MY MARKET BOOK™

Investor Quick Start
GUIDE

A CLEAR, VISUAL INTRODUCTION TO THE MARKET

The concepts every investor should understand before risking capital.

KNOW THE MARKET. AVOID THE MISTAKES.

WELCOME

Before you put money into the market, understand the market.

The market can feel more complicated than it needs to. Prices move, terminology piles up, and confident opinions arrive faster than careful explanations. My Market Book exists to slow the noise down and show how the pieces connect.

This guide gives you a real foundation. You will learn what ownership means, how orders become trades, why risk begins with position size, and how to ask better questions before acting. The examples are intentionally simple, but the ideas are not watered down.

We do not provide stock picks, promise returns, or tell you what to buy. We teach the mechanics and mental models that help you evaluate information with more context. The complete My Market Book goes much further; this free guide is where the connected picture begins.

OUR PROMISE

Simplify without stripping away what matters.

1 LEARN → 2 UNDERSTAND → 3 CALCULATE → 4 QUESTION → 5 DECIDE

FOUNDATION 01

What is a stock?

A stock is an ownership interest in a company - not merely a price moving on a screen.

PUBLIC COMPANY

A business owned through shares

→

TOTAL SHARES

1,000,000 outstanding

→

YOUR SHARES

1,000 owned

ILLUSTRATIVE OWNERSHIP

1,000 shares owned

1,000,000 shares outstanding

0.10%

OF THE COMPANY

KNOW THIS

Owning a share makes you a shareholder. Your economic interest is your shares divided by all shares outstanding. The percentage may change if the company issues or repurchases shares.

FOUNDATION 02

The market is a connected system.

Companies, venues, brokers and participants are linked through orders, trades and prices.

COMPANIES
create ownership

EXCHANGES
organize trading

BROKERS
carry instructions

BUYERS + SELLERS
express demand

ORDERS
state price or priority

TRADES
match instructions

MARKET PRICE
records the latest trade

WHAT TO NOTICE

NYSE and Nasdaq are examples of exchanges. They are important parts of the market, not the market by themselves.

MECHANICS 01

How does a trade happen?

BUYERS / BID	EXECUTION	SELLERS / ASK
$49.90	$0.20 spread	$50.10

KNOW THIS

The last trade is history. Your next execution depends on the orders available when your instruction reaches the market.

MECHANICS 02

Why stock prices move

Prices change as available orders shift and participants reassess what the future may be worth.

AVAILABLE SELL OFFERS

$100 230 shares offered

$101 165 shares offered

$102 105 shares offered

NEW DEMAND

300

shares wanted

Demand can consume shares at one price and reach the next available offer.

Mechanics + expectations

News does not move price by itself. Participants interpret the news, revise expectations, and change their orders. If good news was already expected, the reaction may be muted - or even negative.

COMMON MISTAKE

Good news does not guarantee a higher price. The result depends on what the market expected and how participants respond.

ORDERS 01

Market order vs. limit order

Two instructions. Two different priorities. Neither removes risk.

MARKET ORDER

Execution priority

Buy or sell at the best available price.

PRIORITIZES

Likely to execute

TRADEOFF

Exact price is not guaranteed

LIMIT ORDER

Price control

Set the worst price you will accept.

PRIORITIZES

Price boundary

TRADEOFF

Execution is not guaranteed

EXAMPLE

With a $50.10 ask, a market buy may execute near that price but can vary. A $50.00 buy limit will not pay more than $50.00, but it may never fill.

ORDERS 02

The hidden tradeoff

Price control and execution certainty pull in different directions.

EXECUTION PRIORITY **PRICE CONTROL**

Market order Limit order

100-SHARE MARKET BUY

May fill now

The final price can differ from the quote.

$50.00 LIMIT BUY

May not fill

The order waits unless a seller accepts $50.00 or less.

KEY TAKEAWAY

An order type defines a tradeoff. It does not guarantee a favorable outcome, eliminate volatility, or make an investment suitable.

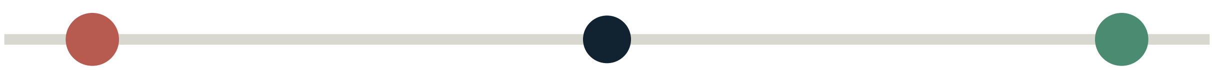
RISK 01

Risk before reward

A scenario framework starts with what could be lost, then compares a possible upside. It is not a forecast.

$100

ILLUSTRATIVE ENTRY



$90

DOWNSIDE SCENARIO

$120

UPSIDE SCENARIO

$10 scenario risk compared with $20 potential reward

1 : 2

IMPORTANT

Real exits are not guaranteed at a chosen price. Gaps, liquidity, volatility, fees and taxes can change an actual result.

RISK 02

Position size changes everything

PORTFOLIO A

10 shares **$100**

10 x $10 possible loss

PORTFOLIO B

500 shares **$5,000**

500 x $10 possible loss

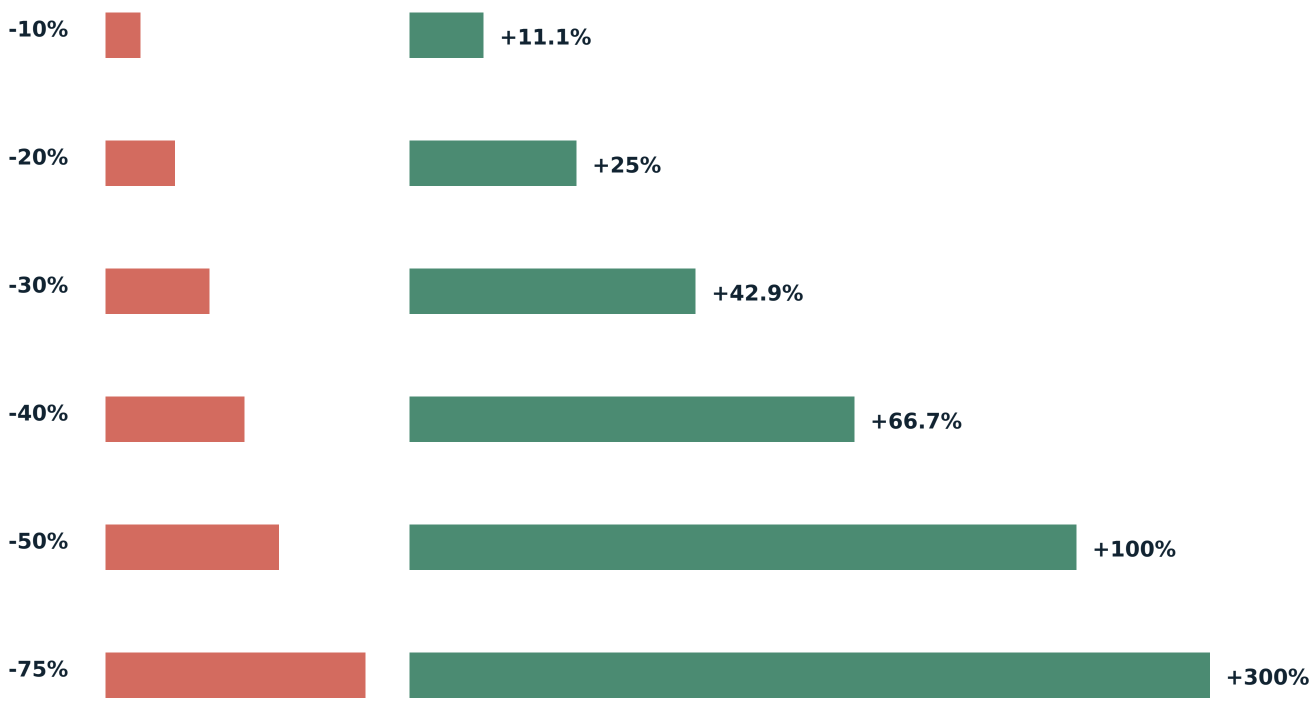
SAME STOCK. DIFFERENT EXPOSURE.

Risk is not determined by the ticker alone. Share count, entry price, portfolio value and the size of an adverse move all matter.

RISK 03

The mathematics of loss

Recovery begins from a smaller base, so the required gain rises faster than the original loss.



THE NUMBER TO REMEMBER

-50% requires +100%

$100 -> $50 -> $100

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RISK 04

Drawdowns compound

Two 10% losses do not equal a 20% final decline from the original amount.

$10,000

START

$9,000

AFTER -10%

$8,100

AFTER ANOTHER -10%

$1,900 total decline

The second 10% is calculated from $9,000, not the original $10,000. The ending value is 19% below the start.

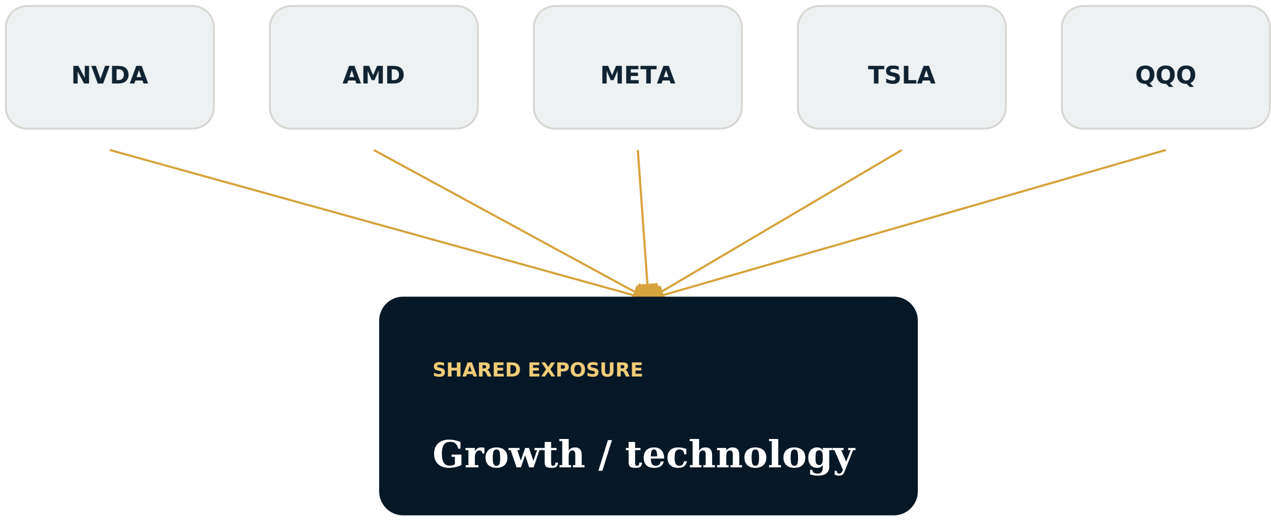
KNOW THIS

A drawdown measures decline from a prior peak. Understanding the arithmetic helps explain why protecting capital matters.

PORTFOLIO 01

Diversification is not a ticker count

Five names can still behave like one concentrated bet if they share the same underlying risk.



BROADER RISK SOURCES

- Businesses
- Sectors
- Regions
- Rates
- Time horizons

KEY TAKEAWAY

Diversification means spreading exposure across different risk sources. More holdings alone do not guarantee it.

PORTFOLIO 02

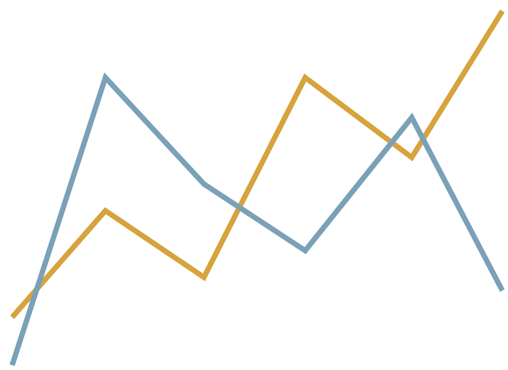
When different investments move together

Correlation describes how returns have moved in relation to one another. It can change over time.

MORE SIMILAR

The paths react alike.

MORE INDEPENDENT



The paths respond differently.

Different names can still carry similar risk.

Correlation is a description of historical movement, not a promise about the future. In stressed markets, relationships can change quickly.

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APPLY 01

Put the pieces together

One fictional company. One connected set of questions. No buy-or-sell verdict.

OWNERSHIP

What does one share represent?

QUOTE

Bid $49.90 / Ask $50.10

ORDER

Execution or price priority?

POSITION

100 shares x $50 = $5,000

DOWNSIDE

$45 scenario = -$500

UPSIDE

$60 scenario = +$1,000

What else matters?

- Liquidity
- Earnings
- Time horizon
- Volatility
- Taxes
- Market conditions

THE INFORMED QUESTION

Not 'Will it go up?' but 'What am I buying, what could change the outcome, and how much exposure am I taking?'

APPLY 02

10 costly mistakes investors make

Most errors begin before the order is placed: incomplete understanding, poor sizing, or emotion replacing process.

01 Buying what you do not understand

02 Chasing a fast move

03 Confusing price with value

04 Ignoring downside

05 Oversizing a position

06 Mistaking quantity for diversification

07 Treating tips as research

08 Ignoring fees and taxes

09 Panic selling without context

10 Projecting past performance forward

Know the market. Avoid the mistakes.

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SAVE THIS PAGE

Before you invest: the checklist

A better decision begins with better questions. Write your answers before acting.

- [ ] **What am I buying?**
- [ ] **How does it make money?**
- [ ] **What could make the price fall?**
- [ ] **What is my downside scenario?**
- [ ] **How large is the position?**
- [ ] **What fees and taxes may apply?**
- [ ] **What risks might I be missing?**
- [ ] **Am I acting from research or FOMO?**
- [ ] **What would change my original reasoning?**

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CONTINUE FREE

Your My Market Book toolkit

Learn. Calculate. Understand. Keep building the connected picture at MyMarketBook.com.

STOCK SCENARIO

See how price changes affect a position.

POSITION SIZE

Translate a risk amount into share count.

COMPOUND GROWTH

Explore hypothetical growth over time.

FEE IMPACT

See how recurring costs can compound.

FINANCIAL GLOSSARY

Decode 144 market terms in plain English.

EXPLORE FREE TOOLS -> MYMARKETBOOK.COM/TOOLS

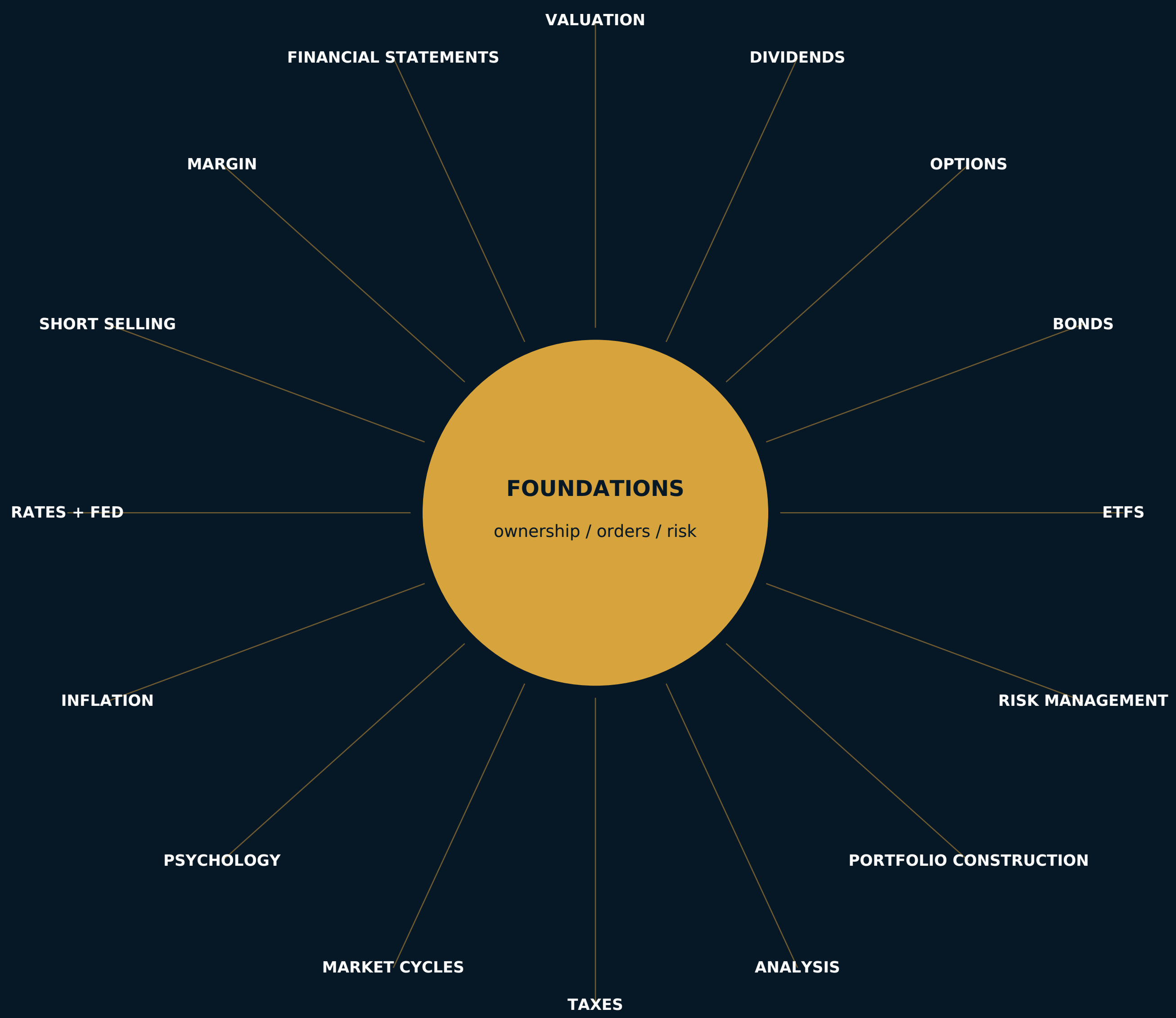
EDUCATIONAL USE

Calculator results are estimates based on the numbers entered. They are not predictions or personalized recommendations.

THE BIGGER PICTURE

You have learned the foundations

Now see how much more becomes understandable when the market is treated as one connected system.



WHAT COMES NEXT

The complete My Market Book connects these subjects through the same clear, visual teaching system.

CONTINUE THE JOURNEY

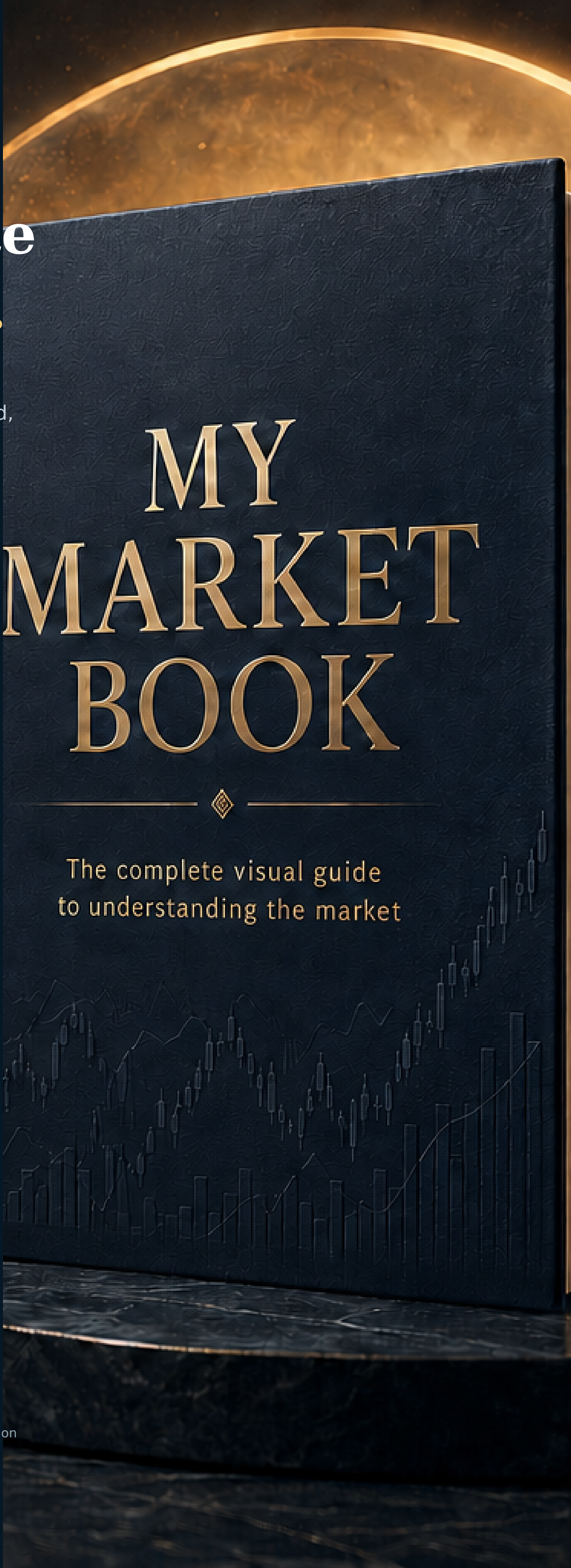
Meet the complete My Market Book™.

If this free guide made the market easier to understand, imagine what we can do with the whole picture.

- **Visual**
- **Comprehensive**
- **Practical**
- **Connected**

EXPLORE THE COMPLETE BOOK ->

Continue learning free at MyMarketBook.com



EDUCATION, NOT FINANCIAL ADVICE

Selected references: Investor.gov and FINRA.org. Accessed September 2026.