

Understanding the Stock Market

Steve Stack, Portfolio Manager

NYSE History

- U.S Capital Markets – 1624, Dutch founded New Amsterdam
- NYSE 1792 – Buttonwood Agreement
- 1817 – constitution adopted creating New York Stock & Exchange Board.

ALL UNITED STATES STOCK EXCHANGES

NYSE (1792) Euronext (merged in 2007)

- NYSE Arca (Pacific Exchange)
- AMEX (acquired in 2008)

National Association of Securities Dealers Automated Quotation System (NASDAQ)

Boston Stock Exchange (BSE): made up of the Boston Equities Exchange (BEX) and the Boston Options Exchange (BOX) and was acquired by Nasdaq in 2007

CBOE Options Exchange (CBOE)

Chicago Board of Trade (CBOT): owned and run by CME Group Inc.

Chicago Mercantile Exchange (CME): owned and controlled by CME Group Inc.

Chicago Stock Exchange (CHX)

International Securities Exchange (ISE): includes ISE Options Exchange and the ISE Stock Exchange

Miami Stock Exchange (MS4X)

National Stock Exchange (NSX)

Philadelphia Stock Exchange (PHLX)

How does a company get listed?

To be listed on the New York Stock Exchange:

- A company must have 400 shareholders
- 1.1 million shares outstanding
- \$40 mm in Market Value of Publicly Held Shares
- Minimum Share Price of \$4
- Average Monthly Trading Volume (100,000)

Multi-Factor Model

Screen Name Value screen

Refine By <Countries, Sectors, etc.>

Group By Securities

Show Hi/Lo

As of 05/12/2023

Overview

Returns

Valuation

Estimates

Actuals

Credit

Technicals

Custom

Results

Add Column

92 Fields

Group By None

94 Stats...

848 Securities

Ticker		SMS↑	BEst EPS BF12M	BEst Curr EV/BEst EBITDA BF12M	BEst PEG Ratio BF12M	P/B LF	BEst Div Yld BF12M	RSI: Period=14:I:L (-1;0;-1)	BEst Curr EV / BEst SI BF12M	BEst P/E BF12M
Median		416.81	4.30	11.30	1.56	2.51	2.57	46.92	2.59	15.60
101) X	US	79.63	3.24	3.06	-0.27	0.58	0.87	29.47	0.35	6.55
102) NOV	US	128.13	1.46	7.26	0.21	1.39	1.33	27.45	0.88	10.34
103) CLF	US	138.06	1.98	4.80	-1.97	1.25	--	34.41	0.58	7.37
104) DXC	US	141.88	3.91	3.91	0.75	1.31	0.91	38.94	0.63	5.83
105) JBLU	US	151.94	0.81	4.24	0.08	0.71	--	44.73	0.49	8.42
106) PARA	US	154.38	1.05	9.86	-3.17	0.66	2.55	25.19	0.82	14.47
107) GM	US	155.00	6.48	2.74	-8.96	0.73	1.65	42.69	0.28	5.04
108) MOS	US	163.88	5.21	4.89	0.39	1.28	2.57	23.80	1.18	6.90
109) LUV	US	167.00	3.06	3.89	0.20	1.88	2.29	35.23	0.54	9.47
110) LUMN	US	171.69	0.31	4.70	-0.61	0.24	--	48.11	1.51	7.58
111) ACI	US	177.19	2.79	6.42	-13.17	--	2.37	40.01	0.35	7.31
112) HPE	US	179.50	2.11	4.90	0.98	1.05	3.39	33.60	0.94	6.54
113) SWN	US	180.81	0.91	3.37	1.30	0.88	--	42.30	1.46	5.20
114) PARAA	US	181.94	1.05	9.86	-3.62	0.66	--	24.34	0.82	16.53
115) FOX	US	187.25	3.11	6.33	1.05	1.69	1.93	33.83	1.25	9.10
116) DISH	US	189.56	0.79	12.20	-0.66	0.27	--	29.35	1.62	7.63
117) BWA	US	189.75	5.27	5.38	0.64	1.55	1.61	37.39	0.78	8.41
118) M	US	190.38	3.78	3.88	0.33	1.53	4.48	31.13	0.40	3.96

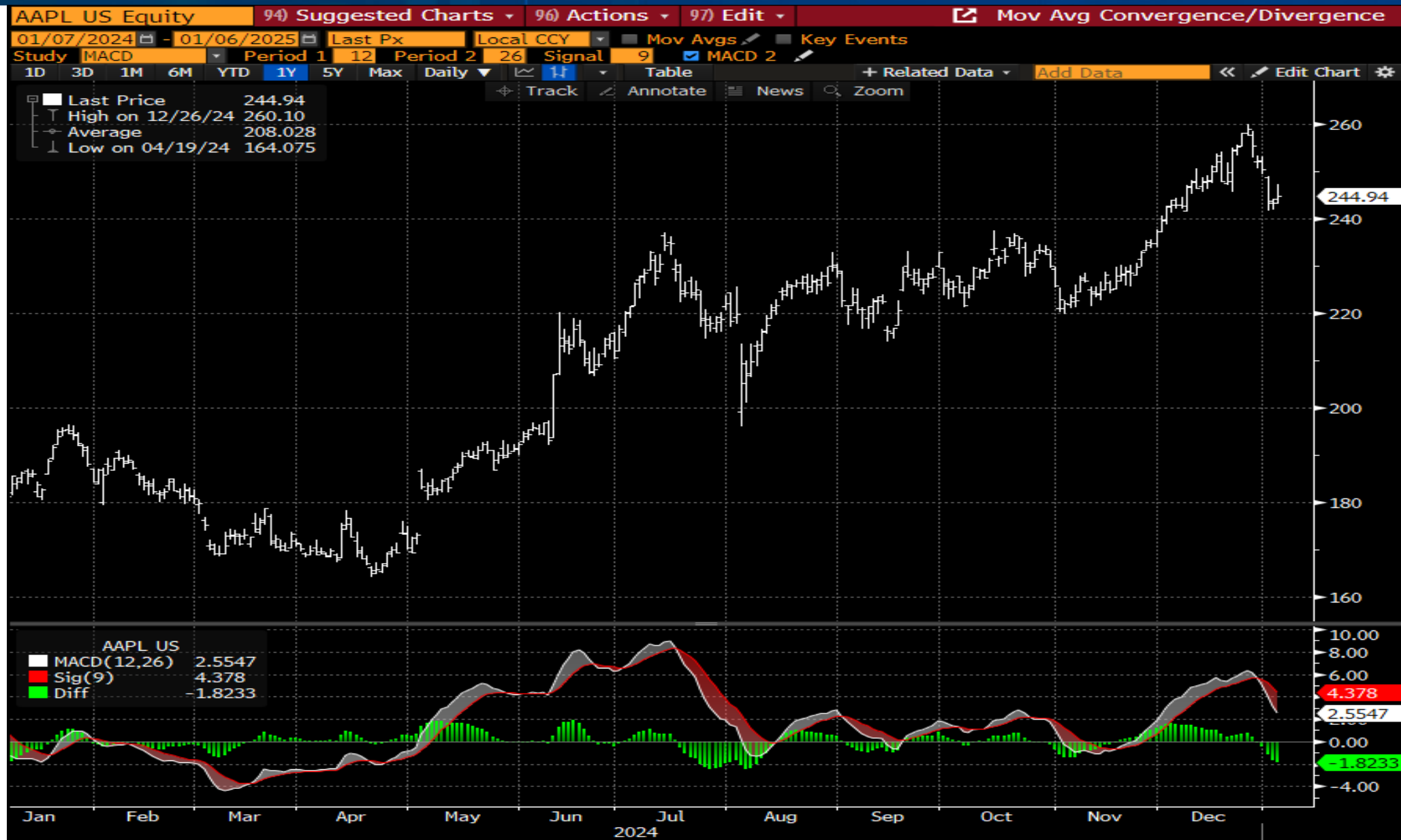
Technical Analysis



Technical Analysis



Technical Analysis



Fundamental Analysis

Fundamental Analysis

Analysts typically study, in order:

- The overall state of the economy
- The strength of the specific industry
- The financial performance of the company issuing the stock

This ensures they arrive at a fair market value for the stock.

Gain information from:

- 1) 10Q (quarterly filing)
- 2) 10K (annual filing)
- 3) 8K (event filing)

How do you analyze a stock?

Fundamental Analysis

- 1) Company's Revenues
- 2) Company's Earnings
- 3) Forward Growth Estimates
- 4) Return of Equity
- 5) Profit Margins
- 6) Free Cash Flow

Mutual Funds/ETF's

- 1) Basket of Stocks or Bonds
- 2) Domestic Funds
- 3) Foreign Funds
- 4) Share Classes
- 5) Fees
- 6) Trade

Mutual Funds/ETF's

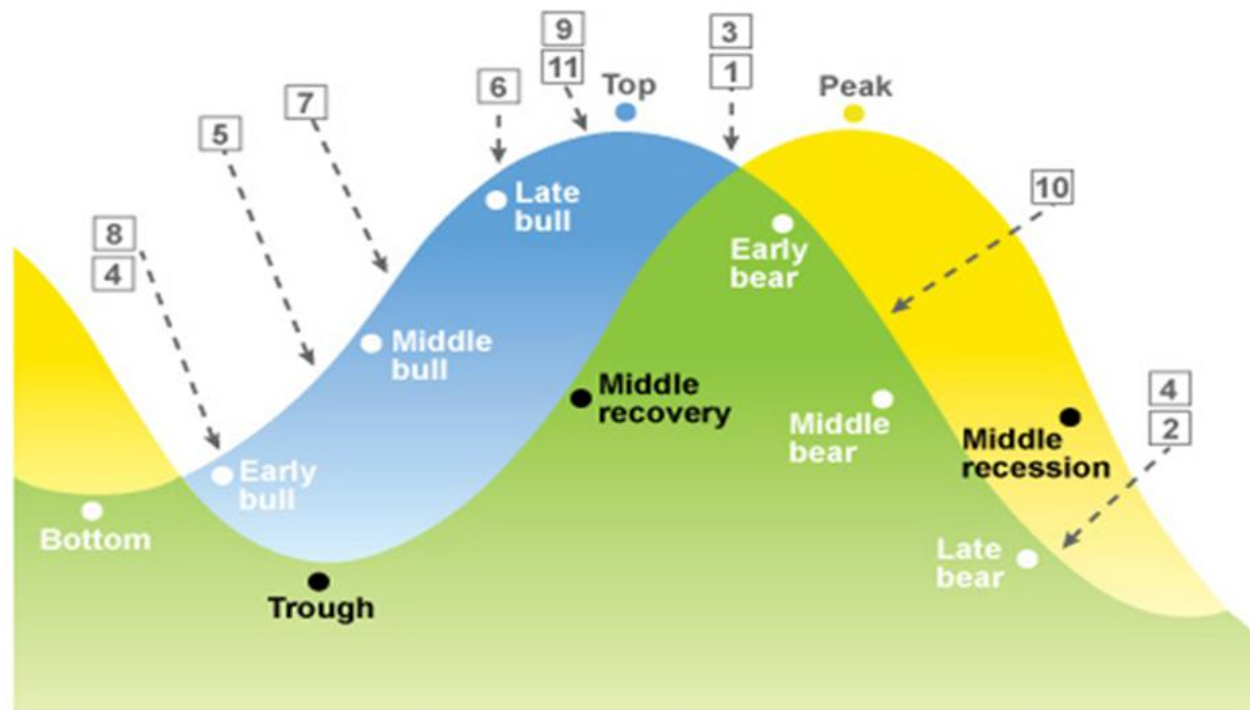
RANK	SYMBOL	FUND NAME
1	<u>VSMPX</u>	<u>Vanguard Total Stock Market Index Fund;Institutional Plus</u>
2	<u>FXAIX</u>	<u>Fidelity 500 Index Fund</u>
3	<u>VFIAX</u>	<u>Vanguard 500 Index Fund;Admiral</u>
4	<u>VTSAI</u>	<u>Vanguard Total Stock Market Index Fund;Admiral</u>
5	<u>VMFXX</u>	<u>Vanguard Federal Money Market Fund;Investor</u>
6	<u>SPAXX</u>	<u>Fidelity Government Money Market Fund</u>
7	<u>FDRXX</u>	<u>Fidelity Government Cash Reserves</u>
8	<u>VGTSX</u>	<u>Vanguard Total International Stock Index Fund;Investor</u>
9	<u>FGTXX</u>	<u>Goldman Sachs FS Government Fund;Institutional</u>
10	<u>SWVXX</u>	<u>Schwab Value Advantage Money Fund;Investor</u>
11	<u>VFFSX</u>	<u>Vanguard 500 Index Fund;Institutional Select</u>
12	<u>VIIIX</u>	<u>Vanguard Institutional Index Fund;Inst Plus</u>
13	<u>OGVXX</u>	<u>JPMorgan US Government Money Market Fund;Capital</u>
14	<u>FRGXX</u>	<u>Fidelity Instl Government Portfolio;Institutional</u>
15	<u>VTBNX</u>	<u>Vanguard Total Bond Market II Index Fund;Institutional</u>

Mutual Funds/ETF's

Symbol	Name
SPY	SPDR S&P 500 ETF Trust
IVV	iShares Core S&P 500 ETF
VOO	Vanguard S&P 500 ETF
VTI	Vanguard Total Stock Market ETF
QQQ	Invesco QQQ Trust Series I
VEA	Vanguard FTSE Developed Markets ETF
VUG	Vanguard Growth ETF
IEFA	iShares Core MSCI EAFE ETF
VTV	Vanguard Value ETF
AGG	iShares Core U.S. Aggregate Bond ETF
BND	Vanguard Total Bond Market ETF
IWF	iShares Russell 1000 Growth ETF
IJH	iShares Core S&P Mid-Cap ETF
IEMG	iShares Core MSCI Emerging Markets ETF
IJR	iShares Core S&P Small-Cap ETF

Sectors & Cycles

Business Cycle and Relative Stock Performance



Key

- 1 Consumer Non-Cyclicals
- 2 Consumer Cyclical (durable & non)
- 3 Health Care
- 4 Financials

Economic Cycle

- 5 Technology
- 6 Basic Industry
- 7 Capital Goods
- 8 Transportation

Stock Market Cycle

- 9 Energy
- 10 Utilities
- 11 Precious metal

Source: Stovall, Sam. The S&P Guide to Sector Investing. New York: McGraw-Hill, 1995.

2024 S&P 500 Returns:

1. Comm Services: 40.2
2. Technology: 36.6
3. Financials: 30.6
4. Discretionary: 30.1
5. S&P 500: 25.0
6. Utilities: 23.4
7. Industrials: 17.5
8. Staples: 14.9
9. Energy: 5.7
10. Real Estate: 5.2
11. Health Care: 2.6
12. Materials: 0.0

Market Timing

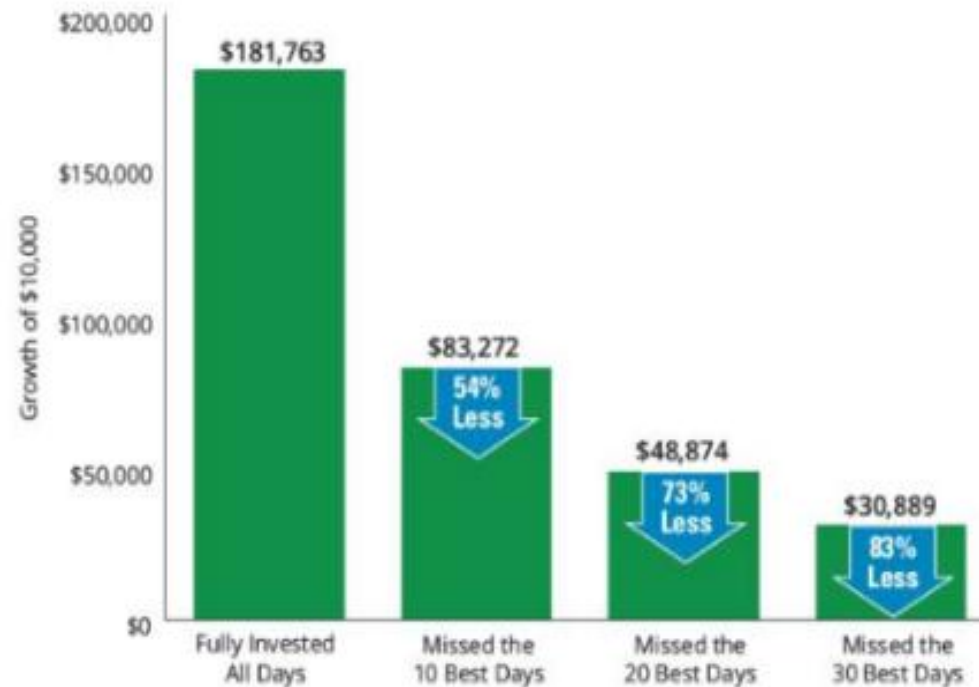
Good Days Happen in Bad Markets

S&P 500 Index Best Days: 1994–2023

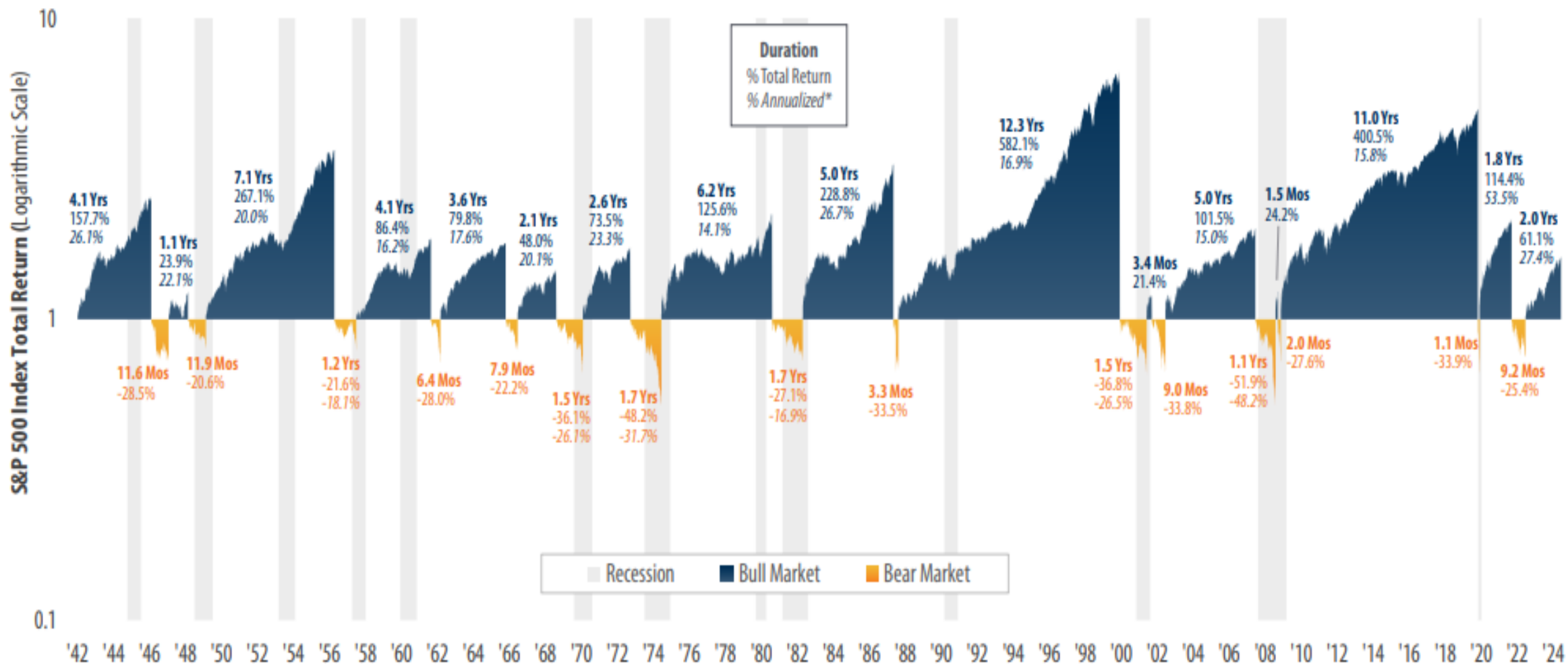


Missing the Market's Best Days Has Been Costly

S&P 500 Index Average Annual Total Returns: 1994–2023



Bull & Bear Markets



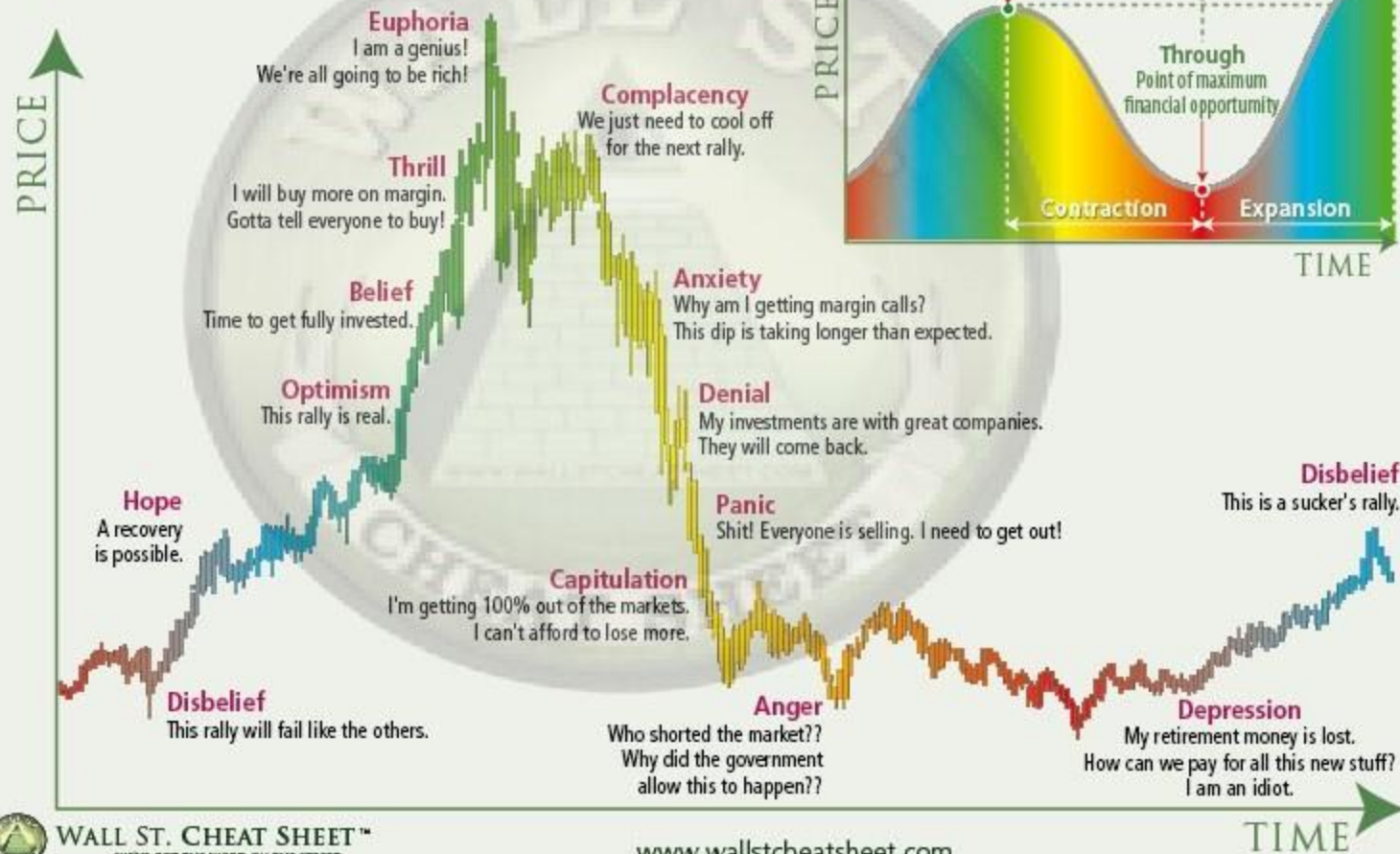


WALL ST. CHEAT SHEET™ WE'VE GOT THE WORD ON THE STREET

PSYCHOLOGY OF A MARKET CYCLE

THE FEELINGS APPEARING
AS THE MARKET FLUCTUATES.

SIMPLIFIED MARKET CYCLE



WALL ST. CHEAT SHEET™
WE'VE GOT THE WORD ON THE STREET

www.wallstcheatsheet.com

TIME