

SEC

SECURITIES AND EXCHANGE
COMMISSION OF SRI LANKA

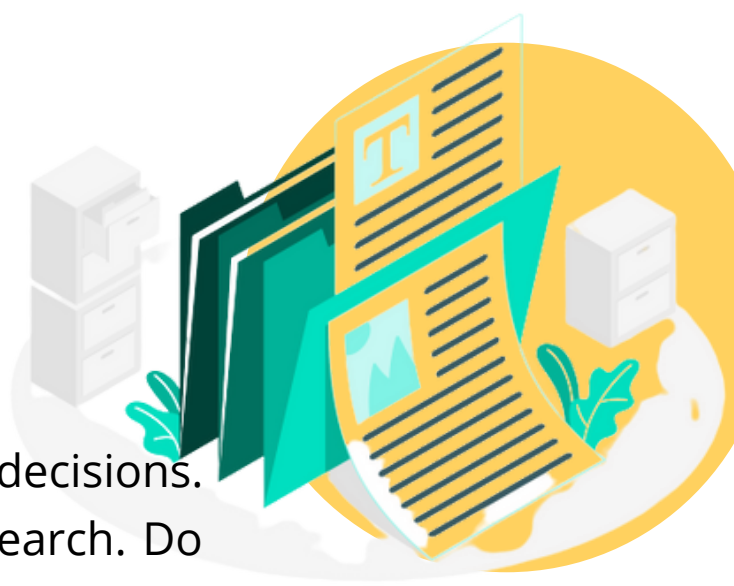


What to Learn from the Market Behaviour in 2022

Learn & Invest

Invest in Education

Investing requires making informed decisions. Stop looking at others to do the research. Do your own research and take steps to study the facts for yourself before you invest. The more information you have on your investment, the better informed your decision will be.



Investing is for Long Term

focus on the future & keep a long-term perspective

Being a long-term investor means that you are willing to accept a certain amount of risk in return for potentially higher rewards. Investors have historically experienced a much higher rate of success over the longer term. Therefore, if your time horizon allows it and you can afford to be patient for a longer period of time, you can maximize profits.



Always conduct Research First

you should know what you are buying. Pick companies, not stocks



Investing in stocks can be a great way to generate income and build wealth. But it's important to do your research before you buy anything. Nothing takes the place of extensive research. Research companies fully and if you lack the time to do extensive research you should use the services of a trusted investment advisor.



In a Rising Market

investors most often do not think about the negatives of Margin Trading & Broker Credit

Margin trading and broker credit can increase your purchasing power and increase gains. However, you must keep in mind that borrowing money to invest can also magnify your losses when the value of your shares reduce in a declining market.

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Have your own Plan than follow all – knowing market gurus

Individual investors are accountable for their own investment decisions so make your investment decisions based on sound, objective criteria. Do not be influenced by all knowing market gurus. Stick to your investment approach.

Markets do not Appreciate Everyday

fluctuations are inevitable, Be prepared for a downturn

Volatility is an integral part of investing. By being prepared for episodes of volatility you can be less surprised, remain focused on your long term investment goals and react rationally.

Enter the Market

when it is experiencing a Bear run

A bear market is one in which the prices of shares decline over a period of time. But stock markets have proven that they will bounce back eventually. So it is a good opportunity to pick stocks at lower prices. But simply buying shares because its market price has fallen is not a good strategy: instead, focus on buying growth companies at a reasonable price.



Investors should learn about

positives and negatives of Margin Trading and Broker Credit

Using borrowed money to invest comes with all the hazards that accompany any type of debt/loan. While borrowing money to purchase shares can help you make more money, they are by no means risk free. When the value of the shares you have used as collateral to borrow drops, your shares may be automatically sold by your broker to recover losses. As a new investor use borrowed money to invest sparingly, if at all, and only if you understand all of its aspects and dangers.





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