

Home > Learn > Stock Market > Investing in Value Stocks: The Basics + How to Begin

# Investing in Value Stocks: The Basics + How to Begin



Published By: Public.com

Updated On: Apr 19,2023

Stock Market



## Table of Contents

01

What are value stocks?

02

Benefits to consider when buying value stocks

Limitations to consider when buying value stocks

03

Value stocks: Bull and bear cases

04

Where to research value stocks

05

How to Buy/Invest in Value Stocks

06

Value stocks have long been a popular investment option for those looking to invest in the stock market. These are stocks that are considered undervalued by the market, meaning that their stock price may not reflect their true worth. While investing in value stocks can offer the potential for higher returns, there are also risks associated with this investment strategy.

In this article, we will explore the benefits and limitations of investing in value stocks, as well as the potential risks and rewards of this investment strategy. Whether you are a seasoned investor looking to diversify your portfolio, or a new investor seeking to learn more about the stock market, understanding the nuances of value stocks can help you make more informed investment decisions.

## Key Takeaways

01

Some investors have been drawn to value stocks due to historical advantages, including lower prices, potential for growth, and dividend income.

- 02 The potential downsides of investing in value stocks include continued undervaluation, limited growth prospects, value traps, and underperformance during market rallies.
- 03 Services like **Public Premium** give you access to advanced data and insights that are helpful when conducting fundamental analysis
- 04 Spotting a value stock requires careful analysis looking at metrics like low-price-to-earnings ratio (P/E ratio), industry trends, strong fundamentals including stable earnings, low debt levels, and high dividend yields

### **Invest in stocks, Treasuries, ETFs, crypto, and alternative assets**

[Sign up now](#)

Build and diversify your portfolio, get the investing insights that matter.

## **What are value stocks?**

Value stocks are tied to an investment strategy in which investors will seek out companies that are believed to be undervalued by the market. These companies are typically well-established and have a solid track record of generating profits, but their stock prices may be lower than their intrinsic value due to various

factors such as market trends or negative news coverage.

There are many examples of value stocks that investors can consider, and the specific stocks that are considered value stocks may vary depending on the investment criteria used by individual investors. Investors can browse a list of large-cap value stocks via Morningstar [here](#), which include Bank of America Corp ([\\$BAC](#)), AT&T ([\\$T](#)), CVS Health Corp ([\\$CVS](#)), and FedEx ([\\$FDX](#)), among many others.

When it comes to value stocks, investors have an expectation that the stock prices will eventually rise to reflect the true value of the company. This increase in stock price can occur as a result of improved company performance, changes in market sentiment, or an overall improvement in market conditions. Value stocks are often compared to growth stocks, which are shares of companies that are expected to grow at a faster rate than the overall market.

While some value stocks have historically offered strong returns, they also come with their own set of risks and disadvantages. The value of a company can be difficult to accurately determine, and it's possible that the company's value may not actually increase as expected. Additionally, value stocks may not perform as well during periods of economic growth, as investors may prefer to invest in higher-growth companies. As with any investment strategy, it's important to carefully consider the benefits and limitations of investing in value stocks before making a decision.

## Benefits to consider when buying value stocks

Buying value stocks can offer several potential advantages, including:

- 01 **Potential for long-term growth:** Value stocks are considered to be undervalued by the market, which means there is potential for their price to rise as investors recognize their true value. This can lead to significant capital appreciation over time but is no guarantee.
- 02 **Dividend income:** Many value stocks are mature companies that pay regular dividends. Investing in these stocks can provide investors with a reliable source of income in the form of dividends.
- 03 **Low volatility:** Value stocks tend to be less volatile than growth stocks, which can help to reduce risk in a portfolio. This is because the market has already priced in much of the risk associated with these stocks.
- 04 **Strong fundamentals:** Value stocks can often have strong fundamentals, including low price-to-earnings ratios, high dividends, and stable earnings. This can provide investors with confidence in the long-term potential of these stocks.
- 05 **Lower price per earnings:** Value stocks are often cheaper than growth stocks, which means investors can purchase more company earnings for the same amount of money. This can help to reduce risk and increase potential returns if earnings are more fairly valued in the future.

Overall, buying value stocks is often a preferred investment strategy for investors who are looking for stable, long-term returns. However, it is important to remember that there are potential downsides associated with all types of investments.

### **Invest in stocks, Treasuries, ETFs, crypto, and alternative assets**

[Sign up now](#)

Build and diversify your portfolio, get the investing insights that matter.

## **Limitations to consider when buying value stocks**

The potential downsides of investing in value stocks include:

- 01 Continued undervaluation:** Just because a stock is considered undervalued does not necessarily mean it will rise in price. It's possible for a stock to remain undervalued for an extended period or continue to decrease in value.
- 02 Limited growth prospects:** Value stocks are often companies that have already matured and may have limited growth prospects compared to growth stocks.
- 03 Value traps:** Sometimes a stock may appear undervalued, but it is facing fundamental challenges and is not a good

investment opportunity. This is known as a value trap and can result in significant losses for investors.

- 04 Underperformance during market rallies:** During periods of economic growth and market rallies, value stocks may underperform compared to growth stocks, which can reduce potential returns.

Investors are typically advised to consider these factors and perform thorough research before investing in value stocks. Additionally, diversifying a portfolio with a mix of value and growth stocks is a common approach to diversification and balance.

## Value stocks: Bull and bear cases

Value stock bears, or naysayers, cite macroeconomic factors such as low interest rates which can contribute to a lack of opportunities for value investors. They also cite high prices and high valuations which could result in an inaccurate reflection of the underlying fundamentals of the companies.

Additionally, some contend that the market has changed in ways that make it more difficult for value investors to identify undervalued stocks, as companies are increasingly relying on intangible assets such as intellectual property and brand value. Yet another concern from bears is that the pandemic has accelerated digital transformation and made certain sectors of the economy, such as technology and e-commerce, more dominant, leaving traditional value sectors such as energy and financial services lagging.

Value stock industry bulls, or advocates, point to the benefits of these stocks being undervalued relative to their fundamentals and how historically they have outperformed growth stocks with the expectation this trend will continue. In addition, they reference the market's tendency to overreact to short-term news or trends, which can present opportunities for value investors to buy quality stocks at a discount. Finally, bulls also argue that rising inflation and interest rates could benefit value stocks, as these companies tend to have strong fundamentals and generate reliable cash flows.

## Where to research value stocks

To research value stocks investors can:

- 01 Analyze a company's financial statements, such as their balance sheets, income statements, and cash flow statements
- 02 Use metrics like the price-to-earnings ratio (P/E ratio), price-to-book ratio (P/B ratio), and dividend yield to identify undervalued companies
- 03 Assess the company's competitive position, management team, and industry trends to determine if the stock is the right investment opportunity for their portfolio
- 04 Research market conditions and macroeconomic factors that may affect the company's performance
- 05 Utilize investing platforms, such as **Public**, that offer in-context education, such as audio shows and reports, that



cover news surrounding value stocks and overall market trends.

### **Invest in stocks, Treasuries, ETFs, crypto, and alternative assets**

[Sign up now](#)

Build and diversify your portfolio, get the investing insights that matter.

## **How to Buy/Invest in Value Stocks**

Investing in value stocks involves identifying companies that are potentially trading below their intrinsic value and have the potential for future growth, and then purchasing those stocks at a discounted price. This is often referred to as the “buy the dip” strategy utilized by many long-term investors. Investors interested in purchasing these stocks can take the basic steps outlined below to inform their process:

**Identify the stocks:** First, identify the potentially undervalued stocks that you want to purchase. You can use various tools such as financial websites, platforms like Public, stock screeners, and conversations with financial advisors to identify potential value stocks.

**Research the company:** Once you’ve identified the stocks you want to buy,

research the company's financial health and performance, including its revenue growth, earnings, assets, and liabilities. Also, consider the company's market position, competitors, and management team. When identifying these stocks, investors will look at financial metrics to assess the overall health of the business relative to share price and surrounding market conditions.

**Evaluate the stock price:** Compare the current stock price with its intrinsic value to determine whether it's undervalued or overvalued. Look for stocks that are potentially trading below their intrinsic value.

**Place an order:** After you have decided which stocks to buy, place an order with your broker or investing platform. You can place a market order, which will execute immediately at the current market price, or a limit order, which allows you to specify the maximum price you're willing to pay for the stock. Investing platforms like Public offer both options

**Monitor your investments:** Once you've purchased your stocks, monitor their performance regularly. Keep an eye on the company's financial health, stock price, and industry trends. If necessary, make adjustments to your portfolio based on changes in the market or the company's performance. Value stocks are often utilized by long-term investors, who are often not distracted by short-term movements and are instead focused on longer-term trendlines.

Overall, value stocks can offer several advantages, including lower prices, potential for growth, and dividend income, but investors should also consider the potential risks and downsides. With careful research and a diversified portfolio, investing in value stocks can be a smart long-term strategy for investors seeking stable returns.

## **Invest in stocks, Treasuries, ETFs, crypto, and alternative assets**

[Sign up now](#)

Build and diversify your portfolio, get the investing insights that matter.

## **FAQs:**

---

**How to value a stock?**

---

**How do stocks increase in value?**

---

**How do you identify a value stock?**

---

**What is the difference between a growth stock and a value stock?**

---

---

## You Might Also Like

[How to invest in Oil Stocks: Guide to investing in Oil Markets](#)

[Cybersecurity Investing 101: How to invest in Cybersecurity stocks](#)

[Can you invest in ChatGPT? How to invest in AI](#)

[“When People Get Out of My Way, I Can Create Magic:” The World According to Steven Smith](#)

## Popular

[How to buy US Treasury Bills \(T-Bills\) in 2023?](#)

[What are cash alternatives? How to choose them?](#)

[How Are Treasury Bills \(T-Bills\) paid and taxed?](#)

[10 Best High-Yield Investments for 2023](#)

[What are Treasury bills? A complete guide to T-bills](#)

[High-Yield Savings Account vs Treasury Bills \(T-Bills\)](#)

---

The above content provided and paid for by Public and is for general informational purposes only. It is not intended to constitute investment advice or any other kind of professional advice and should not be relied upon as such. Before taking action based on any such information, we encourage you to consult with the appropriate professionals. We do not endorse any third parties referenced within the article. Market and economic views are subject to change without notice and may be untimely when presented here. Do not infer or assume that any securities, sectors or markets described in this article were or will be profitable. Past performance is no guarantee of future results. There is a possibility of loss. Historical or hypothetical

performance results are presented for illustrative purposes only

Products

Stocks

ETFs

Crypto

Alts

Treasuries

Premium

Pulse

Resources

About Us

Learn

Careers

Fee Schedule

How We Make Money

Quick Links

Top Movers

Investment Themes

Investing Glossary

Transfer your Portfolio

Public Live

Public Talks

Public Town Hall

Treasury Yield Curve

Contact Us

Help & Support

press@public.com



Check the background of this firm on [FINRA's BrokerCheck](#).

[Open to the Public Investing, Inc. Customer Relationship Summary](#).



Download on the App Store



GET IT ON Google Play

[Disclosures](#)

[Privacy Policy](#)

[Your Privacy Choices](#)

[Terms of Service](#)

[Fractional Shares Disclosure](#)

[Stocks Directory](#)

[ETFs Directory](#)

[How to buy Crypto](#)

[Buy T-bills](#)

© Copyright 2023 Public Holdings, Inc. All Rights Reserved.

Market data powered by [Xignite](#).

**Stocks and ETFs.**

Brokerage services for US-listed, registered securities are offered to self-directed customers by Open to the Public Investing, Inc. ("Open to the Public Investing"), a registered broker-dealer and member of [FINRA](#) & [SIPC](#). Additional information about your broker can be found by clicking [here](#). Open to Public Investing is a wholly-owned subsidiary of Public Holdings, Inc. ("Public Holdings"). This is not an offer, solicitation of an offer, or advice to buy or sell securities or open a brokerage account in any jurisdiction where Open to the Public Investing is not registered. Securities products offered by Open to the Public Investing are not FDIC insured. Apex Clearing Corporation, our clearing firm, has additional insurance coverage in excess of the regular SIPC limits. Additional information can be found [here](#).

### **Alternative Assets.**

Brokerage services for alternative assets available on Public are offered by Dalmore Group, LLC ("Dalmore"), member of FINRA & SIPC. "Alternative assets," as the term is used at Public, are equity securities that have been issued pursuant to Regulation A of the Securities Act of 1933 (as amended) ("Regulation A"). This content is not investment advice. These investments are speculative, involve substantial risks (including illiquidity and loss of principal), and are not FDIC or SIPC insured. Alternative Assets purchased on the Public platform are not held in an Open to the Public Investing brokerage account and are self-custodied by the purchaser. The issuers of these securities may be an affiliate of Public, and Public (or an affiliate) may earn fees when you purchase or sell Alternative Assets. For more information on risks and conflicts of interest, see [these disclosures](#).

An affiliate of Public may be "testing the waters" and considering making an offering of securities under Tier 2 of Regulation A. No money or other consideration is being solicited and, if sent in response, will not be accepted. No offer to buy securities can be accepted, and no part of the purchase price can be received, until an offering statement filed with the SEC has been qualified by the SEC. Any such offer may be withdrawn or revoked, without obligation or commitment of any kind, at any time before notice of acceptance given after the date of qualification by the SEC or as stated in the offering materials relating to an investment opportunity, as applicable. An indication of interest to purchase securities involves no obligation or commitment of any kind.

### **Crypto.**

Cryptocurrency execution and custody services are provided by Apex Crypto LLC (NMLS ID 1828849) through a software licensing agreement between Apex Crypto LLC and Public Crypto LLC. Apex Crypto is not a registered broker-dealer or a member of SIPC or FINRA. Cryptocurrencies are not securities and are not FDIC or SIPC insured. Apex Crypto is licensed to engage in virtual currency business activity by the New York State Department of Financial Services. Please ensure that you fully understand the risks involved before trading: [Legal Disclosures](#), [Apex Crypto](#).

### **Treasuries.**

U.S. Treasuries ("T-Bill") investing services on the Public Platform are offered by Jiko Securities, Inc. ("JSI"), a registered broker-dealer and member of FINRA & SIPC. See JSI's [FINRA BrokerCheck](#) and [Form CRS](#) for further information. When you enable T-Bill investing on the Public platform, you open a separate brokerage account with JSI (the "Treasury Account").

JSI uses funds from your Treasury Account to purchase T-bills in increments of \$100 "par value" (the T-bill's value at maturity). T-bills are purchased at a discount to the par value and the T-bill's yield represents the difference in price between the "par value" and the "discount price." Aggregate funds in your Treasury Account in excess of the T-bill purchases will remain in your Treasury Account as cash. The value of T-bills fluctuate and investors may receive more or less than their original investments if sold prior to maturity. T-bills are subject to price change and availability - yield is subject to change. Past performance is not indicative of future performance. Investments in T-bills involve a variety of risks, including credit risk, interest rate risk, and liquidity risk. As a general rule, the price of a T-bills moves inversely to changes in interest rates. See [Jiko U.S. Treasuries Risk Disclosures](#) for further details.

### **Investments in T-bills: Not FDIC Insured; No Bank Guarantee; May Lose Value.**

Banking services and bank accounts are offered by Jiko Bank, a division of Mid-Central National Bank.

JSI and Jiko Bank are not affiliated with Public Holdings, Inc. ("Public") or any of its subsidiaries. None of these entities provide legal, tax, or accounting advice. You should consult your legal, tax, or financial advisors before making any financial decisions. This material is not intended as a recommendation, offer, or solicitation to purchase or sell securities, open a brokerage account, or engage in any investment strategy.

**Commission-free** trading of stocks and ETFs refers to \$0 commissions for Open to the Public Investing self-directed individual cash brokerage accounts that trade the U.S.-listed, registered securities electronically during the Regular

Trading Hours. Keep in mind that other fees such as regulatory fees, Premium subscription fees, commissions on trades during extended trading hours, wire transfer fees, and paper statement fees may apply to your brokerage account. Please see [Open to the Public Investing's Fee Schedule](#) to learn more.

**Fractional shares** are illiquid outside of Public and not transferable. For a complete explanation of conditions, restrictions and limitations associated with fractional shares, see our [Fractional Share Disclosure](#) to learn more.

**All investments** involve the risk of loss and the past performance of a security or a financial product does not guarantee future results or returns.

[View Full Disclosures](#)





# How to invest in Oil Stocks: Guide to investing in Oil Markets

 Published By: Public.com Updated On: Apr 19,2023 Stock Market



## Table of Contents

- 01** What are oil stocks?
- 02** Benefits to consider when buying oil stocks
- Limitations to consider when buying oil stocks

03

Oil stocks: Bull and bear cases

04

Where to research oil stocks

05

How to invest in oil stocks and what does it cost

06

Sustainable alternatives to investing in oil

07

Oil stocks are a popular investment option for those seeking to diversify their portfolio and potentially earn a return on investment. As one of the most important commodities in the world, oil plays a vital role in the global economy, making oil stocks an attractive investment opportunity. However, investing in oil stocks can be complex and requires a thorough understanding of the industry, as well as the various factors that impact stock prices. In this article, we will provide a guide on how to invest in oil stocks, including factors to consider before investing, different types of oil stocks, and ways to improve your comprehension of the oil market. Whether you are a seasoned investor or a beginner, this article will provide valuable insights and tips to help you navigate the world of oil stocks and make informed investment decisions.

## Key Takeaways:

01

Some investors buy oil stocks due to the global demand in the commodity, high potential for returns, strong dividends, and diversification.

- 02 Oft-cited drawbacks to consider when investing in oil stocks include volatility, the geopolitical and environmental risks, and that oil is a capital-intensive industry
- 03 Services like **Public Premium** give you access to advanced data and insights that are helpful when conducting fundamental analysis.
- 04 The oil value chain is expansive and includes exploration and production of crude oil, transportation and storage, refining of crude oil into various petroleum products, and distribution and marketing of the final products to end-users.

### **Invest in stocks, Treasuries, ETFs, crypto, and alternative assets**

[Sign up now](#)

Build and diversify your portfolio, get the investing insights that matter.

## **What are oil stocks?**

Oil stocks are stocks of companies that are involved in the exploration, extraction, refining, and marketing of oil and gas products. These companies can range from large integrated oil companies, which are involved in all aspects of the oil and gas industry, to smaller companies that specialize in specific aspects of the industry, such as drilling or transportation.

Some examples of oil stocks include:

- 01 **ExxonMobil (XOM):** One of the largest integrated oil companies in the world, with operations in exploration, production, refining, and marketing of oil and gas products.
- 02 **Chevron (CVX):** Another large integrated oil company, with operations in exploration, production, refining, and marketing of oil and gas products.
- 03 **Royal Dutch Shell (RDS.A):** A multinational oil and gas company that operates in over 70 countries, with operations in exploration, production, refining, and marketing of oil and gas products.
- 04 **ConocoPhillips (COP):** A large independent exploration and production company, with operations in several countries around the world.
- 05 **Halliburton (HAL):** A large oilfield services company that provides a range of services to the oil and gas industry, including drilling, completion, and production services.

## Benefits to consider when buying oil stocks

There are several potential benefits of investing in oil stocks, including:

- 01 **Potential for returns:** Oil stocks have historically shown high potential for returns, making them an attractive investment option for those seeking long-term gains. While there are always risks involved with investing, the demand for oil continues to grow, which can lead to higher stock prices over time.
- 02 **Diversification:** Adding oil stocks to a diversified portfolio can help reduce risk and potentially increase overall returns. Oil stocks tend to have a low correlation with other asset classes meaning they may perform well even when other investments are struggling, though this is not guaranteed.
- 03 **Steady dividends:** Many oil companies (but not all of them) pay dividends to shareholders, providing a steady stream of income. This can be particularly attractive for those seeking passive income from their investments.
- 04 **Global demand:** Oil is a crucial commodity for the global economy, with demand coming from various sections, including transportation, manufacturing, and agriculture. This means that oil companies are typically well-positioned to weather economic downturns and maintain profitability.
- 05 **Potential for growth:** As the world transitions to cleaner energy sources, oil companies are diversifying their businesses to include renewables and other clean technologies. This, in turn, could present future growth opportunities for those investing in oil stocks, as these

companies work to adapt to an evolving energy landscape

## Limitations to consider when buying oil stocks

While there are potential benefits to investing in oil stocks, there are also several oft-cited drawbacks to consider:

- 01 **Volatility:** Oil prices can be highly volatile and subject to sudden fluctuations, which can lead to share declines in stock prices. Factors such as political instability, natural disasters, and changes in global supply and demand can all play a role in driving the price of oil, and, therefore, the value of oil stocks.
- 02 **Environmental concerns:** The oil industry is often associated with environmental issues such as pollution and climate change. As the world shifts towards cleaner energy sources, the demand for oil may decrease, creating competition and potentially impacting the profitability of oil companies.
- 03 **Regulatory risk:** Governments around the world are increasingly cracking down on the oil industry, which can impact the profitability of oil companies. For example, governments may impose taxes, limit drilling rights, or implement environmental regulations that could increase costs for oil companies.

**Capital-intensive industry:** The oil industry requires significant

- 04 investment in exploration, drilling and infrastructure. This means that oil companies may endure high debt levels and, in such cases, will need to raise capital through debt or equity offerings potentially diluting the value of existing shares.
- 05 **Geopolitical risk:** The oil industry is heavily influenced by geopolitical factors including conflicts and sanctions. These events can impact the global supply and demand for oil, leading to price fluctuations and potential risks for investors.

## Oil stocks: Bull and bear cases

Oil industry bulls, or advocates, point to the benefits of these stocks. More specifically, they cite factors including growing demand, supply constraints, which can lead to high oil prices and improved profitability for oil companies, technological advancements, and yield and dividends fueling income and stability for investors to back their positive look on the industry. Finally, bulls also argue that low valuations witnessed in the recent economic downturn could offer opportunities for investors to buy in at a discount.

Oil industry bears, or naysayers, on the other hand, cite the widespread transition to clean energy and growing environmental concerns as contributing factors to a lack of opportunities for value investors. They also cite technological advancements, including solar and wind power, battery storage and electric cars as viable competitors that could further reduce the demand for oil, and high debt levels causing financial distress to oil companies, particularly during periods of sustained low oil prices and diminished demand.

# Where to research oil stocks

There are several resources investors can use to research oil stocks:

**Brokerage firms:** Some brokerage platforms include advanced charting and insights, including [Public Premium](#), which offers subscribers with exclusive data such as GAAP and non-GAAP metrics per stock, as well as exclusive reports and interviews.

## Invest in stocks, Treasuries, ETFs, crypto, and alternative assets

[Sign up now](#)

Build and diversify your portfolio, get the investing insights that matter.

- 01 Financial news websites:** Financial news websites such as Bloomberg, Reuters, and CNBC are great resources for researching oil stocks and market news. These websites provide up-to-date news, analysis, and market data on the oil and gas industry, as well as individual oil stocks.
- 02 Stock market research websites:** There are several stock market research websites that provide information on individual stocks, including oil stocks. Some popular examples include Yahoo Finance, MarketWatch, and Seeking Alpha.



- 03 **Annual reports:** Oil companies are required to file annual reports with the Securities and Exchange Commission (SEC) which provide detailed financial information about the company. These reports are available on the SEC's website, and they can also be found on the company's own website.
- 04 **Industry reports:** Industry reports from reputable sources such as the International Energy Agency (IEA) or the US Energy Information Administration (EIA) can provide valuable information on the oil industry as a whole, which can be useful when researching oil stocks and general tips for oil investing.

## How to invest in oil stocks and what does it cost

To get started, here are some steps to consider when buying oil stocks:

- 01 **Research oil companies:** When researching and choosing oil stocks to invest in look for companies that have a strong financial track record, a competitive advantage in the market, and a strong management team. You can use online resources like Yahoo Finance, Google Finance and Investopedia to shape your research.
- 02 **Choose a broker:** You'll need a broker account to buy oil stocks if you don't already have one. When looking for the right broker, a good starting point is to identify the factors

that would most benefit your financial plan including whether the broker offers low fees and commissions, a user-friendly trading platform, like Public, and a variety of investment options.

**03 Place an order:** After funding your account, you can place an order to buy oil stocks. You can choose to buy individual stocks or invest in a mutual fund or exchange-traded fund (ETF) that holds a basket of oil or energy stocks. Decide how many shares you want to purchase and at what price.

**04 Monitor your investments:** After buying oil stocks, monitor your investments regularly to ensure they are performing as expected and still serve your investment goals. Keep up-to-date with the latest news and events that may affect the oil industry and the companies you have invested in.

### Invest in stocks, Treasuries, ETFs, crypto, and alternative assets

[Sign up now](#)

Build and diversify your portfolio, get the investing insights that matter.

Some examples of ETFs with oil and energy as part of their portfolio include SPDR S&P Oil & Gas Exploration & Production ETF ([XOP](#)), iShares U.S. Oil & Gas Exploration & Production ETF ([IEO](#)), iShares U.S. Energy ETF ([IYE](#)), Vanguard

Energy ETF (VDE), Energy Select Sector SPDR Fund ([XLE](#)), and United States Oil Fund ([USO](#)). Separately, some mutual fund examples to consider include Vanguard Energy Fund, the Fidelity Select Energy Portfolio, and the BlackRock Energy and Resources Fund.

Additionally, investors can trade oil options and futures through a commodities broker or a brokerage account that allows them to trade commodity futures. To trade oil futures, investors can buy or sell futures contracts that specify a certain amount of oil to be delivered at a future date at a set price. To trade oil options, investors can buy or sell options contracts that give the holder the right, but not the obligation, to buy or sell oil futures at a predetermined price and date. However, it's important to note that trading futures and options is more complicated and risky than traditional stock investing, so it's important to understand the risks and do thorough research before investing.

Yet another way to invest in oil is through Master Limited Partnerships (MLPs), a type of business structure commonly used by energy companies, particularly those involved in oil and gas exploration, production, and transportation. MLPs are structured as publicly traded partnerships that allow investors to participate in the income generated by the partnership's assets, without paying corporate income tax. Some risks associated with MLPs include exposure to commodity price fluctuations, changes in government regulations, and fluctuations in interest rates.

The amount of money needed to invest in oil depends on the investment vehicle and the specific investment strategy being employed. For example, to invest in oil stocks, you can buy shares of individual companies, which requires as little as a few hundred dollars, depending on the stock price and the minimum

investment requirements of your brokerage account. However, investing in oil futures or options typically requires a large amount of capital because these investments are traded in contracts representing large quantities of oil. Futures contracts, for example, typically have a standard size of 1,000 barrels of oil, implying that even minor price movement can result in a significant gain or loss.

## Sustainable alternatives to investing in oil

There are several sustainable alternatives to investing in oil, including:

- 01 **Renewable energy stocks:** Investing in stocks of companies that produce and distribute renewable energy, such as solar, wind, or hydropower, can be a sustainable alternative to investing in oil.
- 02 **Green bonds:** These are fixed-income securities issued to finance environmentally sustainable projects, such as renewable energy projects.
- 03 **Impact investing funds:** These funds invest in companies that have a positive social or environmental impact, such as those that promote clean energy and sustainable practices.
- 04 **Socially responsible mutual funds:** These funds invest in companies that meet certain environmental, social, and governance (ESG) criteria, which can include companies with a focus on sustainability and renewable energy.

**Sustainable real estate:** Investing in sustainable real estate,

**05** such as energy-efficient buildings and green infrastructure, can be a sustainable alternative to investing in oil.

Overall, investing in oil stocks can be a lucrative opportunity, but it is important to proceed with caution and a well-informed strategy. Knowing the industry's history, trends, and key drivers is critical to making informed investment decisions. Additionally, diversification is key to managing risk and maximizing potential returns. Investors should carefully consider their individual financial goals, risk tolerance, and portfolio objectives when investing in oil stocks, and seek professional advice as needed. With careful consideration and a disciplined approach, investing in oil stocks can potentially be a valuable addition to a diversified investment portfolio.

### **Invest in stocks, Treasuries, ETFs, crypto, and alternative assets**

[Sign up now](#)

Build and diversify your portfolio, get the investing insights that matter.

## **FAQs**

---

**What are oil stocks?**

---

**How do I start investing in oil?**

---

**What is the best way to buy oil stock?**

---

**What are some components of the oil value chain?**

---

**What happens to oil stocks during inflation, recession & war?**

---

**Do oil stocks pay dividends?**

---

---

## You Might Also Like

[Investing in Value Stocks: The Basics + How to Begin](#)

[Can you invest in ChatGPT? How to invest in AI](#)

[How to invest in EV stocks 101: Guide to the growing EV market](#)

[Cybersecurity Investing 101: How to invest in Cybersecurity stocks](#)

## Popular

[How to buy US Treasury Bills \(T-Bills\) in 2023?](#)

[What are cash alternatives? How to choose them?](#)

[How Are Treasury Bills \(T-Bills\) paid and taxed?](#)

[10 Best High-Yield Investments for 2023](#)

[What are Treasury bills? A complete guide to T-bills](#)

[High-Yield Savings Account vs Treasury Bills \(T-Bills\)](#)

---

The above content provided and paid for by Public and is for general informational purposes only. It is not intended to constitute investment advice or any other kind of professional advice and should not be relied upon as such. Before taking action based on any such information, we encourage you to consult with the appropriate professionals. We do not endorse any third parties referenced within the article. Market and economic views are subject to change without notice and may be untimely when presented here. Do not infer or assume that any securities, sectors or markets described in this article were or will be profitable. Past performance is no guarantee of future results. There is a possibility of loss. Historical or hypothetical

performance results are presented for illustrative purposes only.

Products

Stocks

ETFs

Crypto

Alts

Treasuries

Premium

Pulse

Resources

About Us

Learn

Careers

Fee Schedule

How We Make Money

Quick Links

Top Movers

Investment Themes

Investing Glossary

Transfer your Portfolio

Public Live

Public Talks

Public Town Hall

Treasury Yield Curve

Contact Us

Help & Support

press@public.com



Check the background of this firm on [FINRA's BrokerCheck](#).

[Open to the Public Investing, Inc. Customer Relationship Summary](#).



Download on the App Store



GET IT ON Google Play

[Disclosures](#)

[Privacy Policy](#)

[Your Privacy Choices](#)

[Terms of Service](#)

[Fractional Shares Disclosure](#)

[Stocks Directory](#)

[ETFs Directory](#)

[How to buy Crypto](#)

[Buy T-bills](#)

© Copyright 2023 Public Holdings, Inc. All Rights Reserved.

Market data powered by [Xignite](#).

**Stocks and ETFs.**

Brokerage services for US-listed, registered securities are offered to self-directed customers by Open to the Public Investing, Inc. ("Open to the Public Investing"), a registered broker-dealer and member of [FINRA](#) & [SIPC](#). Additional information about your broker can be found by clicking [here](#). Open to Public Investing is a wholly-owned subsidiary of Public Holdings, Inc. ("Public Holdings"). This is not an offer, solicitation of an offer, or advice to buy or sell securities or open a brokerage account in any jurisdiction where Open to the Public Investing is not registered. Securities products offered by Open to the Public Investing are not FDIC insured. Apex Clearing Corporation, our clearing firm, has additional insurance coverage in excess of the regular SIPC limits. Additional information can be found [here](#).



### **Alternative Assets.**

Brokerage services for alternative assets available on Public are offered by Dalmore Group, LLC ("Dalmore"), member of FINRA & SIPC. "Alternative assets," as the term is used at Public, are equity securities that have been issued pursuant to Regulation A of the Securities Act of 1933 (as amended) ("Regulation A"). This content is not investment advice. These investments are speculative, involve substantial risks (including illiquidity and loss of principal), and are not FDIC or SIPC insured. Alternative Assets purchased on the Public platform are not held in an Open to the Public Investing brokerage account and are self-custodied by the purchaser. The issuers of these securities may be an affiliate of Public, and Public (or an affiliate) may earn fees when you purchase or sell Alternative Assets. For more information on risks and conflicts of interest, see [these disclosures](#).

An affiliate of Public may be "testing the waters" and considering making an offering of securities under Tier 2 of Regulation A. No money or other consideration is being solicited and, if sent in response, will not be accepted. No offer to buy securities can be accepted, and no part of the purchase price can be received, until an offering statement filed with the SEC has been qualified by the SEC. Any such offer may be withdrawn or revoked, without obligation or commitment of any kind, at any time before notice of acceptance given after the date of qualification by the SEC or as stated in the offering materials relating to an investment opportunity, as applicable. An indication of interest to purchase securities involves no obligation or commitment of any kind.

### **Crypto.**

Cryptocurrency execution and custody services are provided by Apex Crypto LLC (NMLS ID 1828849) through a software licensing agreement between Apex Crypto LLC and Public Crypto LLC. Apex Crypto is not a registered broker-dealer or a member of SIPC or FINRA. Cryptocurrencies are not securities and are not FDIC or SIPC insured. Apex Crypto is licensed to engage in virtual currency business activity by the New York State Department of Financial Services. Please ensure that you fully understand the risks involved before trading: [Legal Disclosures](#), [Apex Crypto](#).

### **Treasuries.**

U.S. Treasuries ("T-Bill") investing services on the Public Platform are offered by Jiko Securities, Inc. ("JSI"), a registered broker-dealer and member of FINRA & SIPC. See JSI's [FINRA BrokerCheck](#) and [Form CRS](#) for further information. When you enable T-Bill investing on the Public platform, you open a separate brokerage account with JSI (the "Treasury Account").

JSI uses funds from your Treasury Account to purchase T-bills in increments of \$100 "par value" (the T-bill's value at maturity). T-bills are purchased at a discount to the par value and the T-bill's yield represents the difference in price between the "par value" and the "discount price." Aggregate funds in your Treasury Account in excess of the T-bill purchases will remain in your Treasury Account as cash. The value of T-bills fluctuate and investors may receive more or less than their original investments if sold prior to maturity. T-bills are subject to price change and availability - yield is subject to change. Past performance is not indicative of future performance. Investments in T-bills involve a variety of risks, including credit risk, interest rate risk, and liquidity risk. As a general rule, the price of a T-bills moves inversely to changes in interest rates. See [Jiko U.S. Treasuries Risk Disclosures](#) for further details.

### **Investments in T-bills: Not FDIC Insured; No Bank Guarantee; May Lose Value.**

Banking services and bank accounts are offered by Jiko Bank, a division of Mid-Central National Bank.

JSI and Jiko Bank are not affiliated with Public Holdings, Inc. ("Public") or any of its subsidiaries. None of these entities provide legal, tax, or accounting advice. You should consult your legal, tax, or financial advisors before making any financial decisions. This material is not intended as a recommendation, offer, or solicitation to purchase or sell securities, open a brokerage account, or engage in any investment strategy.

**Commission-free** trading of stocks and ETFs refers to \$0 commissions for Open to the Public Investing self-directed individual cash brokerage accounts that trade the U.S.-listed, registered securities electronically during the Regular

Trading Hours. Keep in mind that other fees such as regulatory fees, Premium subscription fees, commissions on trades during extended trading hours, wire transfer fees, and paper statement fees may apply to your brokerage account. Please see [Open to the Public Investing's Fee Schedule](#) to learn more.

**Fractional shares** are illiquid outside of Public and not transferable. For a complete explanation of conditions, restrictions and limitations associated with fractional shares, see our [Fractional Share Disclosure](#) to learn more.

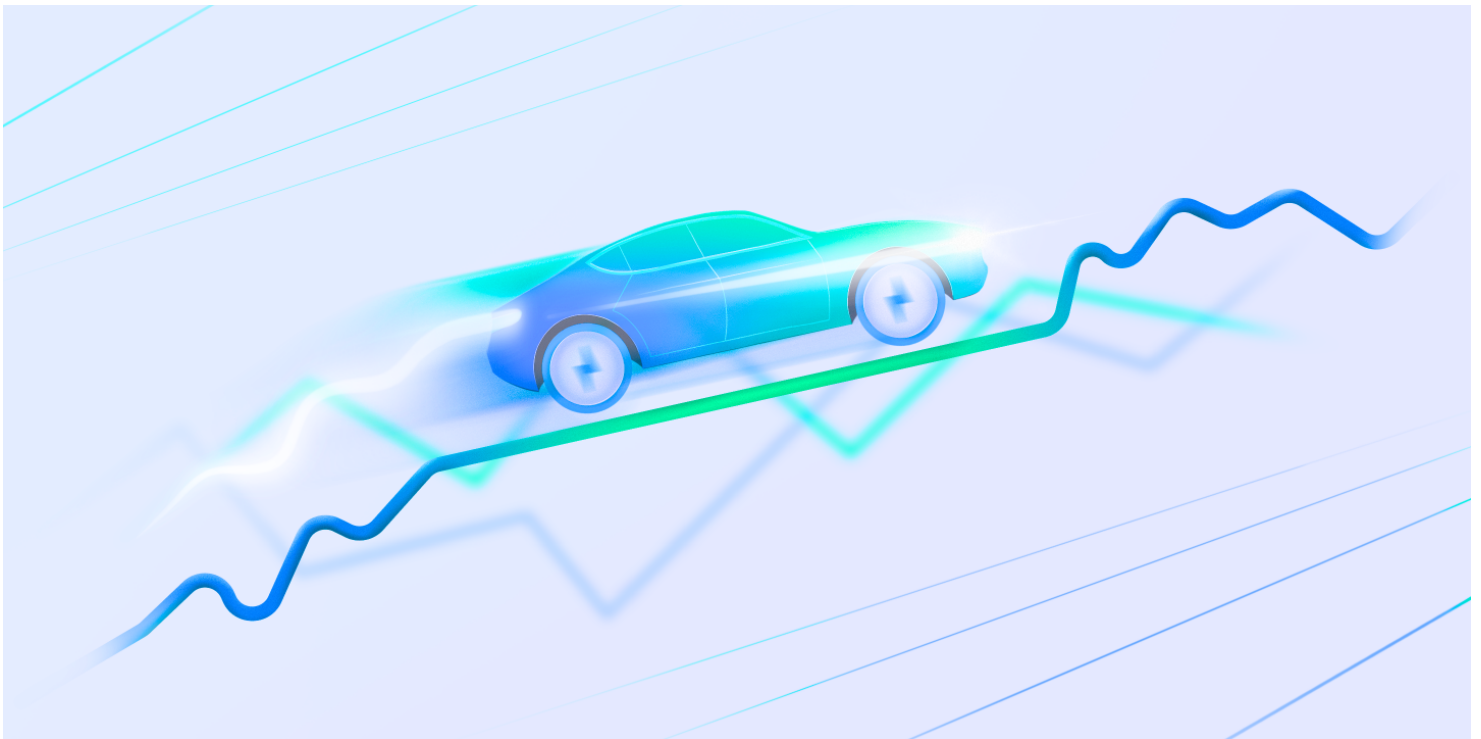
**All investments** involve the risk of loss and the past performance of a security or a financial product does not guarantee future results or returns.

[View Full Disclosures](#)



# How to invest in EV stocks 101: Guide to the growing EV market

 Published By: Public.com Updated On: Apr 19,2023 Stock Market



## Table of Contents

- 01** What are EV stocks? How to invest in them?
- 02** EV market outlook 2023
- Why retail investors are interested in EV stocks

03

Benefits to consider when buying EV stocks

04

Limitations to consider when buying EV stocks

05

EV stocks: Bull and bear cases

06

Where to research EV stocks

07

How to buy/invest in EV stocks

08

## What are EV stocks? How to invest in them?

Electric cars are revolutionizing the automotive industry, and the growth potential of this industry is reflected in the increased demand for Electric Vehicle (EV) stocks. According to [a report](#) by Grand View Research, the global EV market is expected to reach \$1.07 trillion by 2027, with a compound annual growth rate (CAGR) of 41.5% from 2020 to 2027. With such optimistic growth prospects, many investors are eager to explore the EV market and which types of companies make up its ecosystem. There are many components to the EV supply chain, beyond the vehicles, and in this article we'll explore the basics of investing in EV stocks. We'll dive into the different types of companies involved in the EV industry, from lithium battery manufacturers to charging stations, and how investors can apply knowledge of the EV supply chain to their investment strategies.

## Key takeaways

- 01 Retail investors seem to like EV stocks for potential growth and returns, including disruptors like Tesla and NIO, and legacy automakers investing in EV tech.
- 02 The EV value chain includes more than just automakers, also covering battery minerals, technology, charging stations, and more.
- 03 EV stocks can be volatile in the short-term despite high interest from retail investors.
- 04 Retail investors can buy EV stocks and ETFs through platforms like Public.

**Invest in stocks, Treasuries, ETFs, crypto, and alternative assets**

[Sign up now](#)

Build and diversify your portfolio, get the investing insights that matter.

## EV market outlook 2023

The electric vehicle (EV) industry has seen significant growth in recent years, driven by factors such as advancements in battery technology, government

incentives, and consumer demand for more sustainable transportation options. As a result, many analysts predict that the market for EVs and associated technologies, like charging infrastructure and EV energy sources, is well-positioned for significant growth in the coming years

When looking at growing industries, analysts and researchers posit predictions as to adoption and revenue growth into the future. Regarding EVs, a recent report by Bloomberg New Energy Finance predicted that EVs could account for 10% of global passenger vehicle sales by 2025, rising to 28% in 2030 and 58% in 2040. So while EV sales today make a minority share of all sales, within 20 years they are expected to make up over half of all auto sales, according to these estimates.

In addition, according to the [International Energy Agency's \(IEA\) Global EV Outlook 2021](#), the number of EVs on the road could reach 145 million by 2030. A [report](#) by BloombergNEF states that global electric vehicle sales are expected to grow from 3 million units in 2020 to 14 million units in 2025 and 54 million units by 2040. According to [Beyond Market Insights](#), the size of the Global Electric Vehicle Market was worth around USD 178.5 billion in 2021 and is predicted to grow to around USD 1108.8 billion by 2030 with a compound annual growth rate (CAGR) of roughly 22.5% between 2022 and 2030.

Beyond sustainability and technology, there are notable regulatory decisions that have shaped the EV industry, for example, the Inflation Reduction Act of 2022. One of the key provisions of the Act is the extension of tax credits for EV purchases, which aims to make EVs more affordable for consumers. Additionally, the Act includes funding for the development of charging infrastructure, which is essential for the growth of the EV market.

# Why retail investors are interested in EV stocks

There are a few reasons why retail investors are interested in retail stocks:

- 01 **EV industry momentum:** EV stocks have gained significant popularity among retail investors in recent years. Data shows an increased consumer demand for EVs, and recent legislation further supports an increased interest in opting for EVs.
- 02 **EV growth prospects:** Some retail investors have been drawn to EV stocks due to their potential for high growth and returns.
- 03 **Consumer awareness:** In addition retail investors might also have an increased interest in these stocks if they are a consumer of EV products that are publicly traded, like Tesla ([TSLA](#)) and Rivian ([RIVN](#)). These companies, in addition to others such as [NIO](#) and [Fisker](#), have been among the most popular EV stocks among retail investors.
- 04 **Ease of investing:** The accessibility of commission-free trading platforms and social media platforms, such as Reddit and Twitter, has also contributed to the popularity of EV stocks among retail investors, as it allows for easy sharing of information and opinions.



## Invest in stocks, Treasuries, ETFs, crypto, and alternative assets

[Sign up now](#)

Build and diversify your portfolio, get the investing insights that matter.

## Benefits to consider when buying EV stocks

There are several potential advantages to investing in electric vehicle (EV) stocks:

- 01 Growing industry:** The EV industry is expected to continue growing rapidly in the coming years, with many governments around the world setting ambitious targets for the adoption of electric vehicles. This growth could translate to higher sales and revenues for companies involved in the industry, which could in turn drive stock prices higher.
- 02 Environmental benefits:** Electric vehicles are often seen as a more environmentally friendly alternative to traditional gasoline-powered vehicles, as they produce fewer emissions and pollutants. Investors who are interested in companies that prioritize sustainability may be attracted to EV stocks for this reason.
- 03 Technological innovation:** The development of electric vehicles requires significant investment in new technology and infrastructure, including battery technology, charging

stations, and software for managing and optimizing electric vehicle fleets. Companies that are able to innovate in these areas may have a competitive advantage in the EV market, which could drive higher stock prices.

- 04 Government incentives:** Many governments around the world offer incentives for the purchase and adoption of electric vehicles, which can help boost demand for EVs and drive sales for companies involved in the industry. In addition, government policies that prioritize the transition to clean energy may create a more favorable regulatory environment for companies involved in the EV industry.

**Invest in stocks, Treasuries, ETFs, crypto, and alternative assets**

[Sign up now](#)

Build and diversify your portfolio, get the investing insights that matter.

## Limitations to consider when buying EV stocks

Amid this hype, as is the case with any growth stock, EV stocks can be risky. Below are some potential downsides to be mindful of:

- 01 **Market competition:** The EV industry is becoming increasingly crowded, with many companies competing for market share. This competition can make it difficult for individual companies to stand out, which could limit their growth potential and impact stock prices negatively.
- 02 **High valuation:** Many EV stocks are currently trading at high valuations, which may not be sustainable if the industry does not continue to grow at the expected rate. This could result in a market correction, leading to potential losses for investors.
- 03 **Regulatory risks:** The EV industry is heavily influenced by government policies and regulations, which can be subject to change. Changes in regulations or incentives could impact the demand for EVs and the financial performance of EV companies, which could negatively affect stock prices.
- 04 **Supply chain risks:** The production of electric vehicles relies on a complex global supply chain, including the sourcing of rare minerals and metals for batteries. Any disruption to the supply chain could impact the production and profitability of EV companies, which could impact their stock prices.

## EV stocks: Bull and bear cases

Overall, EV industry bulls are optimistic about the future of electric vehicles,

citing trends such as the need for clean energy, advancements in battery technology and charging infrastructure, affordability, government support, potential for autonomous driving technology, and heavy investment in the industry. They see EVs as a rapidly growing market with significant potential for growth and returns

In contrast, EV industry bears have raised concerns about the high costs of EVs relative to gas-powered vehicles, risks associated with EV battery production and supply chain, limited availability of charging infrastructure, lack of standardization in charging technology, concerns about battery lifespan and disposal, and challenges faced by established automakers in transitioning to EV production. They are also cautious about the long-term sustainability of the EV market, which could inhibit future growth potential.

## **Where to research EV stocks**

Given the popularity of EVs among investors, there are various sources from which diligent investors can gather data to make informed decisions. Trusted financial news outlets often cover this industry and investors can track company news, announcements, and earnings calls through publicly available investor relations websites. Investing platforms like Public also offer in-context education, such as EV supply chain courses, audio shows with industry experts, and advanced charts on EV stock pages. By regularly monitoring these sources, investors can make educated and timely portfolio decisions and determine the best EV stocks based on their goals.

## **How to buy/invest in EV stocks**

Getting familiar with the EV value chain is a good starting point for investors who

want to invest in EV stocks but are unsure which stocks best align with their investment goals. By becoming familiar with the EV value chain, investors can more easily identify the companies that are well-positioned for growth and those that are riskier. The EV value chain also includes companies beyond automakers, and understanding the components of the entire system can unlock new ideas for investment opportunities (for example, lithium battery technology). Becoming more familiar with the industry can help them navigate the potential risks and challenges, such as supply chain disruptions or regulatory changes.

The EV value chain can be broken down into several components, including raw material production, battery manufacturing, vehicle production, and charging infrastructure. Each component plays a vital role in the success of the overall EV industry, since the cars you see on the road all rely on the processes and parts that lead to the end product.

As an investor, it is vital to conduct your research to understand the various components of the value chain and how they fit into your investment strategy. For example, understanding the raw material supply chain can help investors evaluate the risks associated with supply chain disruptions, while understanding battery technology can help investors assess a specific EV manufacturer's long-term prospects. Also, understanding the role of charging infrastructure can help investors evaluate infrastructure investment opportunities. By learning the various components of the EV value chain, investors can understand the larger forces at work within the sector.

There are several publicly-traded companies that specialize in different aspects of the EV value chain. For example, EV automakers like [Tesla](#), [NIO](#), [XPENG](#), and [BYD](#), as well as legacy manufacturers like [Ford](#) and [GM](#) that are increasingly

investing in EVs. On the other hand, there are lithium battery companies such as Panasonic, LG Chem, and CATL, which play a crucial role in powering EVs and are also growing as demand for EVs increases. There are also companies like **ChargePoint**, EVBox, **Fisker**, and **Blink Charging**, which focus on developing and providing EV charging infrastructure to support the growth of the EV industry. It's important for investors to research these companies thoroughly and understand their position in the EV value chain before making investment decisions.

Finally, investors can gain exposure to the EV industry through exchange-traded funds (ETFs), which provide diversified portfolios of EV-related companies. Some popular EV-focused ETFs include the Global X Autonomous & Electric Vehicles ETF (**DRIV**), the KraneShares Electric Vehicles & Future Mobility ETF (**KARS**), and the First Trust NASDAQ Clean Edge Green Energy Index Fund (QCLN). These ETFs typically hold a mix of EV automakers, battery manufacturers, and charging infrastructure companies.

Investing in the rapidly expanding EV industry can be an enticing opportunity for investors. Nonetheless, it is crucial to conduct thorough research and grasp the intricacies of the industry before making any substantial investment decisions. While investing in individual EV stocks or ETFs can offer exposure to this market, diversification across various sectors and industries is essential for long-term investors. By taking the below steps, investors can position themselves to capitalize on the growth potential of this exciting industry.

- 01** **Open a brokerage account** through your preferred investment platform (e.g. Public).

- 02 Plan your investment strategy.
- 03 Assess your personal investment strategy and decide if it makes sense to invest in ETFs or individual EV stocks.
- 04 Buy shares of these stocks.
- 05 Set up a purchasing plan.
- 06 Plan your exit strategy.

### **Invest in stocks, Treasuries, ETFs, crypto, and alternative assets**

[Sign up now](#)

Build and diversify your portfolio, get the investing insights that matter.

## **FAQs**

---

**What are EV stocks?**

---

**What are some components of the EV value chain?**

---

Are EV stocks a good investment?

---

## You Might Also Like

[How to invest in Oil Stocks: Guide to investing in Oil Markets](#)

[Investing in Value Stocks: The Basics + How to Begin](#)

[Can you invest in ChatGPT? How to invest in AI](#)

[Cybersecurity Investing 101: How to invest in Cybersecurity stocks](#)

## Popular

[How to buy US Treasury Bills \(T-Bills\) in 2023?](#)

[What are cash alternatives? How to choose them?](#)

[How Are Treasury Bills \(T-Bills\) paid and taxed?](#)

[10 Best High-Yield Investments for 2023](#)

[What are Treasury bills? A complete guide to T-bills](#)

[High-Yield Savings Account vs Treasury Bills \(T-Bills\)](#)

---

The above content provided and paid for by Public and is for general informational purposes only. It is not intended to constitute investment advice or any other kind of



professional advice and should not be relied upon as such. Before taking action based on any such information, we encourage you to consult with the appropriate professionals. We do not endorse any third parties referenced within the article. Market and economic views are subject to change without notice and may be untimely when presented here. Do not infer or assume that any securities, sectors or markets described in this article were or will be profitable. Past performance is no guarantee of future results. There is a possibility of loss. Historical or hypothetical performance results are presented for illustrative purposes only

Products

Stocks  
ETFs  
Crypto  
Alts  
Treasuries  
Premium  
Pulse

Resources

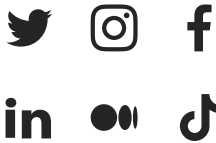
About Us  
Learn  
Careers  
Fee Schedule  
How We Make Money

Quick Links

Top Movers  
Investment Themes  
Investing Glossary  
Transfer your Portfolio  
Public Live  
Public Talks  
Public Town Hall  
Treasury Yield Curve

Contact Us

Help & Support  
press@public.com



Check the background of this firm on [FINRA's BrokerCheck](#).  
  
[Open to the Public Investing, Inc. Customer Relationship Summary.](#)

### **Stocks and ETFs.**

Brokerage services for US-listed, registered securities are offered to self-directed customers by Open to the Public Investing, Inc. ("Open to the Public Investing"), a registered broker-dealer and member of [FINRA](#) & [SIPC](#). Additional information about your broker can be found by clicking [here](#). Open to Public Investing is a wholly-owned subsidiary of Public Holdings, Inc. ("Public Holdings"). This is not an offer, solicitation of an offer, or advice to buy or sell securities or open a brokerage account in any jurisdiction where Open to the Public Investing is not registered. Securities products offered by Open to the Public Investing are not FDIC insured. Apex Clearing Corporation, our clearing firm, has additional insurance coverage in excess of the regular SIPC limits. Additional information can be found [here](#).

### **Alternative Assets.**

Brokerage services for alternative assets available on Public are offered by Dalmore Group, LLC ("Dalmore"), member of FINRA & SIPC. "Alternative assets," as the term is used at Public, are equity securities that have been issued pursuant to Regulation A of the Securities Act of 1933 (as amended) ("Regulation A"). This content is not investment advice. These investments are speculative, involve substantial risks (including illiquidity and loss of principal), and are not FDIC or SIPC insured. Alternative Assets purchased on the Public platform are not held in an Open to the Public Investing brokerage account and are self-custodied by the purchaser. The issuers of these securities may be an affiliate of Public, and Public (or an affiliate) may earn fees when you purchase or sell Alternative Assets. For more information on risks and conflicts of interest, see [these disclosures](#).

An affiliate of Public may be "testing the waters" and considering making an offering of securities under Tier 2 of Regulation A. No money or other consideration is being solicited and, if sent in response, will not be accepted. No offer to buy securities can be accepted, and no part of the purchase price can be received, until an offering statement filed with the SEC has been qualified by the SEC. Any such offer may be withdrawn or revoked, without obligation or commitment of any kind, at any time before notice of acceptance given after the date of qualification by the SEC or as stated in the offering materials relating to an investment opportunity, as applicable. An indication of interest to purchase securities involves no obligation or commitment of any kind.

### **Crypto.**

Cryptocurrency execution and custody services are provided by Apex Crypto LLC (NMLS ID 1828849) through a software licensing agreement between Apex Crypto LLC and Public Crypto LLC. Apex Crypto is not a registered broker-dealer or a member of SIPC or FINRA. Cryptocurrencies are not securities and are not FDIC or SIPC insured. Apex Crypto is licensed to engage in virtual currency business activity by the New York State Department of Financial Services. Please ensure that you fully understand the risks involved before trading: [Legal Disclosures](#), [Apex Crypto](#).

### **Treasuries.**

U.S. Treasuries ("T-Bill") investing services on the Public Platform are offered by Jiko Securities, Inc. ("JSI"), a registered broker-dealer and member of FINRA & SIPC. See JSI's [FINRA BrokerCheck](#) and [Form CRS](#) for further information. When you enable T-Bill investing on the Public platform, you open a separate brokerage account with JSI (the "Treasury Account").

JSI uses funds from your Treasury Account to purchase T-bills in increments of \$100 "par value" (the T-bill's value at maturity). T-bills are purchased at a discount to the par value and the T-bill's yield represents the difference in price between the "par value" and the "discount price." Aggregate funds in your Treasury Account in excess of the T-bill purchases will remain in your Treasury Account as cash. The value of T-bills fluctuate and investors may receive more or less than their original investments if sold prior to maturity. T-bills are subject to price change and availability - yield is subject to change. Past performance is not indicative of future performance. Investments in T-bills involve a variety of risks, including credit risk, interest rate risk, and liquidity risk. As a general rule, the price of a T-bills moves inversely to changes in interest rates. See [Jiko U.S. Treasuries Risk Disclosures](#) for further details.

**Investments in T-bills: Not FDIC Insured; No Bank Guarantee; May Lose Value.**

Banking services and bank accounts are offered by Jiko Bank, a division of Mid-Central National Bank.

JSI and Jiko Bank are not affiliated with Public Holdings, Inc. ("Public") or any of its subsidiaries. None of these entities provide legal, tax, or accounting advice. You should consult your legal, tax, or financial advisors before making any financial decisions. This material is not intended as a recommendation, offer, or solicitation to purchase or sell securities, open a brokerage account, or engage in any investment strategy.

**Commission-free** trading of stocks and ETFs refers to \$0 commissions for Open to the Public Investing self-directed individual cash brokerage accounts that trade the U.S.-listed, registered securities electronically during the Regular Trading Hours. Keep in mind that other fees such as regulatory fees, Premium subscription fees, commissions on trades during extended trading hours, wire transfer fees, and paper statement fees may apply to your brokerage account. Please see [Open to the Public Investing's Fee Schedule](#) to learn more.

**Fractional shares** are illiquid outside of Public and not transferable. For a complete explanation of conditions, restrictions and limitations associated with fractional shares, see our [Fractional Share Disclosure](#) to learn more.

**All investments** involve the risk of loss and the past performance of a security or a financial product does not guarantee future results or returns.

[View Full Disclosures](#)



# Cybersecurity Investing 101: How to invest in Cybersecurity stocks

 Published By: Public.com Updated On: Apr 19,2023 Stock Market



## Table of Contents

- 01** What are cybersecurity stocks?
- 02** Benefits to consider when buying cybersecurity stocks
- Limitations to consider when buying cybersecurity stocks

03

Cybersecurity stocks: Bull and bear cases

04

Where to research cybersecurity stocks

05

How to invest in cybersecurity stocks

06

In recent years, the world has become increasingly digitized, and this trend has only been accelerated by the COVID-19 pandemic, newer technologies such as artificial intelligence (“AI”) and machine learning, and the rise of remote work. As a result, the need for cybersecurity has become more critical than ever, and companies that specialize in providing cybersecurity and cloud-based solutions have become an essential part of the technology landscape. Some cybersecurity stocks have seen tremendous growth, with many investors looking to capitalize on this emerging trend. However, investing in cybersecurity stocks requires careful consideration and research to ensure that you make informed decisions. In this article, we will explore the cybersecurity industry, examples of popular cybersecurity stocks, and key factors to consider when investing in the cybersecurity space.

## Key Takeaways:

01

Some investors have been drawn to cybersecurity stocks due to potential for growth, diversification, and innovation

02

Investing in cybersecurity stocks can come with risks that investors should consider, such as high valuations, intense

competition, technological obsolescence, regulatory risks, and cybersecurity risks

- 03 Services like **Public Premium** give you access to advanced data and insights that are helpful when conducting fundamental analysis.
- 04 The cybersecurity value chain includes companies that develop, manufacture, and distribute cybersecurity hardware and software products, as well as provide consulting and managed security services to businesses and organizations.

### **Invest in stocks, Treasuries, ETFs, crypto, and alternative assets**

[Sign up now](#)

Build and diversify your portfolio, get the investing insights that matter.

## **What are cybersecurity stocks?**

Cybersecurity stocks represent companies that provide hardware and software products, consulting services, and managed security services designed to protect computer systems, networks, and data from cyber threats and cybercrime. These companies operate in a rapidly growing industry that has seen increased demand for cybersecurity solutions due to the proliferation of cyber attacks and the rising awareness of their potential impact on businesses and

individuals including data breaches.

Examples of cybersecurity stocks include more established companies such as Palo Alto Networks ([PANW](#)), SentinelOne ([S](#)), Fortinet ([FTNT](#)), Cisco Systems ([CSCO](#)), CyberArk Software ([CYBR](#)), FireEye Inc. ([FEYE](#)), as well as newer players in the industry such as CrowdStrike Holdings ([CRWD](#)), Zscaler ([ZS](#)), and [Okta](#). These companies in addition to tech companies like Microsoft, ([MSFT](#)), offer a range of cybersecurity solutions including firewalls, intrusion detection and prevention systems, cloud security services, identity and access management solutions, and threat intelligence platforms. As more businesses and organizations adopt digital technologies and rely on online communication, cloud computing, and data storage, the demand for cybersecurity solutions is likely to continue to grow. This is supported by recent research including a [report](#) by MarketsandMarkets, which projects that the global cyber security market size will reach \$266.2 billion by 2027.

## Benefits to consider when buying cybersecurity stocks

Investing in cybersecurity stocks can offer several benefits, including:

- 01 Growing Demand:** With the increasing use of technology in our daily lives, the need for cybersecurity solutions has grown substantially. As cyber-attacks become more prevalent, cybersecurity companies have become essential in protecting businesses and individuals from threats. This trend is expected to continue, making cybersecurity stocks a



potentially lucrative investment.

- 02 **Market Growth:** The cybersecurity market is expected to grow at a rapid pace, driven by increasing awareness of cyber threats and the need for robust security solutions. According to a report by MarketsandMarkets, the global cybersecurity market size is expected to reach \$248.26 billion by 2023, growing at a CAGR of 10.2% from 2018 to 2023.
- 03 **Diversification:** Investing in cybersecurity stocks can help diversify your portfolio and reduce overall risk. Some investors interested in tech add cybersecurity to provide exposure to companies that stand to benefit from an increasingly digitized world.
- 04 **Innovation:** The cybersecurity industry is continually evolving, with companies investing heavily in research and development to try to stay ahead of new and emerging threats. Investing in cybersecurity and tech stocks has the potential to provide exposure to innovative companies that are at the forefront of developing new and more effective cybersecurity solutions.
- 05 **Mergers and Acquisitions:** The cybersecurity industry has seen a lot of merger and acquisition activity, with larger companies acquiring smaller ones to expand their offerings or gain access to new technologies. This trend has the potential to create opportunities for investors to profit from potential acquisition targets.

## Invest in stocks, Treasuries, ETFs, crypto, and alternative assets

[Sign up now](#)

Build and diversify your portfolio, get the investing insights that matter.

## Limitations to consider when buying cybersecurity stocks

While investing in cybersecurity stocks can be beneficial, there are also some potential drawbacks to consider, including:

- 01 High Valuations:** Many cybersecurity stocks trade at high valuations due to the sector's growth potential. This can make them vulnerable to sharp price corrections if market sentiment changes or if the company fails to deliver on growth expectations
- 02 Intense Competition:** The cybersecurity industry is highly competitive, with many companies vying for market share. This competition can result in price wars and eroding profit margins, making it more challenging for companies to maintain growth rates.
- 03 Technological Obsolescence:** The fast-paced nature of the cybersecurity industry means that companies need to continually innovate to stay ahead of threats. However, this

can also mean that technologies can become obsolete quickly, and companies that fail to keep up can lose market share.

- 04 **Regulatory Risks:** The cybersecurity industry is subject to regulatory risks, with governments and regulatory bodies imposing new requirements and regulations on companies to protect consumer data and privacy. Compliance with these regulations can be costly and time-consuming, affecting companies' profitability.
- 05 **Cybersecurity Risks:** Lastly, investing in cybersecurity stocks means investing in companies that are themselves vulnerable to cyber threats. If a company experiences a significant breach or cyberattack, this can negatively impact its financial performance and share price

## Cybersecurity stocks: Bull and bear cases

Cybersecurity industry bulls, or advocates, point to the benefits of these stocks. More specifically, they cite factors including growing demand, increased spending, by the part of both businesses and governments, diversification, technological advancements and an uptick in mergers and acquisitions to back their positive look on the industry. Additionally, bulls also argue that an increasingly strict regulatory environment has the potential to benefit companies that provide compliance solutions and services.

Cybersecurity industry bears, on the other hand, cite saturation, limited budgets,

cybersecurity fatigue and regulatory risks as contributing factors to a lack of opportunities for value investors. Finally, some bears argue that investing in cybersecurity stocks exposes investors to the same risks as the companies themselves, such as cybersecurity breaches and other cybersecurity-related risks.

## Where to research cybersecurity stocks

Investors can research cybersecurity stocks on various financial websites such as Yahoo Finance, MarketWatch, and CNBC, which provide the latest market news, trends, and analysis related to the cybersecurity industry. There are also dedicated websites and online communities that specialize in covering the cybersecurity sector, such as Cybersecurity Ventures, SecurityWeek, and Dark Reading. Investors can also explore investment research platforms such as **Public**, Morningstar, Zacks, and Seeking Alpha, which offer detailed financial data, analyst ratings, and performance metrics for cybersecurity companies. Consulting with a financial advisor or a broker can also provide valuable insights and guidance on investing in cybersecurity stocks.

## How to invest in cybersecurity stocks

There are two primary ways investors can invest in cybersecurity stocks. First, they can research and purchase individual cybersecurity stocks traded on the NYSE that they believe have strong potential for growth and profitability.

The following are some general steps for investing in cybersecurity stocks:

- 01 **Research the cybersecurity industry** and available cybersecurity stocks taking factors such as earnings per share (EPS) into consideration.
- 02 **Determine your investment goals**, risk tolerance, and budget.
- 03 **Choose a brokerage platform**, Public as one example, to buy and sell stocks.
- 04 **Open a brokerage account** and fund it.
- 05 **Select specific cybersecurity stocks** to invest in based on your research and analysis.
- 06 **Place buy orders** for the chosen stocks and monitor their performance
- 07 **Periodically review your portfolio** and make adjustments as needed based on market conditions and changes in your investment goals

## **Invest in stocks, Treasuries, ETFs, crypto, and alternative assets**

Build and diversify your portfolio, get the investing insights that matter.

[Sign up now](#)

Second, investors can also invest in mutual funds, such as T. Rowe Price Global Technology Fund or Fidelity Select Cybersecurity Portfolio, or exchange-traded funds (“ETFs”) that include a diversified portfolio of cybersecurity stocks. Some examples of ETFs including cybersecurity stocks include First Trust Nasdaq Cybersecurity ETF (**CIBR**), Global X Cybersecurity ETF (**BUG**), iShares Cybersecurity and Tech ETF (**IHAK**), ETFMG Prime Cyber Security ETF (**HACK**) and Invesco WilderHill Clean Energy ETF (**PBW**), Fidelity MSCI Information Technology Index ETF (**FTEC**), iShares Global Tech ETF (**IXN**), First Trust NASDAQ Technology Dividend Index Fund (**TDIV**), and iShares Cybersecurity and Tech ETF (**IHAK**). These ETFs have the potential to expose investors to a diverse portfolio of cybersecurity stocks, which can help reduce the risk of investing in individual stocks. Additionally, they can provide the convenience of investing in the cybersecurity industry through a single trade.

Finally, a thorough understanding of the cybersecurity stock value chain is a good starting point for investors who are interested in investing in cybersecurity stocks or any aforementioned ETFs. The cybersecurity stock value chain includes several components, such as hardware and software providers, cybersecurity services providers, and end-users. The hardware and software providers develop and manufacture cybersecurity products that are then used by the cybersecurity services providers to offer their services to end-users. End-users include individuals, businesses, and government organizations who buy and use cybersecurity products and services to protect their digital assets from cyber threats. Investors can consider investing in different components of the cybersecurity value chain based on their investment objectives and risk tolerance.

Overall, investing in cybersecurity stocks comes with risks that investors should consider, such as high valuations, intense competition, technological

obsolescence, regulatory risks, and cybersecurity risks. However, with careful research and consideration, investors can mitigate these risks and potentially benefit from the growth opportunities presented by the cybersecurity industry while diversifying their portfolio.

### **Invest in stocks, Treasuries, ETFs, crypto, and alternative assets**

[Sign up now](#)

Build and diversify your portfolio, get the investing insights that matter.

## **FAQs**

---

**What are cybersecurity stocks?**

---

**How big is the cybersecurity industry?**

---

**What are some components of the cybersecurity stock value chain?**

---

**Where can I find/buy cybersecurity stocks?**

---

**How can I find and invest in cybersecurity ETFs?**

---

### You Might Also Like

[Investing in Value Stocks: The Basics + How to Begin](#)

[How to invest in EV stocks 101: Guide to the growing EV market](#)

[How to invest in Oil Stocks: Guide to investing in Oil Markets](#)

[Can you invest in ChatGPT? How to invest in AI](#)

### Popular

[How to buy US Treasury Bills \(T-Bills\) in 2023?](#)

[What are cash alternatives? How to choose them?](#)

[How Are Treasury Bills \(T-Bills\) paid and taxed?](#)

[10 Best High-Yield Investments for 2023](#)

[What are Treasury bills? A complete guide to T-bills](#)

[High-Yield Savings Account vs Treasury Bills \(T-Bills\)](#)

---

The above content provided and paid for by Public and is for general informational purposes only. It is not intended to constitute investment advice or any other kind of professional advice and should not be relied upon as such. Before taking action based on any such information, we encourage you to consult with the appropriate



professionals. We do not endorse any third parties referenced within the article. Market and economic views are subject to change without notice and may be untimely when presented here. Do not infer or assume that any securities, sectors or markets described in this article were or will be profitable. Past performance is no guarantee of future results. There is a possibility of loss. Historical or hypothetical performance results are presented for illustrative purposes only

Products

- Stocks
- ETFs
- Crypto
- Alts
- Treasuries
- Premium
- Pulse

Resources

- About Us
- Learn
- Careers
- Fee Schedule
- How We Make Money

Quick Links

- Top Movers
- Investment Themes
- Investing Glossary
- Transfer your Portfolio
- Public Live
- Public Talks
- Public Town Hall
- Treasury Yield Curve

Contact Us

Help & Support  
press@public.com



Check the background of this firm on [FINRA's BrokerCheck](#).  
  
[Open to the Public Investing, Inc. Customer Relationship Summary.](#)

Brokerage services for US-listed, registered securities are offered to self-directed customers by Open to the Public Investing, Inc. ("Open to the Public Investing"), a registered broker-dealer and member of [FINRA](#) & [SIPC](#). Additional information about your broker can be found by clicking [here](#). Open to Public Investing is a wholly-owned subsidiary of Public Holdings, Inc. ("Public Holdings"). This is not an offer, solicitation of an offer, or advice to buy or sell securities or open a brokerage account in any jurisdiction where Open to the Public Investing is not registered. Securities products offered by Open to the Public Investing are not FDIC insured. Apex Clearing Corporation, our clearing firm, has additional insurance coverage in excess of the regular SIPC limits. Additional information can be found [here](#).

#### **Alternative Assets.**

Brokerage services for alternative assets available on Public are offered by Dalmore Group, LLC ("Dalmore"), member of FINRA & SIPC. "Alternative assets," as the term is used at Public, are equity securities that have been issued pursuant to Regulation A of the Securities Act of 1933 (as amended) ("Regulation A"). This content is not investment advice. These investments are speculative, involve substantial risks (including illiquidity and loss of principal), and are not FDIC or SIPC insured. Alternative Assets purchased on the Public platform are not held in an Open to the Public Investing brokerage account and are self-custodied by the purchaser. The issuers of these securities may be an affiliate of Public, and Public (or an affiliate) may earn fees when you purchase or sell Alternative Assets. For more information on risks and conflicts of interest, see [these disclosures](#).

An affiliate of Public may be "testing the waters" and considering making an offering of securities under Tier 2 of Regulation A. No money or other consideration is being solicited and, if sent in response, will not be accepted. No offer to buy securities can be accepted, and no part of the purchase price can be received, until an offering statement filed with the SEC has been qualified by the SEC. Any such offer may be withdrawn or revoked, without obligation or commitment of any kind, at any time before notice of acceptance given after the date of qualification by the SEC or as stated in the offering materials relating to an investment opportunity, as applicable. An indication of interest to purchase securities involves no obligation or commitment of any kind.

#### **Crypto.**

Cryptocurrency execution and custody services are provided by Apex Crypto LLC (NMLS ID 1828849) through a software licensing agreement between Apex Crypto LLC and Public Crypto LLC. Apex Crypto is not a registered broker-dealer or a member of SIPC or FINRA. Cryptocurrencies are not securities and are not FDIC or SIPC insured. Apex Crypto is licensed to engage in virtual currency business activity by the New York State Department of Financial Services. Please ensure that you fully understand the risks involved before trading: [Legal Disclosures](#), [Apex Crypto](#).

#### **Treasuries.**

U.S. Treasuries ("T-Bill") investing services on the Public Platform are offered by Jiko Securities, Inc. ("JSI"), a registered broker-dealer and member of FINRA & SIPC. See JSI's [FINRA BrokerCheck](#) and [Form CRS](#) for further information. When you enable T-Bill investing on the Public platform, you open a separate brokerage account with JSI (the "Treasury Account").

JSI uses funds from your Treasury Account to purchase T-bills in increments of \$100 "par value" (the T-bill's value at maturity). T-bills are purchased at a discount to the par value and the T-bill's yield represents the difference in price between the "par value" and the "discount price." Aggregate funds in your Treasury Account in excess of the T-bill purchases will remain in your Treasury Account as cash. The value of T-bills fluctuate and investors may receive more or less than their original investments if sold prior to maturity. T-bills are subject to price change and availability - yield is subject to change. Past performance is not indicative of future performance. Investments in T-bills involve a variety of risks, including credit risk, interest rate risk, and liquidity risk. As a general rule, the price of a T-bills moves inversely to changes in interest rates. See [Jiko U.S. Treasuries Risk Disclosures](#) for further details.

#### **Investments in T-bills: Not FDIC Insured; No Bank Guarantee; May Lose Value.**

Banking services and bank accounts are offered by Jiko Bank, a division of Mid-Central National Bank.

JSI and Jiko Bank are not affiliated with Public Holdings, Inc. ("Public") or any of its subsidiaries. None of these entities provide legal, tax, or accounting advice. You should consult your legal, tax, or financial advisors before making any financial decisions. This material is not intended as a recommendation, offer, or solicitation to purchase or sell securities, open a brokerage account, or engage in any investment strategy.

**Commission-free** trading of stocks and ETFs refers to \$0 commissions for Open to the Public Investing self-directed individual cash brokerage accounts that trade the U.S.-listed, registered securities electronically during the Regular Trading Hours. Keep in mind that other fees such as regulatory fees, Premium subscription fees, commissions on trades during extended trading hours, wire transfer fees, and paper statement fees may apply to your brokerage account. Please see [Open to the Public Investing's Fee Schedule](#) to learn more.

**Fractional shares** are illiquid outside of Public and not transferable. For a complete explanation of conditions, restrictions and limitations associated with fractional shares, see our [Fractional Share Disclosure](#) to learn more.

**All investments** involve the risk of loss and the past performance of a security or a financial product does not guarantee future results or returns.

[View Full Disclosures](#)



Home > Learn > Stock Market > Can you invest in ChatGPT? How to invest in AI

# Can you invest in ChatGPT? How to invest in AI



Published By: Public.com

Updated On: Apr 19,2023

Stock Market



## Table of Contents

01

What is OpenAI's ChatGPT?

02

How to Buy/Invest in ChatGPT Stocks

Direct Investment in OpenAI

03

Investing in Companies that Use AI Technology

04

Investing in ETFs Focused on Emerging Technologies

05

Benefits to consider when buying ChatGPT stocks

06

Limitations to consider when buying ChatGPT stocks

07

ChatGPT Stocks: Bulls vs. Bears Cases

08

Where to research ChatGPT stocks

09

As the use of artificial intelligence continues to expand and transform the business world, investors are looking for new opportunities to capitalize on this growing industry. One of the most promising applications of AI is the development of powerful language models like ChatGPT, which uses natural language processing algorithms to simulate human-like conversations. According to a report by [Grand View Research](#), the global chatbot market size is expected to reach \$3.99 billion by 2030. Additionally, [Precedence Research](#) projects that the global AI market will grow at a compound annual growth rate of 38.1 percent and reach a value of \$1.59 trillion by 2030.

While it's difficult to predict the exact impact that OpenAI's ChatGPT will have on this rapidly expanding industry, its potential influence is worth considering. In this article, we will explore how to invest in ChatGPT stocks, which are

companies some believe are leading the way in the AI field, and the potential risks and rewards of investing in this exciting sector.

## Key Takeaways:

- 01 Some investors have been drawn to ChatGPT stocks due to their potential to revolutionize various industries by automating repetitive tasks, improving customer experiences, and enhancing decision-making processes. ChatGPT also has a strong team of founders and investors, which some believe adds to its credibility and potential for success.
- 02 The ChatGPT stock value chain includes a wide range of stakeholders and key players spanning investors, data scientists, machine learning experts, software engineers, hardware and software providers, and application developers and integrators.
- 03 ChatGPT stocks, while of interest due to their growth potential, may also present high volatility and uncertainty associated with the emerging technologies, as well as potential competition and regulatory risks
- 04 Investors can't yet purchase direct stocks of OpenAI, but may be able to invest in companies using ChatGPT technology including UiPath, Zendesk, and LivePerson, as well as relevant exchange-traded funds (ETFs) through an investing platform like Public.

## **Invest in stocks, Treasuries, ETFs, crypto, and alternative assets**

[Sign up now](#)

Build and diversify your portfolio, get the investing insights that matter.

## **What is OpenAI's ChatGPT?**

OpenAI's ChatGPT is a powerful language model developed by OpenAI, a research organization founded in 2015 by several tech industry heavyweights, including Elon Musk, Sam Altman, and Greg Brockman. ChatGPT simulates human-like conversations using advanced natural language processing algorithms and can understand and generate human language in a way that is nearly indistinguishable from a human. The model has garnered a lot of attention and is considered one of the most advanced language models in the world. Its potential impact on industries like healthcare, finance, and retail has the potential to be significant, and many companies are already exploring how they can use ChatGPT to improve their operations and customer interactions.

Within the first week of its free public testing launch on November 30, 2022, over a million people engaged with ChatGPT. Users were amazed by the chatbot's natural language capabilities, not only in terms of its ability to understand questions, but also because of its human-like responses.

## **How to Buy/Invest in ChatGPT Stocks**

Becoming acquainted with the ChatGPT value chain can be an excellent initial step for investors who want to invest in ChatGPT stocks but are uncertain which



ones align with their investment objectives. By getting to know the ChatGPT value chain, investors can quickly distinguish the companies that are best positioned for growth from those that have more risk.

The ChatGPT value chain is a complex ecosystem of players and stakeholders who work together to drive the development, deployment, and adoption of the technology. These individuals include:

- 01 Data scientists, machine learning experts, and software engineers:** These players work to improve the capabilities of the technology – directly shaping the R&D efforts of OpenAI
- 02 Hardware and software providers:** While hardware providers supply the computing power and infrastructure needed to support the technology, cloud computing providers offer hosting and storage solutions for ChatGPT.
- 03 Application developers and integrators:** Stakeholders who use ChatGPT to develop new products and services. For example, ChatGPT can be used to develop conversational chatbots, virtual assistants, and customer service tools.
- 04 Investors:** These stakeholders provide capital to OpenAI and other companies involved in developing and deploying the technology. These investors may include venture capitalists, institutional investors, and individual investors who buy and sell shares of OpenAI stock on the public markets.

Having analyzed the ChatGPT value chain and its components, let's look at the steps and various methods available for investing in ChatGPT stocks. These include both direct and indirect strategies and can be chosen based on the investor's specific investment goals and risk tolerance.

To invest in ChatGPT stocks, investors can follow these basic steps:

- 01 **Conduct research:** Before investing, research ChatGPT and the companies that use the technology. Analyze the potential risks and rewards of investing in ChatGPT stocks.
- 02 **Choose a broker:** Consider using a reputable online broker such as Public, which provides access to the stock market where ChatGPT stocks are listed. When choosing a broker, take into account factors such as trading fees, platform features, and customer support.
- 03 **Open a brokerage account:** Once you've selected a broker, open an account with them. You'll typically need to provide personal information and funding for your account.
- 04 **Place an order:** With your account funded, place an order to buy ChatGPT stocks. You can do this through your broker's trading platform or by contacting their customer service.
- 05 **Monitor your investment:** Keep an eye on your investment to stay informed about any significant changes in ChatGPT's performance or the broader market. Make adjustments as

necessary to maximize your investment's potential return.

### **Invest in stocks, Treasuries, ETFs, crypto, and alternative assets**

[Sign up now](#)

Build and diversify your portfolio, get the investing insights that matter.

## **Direct Investment in OpenAI**

One of the most straightforward ways to invest in ChatGPT is by investing directly in OpenAI. OpenAI is currently a private company, meaning that its shares are not available on any public stock exchanges. However, it is possible to invest in OpenAI through its private stock offering, which is available to accredited investors only.

OpenAI is one of the world's most valued private company, with a valuation of over \$20 billion. The company has received significant investment from some of the biggest names in tech, including Microsoft and Amazon, and has partnerships with several major corporations. However, investing in OpenAI requires significant capital and is only available to a select group of investors.

Investors interested in direct exposure to ChatGPT should monitor news regarding its potential initial public offering (IPO). While an IPO is not currently planned for OpenAI as of late January 2023, the Wall Street Journal reported on

January 5th that the AI lab is discussing the sale of at least US\$300 million worth of existing shares to venture capital firms.

## Investing in Companies that Use AI Technology

Investors who are interested in investing in ChatGPT may consider investing in the companies that use the technology, rather than investing directly in OpenAI. Some of the companies that use ChatGPT include **UiPath**, **Zendesk**, and **LivePerson**.

**UiPath** is a leading provider of robotic process automation (RPA) technology. The company has integrated ChatGPT into its platform to provide intelligent automation capabilities that can understand and respond to natural language queries. UiPath went public in April 2021.

Zendesk and **LivePerson** are two additional companies that use ChatGPT to power their conversational AI capabilities. Zendesk is a customer service software provider that allows businesses to manage customer interactions across various channels. The company went public in 2014. Finally, LivePerson is a cloud-based customer engagement platform that debuted on the public stock exchange in the year 2000 and offers chatbots and virtual assistants to help businesses connect with their customers.

**Invest in stocks, Treasuries, ETFs, crypto, and alternative assets**

[Sign up now](#)

Build and diversify your portfolio, get the investing insights that matter.

## Investing in ETFs Focused on Emerging Technologies

Investors who are interested in investing in emerging technologies such as ChatGPT may consider investing in ETFs that focus on the sector. There are several ETFs that invest in emerging technologies such as artificial intelligence, robotics, and automation, which are all areas that ChatGPT could be considered a part of.

One example is the **Global X Robotics & Artificial Intelligence ETF (BOTZ)**, which invests in companies that are involved in the development and production of robotics and AI technologies. Another example is the **iShares Robotics and Artificial Intelligence ETF (IRBO)**, which tracks an index of companies involved in the development of robotics and AI technologies. A third example is the **Autonomous Technology & Robotics ETF (ARKQ)**, an ETF with a portfolio of more than 50 companies that focuses on businesses that are developing autonomous vehicles, robotics, energy storage, and automation including Tesla, Baidu, and Google parent company, Alphabet.

Investing in ETFs offers investors a diversified portfolio of AI-focused companies, which can reduce the risks associated with investing in individual companies. However, it's important to note that the performance of these ETFs can be

impacted by factors other than ChatGPT's technology and come with management expenses.

## **Benefits to consider when buying ChatGPT stocks**

The benefits of investing in ChatGPT stocks can range from its competitive advantage, ability to provide investors with exposure to a diversified set of companies across different industries and therefore reducing overall investment risk, and the rapid industry growth driving increased demand for ChatGPT technology and other natural language processing tools.

The technology has already been adopted by major corporations, and its potential applications have the potential to be vast. Additionally, ChatGPT is generally considered to have a strong team of founders and investors, adding to its credibility and potential for success.

## **Limitations to consider when buying ChatGPT stocks**

Some oft-cited limitations of investing in ChatGPT stocks include the high volatility and uncertainty associated with emerging technologies, as well as potential competition and regulatory risks. There is also the possibility of limited liquidity and the need for extensive research and analysis to identify the most promising investment opportunities.

## **ChatGPT Stocks: Bulls vs. Bears Cases**

Investing in ChatGPT stocks, like any other investment, has potential risks and

rewards. Some key points from ChatGPT stock industry bulls include ChatGPT's potential to revolutionize industries, such as customer service and healthcare, and its ability to adapt and improve through machine learning. They also point to the high demand for AI technologies, the company's success, and the potential for ChatGPT to become the dominant player in the natural language processing market.

On the other hand, industry bears include the potential risks of investing in emerging technologies like ChatGPT, the competition from other natural language processing technologies, and the possibility of regulatory challenges. They also note the high valuation of OpenAI and the possibility of market saturation in the AI industry, which could limit the growth potential of ChatGPT stocks.

## **Where to research ChatGPT stocks**

To research ChatGPT stocks, investors should first learn more about OpenAI, the company behind ChatGPT. They can also review financial reports, earnings calls, and news articles about the company and its competitors in the AI industry. They can also monitor industry trends and analyze the potential market demand for natural language processing technologies like ChatGPT. Platforms like Public offer in-context education, such as audio shows and reports covering the emerging AI industry, including new players and AI's implications on big tech stocks like META, GOOG, and MFST.

Investing in ChatGPT stocks has the potential for significant growth, given the rapid development of artificial intelligence technology and the increasing demand for natural language processing. However, as with any investment, it is

important to have a diversified portfolio and conduct thorough research before making any decisions. By staying up to date on the risks and rewards associated with ChatGPT stocks and industry trends, investors can make informed decisions that align with their investment goals and objectives.

### **Invest in stocks, Treasuries, ETFs, crypto, and alternative assets**

[Sign up now](#)

Build and diversify your portfolio, get the investing insights that matter.

## **FAQs:**

---

**What is ChatGPT?**

---

**What is generative AI?**

---

**What's the best way to invest in AI?**

---

**Which only platforms provide opportunities to invest in AI as a theme?**

---



---

## You Might Also Like

[How to invest in Oil Stocks: Guide to investing in Oil Markets](#)

[How to invest in EV stocks 101: Guide to the growing EV market](#)

[Investing in Value Stocks: The Basics + How to Begin](#)

[Cybersecurity Investing 101: How to invest in Cybersecurity stocks](#)

## Popular

[How to buy US Treasury Bills \(T-Bills\) in 2023?](#)

[What are cash alternatives? How to choose them?](#)

[How Are Treasury Bills \(T-Bills\) paid and taxed?](#)

[10 Best High-Yield Investments for 2023](#)

[What are Treasury bills? A complete guide to T-bills](#)

[High-Yield Savings Account vs Treasury Bills \(T-Bills\)](#)

---

The above content provided and paid for by Public and is for general informational purposes only. It is not intended to constitute investment advice or any other kind of professional advice and should not be relied upon as such. Before taking action based on any such information, we encourage you to consult with the appropriate professionals. We do not endorse any third parties referenced within the article. Market and economic views are subject to change without notice and may be untimely when presented here. Do not infer or assume that any securities, sectors or markets described in this article were or will be profitable. Past performance is no guarantee of future results. There is a possibility of loss. Historical or hypothetical

performance results are presented for illustrative purposes only

Products

Stocks  
ETFs  
Crypto  
Alts  
Treasuries  
Premium  
Pulse

Resources

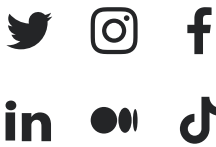
About Us  
Learn  
Careers  
Fee Schedule  
How We Make Money

Quick Links

Top Movers  
Investment Themes  
Investing Glossary  
Transfer your Portfolio  
Public Live  
Public Talks  
Public Town Hall  
Treasury Yield Curve

Contact Us

Help & Support  
press@public.com



Check the background of this firm on [FINRA's BrokerCheck](#).  
  
[Open to the Public Investing, Inc. Customer Relationship Summary](#).

Disclosures   Privacy Policy   Your Privacy Choices   Terms of Service   Fractional Shares Disclosure  
Stocks Directory   ETFs Directory   How to buy Crypto   Buy T-bills

© Copyright 2023 Public Holdings, Inc. All Rights Reserved.

Market data powered by [Xignite](#).

Stocks and ETFs.

Brokerage services for US-listed, registered securities are offered to self-directed customers by Open to the Public Investing, Inc. (“Open to the Public Investing”), a registered broker-dealer and member of [FINRA](#) & [SIPC](#). Additional information about your broker can be found by clicking [here](#). Open to Public Investing is a wholly-owned subsidiary of Public Holdings, Inc. (“Public Holdings”). This is not an offer, solicitation of an offer, or advice to buy or sell securities or open a brokerage account in any jurisdiction where Open to the Public Investing is not registered. Securities products offered by Open to the Public Investing are not FDIC insured. Apex Clearing Corporation, our clearing firm, has additional insurance coverage in excess of the regular SIPC limits. Additional information can be found [here](#).

### **Alternative Assets.**

Brokerage services for alternative assets available on Public are offered by Dalmore Group, LLC ("Dalmore"), member of FINRA & SIPC. "Alternative assets," as the term is used at Public, are equity securities that have been issued pursuant to Regulation A of the Securities Act of 1933 (as amended) ("Regulation A"). This content is not investment advice. These investments are speculative, involve substantial risks (including illiquidity and loss of principal), and are not FDIC or SIPC insured. Alternative Assets purchased on the Public platform are not held in an Open to the Public Investing brokerage account and are self-custodied by the purchaser. The issuers of these securities may be an affiliate of Public, and Public (or an affiliate) may earn fees when you purchase or sell Alternative Assets. For more information on risks and conflicts of interest, see [these disclosures](#).

An affiliate of Public may be "testing the waters" and considering making an offering of securities under Tier 2 of Regulation A. No money or other consideration is being solicited and, if sent in response, will not be accepted. No offer to buy securities can be accepted, and no part of the purchase price can be received, until an offering statement filed with the SEC has been qualified by the SEC. Any such offer may be withdrawn or revoked, without obligation or commitment of any kind, at any time before notice of acceptance given after the date of qualification by the SEC or as stated in the offering materials relating to an investment opportunity, as applicable. An indication of interest to purchase securities involves no obligation or commitment of any kind.

### **Crypto.**

Cryptocurrency execution and custody services are provided by Apex Crypto LLC (NMLS ID 1828849) through a software licensing agreement between Apex Crypto LLC and Public Crypto LLC. Apex Crypto is not a registered broker-dealer or a member of SIPC or FINRA. Cryptocurrencies are not securities and are not FDIC or SIPC insured. Apex Crypto is licensed to engage in virtual currency business activity by the New York State Department of Financial Services. Please ensure that you fully understand the risks involved before trading: [Legal Disclosures](#), [Apex Crypto](#).

### **Treasuries.**

U.S. Treasuries ("T-Bill") investing services on the Public Platform are offered by Jiko Securities, Inc. ("JSI"), a registered broker-dealer and member of FINRA & SIPC. See JSI's [FINRA BrokerCheck](#) and [Form CRS](#) for further information. When you enable T-Bill investing on the Public platform, you open a separate brokerage account with JSI (the "Treasury Account").

JSI uses funds from your Treasury Account to purchase T-bills in increments of \$100 "par value" (the T-bill's value at maturity). T-bills are purchased at a discount to the par value and the T-bill's yield represents the difference in price between the "par value" and the "discount price." Aggregate funds in your Treasury Account in excess of the T-bill purchases will remain in your Treasury Account as cash. The value of T-bills fluctuate and investors may receive more or less than their original investments if sold prior to maturity. T-bills are subject to price change and availability - yield is subject to change. Past performance is not indicative of future performance. Investments in T-bills involve a variety of risks, including credit risk, interest rate risk, and liquidity risk. As a general rule, the price of a T-bills moves inversely to changes in interest rates. See [Jiko U.S. Treasuries Risk Disclosures](#) for further details.

### **Investments in T-bills: Not FDIC Insured; No Bank Guarantee; May Lose Value.**

Banking services and bank accounts are offered by Jiko Bank, a division of Mid-Central National Bank.

JSI and Jiko Bank are not affiliated with Public Holdings, Inc. ("Public") or any of its subsidiaries. None of these entities provide legal, tax, or accounting advice. You should consult your legal, tax, or financial advisors before making any financial decisions. This material is not intended as a recommendation, offer, or solicitation to purchase or sell securities, open a brokerage account, or engage in any investment strategy.

**Commission-free** trading of stocks and ETFs refers to \$0 commissions for Open to the Public Investing self-directed individual cash brokerage accounts that trade the U.S.-listed, registered securities electronically during the Regular

Trading Hours. Keep in mind that other fees such as regulatory fees, Premium subscription fees, commissions on trades during extended trading hours, wire transfer fees, and paper statement fees may apply to your brokerage account. Please see [Open to the Public Investing's Fee Schedule](#) to learn more.

**Fractional shares** are illiquid outside of Public and not transferable. For a complete explanation of conditions, restrictions and limitations associated with fractional shares, see our [Fractional Share Disclosure](#) to learn more.

**All investments** involve the risk of loss and the past performance of a security or a financial product does not guarantee future results or returns.

[View Full Disclosures](#)