



# HOW TO CONQUER WALL STREET

## DAILY LESSONS LESSON 2

### INTRODUCTION

- This lesson will explain common stocks

### PURPOSE

- Gives students an introduction to the 3 important aspects of common stocks

### SKILL SET

- Students will understand the risks inherent in common stocks
- Students will know the 3 important stockholders' rights
- Students will know the 2 ways that stockholders' earn profits

### TOPICS FOR DISCUSSION

- The risks inherent in common stocks
  - A stockholder risks only his investment unlike:
    - Unlimited liability associated with:
      - Partnerships
      - Sole proprietorships
- The 3 important stockholders' rights
  - The right to vote for the board of directors;
  - The right to receive the company's financial information; and
  - The right to vote for a merger
- Learn the 2 ways that stockholders' earn profits
  - Stock Appreciation
    - Increase in stock price
    - Stock split
      - Subsequent increase in stock price
  - Dividends
    - Monetary dividends
      - cash
    - Non-monetary dividends
      - Stock dividend



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### CLASSROOM DRILLS

- How much can a person lose in the stock market?
  - Only his investment
- Can a stockholder vote for someone in management?
  - No, the board of directors appoints management
- What information are stockholders entitled to receive?
  - The company's financial reports
- How does a stockholder earn profits?
  - Stock appreciation and dividends

### HOMEWORK ASSIGNMENT

- Workbook page 2 and Lecture CD Track 2
- Review Lecture CD Track 3
- Review Illustration Booklet pages 2-3

### QUIZ/TEST (OPTIONAL)