

# Stock Profit Cheat Sheet

## Calculating Stock Profit

You can calculate the profit on your stock position with a pretty simple formula. You'll need the following information:

- $\text{Cost} = (\text{Number of shares} \times \text{Price paid per share}) + \text{Commissions if any}$
- $\text{Proceeds} = (\text{Number of shares} \times \text{Share sell price}) + \text{Dividends received} - \text{Commissions if any}$

Then you can do some simple calculation as follows:

- $\text{Profit} = \text{Proceeds} - \text{Cost}$
- $\text{Cumulative Return} = (\text{Profit} / \text{Cost}) \times 100\%$
- $\text{Annualized Return using Days} = ((\text{Proceeds} / \text{Cost}) ^ {(365 / \text{Days})} - 1) \times 100\%$

## Quick Example

An investor purchased 100 shares of Apple (AAPL) at \$250 per share. 1165 days later, the investor sold the shares at \$382 each. During the time of holding the stock, the investor also received \$75 in dividends. No commissions were paid on the trades. What was the profit, the cumulative return and the annualized return?

Calculate the profit:

- $\text{Cost} = 100 \times \$250 = \$25,000$
- $\text{Proceeds} = 100 \times \$382 + \$75 = \$38,275$
- $\text{Profit} = \$38,275 - \$25,000 = \$13,275$

Calculate the cumulative return:

- $\text{Cumulative Return} = (\$13,275 / \$25,000) \times 100\%$
- $\text{Cumulative Return} = .531 \times 100\%$
- $\text{Cumulative Return} = 53.1\%$

Calculate the annualized return:

- $\text{Annualized Return} = ((\$38,275 / \$25,000) ^ {(365 / 1165)} - 1) \times 100\%$
- $\text{Annualized Return} = ((1.531 ^ {.3133}) - 1) \times 100\%$
- $\text{Annualized Return} = (1.1428 - 1) \times 100\%$
- $\text{Annualized Return} = .1428 \times 100\%$
- $\text{Annualized Return} = 14.28\%$