HOW TO PREPARE YOURSELF FOR YOUR FIRST DAY OF INVESTMENT

We have all tried working to make money, but what if I told you it's possible to make your money work for you? Sounds EXTRAORDINARY right? Well that's merely investment. Investment is for everyone, so if you have ever thought that investment is only for professionals, think again. "You can do well in the stock market, you've the skills, and you've the intelligence. All you have to do is a little research and be patient." That is the advice Peter Lynch the professional American investor gave to beginners. This article will be your guide for how to prepare yourself for investing in the stock market.

1. ASSESS YOUR CURRENT FINANCIAL SITUATION

This step is very important since it helps you decide whether your financial situation makes it possible for you to start investing or not yet. The best time to start investing is after you have saved enough money to cover your expenses for at least 6 months ahead. This protects you if something unexpected happens, job loss, injury or illness, etc. The 50/30/20 rule article on **NOQOOD**'s application will give you a proper guidance on how to read that level and be financially ready for investment.

2. BUILD AN INVESTMENT PLAN

An investment is not just a random thing you do; it requires a proper solid plan. The clearer your plan is, the more likely you will become a successful investor. There are several key points you must take into consideration while building your investment plan, these include setting goals, knowing your risk tolerance and deciding on a time-horizon.

- **SET INVESTMENT GOALS**

Understanding your investment goals will help you answer a lot of questions when it comes to choosing an investment plan. In order to set a goal all you need to do is to simply decide on how much money you wish to have in the future. Goals have to be specific, the clearer they are the more likely you'll achieve them. For instance "I want to have 1,000,000 L.E after 10 years."

- **KNOW YOUR RISK TOLERANCE**

Straight up, no stock purchase will ever be risk-free, however, the higher the risk, the more promising the gain. Also, different stocks have different levels of risk, and those levels can vary dramatically. The amount of risk you should take depends on your level of risk tolerance. Risk tolerance is broken down into two concepts; **Willingness** and **Ability** to take risk.

Willingness simply could be described as your psychological readiness to take risk. In other words, when you are able to comfortably sleep at night after deciding that you're going to take a specific risk then you have the willingness. **Ability** on the other hand, is how much you can afford to lose in pursuit of a big payoff without negatively affecting your current standard of living. **Risk Tolerance** is achieved when Willingness and Ability meet. Laying it out, you won't be able to tolerate the risk if you have thewillingness to take it, but you do not have the ability. However, if you're level of ability and willingness match then you could take the risk.

There are 3 factors that are highly likely to affect your risk tolerance; Age, Personality and Time-Horizon. To start with, the younger you are, the more risk you would be able to take since you will have enough years to recover any dramatic loses. Additionally, your personality would also contribute to your decision on the level of risk taken, some people are naturally risk-takers, and others are risk averse. At the end, you have to be comfortable with the amount of risk you're taking. Lastly, the time-horizon of your investment will dictate the amount of risk possible. Time-horizon will be discussed below.

- **SET A TIME-HORIZON**

As mentioned earlier, the clearer your plan the higher the chance that you will achieve your goal. Setting a specific time-horizon is one way of making things crystal clear. You need to decide when will you be using the money? This will give you an insight on how liquid your money should be and how much risk you will be able to take. To be more specific, if you are investing for a long-term goal -10 years and above- you will be able to take more risks than someone who wants to use their money in 1-2 years.

3. LEARN ABOUT THE STOCK MARKET

In order to be able to follow Peter Lynch's advice of making a little research you will need to first understand the basic terminologies of investment. These terminologies encompass the following: Stock, Bond, Index, Dividend, Preferred Stock, Common Stock, and Market Price among others. **NOQOOD** made this step super easy since the application has all these terminologies covered in the Stock Market Glossary. After you've understood the basic terminologies now you are ready to dig deeper into the subject, start by watching videos and reading articles that will help you get the whole idea of the Stock Market. The internet has millions of videos and articles about the subject so instead of being distracted by the abundant sources, you could just visit the library in **NOQOOD**'s application. Here you will find the most beneficial videos and reading that are just on point.

4. SUBSCRIBE TO A NEWS CHANNEL

Most of the times, if not always, the Stock Market is affected by the news and other subtle things. That's why it's highly recommended to always be updated with the latest news. This will help you in catching the new market trends and therefore take a better investment decision. However, you need to put in mind that the market is moody. It has no clear cut rules.

5. OPEN AN ACCOUNT

After assessing your finances, setting a plan and studying the market, now you are ready to open an investment account. In order to do that you will have to choose the brokerage firm that suits you best and apply for it, **NOQOOD**will help you with this step, since you will be able to compare different brokerage firms, apply right away and within 2 days the firm will be contacting you so as to complete the required procedures. And guess what? Now you are ready to start investing. Congratulations.