



Core Concepts

Basic Terminology

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| Stock | Represents ownership in a company; also referred to as 'shares'. |
| Market Capitalization (Market Cap) | Total value of a company's outstanding shares (Shares Outstanding * Current Share Price). |
| Dividend | A portion of a company's earnings paid out to shareholders, typically quarterly. |
| Bull Market | A prolonged period of rising stock prices. |
| Bear Market | A prolonged period of declining stock prices. |
| Volatility | A measure of how much the price of a stock or market fluctuates. |
| Liquidity | The ease with which an asset can be bought or sold without affecting its price. |
| Index Fund | A type of mutual fund or ETF designed to track a specific market index, like the S&P 500. |

Order Types

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| Market Order | An order to buy or sell a stock immediately at the best available price. |
| Limit Order | An order to buy or sell a stock at a specific price or better. |
| Stop-Loss Order | An order to sell a stock when it reaches a specific price, designed to limit potential losses. |
| Stop-Limit Order | A combination of a stop order and a limit order. The order becomes a limit order when the stop price is reached. |

Key Financial Ratios

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| P/E Ratio (Price-to-Earnings) | Share Price / Earnings per Share (EPS). Indicates how much investors are willing to pay for each dollar of a company's earnings. |
| PEG Ratio (Price/Earnings to Growth) | P/E Ratio / Earnings Growth Rate. Considers the company's growth rate in determining valuation. |
| Debt-to-Equity Ratio | Total Liabilities / Shareholder Equity. Indicates the proportion of debt a company uses to finance its assets relative to equity. |
| Dividend Yield | Annual Dividend per Share / Share Price. Represents the return on investment from dividends. |
| EPS (Earnings Per Share) | (Net Income - Preferred Dividends) / Weighted Average Common Shares Outstanding. A company's profit allocated to each outstanding share of common stock. |

Investing Strategies

Value Investing

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| Focuses on identifying undervalued stocks – companies trading below their intrinsic value. |
| Key Principles: |
| <ul style="list-style-type: none"> • Fundamental Analysis: In-depth analysis of financial statements. • Margin of Safety: Buying stocks significantly below estimated intrinsic value. • Long-Term Perspective: Holding investments for the long haul. |
| Example: Analyzing a company's balance sheet to determine if its assets are undervalued relative to its current stock price. |

Dividend Investing

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| Focuses on investing in companies that pay regular dividends, providing a steady stream of income. |
| Key Principles: |
| <ul style="list-style-type: none"> • Dividend Yield: Look for companies with high and sustainable dividend yields. • Dividend History: Check the company's track record of consistently paying and increasing dividends. • Financial Stability: Ensure the company has a strong financial position to support dividend payments. |
| Example: Investing in established companies with a history of paying consistent dividends, such as utilities or consumer staples. |

Growth Investing

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| Focuses on investing in companies expected to grow earnings at an above-average rate compared to their industry or the overall market. |
| Key Principles: |
| <ul style="list-style-type: none"> • Revenue Growth: Look for companies with consistently high revenue growth. • Innovation: Companies disrupting industries with new products or services. • Future Potential: Focus on long-term growth prospects. |
| Example: Investing in a technology company developing innovative AI solutions with high growth potential. |

Index Investing

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| Investing in index funds or ETFs that track a specific market index, providing broad market exposure and diversification. |
| Key Principles: |
| <ul style="list-style-type: none"> • Diversification: Reduce risk by investing in a wide range of stocks. • Low Cost: Index funds typically have lower expense ratios compared to actively managed funds. • Passive Management: Mirroring the performance of a specific index, such as the S&P 500 or Nasdaq. |
| Example: Buying an S&P 500 index fund to gain exposure to the 500 largest publicly traded companies in the US. |

Trading Strategies

Day Trading

Buying and selling stocks within the same day, aiming to profit from small price movements.

Key Characteristics:

- **High Frequency:** Multiple trades executed throughout the day.
- **Technical Analysis:** Reliance on charts, patterns, and technical indicators.
- **Leverage:** Often uses leverage to amplify potential gains (and losses).
- **Requires significant capital, knowledge, and risk tolerance.**

Swing Trading

Holding stocks for a few days or weeks to profit from short-term price swings.

Key Characteristics:

- **Medium-Term Focus:** Holding periods range from days to weeks.
- **Technical & Fundamental Analysis:** Combines both technical and fundamental analysis.
- **Risk Management:** Uses stop-loss orders to limit potential losses.

Position Trading

Holding stocks for several weeks or months, based on fundamental analysis and macroeconomic trends.

Key Characteristics:

- **Longer-Term Focus:** Holding periods range from weeks to months.
- **Fundamental Analysis:** Emphasis on company fundamentals and industry trends.
- **Patience:** Requires patience to ride out short-term market fluctuations.

Scalping

A trading strategy that attempts to make many small profits on tiny price changes throughout the day.

Key Characteristics:

- **Extremely Short-Term:** Positions held for seconds to minutes.
- **Tight Spreads:** Focuses on highly liquid stocks with narrow bid-ask spreads.
- **High Volume:** Requires a high volume of trades to generate meaningful profits.

Technical Analysis Tools

Chart Patterns

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| Head and Shoulders | A bearish reversal pattern indicating a potential downtrend. |
| Double Top/Bottom | Reversal patterns indicating potential changes in trend direction. |
| Triangles (Ascending, Descending, Symmetrical) | Continuation patterns indicating potential breakouts in the direction of the prevailing trend. |
| Flags and Pennants | Short-term continuation patterns indicating a pause in the trend before resuming. |

Technical Indicators

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| Moving Averages (MA) | Calculates the average price of a stock over a specific period, smoothing out price fluctuations. |
| Relative Strength Index (RSI) | A momentum oscillator measuring the magnitude of recent price changes to evaluate overbought or oversold conditions (0-100 scale). |
| Moving Average Convergence Divergence (MACD) | A trend-following momentum indicator showing the relationship between two moving averages of a stock's price. |
| Bollinger Bands | Bands plotted at standard deviation levels above and below a moving average, indicating volatility and potential price breakouts. |
| Volume | The number of shares traded in a given period, used to confirm the strength of a trend or price movement. |

Fibonacci Retracement

A tool used to identify potential support and resistance levels based on Fibonacci ratios (23.6%, 38.2%, 50%, 61.8%, 78.6%).

How to Use:

- Identify a significant high and low point on a price chart.
- Draw Fibonacci retracement levels between those two points.
- Look for price reversals or consolidations near the Fibonacci levels.