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Financial assets are made up of securities, stocks and derivatives. These are claims to the cash flow generated by real, tangible assets which are the lands, buildings and machineries we use. These pieces of paper are how citizens of highly developed countries increase their wealth. Wealth generation involves risk, for no business activity is certain to provide returns. Financial markets allow investors to participate inmoney-making ventures without being physically present in the project site.

Most risk tolerant individuals prefer stocks, for it has the potential to yield very high returns, while conservative ones go for bonds which provides a steady, fixed income. In this activity, stock trading is the main focus. Objectives Just like any investor, generating cash flow was the primary goal. The amount of cash to be gained from trading should compensate the risk undertaken. The goal was to achieve steady growth. The expected was return is 40%. After setting the required return, a portfolio strategy was chosen.

Assets were then selected which would comprise the efficient portfolio--provides the highest return for a given level of risk. Fundamental analysis was the method used to pick the stocks. Diversification was another tactic used to maximize return while spreading the risk. Construct a portfolio Portfolio construction was a tedious task. I had to weigh the risk and returns, and sometimes, to trust my gut feel. Stock prices, as studies have shown follow a random walk movement. The approach used was a top-down portfolio construction. A portfolio is basically a collection of investment assets.

The type of assets to be held was first determined. It was then followed by security analysis to pick out the stocks deemed profitable. Diversification was one principle used in choosing the stocks. It simply meant that equities from different industries were held in the portfolio so that risk exposure was limited. Shares from the software industry (RIMM, JAVA), arms(SWHC), pharmaceutical (GERN), computer (PALM), insurance (HUM), healthcare(HMA), power (FL), SAM, metals and mining(AUY, AA) , oil and gas(IEO), index fund(SWPIX), cement(CX), AXP Asset Analysis Fundamental analysis was mainly used in the decisions undertaken.

This approach uses earnings and dividend prospects of the firm, expectations of future interest rates, and risk evaluation of the firm to determine proper stock prices. It relies on the company's financial health indicators. The stocks' annual growth rate, quarterly earnings records, and P/E (price-to-earnings) ratios were measured. Historical data was also used. One such statistic is the EPS, or earnings-per-share ranking. PALM stocks were bought since the firm's return on investment was stated at 2470. 70%. Also, on the day that it was traded, it was lower priced. Smith and Weson, SWHC had a P/E ratio of 5. 50%, an ROE of 19.

7%. Thus, a total of 4000 shares of SWCH were bought. Alcoa, or AA's ROE was 16. 20%. Its EBITDA was 5. 45 B. Meanwhile, its P/E ratio was 11. 60 and its annual dividend was at . 68 per share. Alcoa looks financially healthy, but was expensive, so only 1000 shares were purchased. Similarly, FPL's ROE was 14. 6%. Its P/E ratio was 12. 7%. Its EBITDA was 4. 47 B. The market values FPL shares highly. But, I found it unsmart to invest in highly valued stocks, because market perceptions fluctuate wildly. Thus, I only acquired

700 shares of FPL. RIMM had an ROE of 30. 60%. Its P/E ratio was 50%. For me, RIMM shares were really costly.

In fact, it was has the highest cost per share in my portfolio. But I was attracted to its financial forecast. Furthermore, its 52 week high was at $148 so I found the $80 per share enticing. I thus bought 1000 shares from RIMM. HUM had an ROE of 19. 9% and a P/E ratio of 18. 00. It was quite overpriced, so I only bought 1000 shares. HMA was the lowest priced stock in my portfolio. But, I decided to purchase it believing that demand for health care services will increase in the near future. CX, compared with its competitor, Heidelberg cement had higher earnings and historically displayed returns higher than the market average.

I bought 1000 shares. I also bought SWPIX, an index fund as a comparison for the return of my trading activities. Event Selection One of the most remarkable news was the launching of PALM's Pre. With the belief that the Pre will be hot in the market, just like Apple's I-pod, I bought 4, 000 shares from PALM. I deem that the future value of PALM will increase more than two-fold once the Pre is introduced. The hype will push the price of its stock. Thereafter, I can sold my shares at a profit. In addition, the popularity of smart phones, or phones which serve more than just talking devices was forecasted to increase steadily in the near future.

Aside from purchasing PALM stocks, I decided to buy shares from BlackBerry's maker, RIMM. News of the global swine flu outbreak prompted me to purchase HMA shares. HMA , a healthcare provider would have more profits if the flu would become widespread. In addition, Citigroup upgraded HMA shares from hold to buy. Meanwhile, the news on the pending sale of

JAVA drove me to sell my 1000 shares. Monster stocks which were identified two weeks in a row included AUY. The information urged me to buy 3000 shares of AUY.