LazyInvestor.ai

THE LAZY INVESTOR'S PLAYBOOK

The Art Of Buying Low And Selling High

Introduction

Let's face it: the average investor is often playing a losing game.

Why?

Because they're falling into classic traps. They buy stocks when they're at peak prices, invest in companies that are bleeding cash just because a friend mentioned it, and then, in a moment of panic when the market dips, they sell off their shares. It's a cycle of mistakes that leads to one thing – losing money.

That's why we developed the 5-Year Low Zone tool on LazyInvestor.ai. It's your secret weapon; helping you identify when a stock might be undervalued, or an easier way to say it, cheap. This way, you're not just shooting in the dark.

LazyInvestor.ai simplifies the investing process by providing a tool designed to help you identify stocks trading near 5-year lows.

Dive in and enjoy this rapid-fire tutorial on the stock market. It's time to invest smarter.

Sincerely, the LazyInvestor.ai Team

// Tip # 1

Owning Stock

Think Of It Like This

Owning stock is essentially buying a piece of a business. It's not just some abstract concept; it's real ownership. And to make it crystal clear, let's talk about a real-world example – Funko.

Imagine you've got $400 million lying around. With that kind of cash, you could buy 100% of Funko at the time of this writing. That means every single Funko Pop!, every bobblehead, every bit of their business would be yours.

In 2021, Funko raked in about $68 million in profits, also known as net income. If things stay steady, with that kind of profit, you'd make your investment back in about 6 years. Not too bad, right?

But here's where it gets really interesting. Stocks operate on the same principle, but they're more accessible. You don't need millions to get in the game. You can own a slice of Funko, or any other company, by buying however many shares your budget allows. It's like being a part-owner, even if it's just a small piece.

Now, Let's Dive Deeper.

Contrary to popular belief, success in the stock market doesn't rely on buying a company's shares when they first IPO and hoping it grows into a successful company over many years. You can invest in a company that's been around for 100 years and still double your money in a relatively short time. The key is to buy at a good price, ideally below its true value. If the company performs as expected and your assumptions about its financial success hold true, you'll reap the rewards as its profits increase year after year.

// Tip # 2

Buying Stocks At Good Prices

Buying stocks at a good price can't be done unless you understand the true value of your investment. Let's break this down with a practical example to really hammer it home.

Consider a company like Funko, pulling in $68 million a year in net income. Now, if someone offered to sell you this entire company for a whopping $20 billion, you'd probably think twice.

Why?

Because that price tag doesn't quite match up with the profits. This is where we get into the nitty-gritty of stock valuation, specifically the price to earnings (PE) ratio.

If Funko's market cap **(the total value of all the shares)** is $20 billion and they're making $68 million in net income, that sets the PE ratio at 294. In layman's terms, it could take you 294 years to earn back your investment through the company's profits. That's not just a long time; it's several lifetimes! Unless Funko's net income skyrockets at an unprecedented rate, you're looking at an investment that doesn't make much financial sense.

Now, think about this in terms of buying shares. When you're investing in stocks, you're essentially buying a piece of a company. So, the same rules apply. You wouldn't buy the whole company at an inflated price, so why buy a share of it at a price that doesn't reflect its true value? It's about being savvy and recognizing when a stock is overvalued.

But here's where it gets really exciting. When you start to understand these concepts, you begin to see opportunities that others might miss. You start to identify stocks that are undervalued **(cheap)**, those hidden gems in the market that are poised for growth.

// Tip # 3

Understanding Stocks Like Sneakers

Here’s a concept that's going to change the way you look at stocks – think of them like sneakers. Let me break it down for you.

Imagine a scenario where a coworker who doesn’t know much about the sneaker market offers to sell you a pair of high demand sneakers. He's clueless about their real value, so he pitches them to you for $300. But you, being a sneaker guru, know these sneakers can easily fetch $1,000 on the resale market. It's a no-brainer – you snap them up. And if he offers you 10 more pairs at that price, you'd grab them all, right? Because you understand their true worth.

Now, let's flip the script. If the same coworker tries to sell you those sneakers for $2,000 a pair, you'd walk away without a second thought. Why? Because you know their real value is around $1,000, and paying $2,000 doesn't make sense. You're looking for a deal where you can buy low and sell high – the simple goal of smart investing.

This sneaker analogy is a perfect parallel to buying stocks. The average investor often doesn't truly understand what a stock is worth. They end up paying too much for the stock, leading to losses and a negative view of the market. But here's where you, as a lazy investor, stand out. The term 'lazy' here isn't about being unproductive; it means only investing when you find companies priced below their true value, ensuring a margin of safety.

// Tip # 4

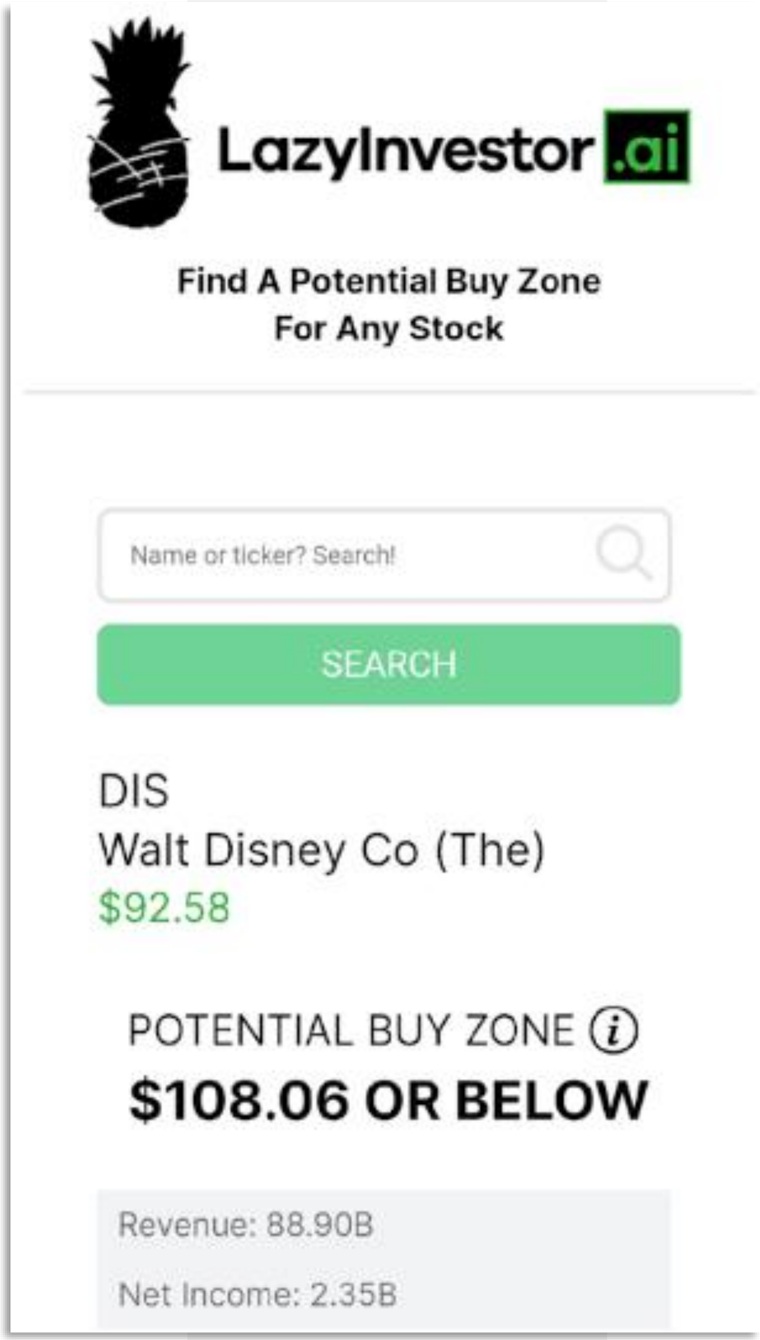
The 5-Year Low Zone And Dollar Cost Averaging

Mastering the 5-Year Low Zone tool on www.lazyinvestor.ai is a key approach for finding stocks trading near their lowest price over the past 5 years—a way to purchase with a 'margin of safety.' If you believe in a stock's long-term potential, buying near its 5-year low can be an attractive opportunity.

Let's revisit the sneaker example: if you're set on buying your favorite brand of sneakers, wouldn't you rather get them at the lowest price listed over the past 5 years? The same idea applies to stocks, but you'll need to research to ensure it matches your risk level and goals, and that the company is growing and unlikely to fail.

This means ensuring the company shows steady revenue growth, consistent net income **(profits)**, and a reasonable PE ratio (typically less than 25, though it varies by industry), with assets greater than liabilities.
You can check all these numbers and do your own research for free on www.finance.yahoo.com.

If a stock you like or believe in falls into the 5-Year Low Zone, one smart approach can be to use dollar cost averaging. It's like finding those sneakers priced well below their resale value and buying as many as you can. In the stock market, this could mean regularly buying shares as long as the price remains within that 5-Year Low Zone or your fair value range. Whether monthly, bi-weekly, or quarterly, consistency matters—accumulating shares at a great price over time.



Let's Break Down Dollar Cost Averaging With Our Sneaker Analogy.

01.

Imagine you've got multiple coworkers ready to sell you those high-demand sneakers at wholesale prices. One offers them at $500 a pair, another at $300. You buy a pair from each, spending a total of $800.

02.

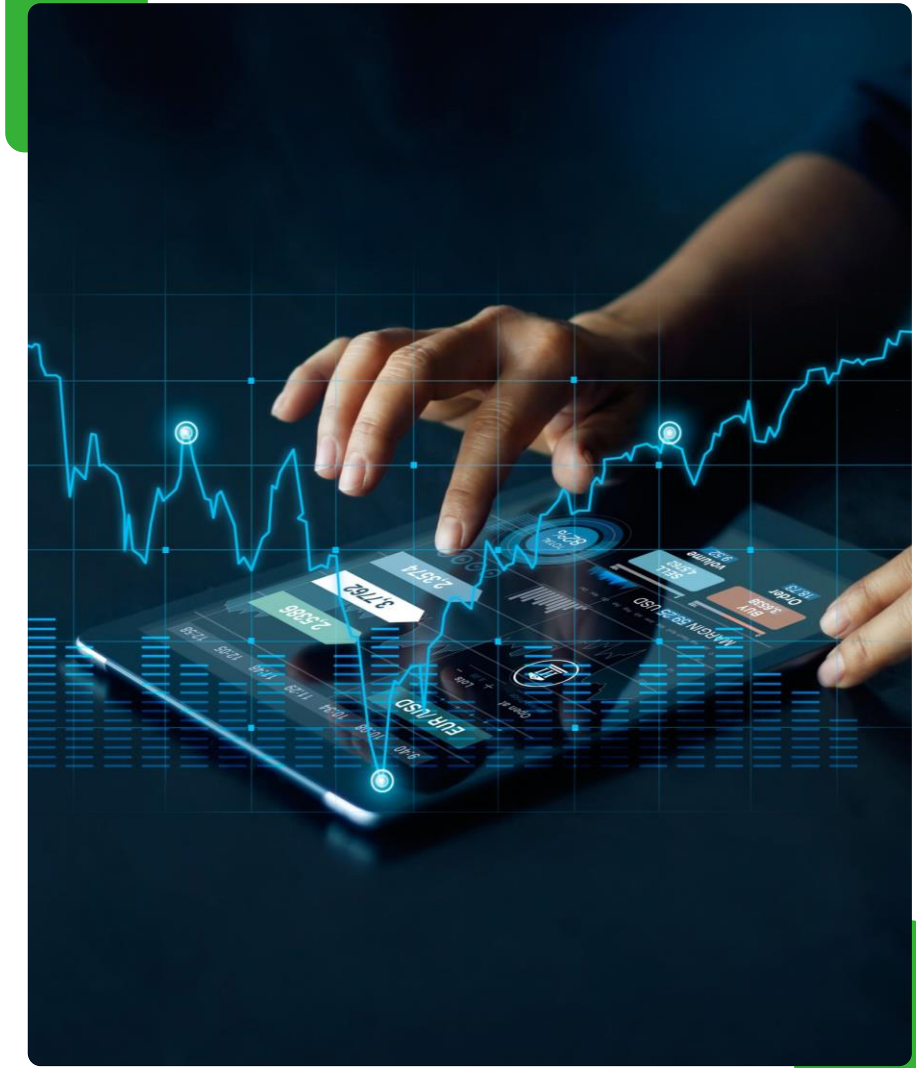
Your average cost per pair is now $400. This is how you play the stock market too. Say you buy 5 shares of a company at $20 each, spending $100. Two weeks later, you buy another 5 shares, but now at $18 each, spending another $90. Your total investment is $190, but your average cost per share drops from $20 to $19. Now, any price above $19 is profit territory.

03.

Dollar cost averaging isn't just about building your position at a good average price; it's also about reducing risk. The stock market can be volatile, prices fluctuate, and trying to time the market perfectly is a fool's errand. By spreading out your purchases, you're not putting all your eggs in one basket at a single price point.

04.

Instead, you're smoothing out the highs and lows, making your investment journey less of a rollercoaster. The 5-Year Low Zone combined with dollar cost averaging means being strategic—recognizing value, buying smart, and steadily building your position over time.



// Tip # 5

Large Cap Stocks For Safety And Stability

Remember when I mentioned earlier that you could buy all of Funko for $400 million?

- Well, that's because its market cap is currently hovering around $400 million, meaning that's the price at which you can buy all the shares. Every stock has a market cap, so let's delve deeper into that concept.
- Stocks are categorized based on their size: large-cap, mid-cap, small-cap, and micro-cap. Large-cap companies, those with a market cap over $10 billion, are often the titans of their industries. We're talking about household names like Disney, Netflix, and Apple. These are the big players, the ones that dominate headlines and shape industries.

Now, why are large-cap stocks generally considered safer investments?

- It's because they're typically well-established companies with a proven track record. They have consistent revenues, solid business models, and they've weathered various market conditions. When you invest in large-cap stocks, you're not just buying a share; you're buying a piece of a legacy.
- But there's more to it. Large-cap companies are often the preferred choice of wealthy individuals and institutional investors. This means when you're investing in these companies, your money is in the same pool as some of the wealthiest and most experienced investors in the world. It's like being in an elite club where the members are the movers and shakers of the business world.

Think of large-cap stocks as the anchors of your portfolio. They offer a sense of security and stability that's hard to find in smaller, more volatile companies. While they might not always provide the adrenaline rush of a skyrocketing small-cap, they offer something just as valuable – peace of mind and steady growth potential.

However, let's not oversimplify things. Investing in large-cap stocks doesn't mean you're immune to risks or market fluctuations. Even the giants can stumble. But historically, large-cap companies are less likely to face catastrophic failures or dramatic price falls compared to their smaller counterparts.

// Tip # 6

Buy Low, Sell High

One of the most fundamental principles in investing – buy low, sell high. This concept might sound simple, yet few investors often know where “low” is. Famed investor Warren Buffett often shares a fascinating observation: "The stock market is the only place where people run out of the store when things are on sale.“ This statement is a powerful insight into how investors think and how markets work.

Consider the sneaker example I mentioned earlier. If one coworker offers you a pair of sneakers for $500 and another coworker for $300, you'd naturally be thrilled to get the same item at a significant discount. This is exactly how you should view the stock market. If shares of a solid company, call it XYZ, with stable revenues and positive net income, drop from $20 to $12, that's not a signal to panic. Instead, it's an opportunity to buy the same valuable asset at a lower price, effectively lowering your average cost per share.

The varying prices that different coworker set for the same pair of sneakers illustrate how subjective valuation can be. This subjectivity also applies to the stock market. You never really know why someone decides to sell their shares. Maybe they bought shares of XYZ at $5 and now, with the price at $12, they're cashing in to invest in something else. A declining share price doesn't necessarily mean a company is failing, just as a rising price doesn't guarantee it's thriving. The share price reflects what sellers are willing to accept and buyers are willing to pay at that moment.

Now, let's talk about when to sell. Imagine you own a sports team, say the Miami Dolphins, which you bought for $2 billion. Ten years down the line, someone offers you $10 billion for the team. Do you sell? That decision hinges on various factors. Maybe you sell because you've found a more lucrative investment, or perhaps you hold because you're passionate about the team and believe its value will continue to grow. This decision-making process is similar in stock investing. Many successful investors advise holding shares of a great company for at least five years. This long-term approach not only allows you to ride out market volatility but also typically results in lower taxes on your gains. Additionally, by holding your investments over a longer period, you can benefit from compound interest **(where your earnings generate more earnings)**, potentially increasing your returns significantly over time.

When it comes to selling, establish a predefined target – providing a clear exit strategy. Again, this is completely subjective. You may decide to sell when the stock is 50% or 100% above your average price per share. Or maybe you decide to hold it for 10 years no matter what the price does. Ultimately, this decision is in your hands, reflecting your unique investment objectives and risk tolerance.

// Tip # 7

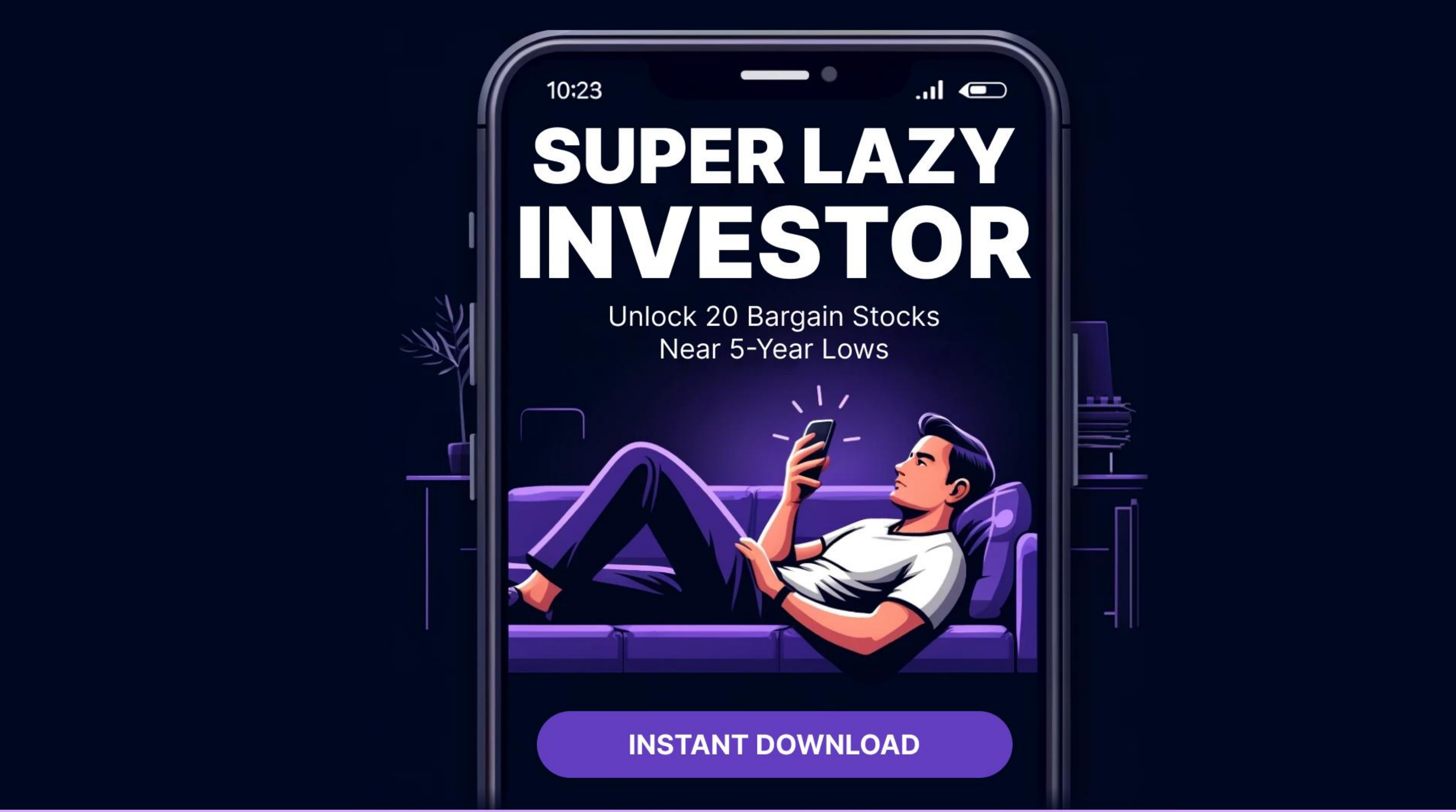
Get Started Investing

It's time to get into the action. If you're new to this, your next step is to start investing. If you've never bought a share before, now's the time to buy your first one and get a feel for the process. Sometimes, you just have to dive in to really understand how things work. This is where the 5-Year Low Zone tool on www.lazyinvestor.ai comes into play. It's a free resource for researching stocks, helping you find undervalued opportunities.

A common question I hear is, "How many shares should I buy?"

Remember, investing is a personal journey. What works for one person may not work for another. Your investment should align with what you can afford. Whether it's $100 a month or $10,000, the key is consistency and making your money work for you. Wealth building is about converting your excess cash into assets, not liabilities. That's the divide between the rich and the not-so-rich. The rich buy assets that grow in value, while others often spend on things that don't offer financial return.

If you're ready to start but don't have a brokerage account, here's a simple solution. Sign up for a Robinhood account through this exclusive link: **http://robinhood.lazyinvestor.ai**. Not only will you gain access to a user-friendly platform ideal for beginners, but you'll also receive a complimentary stock to kickstart your portfolio. Robinhood simplifies the process of buying shares, allowing you to invest in your favorite companies with ease.


10:23
SUPER LAZY
INVESTOR
Unlock 20 Bargain Stocks
Near 5-Year Lows
INSTANT DOWNLOAD