DFC:

- Discounted cash flow analysis helps to determine the value of an investment based on its future cash flows.
- If the DCF is higher than the current cost of the investment, the opportunity could result in positive returns and may be worthwhile.
- If the calculated value is lower than the cost, then it may not be a good opportunity, or more research and analysis may be needed before moving forward with it.

Personal notes on DFC

- DFC should be the first line of defense. However, I feel that there should be a range, due to the fact that there is a margin of error. Sort of like presidential polling. If biden is polling only 2 points higher than his competitor, then it's muddy even though biden is leading.
- I'll use placeholder numbers to demonstrate. Suppose if DFC is 5% more than the current price, then perhaps it's a maybe buy, if it's more that 10% then it's a definite buy. We need to incorporate a margin of error somehow.
- The only variable datapoints we need is the Discount Rate and Projected Cash flow for the specific year.

P/E Ratio

- Price of a company share divided by earnings per share of past 12 months. So two points needed are Share price and Earnings per share.
- From the looks of it P/E ratios only really matter in comparison to other companies in the same sector. If it's higher than its peers, it means people project it to go up. If it's far lower, it's either not worth it or undervalued.

PEG Ratio

- Price to earnings growth ratio.
- Basically takes the P/E and divides it by the growth rate of it's earnings
- A lower PEG usually means that the stock is undervalued.
- "Also, a PEG ratio below one is typically thought to indicate that a stock may be underpriced, but this can vary by industry."

Price to Book Ratio

- Calculated by dividing share price of a stock by book value per share
- Higher it is, the more inflated the price is, (overvalued)
- Lower it is the greater potential that stock has

Price-to-Dividend

- Calculated by dividing price of stock by dividends per share (a stock might not always have these

Summation:
Every stock will need:

- Price of a share
- Discount rate: should be standardized
- Projected cash flow for our timeline
- Earnings per share
- Growth Rate of its earnings
- Book value per share
- Dividends per share: not every company gives out dividends