



Investing 101

14 Rules that can grow your equity portfolio!

By StockAxis —

Understanding the ever changing dynamics of the stock markets requires more time and expertise than most people busy building their careers have.





While there are Investment Advisors and Research Analysts like StockAxis to help make intelligent investment choices, there are also some financial rules of thumb that are evergreen.



If combined with discipline, these investing rules will keep you on a financially secure path!



Rule

01

Sales, Earnings & ROE

When looking for a quality stock, growth plays a HUGE role!



Pro tip:

Consider buying stocks with earnings up by 25%+ each in the last three years with return on equity (ROE) of 17%+ and accelerating sales.

Rule

02

Tips & Rumours

Never rely on Stock 'Tips' that you have heard from someone you know or rumours that have been flying around.



Pro tip:

Focus on the basics. Choose only growing companies and wait patiently to gain quality returns.

Rule

03

The stop-loss

Make no exceptions & keep a trailing stop-loss on each trade to gain maximum profit or avoid huge losses.



Pro tip:

Never 'average down' in price.

Why put good money in an investment that hasn't proved to be profitable? Invest more only when your stocks start moving up!

Rule

04

Know When To Sell

Selling is just as important as buying!

Exit the stock when the fundamentals are deteriorating or it's showing weakness on the chart.



Pro tip:

Simply put, Sell on euphoria or when a stock is down with a high volume.

Rule

05

Follow the markets

Three out of every four stocks follow the general market direction, either up or down.

Be smart and invest accordingly.



Pro tip:

Buy when market indices are on an uptrend & Reduce investments and raise cash when the overall market is down and has a poor advance / decline ratio.

Rule

06

Leading stocks from trending Industries

Nearly half the price movement of a stock is due to the strength or weakness of its industry.



Pro tip:

Buy only growing companies
belonging to the leading industries in
every bull cycle.

Rule

07

Management ownership & Institutional holdings

It's always preferable that the promoter holding is high & the institutional investors have some skin in the game.



Pro tip:

Prefer Investing in companies with high promoter/management ownership of stock & increasing institutional investment over recent quarters.

Rule

08

Read technicals

It is a well known fact that price discounts everything!



Pro tip:

Buy stocks breaking out in heavy volume from chart patterns like cup with a handle, flat base & double bottom.

Rule

09

Ignore dividends & PE

Yes, you read that right!

Dividends and PE ratios are NOT reliable ways of choosing your investments.



Pro tip:

Don't buy because of dividends or PE ratios. Instead focus on acceleration in earnings on QoQ & YoY basis.

Rule

10

Superior products & services

Innovation, creativity & efficiency is key when it comes to quality businesses



Pro tip:

Invest mainly in entrepreneurial companies with superior & new products or services that can acquire market share and increase sales.

Rule

11

The IPO rule

Stock prices tend to rise the most during the initial years after the initial public offering (IPO)



Pro tip:

Pay close attention to companies which have had an IPO in the past 3 - 4 years and invest at the right levels.

Rule

12

Buyback & New Management

These events often result in positive stock price movements!



Pro tip:

Check companies buying back 5% to 10% of their stock & companies with a new management.

Rule

13

**The market is always
right**

Don't let your emotions enter
your investment decisions.



Pro tip:

Never argue with the market & try to bottom guess or buy a stock on its way down.

Always let the market confirm your opinion.

Rule

14

Last but not the least, We recommend that you always monitor your investments!



Pro tip:

You can always :

- Do a post-analysis of all your buys and sells.
- Post on stock charts where you bought and sold each stock.
- Evaluate and develop rules to correct your major past mistakes.



**Happy
Investing!**

Thank you.