Where to Start

Throughout this process, it is important to keep our end goal in mind. As investors, we are seeking appreciation in value of the stocks we hold. The price of a stock reflects the income that a company is projected to earn in the future. Higher future income equates to a higher stock price. Keeping this in mind, we want to find companies that have strong prospects for income generation in the future, and have a low price relative to those future cash flows.

If you are having trouble finding a company to analyze, start with a stock screener. Yahoo finance offers a good screening tool for free here [https://finance.yahoo.com/screener/new/].

Choose other filters. Our fund is focused on value stocks, or companies which are priced low relative to fundamentals. For example, companies that have a low P/E ratio or a high ROE.

Click “find stocks” to view a list of stocks that meet your criteria. Click on any company that seems interesting to you.
If this company seems interesting to you, start digging deeper into the company’s financials. To get a brief overview, click on the “Statistics” tab.
In this tab you can get a feeling for the financial strength of the company. There are a ton of ratios to look at which may be a bit overwhelming. Start by picking out a few; for example, the price/sales ratio, current ratio, revenue growth, and debt/equity ratio. To figure out how to interpret these numbers and understand how they are calculated, search them on investopedia. This website is a great resource and will help deepen your understanding of the company. For example, you can learn about the debt/equity ratio here: [http://www.investopedia.com/terms/d/debtequityratio.asp?ad=dirN&go=investopediaSiteSearch&qs=0&o=40186](http://www.investopedia.com/terms/d/debtequityratio.asp?ad=dirN&go=investopediaSiteSearch&qs=0&o=40186).

As we know, a company’s stock price is based on its potential for future earnings. Yahoo finance also provides information on what analysts expect the company to earn in the future. Click on the “Analysts” tab at the top of the page.

The far right column contains analyst estimates for next year’s earnings, revenue, sales, etc. Strong revenue and earnings growth should drive stock prices higher.

At this point it may be useful to figure out what is driving the company’s earnings and revenue estimates. A company’s SEC filings often contain insightful information on growth prospects and new projects that the company is taking on. SEC filings also contain a discussion of potential risks that could affect future earnings.
To find a company’s SEC filings, go to https://www.sec.gov/edgar/searchedgar/companysearch.html. Enter your company’s ticker into the “Fast Search” box and click search.

This will take you to the following screen:

A 10-Q is a quarterly release which every public company is required to release. A 10-K is an annual release. Either document will contain financial statements and management’s discussion of growth prospects and risks. Click on the most recent 10-K or 10-Q.
Click on the “Documents” link next to the most recent 10-Q or 10-K. Scroll down half of a page and find the table of contents.

Here you will find links to management’s discussion of risks, forecasts of future performance, and other information relevant to the company’s stock. The company’s official financial statements are linked here as well. These often differ from the numbers reported from 3rd parties (like yahoo finance) so it may be helpful to check your numbers here as well.

Information can also be gathered from a number of other sources. It may be useful, for example, to look for industry reports for the sector your firm operates in. This can give you a better opinion of the future earnings of your company.