

## SIMPLE SERIES

# From Ownership to Opportunity: Understanding Stocks in Your Portfolio

*Investing basics, made simple.*

In Part 1 of our Simple Series, we covered the quiet strength of bonds. Investments known for their stability, income, and role as a buffer against market volatility. Now, we're shifting gears to explore a very different kind of investment: **stocks**.

Stocks tend to get a lot more attention and it's easy to see why. They represent ownership in companies, have the potential to grow significantly in value, and play a major role in driving long-term wealth. However, they can also be unpredictable. Unlike bonds, stocks can swing sharply in price, sometimes reacting to headlines, market shifts, or even investor sentiment.

Understanding how stocks work and how they fit into your broader investment strategy is key to building a portfolio that balances **growth**, **risk**, and **resilience** over time.

## SO WHAT IS A STOCK?

A stock represents **ownership in a company**. When you buy a share, you're purchasing a small piece of that business. If the company performs well, your investment may grow in value through **price appreciation** or **dividends** (profits shared with shareholders).

## RISK AND REWARD

Stocks come with more ups and downs than bonds. They're naturally more **volatile** and with that comes the potential for **greater long-term growth**. The key principle?

**The higher the potential reward, the higher the risk.**

That's why stocks are typically suited for long-term investors who can ride out short-term market swings.

## WHY DO PEOPLE INVEST IN STOCKS?

- **Growth:** Over time, stocks have outperformed most other asset classes.
- **Diversification:** Stocks play a key role in a balanced portfolio.
- **Ownership:** You're backing companies and industries you believe in.

## A LONG-TERM GAME

It's normal for stocks to fluctuate, sometimes sharply. The biggest mistake? Reacting emotionally and selling during downturns. Staying invested and maintaining a diversified mix is usually the smarter play.

## READY TO GET STARTED?

In Part 3, we'll show you how to put the pieces together; combining stocks, bonds, and other investments to build a well-balanced portfolio. Have questions or want to see how this applies to your plan? **Let's connect.**