



HOW TO NARROW DOWN THE STOCK UNIVERSE

With over 5,000 securities in the stock universe, how do you know where to start? Here is a helpful checklist to use when you are attempting to narrow down the list of stocks to potentially add to your portfolio.

1. Start with your allocation needs from "Step 2: Recognizing Your Risk Tolerance and Allocation"
 - a. Do you need a large-cap, mid-cap, small-cap or international stock in your portfolio?
2. Think about your preferences in terms of style.
 - a. Do you have a preference for growth, value, income, momentum, etc.? If so, write it down as part of your "buy, sell and hold" rules.



Did you know studies have linked a preference for a particular investment style to personality traits, biology, life experiences and investment knowledge?

3. Consider how much time you spend on stocks (from Preferences), including how the frequency at which you want to trade stocks. If you prefer less turnover, value and income (dividend) approaches may be better options.
 - a. If you're comfortable with higher levels of turnover, momentum and technical analysis strategies may be a desirable option.
4. Are taxes a consideration?
 - a. If so, you may want to follow lower turnover strategies.
 - b. You may also prefer non-dividend paying stocks or at least avoid those that do not pay qualified dividends.





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5. How important is to be able to execute trades quickly at market prices?
 - a. Investors who can be patient with their trades can consider small value stocks.
 - b. Large-cap stocks are better for those who prefer being able to execute trades quickly or have large portfolios.
6. Do you follow a sustainable investing strategy or have other personal preferences influencing which types of stocks you will not consider.
 - a. If so, make sure to write those preferences down.

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