



Risk Assessment Checklist for Dividend Stocks

Investing in dividend stocks can be a lucrative way to earn passive income, but it's essential to understand the risks involved. Below is a comprehensive checklist that will help investors evaluate the various risks associated with dividend stocks in Nigeria. This checklist can be added to the section discussing the **Risks of Investing in Nigerian Stocks** for a seamless flow.

Risk Assessment Checklist

1. Price Volatility

- Are you aware of the stock's historical price fluctuations?
- Have you considered how market sentiment might affect the stock's price?
- Are you prepared for potential short-term losses?

2. Market Risks

- Have you analyzed economic trends that could impact stock performance?
- Are you following news related to supply and demand in relevant sectors?
- Are you considering external factors like inflation or global economic events?

3. Company-Specific Risks

- Have you researched the company's financial health, including revenue and profit trends?
- Are there any management changes or operational issues you should be aware of?
- Do you know the company's plans for growth and how they may impact dividend payments?

4. Liquidity Risks

- Is the stock actively traded on the Nigerian Stock Exchange?
- Are you aware of the average trading volume of the stock?
- Can you sell the stock quickly without significantly affecting its price?

5. Regulatory Risks

- Are you familiar with recent changes in government policies that may affect the stock market?
- Have you considered how potential regulatory changes could impact the company's profitability?
- Do you monitor updates from the Securities and Exchange Commission (SEC) regarding new regulations?

6. Dividend Sustainability

- Have you checked the company's history of dividend payments and any recent changes?
- Are you aware of the payout ratio and how it may affect future dividend sustainability?
- Have you researched the company's cash flow to ensure it can support dividend payments?

7. Economic Stability

- Are you considering the overall economic conditions in Nigeria?
- Have you evaluated factors like inflation, currency fluctuations, and political stability?
- Are you monitoring global economic trends that may affect Nigeria's economy?

8. Diversification of Portfolio

- Are your investments diversified across different sectors to reduce risk?
- Have you considered how your dividend stocks fit into your overall investment strategy?
- Are you aware of the correlation between your dividend stocks and other investments in your portfolio?

