

Stock Market Basics — Workbook

This workbook turns the course into action. Each section mirrors a course module with hands-on exercises, fill-in worksheets, and checklists you can complete in a single sitting per section. Work through it with a real brokerage account open in another tab, and by the end you will have read live quotes, sized a position, screened for red flags, and written a one-page investing plan you can actually follow.

How the Stock Market Actually Works

Cement a correct mental model of shares, exchanges, indexes, and how ownership produces returns.

Exercise: Reverse-Engineer a Company You Use

Pick one public company whose product you use weekly (for example Apple, Coca-Cola, or Visa). Look up its ticker, share price, shares outstanding, and whether it pays a dividend, then answer the prompts in your own words.

- What does owning one share of this company actually entitle you to?

- Roughly what fraction of the whole company is one share, using shares outstanding?

- Does it pay a dividend, and if so how much per share per year?

- Would you expect returns here to come mostly from price growth, dividends, or both?

Worksheet: Index and Sector Map

Fill in the fields below for three major indexes and place your chosen company into its GICS sector. Use any free quote site to find the numbers.

Index 1 name and how many companies it tracks

Index 2 name and how many companies it tracks

Index 3 name and how many companies it tracks

Is each index market-cap weighted or price weighted

Your company's GICS sector

Two other companies in that same sector

Checklist: Foundations Understood

- I can explain what a share represents in one plain sentence
- I know the difference between the primary and secondary market
- I can name the two ways stocks make money for owners
- I understand that an index is a basket summarized as one number
- I know which sector my chosen company belongs to

Reading Quotes and Placing Trades

Practice decoding a live quote and rehearse placing each order type without risking money.

Worksheet: Live Quote Decode

Open a live quote for any stock during market hours and record every field below. Then judge the liquidity from the spread and the size from the market cap.

Ticker symbol

Last price

Bid price

Ask price

Spread (ask minus bid)

Today's volume

Market capitalization

52-week high and low

P/E ratio

Your one-line read: liquid or thin, large or small, cheap or expensive

Exercise: Order Ticket Rehearsal

Without submitting, open the order ticket for one liquid large-cap and one small low-volume stock. Compare how the app behaves and decide which order type fits each. Note: do not click the final confirm button.

- For the liquid large-cap, would a market order be acceptable and why?
- For the thin small-cap, what limit price would you set and why?
- What estimated total cost does the app show for 10 shares of each?
- Which time-in-force setting would you choose and why?

Worksheet: True Cost of a Trade Calculator

Work a full buy-and-sell example on paper using the fields below to see your real gain after costs. Shares bought and price each

Base purchase cost (shares times price)

Fees, commissions, or conversion charges

Total cost basis

Assumed sell price each and total proceeds

Gain or loss (proceeds minus cost basis)

Held under or over one year, and which tax rate applies

Checklist: Trade-Ready

- I can read bid, ask, and spread and judge liquidity from them
- I know when a market order is safe and when to use a limit order
- I can calculate cost basis including fees
- I know that volume tells me how easily I can enter and exit
- I will avoid pre-market and after-hours trading while learning

Avoiding Common Beginner Mistakes

Build personal guardrails against hype, overtrading, leverage, concentration, and scams.

Exercise: Spot-the-Red-Flag Drill

Find three recent investment messages in your feeds, group chats, or inboxes that pitch a specific stock. Score each against the red-flag list and decide whether you would act on it.

- Does the message use urgency or a buy-now-or-miss-out tone?

- Does it promise guaranteed, risk-free, or outsized returns?

- Is it about a tiny, cheap, or obscure ticker?

- What might the sender gain if you buy, and would you act on it?

Worksheet: Personal Risk Rules

Write your own hard rules so future-you cannot rationalize a bad move. Fill in each limit with a specific number or yes/no.

Maximum percent of my portfolio in any single stock

Will I use margin or borrowed money: yes or no

Will I buy leveraged or 2x/3x ETFs: yes or no

How often at most will I place trades

My fixed dollar-cost-averaging amount and schedule

What I will do the next time the market drops 20 percent

Checklist: Trap-Proofing Complete

- I will not buy a stock just because it is soaring and trending
- I will not try to time market tops and bottoms
- I will keep any single stock under my chosen percentage cap
- I will avoid margin and leveraged products entirely for now
- I will verify any hot tip against a primary source before acting
- I can explain in plain words why I own each thing I buy

Building a Simple Long-Term Plan

Assemble a complete, automated, low-cost plan and the maintenance routine to keep it on track.

Worksheet: One-Page Investing Plan

Complete every field to produce the single page you will reread whenever markets get scary. Keep it somewhere you will see it.

My primary goal and target year

My time horizon in years

Emergency fund status: months of expenses saved

High-interest debt status: paid off yes or no

Accounts I will use in priority order (401k match, IRA, TFSA, RRSP, taxable)

Monthly amount I will invest automatically

Exactly what funds I will buy

My target stock-to-bond allocation

My rule for what I will do during a crash

Exercise: Build Your Portfolio on Paper

Design a complete diversified portfolio using either a three-fund approach or a single target-date fund, then sanity-check the total cost.

- Which funds (by ticker) make up your portfolio and what percent is each?
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- What is the blended expense ratio, and what does it cost per \$10,000 per year?
- Using the subtract-your-age-from-110 guide, what stock percentage fits you?
- Could a single target-date fund replace your whole plan, and would you prefer that?

Worksheet: Annual Rebalance Log

Set up the log you will fill in once a year to keep your risk where you set it. Pre-fill the targets now.
Review date (your chosen annual date)

Target stock percent and target bond percent

Current stock percent and current bond percent

Drift in percentage points

Action taken: rebalance or leave as is

Contributions confirmed flowing: yes or no

Checklist: Plan Locked In

- My emergency fund and high-interest debt are handled before investing
- I am using tax-advantaged accounts in the right priority order
- My contributions are automated on a fixed schedule
- My portfolio is diversified and low cost
- I have a written rule for behaving during crashes
- I have scheduled one annual review and rebalance

Your Action Plan

1. Build or confirm a 3 to 6 month emergency fund and pay off any high-interest debt before investing a dollar in stocks
2. Open a reputable, regulated brokerage account with SIPC or CIPF protection and the account types you need
3. Capture any employer 401(k) match first, then fund an IRA, TFSA, or RRSP before a taxable account
4. Decide your target stock-to-bond allocation using your age and your comfort with risk
5. Choose your holdings: a three-fund index portfolio or a single low-cost target-date fund
6. Practice reading a live quote and rehearse a limit order without submitting it
7. Set up automatic dollar-cost-averaging contributions on a fixed schedule
8. Write your one-page investing plan and store it where you will reread it during downturns
9. Schedule one annual review and rebalance on a memorable date such as your birthday
10. Commit in writing to doing nothing dramatic during the market crashes that will inevitably come

