



THE ROYAL NETWORK

The Wall Street Stock Portfolio Course

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Topical Guide

What is the Stock Market?

Who are the participants?

How are stocks analyzed?

What are some basic strategies?

What are common risk considerations?

How is performance measured?

What are ETFs and Indices?



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PART I

What is the Stock Market?

It is a virtual and physical place. It never rests. one of many financial marketplaces that brings buyers and sellers together. Examples of other markets include the bond market, commodities and currencies (or foreign exchange) and there are derivatives markets for each of those.

It facilitates transactions. Think of it as a global supermarket chain that offers a place for buyers and sellers to do business.

global system network of exchanges that compete with one another to match customer requests (bring buyer and seller together in a fair and orderly manner). This process is regulated by the exchanges themselves as well as government oversight. To learn more about the “nuts and bolts” of an exchange you would be wise to rely on the exchanges and regulators themselves (hyper links)

The focus of this course is to acquaint an investor with the practical side of trading. Thus allowing one to determine where to go with an education as a trader, and avoid being bogged down



PART II

Who Are the Participants?

1. Investors = buyers and sellers acting on a discretionary basis
2. Companies = offer ownership interest via shares to public
3. Registered Reps = enter buy/sell orders. Sometimes they solicit orders from and offer guidance to clients.
4. Market Makers and Specialists = match up buy/sell orders, may buy or sell in their own accounts in order to provide liquidity (buy from sellers and sell to buyers if no one is willing to take the other side of the trade).
5. Exchanges = Physical or virtual places that facilitate trading activities and are charged to keep a fair and orderly market.
6. Clearing Houses = track ownership changes and other changes that impact owners.
7. SEC (FINRA???) = regulators that enforce policies



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PART III

How Are Stocks Analyzed?

Intrinsic Value

Future Value

Price and volume action over time (price patterns)

CONTROL: Site Survey of Consumer Economics by Federal Reserve; Pie Chart reflecting equities ownership distribution.



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PART IV

What Are Some Basic Strategies?

Buy low and sell high (capital appreciation)

Buy and hold with preference to dividends (reinvest or for income)

Buy and write. Buy stock and sell option to sell at higher price.



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PART V

What Are Common Risk Considerations?

Control losses at the position level

Control losses at the portfolio level

Control yourself



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PART VI

How Is Performance Measured?

Relative returns (against benchmark)

Absolute returns (benchmarks irrelevant, some ratios or greeks)

Reward on risk (amount gained compared to amount at risk)

- a) Fixed Sum
- b) % of Capital
- c) Optimal f , Secure f , Kelly f
- d) Beta, Alpha
- e) Sharpe Ratio, Sortino Ratio



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PART VII

What Are ETF's and Indices?

Geographical ETF's

Commodity ETF's

Capitalization ETF's

Sector/Industry ETF's

Index ETF's

Indices

DOW

S&P

RUSSEL

International



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SUMMARY

What Have You Learned?

bullish

bearish



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