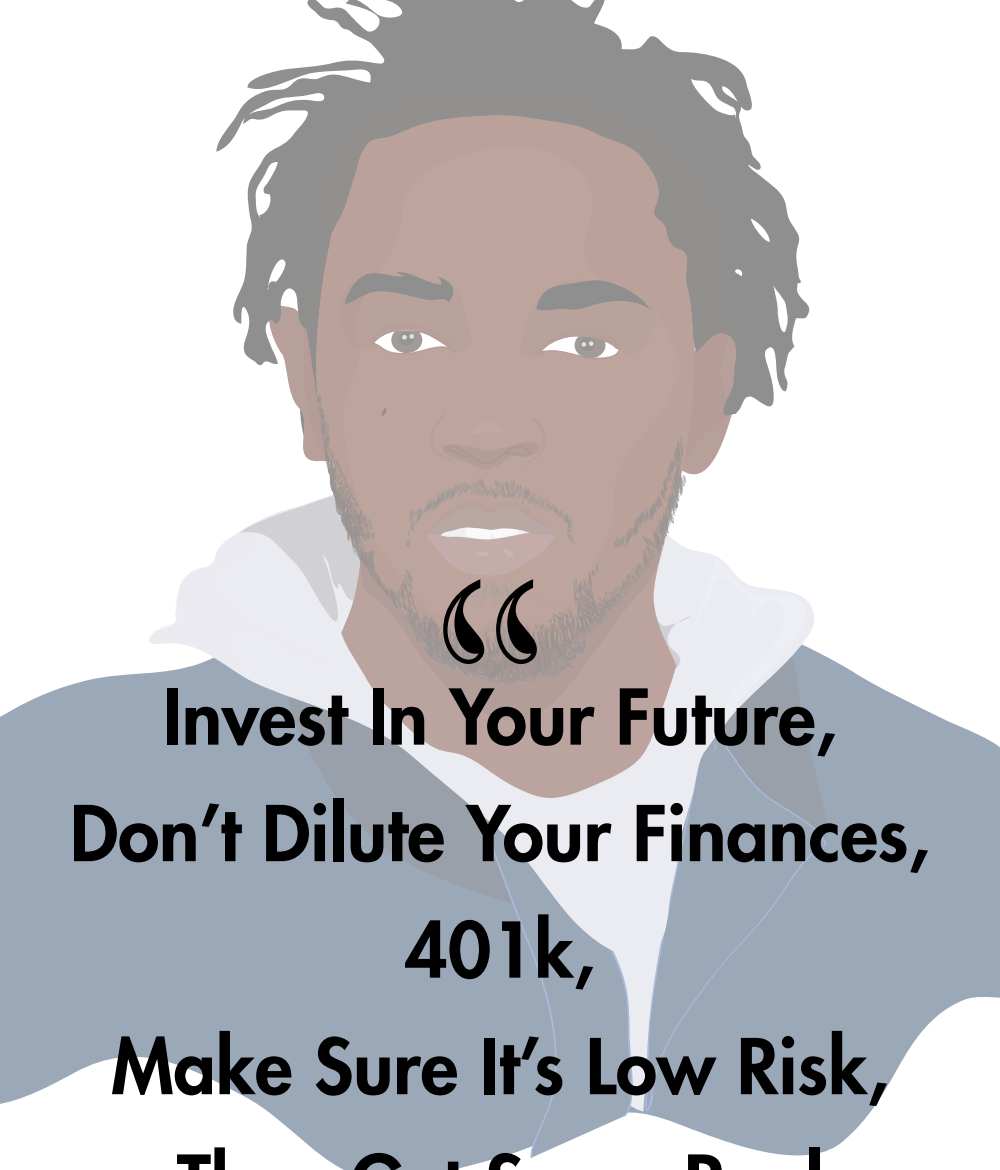




# 03

## EXECUTION

Building A Portfolio  
Your First Stock  
Diversifying  
When To Sell



“  
**Invest In Your Future,  
Don't Dilute Your Finances,  
401k,  
Make Sure It's Low Risk,  
Then Get Some Real  
Estate, 4.25%  
Thirty-Year Mortgage**  
”

*-Kendrick Lamar*



## BUILDING A PORTFOLIO

Every investor has their own way of building up a portfolio. Building a portfolio isn't something that should happen overnight. Investing over time gives you a portfolio of amazing companies that you believe represents where you think the world is going. In order to grow, you will have to save and continue to invest. Take your time building up your portfolio. Make all investment decisions with a cool head after letting new information or temporary market swings sink in.

## YOUR FIRST STOCK

Your first stock should be a company that you love and believe in. It should be one that you're going to enjoy reading about and watching grow over the many years you intend to own it.

Choose a familiar and lasting company for your first investment. Think about companies like Google, Amazon, Disney or Starbucks. These companies aren't going anywhere any time soon. They are good stocks to build your portfolio on before you start to diversify with smaller companies.

Invest when you have the funds to do so in a company you will enjoy following.

## LONG STORY SHORT



Take your time building up your portfolio.  
Keep saving and add regularly.



Invest when you have the funds to  
do so in a company you believe in.



## DIVERSIFYING

Companies like Apple or Google are very unlikely to go bankrupt anytime soon, but it's still a good idea to cover yourself against all possibilities. This is where diversifying comes in. This means spreading your investment over a range of companies and sectors. Why put all your eggs in one basket when there are so many great companies to invest in?

## WHEN TO SELL

Warren Buffet famously said, "Success in investing doesn't correlate with IQ what you need is the temperament to control the urges that get other people into trouble." If you can keep your emotions in check and ignore the occasional (and inevitable) market panic, you'll be able to hang on rather than selling out at the worst times. If you believe you own part of a great business, don't sell.

It's impossible to know the perfect time to sell. Sometimes the best action to take is no action at all.

Deciding when to sell is a much harder process than deciding when to buy.

## LONG STORY SHORT



Diversifying means spreading the risk across a number of investments.



It's impossible to know the perfect time to sell. If you believe you own part of a great business, don't sell.



# 04

## MY TWO CENTS

Resource Sites

Practice What You Learn



“

***This for my kid, kid, kid  
For when my kid kid  
kids have kids***

”

*-Kanye West*



## GLOSSARY

**A 529 plan**- an investment account that offers tax benefits when used to pay for qualified education expenses for a designated beneficiary. You can use a 529 plan to pay for college, K-12 tuition, apprenticeship programs and student loan repayments.

**APY**- The annual percentage yield (APY) is the real rate of return earned on an investment, taking into account the effect of compounding interest

**Broker** - A person who buys or sells an investment for you in exchange for a fee (a commission).

**Capital** - The amount of common and preferred shares that a company is authorized to issue

**Order** - An investor's bid to buy or sell a certain amount of stock or option contracts constitutes an order. You have to put an order in to buy or sell 100 shares of stock, for instance.

**Portfolio** - A collection of investments owned by an investor makes up his or her portfolio. You can have as few as one stock in a portfolio, but you can also own an infinite amount of stocks or other securities.

**Volatile** - The price movements of a stock or the stock market as a whole. Highly volatile stocks are those with extreme daily up and down movements and wide intraday trading ranges. This is often common with stocks that are thinly traded or have low trading volumes.

## RESOURCE LINKS

CLICK THESE LINKS ON LEFT *If link doesn't work copy URL*

### [LEARN YOUR RISK TOLERANCE](#)

[www.calcxml.com/do/inv08?skn=#results](http://www.calcxml.com/do/inv08?skn=#results)

### [SIMPLE SAVINGS CALCULATOR](#)

[www.bankrate.com/calculators/savings/simple-savings-calculator.aspx](http://www.bankrate.com/calculators/savings/simple-savings-calculator.aspx)

### [COMPOUND INTEREST CALCULATOR](#)

[www.investor.gov/financial-tools-calculators/calculators/compound-interest-calculator](http://www.investor.gov/financial-tools-calculators/calculators/compound-interest-calculator)

### [AVERAGE BANK INTEREST RATES IN 2021](#)

[www.valuepenguin.com](http://www.valuepenguin.com)



## MY 2 CENTS

At this point you should be able to impress your friends and family with all the new terms and knowledge you've gained by scrolling through this PDF. Here's an example:

" I opened an **investment portfolio** on Robinhood. My first stock was with Nike, it is a trusted company that I know and believe in. I **diversified my portfolio** by adding stocks from Apple and Ally Financial, both are **dividend paying companies** so I'll get a paid quarterly dividend from each in the next 3 months. I also added some **risk to my portfolio** by investing in the marijuana company Sundial Growers.

**My short term financial goal** is to make a \$500 profit to help pay for my son's birthday party next year at Skyzone. **My long term financial goal** is to make \$5,000 within the next 5 year for new furniture and appliances for the home makeover I want to do.

I found out **the IPO** for Krispy Kreme will be sometime this year, I have that on my radar as a potential investment to add to my portfolio. I will get in early during the **Pre-Market hour**."

**And just like that you are on your way to  
where the money resides!**