TudorCoaching.com Stock Market Investing Checklist

- ☐ Make a list of as many companies as you can think of. Try to get to at least 100. Your goal is to eventually find as many publicly traded companies in the stock market as you can. Continue to list businesses/companies until you can no longer come up with any more.

- ☐ Find out if these companies are trading publicly in the stock market—and look them up. You can look them up by doing an online web search, or by searching for them in a website like Yahoo Finance or MSN Money. If any of them you look up are not trading publicly, check to see if they are owned by a parent company of a different name. Some of the companies you look up will be privately owned, meaning you cannot invest in them in the public stock market.

- ☐ Once you have a list of publicly traded companies that you know of, look up their return on capital to see if they are a high-quality and well-managed company. A good place to look is at MSN Money. Your target is a return on capital of at least 10%. For any that do not meet this minimum threshold—you are probably better off without them.

- ☐ For those that have passed the test, place a value on them. Use the Face Value Calculator on our website at TudorCoaching.com. Spend some time determining what a fair and appropriate growth rate and price to earnings ratio is to apply to them. Also make sure you double-check, and even triple-check the trailing twelve months earnings per share by confirming on multiple websites.

- ☐ Put the current date and valuation you have placed next to them on the original list you made. It's important to keep this list updated and in a place where you won't lose it. Just because a company is overvalued today, does not mean it will still be overvalued in a few months. This list will provide you with a growing database of companies you can continually refer to when purchasing new stocks.

- ☐ Look up the current market prices of your list of stocks—and mark those prices down on the same sheet next to your valuation.

- ☐ Compare the price vs the value of each stock. Remember, your goal is to buy at about half of what their value is—50% off. Buying at just 30 or 40% on sale is ok to do—as long as you feel comfortable with the stock and understand the margin of safety is less.

- ☐ Of those which are undervalued, pick 6-12 different stocks—spread among different industries—and begin to purchase them. Not all at once—purchase a little bit at a time. Begin to accumulate them over the next few months. For example, if you had $100,000 allocated toward a stock investing portfolio, and wanted to spread that among 10 stocks, each stock would be allocated about $10,000. You could start this month by purchasing $3,000-$4,000 thousand dollars' worth of 3 stocks in different industries, and continue to do so over the next few months. This slowly gets you in and allows you to not be fully invested with market-risk all at once.

- ☐ Search other companies to find more buying opportunities. If you need exposure to other industries, start looking online. A good place to start is Yahoo's industry center (http://biz.yahoo.com/ic/ind_index.html). Here you can get a list of every industry across the market. Since you want to be diversified across different industries, make sure to start looking up different companies from this list to give yourself more options—if you need it.

- ☐ Continue to do this every month. Check back, and revalue companies with more up-to-date information. This investing strategy is not a set-it and forget-it type of approach. If you want great returns, you need to take a bit of action and put in just a little bit of work on your end. Sometimes you won't find companies that are on sale. Sometimes that will last for a while. That's why you need to continually check back and stay updated. Once you've started, you can check back on your list, add more companies, and continue to keep their valuation, market prices, and other information up-to-date and accurate.

- ☐ Follow the "When Do I Sell?" lecture to determine when an appropriate time to sell any of your stock holdings would be—if it all. Remember, the ideal scenario is to never sell, for tax and compounding reasons. However, there are still many times and scenarios where you will need to sell, so be sure it falls under one of the four reasons listed in the lecture.