Twitter Thread by Chris Perruna



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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 educated 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 Lef\xe8vrehttps://t.co/DozMNFmvZI pic.twitter.com/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/iMuBbtUK4l 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