Twitter Thread by Meet Shah

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Thread on "The Final Checklist"
by Peter Lynch.

~ Ideas can come from anywhere - Peter Lynch.

⭐ **Stocks in General:**

👉 The p/e ratio. Is it high or low for this particular company & for similar companies in the same industry.

👉 The percentage of Institutional ownership.The lower the better.

👉 Insiders buying & buy-back.
Both are positive signs.

👉 The record of earnings growth to date & whether the earnings are sporadic or consistent. (The only category where earnings may not be important is in the asset play.)

👉 Strong balance sheet or weak balance sheet (debt-to-equity-ratio) & how it's rated for Financial Strength.

👉 The cash position. Net cash provides floor on the stock.

~ If you can't find any companies that you think are attractive, put your money in the bank until you discover some - Peter Lynch.

⭐ **Slow Growers**:

👉 Since you buy these for the Dividends (why else would you own them?)

You want to check to see if dividends have always been paid, & whether they are routinely raised.

👉 When possible find out the percentage of the earnings are being paid out as dividends. If it's a low percentage, then the company has a cushion in hard times.

It can earn less money & still retain the dividend. If it's a high percentage, then the dividend is riskier.

~ All you need for a lifetime of successful investing is a few big winners, and the pluses from those will overwhelm the minuses from the stocks that don’t work out - Peter Lynch.

⭐ **Fast Growers**:

👉 Whether the stock is selling at a p/e ratio at or near the growth rate.

👉 Investigate whether the product that's supposed to enrich the company is a major part of the company's business.

👉 That the company has duplicated its successes in more than one city or town, to prove that expansion will work.

👉 What the growth rate in earnings has been in recent years. (20 to 25 percent range is good but 50 percenters usually are found in hot industries, & you know what that means.)

⭐ **Stalwarts**:

👉 These are big companies that aren't likely to go out of business, the key issue is price, & the p/e ratio will tell you whether you are paying too much.

👉 Diworsification (may reduce earnings in future.)

👉 Check the company's long term growth rate, & whether it has kept up the same momentum in recent years.

👉 If you plan to hold the stock forever, see how the company has fared during previous recessions & market drops.

⭐ Turnarounds :

👉 Most important, can the company survive a raid by its creditors? How much cash does the company have? How much debt?

👉 If it's bankrupt already, then what's left for the shareholders?

👉 Is business coming back?

👉 How the company is supposed to be turning around? Has it rid itself of unprofitable divisions? This can make a big difference in earnings.

👉 Are costs being cut? It so, what will the effect be?

~ The simpler it is, the better I like it - Peter Lynch.

⭐ **Asset Plays**:

👉 What's the value of the assets? Are there any hidden assets?
👉 Is the company taking on new debt, making the assets less valuable?
👉 How much debt is there to detract from these assets? (Creditors are first in line.)
👉 Is there a raider in the wings to help shareholders reap the benefits of the assets?

~ His timeless classics:

One up on wall street.
Learn to Earn.
Beating the street.

~ Fav Peter Lynch Quote:

Behind every stock is a company. Find out what it's doing

~ Philosophy:

The person that turns over the most rocks wins the game. And that's always been my philosophy.