

Twitter Thread by Chris Perruna



Chris Perruna

@cperruna



THREAD // How I Invest

- 1. Successful Investing starts with Education**
- 2. Psychology of Trading & General Rules**
- 3. Essentials of Fundamental Analysis**
- 4. Master Technical Analysis**
- 5. Screening for Stocks**
- 6. Making a Watchlist**
- 7. Money Management**
- 8. Diversification of Accounts**

1 // Successful Investing starts with Education

Following 2000-2002, I realized that I needed an education to help me understand many of the topics mentioned in this thread.

So, I started to educate myself using books. Seek mentors as well.

Then DO!

<https://t.co/zA1m0lxH9n>

****16 Must Read Stock Market Books****

Gifts for the Holidays!

Reminiscences of a Stock Operator

by Edwin Lefèvre <https://t.co/DozMNFmvZl> [pic.twitter.com/b6wEhzMp8n](https://t.co/b6wEhzMp8n)

— Chris Perruna (@cperruna) [November 20, 2019](#)

2 // Psychology of Trading & General Rules

Develop a working SYSTEM (for you)

Preservation of capital

Consistent profitability

Cutting losses short

Superior returns

Understanding "You":

What is your general personality?

What influences your decisions?

What is your lifestyle?

3a // Essentials of Fundamental Analysis

Earnings Per Share:

1. % Change in Latest Qtr EPS vs. Same QTR Prior Year
2. % Increase in Next Year's EPS Estimate vs Prior Year's Actual EPS
3. % Change in Latest EPS, trend past several qtrs
4. Annual % EPS Growth Rate of Last 3 Years

3b // Essentials of Fundamental Analysis

Sales / Revenues

1. % Change Latest Qtr's Sales vs. Same Qtr Prior Year
2. % Change Latest Reported Fiscal Year Sales vs. Prior Year
3. % Change in Latest Sales, trend past several qtrs
4. Annual % Sales Growth Rate of Last 3 Years

3c // Essentials of Fundamental Analysis

Other items I analyze:

1. Increasing Return on Equity (ROE)
2. Cash flows
3. Net Income
4. Price/Earnings Growth (PEG)
5. Valuation
6. Market Cap & opportunity
7. Institutional Sponsorship
8. New &/or growing product or service

4a // Master Technical Analysis

Preferred graphic is Candlestick Charts

Focus on Daily & Weekly Charts

What to Look for:

1. Properly Forming Bases
2. Major Moving Averages (50d & 200d)
3. Support & resistance areas
4. Volume
5. Pivot Points
6. Breakout Areas

4b // Master Technical Analysis

Always understand breadth: New Highs vs. New Lows Ratio

Extreme readings on NH-NL ratio signal a change in trend coming.

Look for increasing accumulation days (stock up on above average volume).

Zoom out to monthly charts every so often.

5a // Screening for Stocks

1. Quality Stocks making New 52-week Highs
2. Quality Stocks w/ a recent IPO (past few years)
3. Institutional Sponsorship Increasing
4. Quality Stocks trading within 15% of 52-week Highs
5. Quality Stocks within 10% of the 200-day Moving Average

5b // Screening for Stocks

6. Quality stocks with a strong daily &/or weekly close
7. Sales & Earnings rising, QoQ
8. Quality stocks trading between the 50d & 200d ma

*CANSLIM Quality:

Earnings Per Share (EPS) Rating: From 60-99

Relative Price Strength (RS) Rating: From 60-99

6 // Making a Watchlist

Filter stocks up 2% or more

Volume greater than average by at least 50%

Seek stocks that are making multiple screens

Technical criteria:

Identify trend (up or down)

Recognize base

Identify pivot or breakout area

Establish support & resistance levels

7a // Money Management

Position Sizing (Risk Management):

1. Understand "how much" money to trade on each position
2. Know account size & available funds
3. Determine maximum risk per position
4. Never exceed max risk = potential blow up of account

7b // Money Management

Expectancy**:

1. Reliability, % of time one makes money
2. Size of Profits vs Losses
3. Cost of making a trade
4. Opportunity to trade (how often)

** Doesn't always apply to longer term discretionary investors.

8 // Diversification of Accounts

Breakdown of our investments (by size):

1. Long term IRA portfolio
<https://t.co/iMuBbtUK4I> growth portfolio
3. Crypto portfolio
<https://t.co/oZLUkOne6Z> stock
5. Index funds

*Real Estate & Business excluded

BOUNS: Interview

<https://t.co/6NUnBNb7ck>

[@RichardMoglen](#) interviews me on Growth Investing

We verbally & visually cover (via MarketSmith):

My journey

Screening methods

Psychology

Accumulation & Distribution

50d / 200d

& much more!

Noted stocks: \$TTD \$SHOP \$ZM \$ROKU \$SE \$TDOC \$CHWY \$DKNG

<https://t.co/PWvD9mtj3z>

— Chris Perruna (@cperruna) March 12, 2021

9 // Presentation

How to Invest While Working Full Time

<https://t.co/r6Q4dtoASB>

How to Invest
While Working Full Time

Recorded presentation via this link.

Hosted by @TraderLion_ (@RayTL @RossHaber)
Moderated by @RichardMoglen <https://t.co/qttaWb4U3L>

— Chris Perruna (@cperruna) June 18, 2021

<https://t.co/5a8HqA8iHI>

My @TraderLion_ presentation

How to Invest while Working Full Time <https://t.co/fiHnqkUFZl> pic.twitter.com/pymUsYqJLK

— Chris Perruna (@cperruna) July 29, 2021