Scarlet Oak Financial Services
Faye Sykes, CLTC, NSSA
CEO & Independent Advisor
1117 Perimeter Center West
Suite W-212
Atlanta, GA 30338
800-871-1219
fsykes@scarletoakfs.com
www.scarletoakfs.com

What is a stock split?

What is a stock split?

When a company splits its stock, it takes each share and divides it into some larger number of shares. It can be a 2-for-1 stock split or any other combination. When the stock is split, more shares are available, but the total value of all the shares remains the same. Accordingly, if you owned one share worth $100, and the issuing company conducted a 2-for-1 stock split, you would own two shares worth $50 each. Companies can also do reverse splits, making one share from numerous shares, if they want to increase the per-share price of the stock.

Stock splits are typically done when the price of individual shares has risen to a level that the company feels is higher than optimal. More affordable share prices are thought to increase liquidity, or the ease with which shares are bought and sold. Companies also split their stock to show the confidence of management in the future performance of the stock and to attract attention to the stock if it has been languishing. Although studies have been conducted on whether stocks that split perform better than those that don't, evidence suggests that splits make little difference in stock performance over the long term.

A common misconception about stock splits is that they automatically increase the value of your holdings. In fact, because the value of shares is adjusted in proportion to the change in share value, the total value of your holdings remains the same.

To schedule an appointment with Faye Sykes, click here .

Broadridge Investor Communication Solutions, Inc. prepared this material for use by Scarlet Oak Financial Services.

Broadridge Investor Communication Solutions, Inc. does not provide investment, tax, legal, or retirement advice or recommendations. The information presented here is not specific to any individual's personal circumstances. To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on individual circumstances. Scarlet Oak Financial Services provide these materials for general information and educational purposes based upon publicly available information from sources believed to be reliable — we cannot assure the accuracy or completeness of these materials. The information in these materials may change at any time and without notice.

Scarlet Oak Financial Services outgoing and incoming e-mails are electronically archived and subject to review and/or disclosure to someone other than the recipient. We cannot accept requests for securities transactions or other similar instructions through e-mail. We cannot ensure the security of information e-mailed over the Internet, so you should be careful when transmitting confidential information such as account numbers and security holdings. If the reader of this message is not the intended recipient or an employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that any dissemination distribution or coping of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by replying to this message and deleting it from your computer. Advisory Services offered through Capital Asset Advisory Services, LLC., a Registered Investment Advisor.

Scarlet Oak Financial Services
Faye Sykes, CLTC, NSSA
CEO & Independent Advisor
1117 Perimeter Center West
Suite W-212
Atlanta, GA 30338
800-871-1219
fsykes@scarletoakfs.com
www.scarletoakfs.com

Prepared by Broadridge Investor Communication Solutions, Inc. Copyright 2023