What Makes A Good Stock?

Investment multiples
Any metric that measures company performance calculated by dividing different financial values. Commonly expressed as a ratio

Price-To-Earnings (P/E)
A Ratio used to value companies which measures current share price against per share earnings

Earnings
Returns from a company's activities after expenses have been subtracted. This may or may not include tax expense depending on the context

Revenue
Income generated from selling goods and services. These returns are from normal business operations so it does not include windfall gains

EBITDA
Profit earned by a company before accounting for interest expenses, tax, depreciation and amortization

PEG
Price/earnings-to-growth ratio is the price-to-earnings ratio divided by the growth of earnings during a specified time period. It is a way to value companies that accounts for expected growth

Yield
Earnings generated by an investment over a period of time. Yield is calculated in different ways depending on the investor interest

Debt equity ratio
It is the monetary value of total liabilities divided by shareholders' equity. The ideal ratio varies significantly depending on the industry

Return on equity
It is net income divided by shareholders' equity. It serves as an indicator of financial performance aka profitability

Stock
A share of a company which is sold to investors and represents ownership.

Bear Market
A sustained period of falling prices in which overall market sentiment has shifted towards pessimism and fear from previous optimism and hope.