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Penny Stocks: From Little Pennies to Big Dollars?

There's a lot of hype out there about penny stocks. Internet spam and flashy web sites claim that penny stocks turn your tiny investment into a big, big return. But are penny stocks all that they're cracked up to be?

Many investors and brokers may claim that investing in penny stocks is a good way to start small and end big. Buying penny stocks means buying low-priced shares of small businesses and companies. Penny stocks are much less "liquid" than other types of stocks, as penny stocks have few shareholders. For some investors, an initial small investment in penny stocks can mean big returns later on.

But penny stocks are considered a high-risk investment. They trade infrequently, meaning that it may be difficult to sell penny stock when desired. There is a chance that, when investing in penny stocks, you will lose your entire investment. For some traders, this type of excitement and risk is simply the name of the game. Others prefer "safer" investments. But the final choice is yours. With penny stocks, can you turn little pennies into big dollars?

Of course it's possible. With the stock market, anything is possible. Penny stocks are unique in that they are not traded on the big exchanges, rather over-the-counter. Investors who are interested in penny stocks can look for potential investments on Pink Sheets and like documents. Penny stocks are neither approved, nor disapproved, by the SEC. They are legal, but they are risky. They are small investments, for investors who want to make smaller, but potentially more dangerous, investments.

However, some of the claims about penny stocks are true. Shares in penny stocks are very affordably priced, and there is always the hope that this investment will in fact bring in big results. For those who want to get a taste of the stock market, penny stocks may be a good way to start. Learn more about penny stocks, and follow the progress of some penny stocks, to see if this is something you think you'd like to pursue. Don't take someone else's word for it, but track the progress of penny stocks for yourself. This is a great way to learn more about not just penny stocks, but the stock market in general. By learning all you can about penny stocks, you set yourself up for future success. The more you know about trading, the better you will probably be at it. If you do want to start with smaller investments, penny stocks can help you make it happen.

Talk with other investors, and your broker if you have one, to find out more about penny stocks. Speaking with other investors is a great way to have questions answered, as well as pick up valuable information and advice. The more you know, the more informed decisions you will make – and this will help you get that big return that you're looking for. Can you get big dollars from little pennies? There's only one way to find out.

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