

Who really controls the stock market?

Rules of the road

Institutional Investors

- Banks
 - Savings and loans companies
 - Credit unions
 - Insurance companies
 - Mutual funds
 - Fund managers
 - Hedge funds
 - Pension funds
 - Venture capital funds
 - Large individual investors
- Many are bound by differing rules
 - Many can't buy penny stocks or Over-the-Counter, OTC stocks.
 - The \$5 stock rule.
 - They buy whole sectors and industries
 - They spread accumulation or distribution of stock over time to avoid driving the price too far too quickly
 - Some have to stay in the market, unable flee into cash, then they move into defensive sectors
 - Seasonal patterns.
 - Move into small-cap stocks early in the year to grab higher gains, Move back into the safer larger cap in the last quarter to defend the annual and quarterly results
 - Large institutions cannot avoid making big waves
 - The small investor can choose to either drown in the wake of the large institutions or ride the waves to profitability.



Stock heading above \$5 a share

Institutions will likely accumulate the stock once it moves above \$5



Stock heading below \$5 a share

Institutions will likely dump the stock if it drops below \$5

