

Small investors and stock market investment

[Business](#)



The paper " Small Investors and Stock Market Investment" is an excellent example of a business essay. Most of the small investors are of the view that investing in the stock market is only beneficial for the professional and institutional investors. There are different disadvantages or barriers which had to be faced by small investors in stock market investment. Small investors have to learn the art of overcoming these hurdles and developing a diversified portfolio in order to be successful in the stock market. First of all small investors face issues in the development of a well-diversified portfolio because of the lack of available funds. Small investors can buy a limited amount of stocks and hence this increase the risk. One method of minimizing this risk is to use the broad-based index for. Along with this small investors have to bear additional administrative costs, as there are different fees on the quarterly and annual basis for the small size accounts. Another requirement set by mutual funds and other brokerage firms is about the minimum opening deposit which is considerably high and is almost unaffordable for small investors (Barber and Odean, 2000).

ADVANTAGES FOR SMALL INVESTORS IN STOCK MARKET INVESTMENT:

If small investors are able to employ appropriate strategies they can be benefited by the stock market investment. Along with different barriers, there are certainly also some advantages for the small investors in stock market investment. Because of a limited amount of budget and small size of the portfolio, the small investor can go for stocks which have high return without affecting its prices and at the same time can hold the shares for a longer period of time. Small investors are not under any corporate or professional pressure to indulge in quick buying and selling activities. In this way, by focusing on the best-performing stocks and holding for longer time <https://assignbuster.com/small-investors-and-stock-market-investment/>

period small investors can benefit from the stock market investment (Griffin, Harris, and Topaloglu, 2003).