

The 8-Point STOCK RESEARCH WORKBOOK™

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The 8-Point STOCK RESEARCH WORKBOOK™

A Step-by-Step Guide to Analysing Any Stock
Before You Invest

TURN KNOWLEDGE INTO ACTION

-  **1. THE BUSINESS**
Understand the company
-  **2. THE FINANCIALS**
Check the numbers
-  **3. THE GROWTH**
Look for progress
-  **4. THE CASH**
Follow the real money
-  **5. THE PEOPLE**
Know the leadership
-  **6. THE ADVANTAGE**
Find what makes it strong
-  **7. THE RISKS**
Be aware of what could go wrong
-  **8. THE PRICE**
Decide if it makes sense

**WORK SMARTER.
INVEST WISER.
BUILD A BRIGHTER YOU.**

PRACTICAL
SIMPLE
ACTIONABLE

★ ★ ★

*"Better
Investors
Build a
Stronger
Africa"*

RESEARCH PLAN

- ☒ Analyse
- ☒ Compare
- ☒ Evaluate
- ☒ Decide
- ☒ Invest Wisely

A PRACTICAL WORKBOOK
FOR NIGERIAN INVESTORS
AND AFRICANS EVERYWHERE

THE 8-POINT STOCK RESEARCH WORKBOOK™

*A Practical Beginner's Workbook for Researching and Evaluating Stocks in Nigeria &
Across Africa*

JAMES BALOGUN

HOW TO THINK ABOUT THIS WORKBOOK

This workbook is a research tool, not a list of stocks to buy. It is designed to help you slow down, ask better questions and record what you find before you make an investment decision.

Educational use only. Investing involves risk, including possible loss of capital. Company facts, prices and market conditions can change, so always verify current information from official company and market sources before making a decision.

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Filter 4 — The Cash — Check whether real cash supports the reported profit

Filter 5 — The People — Study management and corporate governance

Filter 6 — The Advantage — Find what helps the company compete

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Filter 8 — The Price — Check whether the price makes sense

The 8-Point Research Summary — Bring all eight filters together

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HOW TO USE THIS WORKBOOK

This workbook is meant to sit beside you while you research a company. Do not try to fill every page from memory. Open the company's annual reports, recent financial statements, investor presentations, exchange announcements and official website. Then record what you find.

You are not trying to prove that a stock is good. You are trying to discover what is true.

A simple way to use the workbook:

1. Choose one listed company you want to understand.
2. Write the company name and the date of your research. Prices and facts change, so the date matters.
3. Work through all eight filters. Do not skip a weak area because you like the company.
4. Write the source of important numbers so you can check them again later.
5. When you do not know an answer, write "Not yet confirmed." Do not guess.
6. At the end, write your own investment thesis and the reasons that could make you change your mind.
7. Review the company again after new results or major announcements.

BEGINNER RULE

A blank answer is better than a confident guess. If you cannot confirm something, mark it for more research.

Your Stock Research Profile

Company name	
Ticker / stock symbol	
Industry	
Exchange	
Research date	
Current share price	
Market capitalisation	
Main information sources	

Why am I researching this company?

What first attracted my attention to it?

FILTER 1

THE BUSINESS

Understand what the company does before you study the numbers.

The first filter is simple: can you explain the business in plain words? If you cannot explain how a company makes money, every number that comes after this becomes harder to judge.

What to find

Question		Notes
☐	What products or services does the company sell?	
☐	Who are the main customers?	
☐	How does the company make money?	
☐	Which business segment produces the most revenue?	
☐	Which countries or regions matter most to the business?	
☐	Is demand for its main product or service likely to stay useful?	
☐	Who are its closest competitors?	
☐	What important licences, assets, factories, branches or networks does it rely on?	
☐	Is the business easy for a beginner to understand?	

Business Model Worksheet

Main product/service	
Main customer	
How money comes in	
Largest business segment	
Main competitors	
Main countries/markets	
What could reduce demand	

Explain this company to a friend in three simple sentences.

What do I still not understand about the business?

CLEAR	PARTLY CLEAR	NOT CLEAR
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GOOD SIGN

You can explain what the company sells, who pays it and why customers keep paying.

PAUSE AND CHECK

The business description sounds exciting, but you still cannot explain where the money actually comes from.

FILTER 2

THE FINANCIALS

Check whether the company is financially healthy.

A company can have a famous name and still have weak finances. This filter asks whether the numbers support the story.

Five-Year Financial Snapshot

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
Operating profit					
Profit after tax					
Total assets					
Total debt					
Shareholders' equity					
Earnings per share (EPS)					
Dividend per share					

Questions to ask

	Question	Notes
☐	Is revenue generally moving up, flat or down?	
☐	Is profit growing with revenue, or is profit getting weaker?	
☐	Is debt growing faster than the business?	
☐	Is shareholders' equity positive and healthy?	
☐	Has EPS improved over time?	
☐	Are there repeated large one-off gains that make profit look better than normal?	
☐	Are there major losses or write-downs I need to understand?	
☐	Has the company issued many new shares that may dilute existing owners?	

What is the strongest financial fact I found?

What is the weakest financial fact I found?

Which number needs more explanation?

STRONG	MIXED	WEAK
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BEGINNER RULE

Do not let one good number hide several weak ones. Look for the overall direction of the business.

FILTER 3

THE GROWTH

Find out whether the business is improving over time.

Growth is not only about getting bigger. Good growth should improve the business without destroying its finances.

Growth Questions

Question		Notes
☐	Has revenue grown over several years?	
☐	Has profit grown over several years?	
☐	Has EPS grown?	
☐	Has the company grown because the core business improved, not only because prices increased?	
☐	Is growth coming from one product or many?	
☐	Is the company opening new markets or adding useful capacity?	
☐	Is growth funded mostly by healthy cash, reasonable debt or constant new borrowing?	
☐	Is growth still possible, or is the market already mature?	

Growth Quality Tracker

Revenue trend	
Profit trend	
EPS trend	
Dividend trend	
Customer/volume trend	
Main growth driver	
Main growth risk	

What is driving growth?

What could stop this growth?

HEALTHY GROWTH	UNCLEAR	WEAK / DECLINING
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WATCH THIS

Growth created only by heavy borrowing, repeated share issues or temporary price increases may be weaker than it first looks.

FILTER 4

THE CASH

Check whether the company's profit is supported by real cash.

Profit matters, but cash keeps a business alive. A company needs cash to pay workers, suppliers, taxes, interest and dividends.

Cash Flow Snapshot

Item	Year 1	Year 2	Year 3	Year 4	Year 5
Cash from operations					
Capital spending					
Free cash flow (if calculated)					
Dividends paid					
Interest paid					
Closing cash balance					

Cash Questions

Question		Notes
☐	Does the company usually produce positive cash from operations?	
☐	Does operating cash roughly support the reported profit over time?	
☐	Is the company spending heavily just to maintain the business?	
☐	Are dividends being paid from a business that actually generates cash?	
☐	Is the company borrowing often because normal operations do not provide enough cash?	
☐	Are customers taking too long to pay the company?	
☐	Does the company have enough cash for short-term needs?	

What does the cash flow statement tell me that the profit figure does not?

HEALTHY CASH	MIXED	CASH CONCERN
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RED FLAG

Profit rises for several years, but cash from operations remains weak without a clear reason.

FILTER 5

THE PEOPLE

Study the people who control the company's money and decisions.

Even a strong business can be damaged by poor leadership. This filter asks whether management behaves like careful stewards of shareholders' money.

Management & Governance Questions

	Question	Notes
☐	Who is the CEO and how long has the person been in the role?	
☐	Who sits on the board?	
☐	Do directors have useful experience for this business?	
☐	Are there independent directors?	
☐	Does management clearly explain results, problems and risks?	
☐	Has management made sensible use of debt and shareholder money?	
☐	Are related-party transactions clearly disclosed?	
☐	Are there repeated governance controversies or regulatory issues?	
☐	Do insiders own a meaningful stake, and does that seem aligned with shareholders?	
☐	Does management keep changing its story or targets?	

CEO / MD	
Chairperson	
Major shareholders	
Years current leadership has served	
Important governance issue	
Management strength I noticed	
Management concern I noticed	

What has management done with shareholder money over the last few years?

TRUSTWORTHY / CLEAR

MIXED

CONCERN

GOOD SIGN

Management explains both wins and problems, and the numbers match the story over time.

FILTER 6**THE ADVANTAGE***Find what helps this company compete and survive.*

A profitable company attracts competition. The key question is: what makes it difficult for another company to take its customers and profits?

Competitive Advantage Questions

Question		Notes
☐	Does the company have a strong brand?	
☐	Does it have a large or hard-to-copy distribution network?	
☐	Does it have a cost advantage?	
☐	Does it own valuable licences, technology, data or infrastructure?	
☐	Do customers find it difficult or costly to switch?	
☐	Does the company benefit from scale?	
☐	Does the business have strong customer loyalty?	
☐	Is its advantage becoming stronger or weaker?	
☐	Could a well-funded new competitor copy the business easily?	

Main advantage	
Evidence the advantage is real	
Closest competitor	
Why customers choose this company	
What could weaken the advantage	
How long the advantage may last	

If a new competitor entered tomorrow, what would this company still have that is hard to copy?

FILTER 7

THE RISKS

Write down what could go wrong before you think about what could go right.

Every company has risk. The goal is not to find a company with no risk. The goal is to know the important risks before they surprise you.

Risk Register

Risk	How likely?	How serious?	What would I watch?

Risk Areas to Consider

	Question	Notes
☐	Business demand risk	
☐	Debt and interest-rate risk	
☐	Currency risk	
☐	Inflation and cost pressure	
☐	Regulatory or government-policy risk	
☐	Management or governance risk	
☐	Competition risk	
☐	Commodity price risk	
☐	Customer concentration risk	
☐	Liquidity risk in the stock itself	

What is the one risk that could damage this investment the most?

What evidence would tell me that this risk is getting worse?

RISKS UNDERSTOOD	MORE WORK NEEDED	RISK TOO UNCLEAR
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IMPORTANT

Risk becomes more dangerous when you do not understand it. Writing risks down forces you to think before money is involved.

FILTER 8

THE PRICE

Check whether the price makes sense for the quality of the business.

A strong company can still be a poor purchase if the price already assumes too much. This filter helps you compare what you are paying with what the business earns, owns and may reasonably grow into.

Current share price	
Market capitalisation	
EPS	
P/E ratio	
Book value per share	
P/B ratio	
Dividend per share	
Dividend yield	
Net debt / cash position	

Peer Comparison

Metric	Company	Peer 1	Peer 2	Peer 3
P/E				
P/B				
Dividend yield				
Revenue growth				
Profit growth				
Debt level				

Price Questions

	Question	Notes
☐	Am I comparing this company with similar businesses?	
☐	Is the valuation high because the company deserves a premium, or because investors are simply excited?	
☐	Is the valuation low because the stock is overlooked, or because the business has serious problems?	

☐	Does the current price leave room for normal mistakes and slower growth?	
☐	Would I still like the company if the share price stopped rising for a year?	
☐	Am I buying because of the business, or because the chart recently moved up?	

Why might the current price be too high?

Why might the current price be reasonable or attractive?

What would make me wait for a better price?

REASONABLE	UNCLEAR	TOO DEMANDING / TOO RISKY
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BEGINNER RULE

A ₦5 stock is not automatically cheap, and a ₦500 stock is not automatically expensive. Price only makes sense when compared with the business.

THE 8-POINT RESEARCH SUMMARY

Do not use this page to create a mechanical “buy” score. Use it to see where your research is strong, weak or incomplete.

Filter	My finding	Evidence / source	More work?
1. Business			
2. Financials			
3. Growth			
4. Cash			
5. People			
6. Advantage			
7. Risks			
8. Price			

My three strongest reasons to keep researching this company:

My three strongest reasons to be careful:

The one question I must answer before I make any decision:

STOCK COMPARISON SHEET

Use this page when comparing companies in the same industry. The goal is not to declare a “winner.” It is to make differences easier to see.

Research area	Company A	Company B	Company C
Business model clarity			
Revenue trend			
Profit trend			
Cash flow quality			
Debt level			
Management quality			
Competitive advantage			
Main risk			
P/E			
P/B			
Dividend yield			
Main reason to watch			
Main concern			

WATCHLIST BUILDER

A watchlist helps you stay patient. You can follow a good company without feeling forced to buy it today.

Company	Why I'm watching	Key number	Risk to watch	Price area	Next review

INVESTMENT THESIS PAGE

Write this before you invest, not after. A written thesis makes it easier to see later whether the facts changed or only the price changed.

Company	
Date written	
Share price on this date	
Time horizon I am considering	

My investment idea in one sentence:

Why I believe the business can become more valuable:

The evidence supporting my view:

The biggest risks to my view:

What would make me admit that my original idea was wrong?

What information will I review every quarter / half-year / year?

DISCIPLINE

Do not move the goalpost after bad news. If the facts that supported your original thesis disappear, review the investment with fresh eyes.

POST-INVESTMENT REVIEW

This page helps you learn from your decisions. Use it after results, major news or at a regular review date.

Company	
Purchase date	
Average purchase price	
Review date	
Current price	

Review the Eight Filters Again

Question		Notes
☐	Has the business changed?	
☐	Have the financials improved or weakened?	
☐	Is growth still healthy?	
☐	Has cash flow changed?	
☐	Has management changed?	
☐	Has the competitive advantage changed?	
☐	Have the risks changed?	
☐	Has the valuation changed?	

What has changed since I first researched the company?

Was my original reasoning correct, partly correct or wrong? Why?

What did this investment teach me about my own behaviour?

BEGINNER GLOSSARY

Annual report	A yearly report that explains a company's business, results, risks and financial statements.
Asset	Something valuable the company owns or controls.
Book value	A measure based on a company's assets minus liabilities.
Cash flow	The movement of cash into and out of a business.
Debt	Money the company owes.

Dividend	A payment a company may make to shareholders.
Dividend yield	Dividend per share compared with the current share price.
Earnings per share (EPS)	A company's profit expressed on a per-share basis.
Equity	The value belonging to shareholders after liabilities are deducted from assets.
Free cash flow	A simple measure of cash left after operating needs and capital spending; exact definitions can vary.
Market capitalisation	Share price multiplied by the number of outstanding shares.
P/B ratio	Share price compared with book value per share.
P/E ratio	Share price compared with earnings per share.
Profit after tax	Profit left after expenses, interest and tax.
Revenue	Money earned from selling goods or services before expenses are deducted.
Share	A unit of ownership in a company.
Shareholder	A person or organisation that owns shares.
Valuation	A way of thinking about what a business or share may be worth relative to its financial performance.
Working capital	Short-term resources and obligations used in daily business operations.

FINAL RESEARCH CHECKLIST

Before you make any investment decision, confirm that you can answer these questions with evidence.

Question		Notes
☐	I can explain what the company does and how it makes money.	
☐	I have reviewed more than one year of financial results.	
☐	I understand the direction of revenue, profit, debt and equity.	
☐	I have checked whether operating cash supports the reported profit.	
☐	I know who runs the company and I have reviewed major governance issues.	
☐	I can explain the company's main competitive advantage.	
☐	I have written down the major risks.	
☐	I have compared the current price with earnings, assets and similar companies.	
☐	I know the source and date of the important facts I am using.	
☐	I have written what could make my investment idea wrong.	
☐	I am not investing only because the stock is trending or someone recommended it.	
☐	I understand that even good research cannot guarantee a profit.	

My final note to myself before I act:

FINAL REMINDER

The purpose of this workbook is not to make every decision easy. Its purpose is to make your thinking clearer before your money is at risk.

A NOTE FROM JAMES BALOGUN

The best habit you can build as a beginner is not the habit of buying often. It is the habit of asking good questions.

Some companies will look attractive at first and become less attractive after research. That is not wasted effort. It means the process worked.

Some companies will remain interesting, but the price may not make sense yet. Put them on your watchlist. Patience is also a decision.

And when you finally invest, keep learning. A company does not stop changing because you bought the shares.

Research. Record. Review. Then decide.