

# SMART MONEY



---

## SPECIAL REPORT

---

### How To Start Investing In the Stock Market

When I remember my earlier days in the stock market, I wonder at my helplessness. There was no one to handhold me, I was totally new to the investing world and I felt as lost as an alien on earth.

The good news is that investing is simple, it's no rocket science, nor is it as fancy & technical as those Television experts make it sound. Here are a few things you need to know.

#### Lesson - 1 Don't Expect to get rich Quickly

I know stock market has always been marketed as a Casino. But Earning money from the stock market takes time, just like Gold, Property, or bank deposits take time to grow in value, stocks appreciate when the underlying business of the company starts generating more profits.

It takes time for any business to grow its profits and since stocks are nothing but part ownership of that company, the valuation of your stocks will only grow when the profits of the business grow.

Yes, stocks can sometimes appreciate a lot overnight, and in the process, few lucky ones become rich overnight. The key word here is " few lucky ones". Even a lottery makes few people rich overnight, but that doesn't mean we start buying lottery tickets.

Similarly, its futile to invest in the stock market with the hope you being that lucky one, as the chance of that happening is extremely low. Instead, stocks should be viewed as an asset class that has the potential to give much better returns than other traditional asset classes.

## Lesson 2 - Stock Market is for the long term

If consistently making quick money would have been possible in the stock market, why would rich businessmen work all their life to set up newer businesses, wouldn't they just hire smart stock market experts & invest all their money in the market to compound it quickly ?

It's important to remember that stock market is not a magic wand that will multiply your money. Just like it takes time & effort to make money in every other field of life, stock market will only reward you if -

- You have patience
- You are willing to learn
- You have control over you emotions ( Specifically Greed & fear )

## Lesson 3 - Stay away from "experts" who provide "tips"

As soon as you enter the market, you will be approached by "Research companies" & experts who will claim to have a secret strategy that guarantees 100% successful. They will lure to all kinds of risky things such as commodity & currency trading, Intraday trading, Futures & Options (Derivatives) etc.

### **Derivatives are weapons of Mass Destruction**

*- WARREN BUFFETT*

## **Why Stock Market can change your life**

Think of a time you dreamt about of starting your business, everyone dreams about it somewhere down the line. Here are the hurdles you must have faced -

1. Lack of skill and expertise
2. Lack of Funds
3. Lack of Experience
4. Shortage of Time & Support

Stock market, helps you remove those barriers, you can invest as much or as less as you want, you can invest in the business you like and your money will be managed by skilled, experienced and experts like Ratan Tata or Adi Godrej. Market helps you become an entrepreneur without taking the efforts and headaches involved in it.

## Investing in Stocks is similar to investing in a Business

When you start your own business, do you aim to start earning from the first day? We often give our businesses time to grow, we work 12 hours a day for multiple years in order to profit from our business. Investing in stocks is similar, you don't need to work for your stocks to grow, but you need to give it time. Stocks rise in the long run when the profits of the business grow but, it takes time for the profits to grow

### Stocks Vs Gold Vs Property

Be it Gold, Property or Fixed Deposits, we know that these assets while take time to rise, we don't buy and sell gold in 2 months or 2 weeks. But when it comes to stocks, we wish to earn in a month. This is the mindset that stops people from creating wealth in the market. Warren Buffett would never have been Warren Buffet if he would have sold Coca Cola in 2 months or even 2 Years.

He became the richest man on earth because -

1. He Bought Good Stocks
2. He bought them at reasonable valuations
3. He held those stocks for 10 years or more

Keep your Stocks for as long as you keep Gold and Property and stocks will reward you much more than any other asset class.

### Some other benefits of Stocks

- Long term capital Gains are Tax Free (100% Tax free legal income)
- Provides regular income through dividends as well as Capital appreciation

- No threat of theft (Gold) or illegal occupation (property)
- Historical returns have been much more than Gold or Property
- High liquidity and ease of transactions

I hope I was able to provide a decent primer about the Stock Market. You can reach me at [Pranjal@finology.in](mailto:Pranjal@finology.in). Happy Investing

Pranjal Kamra

**Want to Learn More About the Stock Market ?**

# THE ACADEMY OF **VALUE INVESTING**

PREMIUM COURSE ON INTELLIGENT INVESTING

 FINOLOGY.IN

*JOIN NOW*

Disclosure - This document should not (directly or indirectly) be reproduced or further distributed to any person or published, in whole or in part, for any purpose whatsoever. It is meant for educational purposes only. Nothing in the Report should be construed as investment advice. Companies mentioned in the report are for illustrate purposes only, it should be deemed as investment advise. Do your own research or consult your investment advisor before investment.