

Evan's Investment Guide

No one can predict the future direction of the economy, interest rates, or the stock market. Focus on what is happening within the companies you're involved in.

Ultimately, time can be your greatest commodity for targeting wealth generation.



Investing Considerations

INVESTIGATING THE INVESTMENT

Would you purchase a specific company outright or take a majority stake in it?

The degree of conviction for this answer will likely be a direct reflection of your understanding of the company and the value it produces. Behind every stock is a company. It's important to find out what it is doing.

LOOKING AT LEADERSHIP

Do you trust who is at the helm of a company you're looking to invest in?

Look for leaders who will guide the ship through a storm, not into a storm.

QUALITY OVER QUANTITY

Owning stocks are like children. Don't get involved with more than you can handle.

Concentrate on a handful of companies, perhaps 25-50 holdings.

AVOIDING EMOTIONAL REALLOCATION

Everyone might have the brainpower to make money in markets, but not everyone has the stomach. There is always a reason to sell. Sell a stock because the fundamentals deteriorate, not because the sky is falling.

VALUE VS. PRICE

The price is what you pay, and the value is what you get. The value doesn't change simply because the price does.

UNDERSTANDING RISK

Depending on the investment, risk can oftentimes be viewed as the probability of return of principal. Volatility should not be the primary measure of risk.

Reminder: A stock market decline can be as routine as a January blizzard in Colorado. In fact, a decline of 5-10% has happened roughly 3x per year over the last 100 years.¹

¹ <https://www.americancentury.com/insights/rebounding-from-market-corrections-and-bear-markets/>

What do I look for in companies?

Savvy

PEOPLE

I focus on the people that make up and run the company.

This includes reviewing aspects like:

- C-suite vetting
- Board and executive leadership tenure
- Compensation structure
- Is compensation tied to performance?
- Are they focused on the core business?

PROFIT

I focus on how the company is performing financially.

This includes reviewing aspects like:

- Net profit
- Profit margins
- FCF
- ROR and ROI
- Cash and cash equivalents on hand
- Debt to equity
- Burn rate

PRODUCT

I focus on everything related to their product.

This includes analyzing aspects like:

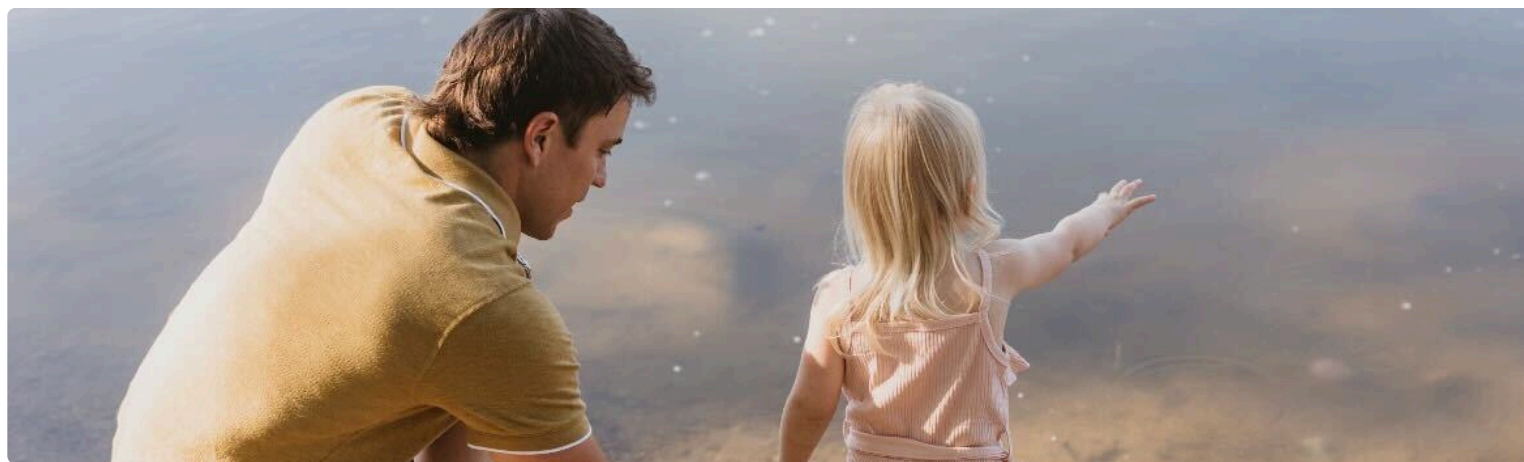
- Is this something that people will buy over and over again?
- How sticky is the product?
- Who are the competitors?
- How much of their TAM are they capturing?
- Demographic appeal?
- Geographic reach?

GROWTH

I focus on everything related to the growth of the business.

This includes analyzing aspects like:

- EPS growth
- Sales growth and P/S ratio
- YoY analysis
- Projected growth
- Internal growth or M&A/partnership growth



LOOKING FOR HELP WITH YOUR INVESTMENTS?



Evan Melching AWMA™

☞ Wealth Manager

