



THE MANITOBA  
SECURITIES  
COMMISSION

## Regulator Warns Investors to Read the Fine Print

The Ontario Securities Commission is warning investors to read the fine print before purchasing investment software. Some companies' ads promise that you will get rich quick, risk-free, without any previous investing experience. These ads claim that you can trade with peace of mind, while the disclaimers often state otherwise.

### What the ads may promise you:

- You "won't ever have to guess which stocks to buy – or sell - again."
- It's "the only tool you'll ever need to make money in the stock market, no matter which way it's going."
- You can "trade like a pro, without all the hard work!"
- The software "makes trading so simple that anyone - regardless of experience or background - can use it."
- "You can become a successful stock trader by the time you finish reading this page."

### What do you get for your money?

Some investment software looks at buying and selling trends in the market, and uses these trends to try to forecast market trends. Other systems look at past data to guess which way stocks are moving, and predict future performance. At best, investment software may be able to help you with some of the calculations involved in investment analysis. If you expect the software to make you a millionaire, consider this:

If the software could consistently predict the future performance of investments, would the software developers need to make money selling the program? If the software lives up to its claims, they should be able to make millions using it themselves.

### What's in the fine print?

The disclaimer text contains clear messages as to what the software really does and what you can expect to achieve with it. Some ads are so misleading that the disclaimer contradicts what is being promoted. The fine print often provides valuable investing tips, such as:

- Software is merely an "analytical tool not intended to replace individual research or licensed investment advice."
- "Unique experiences and past performances do not guarantee future results!"
- "No system for identifying trends in stock movement...is free of risk, nor can any system factor in all the variables capable of impacting stock price."
- The software is purely mechanical, and "cannot predict price trends with absolute precision."

**The following tips will help you protect your money:**

- Check the fine print. Often it's a better prospect for investment tips than the software itself.
- Investigate the person or company offering the software. Sometimes companies change their names when they get complaints, so look into the company history.
- Watch out for investment promotions that offer high returns and low risk. If an investment has a high return, you are taking a large risk with your money.
- When an ad makes extravagant claims about its software's performance, take a careful look at what the claims are based on. Are the testimonials representative of all clients (see fine print)? If not, make sure you get the whole story.
- Recognize that investment software doesn't take the place of advice from a licensed industry professional.

In reality, the only people guaranteed to make money are the salespeople pushing the software. Not even the experts can consistently predict what the market is going to do - the software won't either.

You can learn more about investment fraud and other investment topics on-line at [www.msc.gov.mb.ca](http://www.msc.gov.mb.ca)

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