



KNOWLEDGE IS POWER

Tips for buying stock
By Barbara Sanford

Studies show that because women are cautious, they're better investors than risk-taking men. So don't shy away from buying stock. As a shareholder in a company you're proud to own, you may be pleasantly surprised by the returns you'll get on your investment.

Do your research

"The best place to start is the nonprofit American Association for Individual Investors Web site, www.aaii.com," advises Allen Jacobson, principal at Jacobson & Schmitt Advisors in Madison. It offers articles and guidance on stock investing and will help you organize your research. You can also go to any company's Web site for information.

"Understand what a company does and how it does it," advises Marilyn Holt-Smith, Managing Director and Senior Portfolio Manager at Holt-Smith Advisors in Madison. Study the company's Web site. An investment information and news section will link to quarterly earning filings made with the U.S. Securities

and Exchange Commission (SEC). Review last year's annual report and the last two years' quarterly reports. Visit competitors' sites and draw comparisons.

Go to your broker's Web site and pull up research information. Other recommended sites are Yahoo finance, www.finance.yahoo.com; MSN money,

www.moneycentral.msn.com; and Google finance, *www.google.com/finance*. All contain news, charts, a stock screener and tips. “You can find out a lot online, but it doesn’t tell you how to make investment decisions. That comes with experience,” explains Marilyn.

Rules of thumb

Sharing some of his rules of thumb for buying stock, Allen enumerates: 1) Don’t even think about whether it’s a good or bad time to buy or sell; 2) Buy when you have long-term funds to invest; 3) Invest in companies you know or understand and have a feeling for. It can be a store you shop at or a product you use. The company may be one of the 100 Best Places to Work at or it may be a green company; 4) Don’t buy with money you could use in the next five years.

“You have to go through a broker to buy stock,” says Marilyn. Choose either a mainline such as Merrill Lynch, *www.ml.com*; UBS, *www.ubs.com*; Morgan Stanley Smith Barney, *www.smithbarney.com*; etcetera, or discount broker such as TD Ameritrade, Charles Schwab, Fidelity. Find out what professionals are saying about the company you’re investing in. Write down three to five reasons why you’re buying their stock and when you’re going to sell it if these things don’t happen.

Know when to sell

“Plan to hold a stock from five to 15 years, but sell it when it disappoints you,” advises Allen. “Read about the company’s bad business decisions or poor results compared to competitors. Remember, no one can predict the stock market or a stock price.”

“Once you own a stock, you have to follow the company and be responsible for making selling decisions. This takes time and effort,” explains Marilyn. “Sell if the reasons you bought it don’t happen in one to two years. Set price objectives and monitor other stocks in the industry. If yours is doing worse than the others, you may need to sell.”

Angela Behm, Operations Administrator at Jacobson & Schmitt, bought her first stock — seven shares of Barnes & Noble — when she was 22 years old. She was a regular customer and the bookstore was always busy. “I didn’t understand how the stock market worked, and the experience, though just three clicks on the computer, was nerve-racking,” she shares. “I’ll never forget that day. I’d saved money for a year to buy stock. It was a great learning experience and the returns were steady.”

Remember, just like you, stock-investing guru Warren Buffett started out buying a single stock. By doing it yourself, you’ll learn a lot about investing and have fun in the process. **mb**