

PAVE YOUR PATH TO A FINANCIALLY STABLE FUTURE



BUY

LEARN TO
INVEST

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Financial stability is when you do not have to worry about how to pay your bills. It is when you are comfortable with your earnings and have no worries about any sudden financial shocks. Your financial satisfaction stems from the knowledge that your earnings exceed your expenses, ensuring that you have funds set aside for a rainy day.

Savings or Investments?

As many leading banks would tell you, savings entail putting some of your earnings aside for future use. Savings will earn you a modest interest and will remain in your account as long as you would like to keep it. Of course, there is a risk that with time you will not be able to purchase as much as you were able to, with the value of currency depreciation.

Investing involves allocating money for future use. However, when you invest, you will be allocating your money in a spectrum of assets where you believe the value will appreciate over time. If you invest in shares, you will be buying into a fraction of ownership of an individual company.

Savings may appear to be a safer option than investing, but it will almost certainly not result in the highest accumulation of wealth over time. Preservation of capital, appreciation of asset value, substantially better returns/profits than savings accounts, and the ability to use as collateral are just a few of the advantages of investing. When you decide to invest, you are exploring the opportunities to achieve a higher return in exchange for more risk. The equity investor is usually compensated for this uncertainty or risk by better returns than any other asset class, as investment value grows over time, provided the investor follows prudent investment principles. People invest in equities of companies and undertake entrepreneurial activity as there is tremendous long-term value creation in properly governed companies.

Investment also has its risks. You must be aware of the company's stability and growth possibilities before investing. What products or services do they deal in? What are the future prospects of the company? Beginners and small-time investors should ideally get the services of an investment advisor to advise on what to invest in, while experienced investors can manage on their own. All you have to do is equip yourself with the appropriate information. It is always good to start small, as it minimizes the risk associated. A well-thought-out investment could reap rich benefits for your finances.

Learn the Ropes

You will need to closely follow the market conditions and share prices movements. It is always wise to refer and study research reports, observe market and stock movements, and ensure that you get a sound overall market education from reliable, trusted sources. A good understanding of trade and commerce will help you to identify companies with products and services that are good investments.

The Colombo Stock Exchange (CSE) provides many resources for investors including a dedicated, state-of-the-art mobile app to follow the day's movements. It would be wise to educate yourself on the rules and regulations pertaining to stock trading in Sri Lanka and on the mechanics of investment. There is a saying that "fortune favors the brave". Make sure your investment is a calculated risk by familiarizing yourself with the share market movements, accumulating knowledge from credible sources, diversifying your finances and choosing the right approach for you at the right time.

For updates on educational programmes conducted by the Colombo Stock Exchange (CSE) and Securities and Exchange Commission of Sri Lanka (SEC) and market highlights, follow us on official CSE and SEC social media platforms.