Twitter Thread by Keji Alabi



Keji Alabi
@kejialabii

How to research investments effectively

//A Thread//

Learn the language of Finance

If you look at a balance sheet or cash flow statement

You need to be able to understand the words you're reading

It can look like a different language sometimes

because it is

https://t.co/Ccg1I4Ah7Y is a great resource

Look at ALL statements:

There are three of them and my issue was that i only looked at one ■■

So when you're researching investments

Always look at:

- The income statement
- The balance sheet
- The cash flow statement

Understand formulas and how to apply them

Here's a list of formulas you will need:

- PE Ratio
- PEG Ratio

- Margin of Safety
- Payout ratio
- EGR

Learning at least these terms will give you a better understanding of a company's intrinsic value

A Valuation Method

Here are two different methods you can use:

- Discounted Cash flow
- Dividend discount model

This was the hardest part for me.

Finding out that i needed this in first place then how to use it

Here's a list of websites i use to do this research

- Yahoo finance
- Investopedia
- Macrotrends
- The company's website
- TD Ameritrade