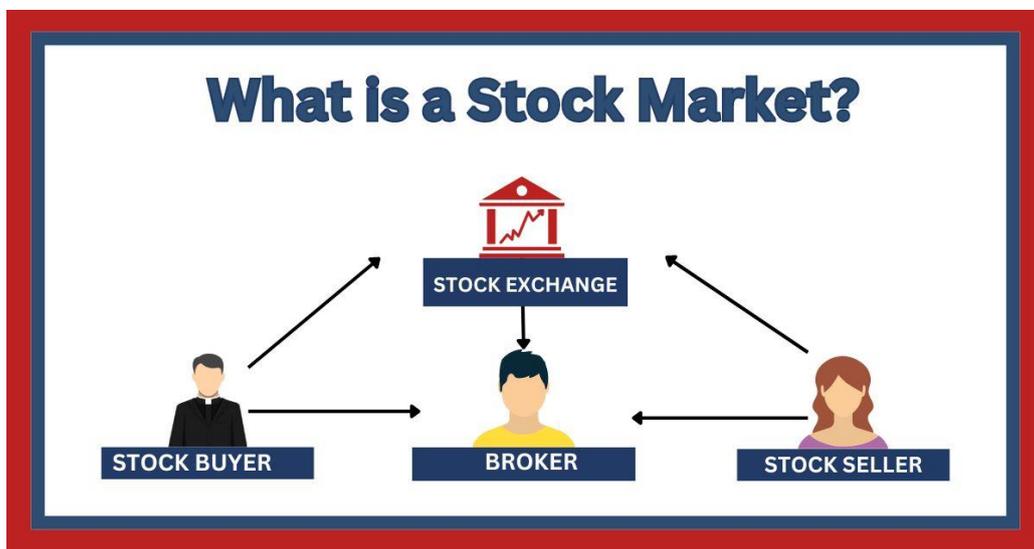


BASICS OF STOCK MARKET INVESTING



The stock market is a powerful platform where individuals and institutions trade shares of companies. For beginners, understanding the basics is essential to navigate this exciting world of wealth creation. Here's a simple guide to help you start your journey into stock market investing.

WHAT IS THE STOCK MARKET?



The stock market is a marketplace where shares of publicly traded companies are bought and sold. It acts as a platform for businesses to raise capital and for investors to grow their wealth. In India, the major stock exchanges are the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

WHY INVEST IN THE STOCK MARKET?



Wealth Creation: Over time, stocks have proven to be one of the best ways to grow wealth.

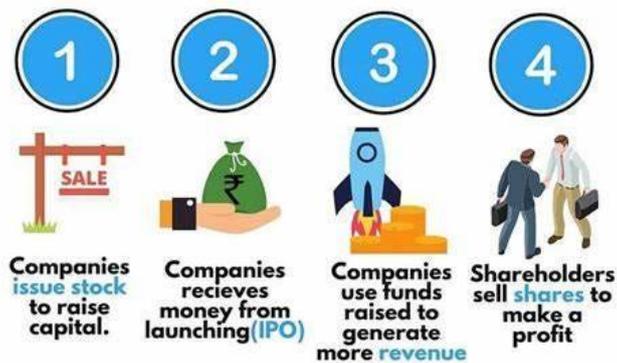
Ownership in Companies: When you invest in shares, you own a small part of the company.

Liquidity: Stocks are easy to buy and sell, offering flexibility to investors.

Beating Inflation: Stock investments often provide returns that outpace inflation.

HOW DOES THE STOCK MARKET WORK?

HOW DO STOCKS WORK?



Companies List Their Shares: Companies go public through an IPO (Initial Public Offering).

Investors Trade Shares: Buyers and sellers trade shares based on the stock's price, which fluctuates due to market demand and supply.

Stock Prices: Prices rise or fall based on factors like company performance, market trends, and economic conditions.

STEPS TO START INVESTING



Open a Demat and Trading Account: This is essential for holding and trading shares.

Set Investment Goals: Identify whether you're investing for short-term gains or long-term growth.

Understand Risk Appetite: Know how much risk you can tolerate before choosing stocks.

Research Stocks: Study a company's financial health, performance, and industry trends.

Start Small: Begin with a small investment and diversify your portfolio.

KEY TERMS TO KNOW

IMPORTANT STOCK MARKET TERMINOLOGIES

- PORTFOLIO**
A portfolio is a **grouping of investments** that you hold.
- AUTHORIZED SHARES**
The total number of shares a firm is **permitted to trade** is known as the "authorised shares."
- IPO**
An initial public offering (IPO) takes place when a private firm decides to list on a **stock exchange**.
- DIVIDENDS**
These are payments made to **shareholders** from the company's earnings.
- BROKER**
An individual that buys or sells stocks on your **behalf** is known as a broker.
- VOLATILITY**
It is the rate at which a stock **rises or falls**.
- EXCHANGE**
Exchanges are marketplaces where various **financial products** are traded.
- MARGIN**
An individual can purchase shares using a margin account by **borrowing money** from the broker.
- BULL**
A bull market is one in which **investors anticipate** an increase in price.
- CAPITALIZATION**
This is the estimated **market value** of a corporation.

Bull Market: When stock prices are rising.

Bear Market: When stock prices are falling.

Market Capitalization: The total value of a company's shares.

Dividend: A portion of profits paid to shareholders.

CONCLUSION

Stock market investing is a journey that requires knowledge, patience, and discipline. By starting small, learning consistently, and making informed decisions, you can harness the potential of the stock market to achieve your financial goals.

“Let your money work for you—begin your investment journey today!”