

	Technical Analysis	Fundamental Analysis	Market Dynamics
Approach	<ul style="list-style-type: none"> <li>Identify price patterns</li> </ul>	<ul style="list-style-type: none"> <li>Analyze financial statements, management talent, and competitive position</li> </ul>	<ul style="list-style-type: none"> <li>Dynamic modeling of security price movements</li> <li>Determine target and expected prices</li> <li>Measure flow of capital</li> <li>Identify support levels</li> <li>Utilize fundamentals data</li> </ul>
Key Tenets	<ul style="list-style-type: none"> <li>Market price reflects all relevant information</li> <li>Price moves in trends driven by investor sentiments, and history repeats itself</li> </ul>	<ul style="list-style-type: none"> <li>Market valuation based on business performance</li> <li>Target price will be eventually reached</li> </ul>	<ul style="list-style-type: none"> <li>Price reflects the accumulated flow of capital from investor trading activities</li> <li>Price moves in response to discrete events manifested in the form of changes in earnings per share and P/E ratio</li> <li>Support levels represent a measure of price stability</li> </ul>
Tools	<ul style="list-style-type: none"> <li>Indicators are used to determine trend, generally price and volume transformations</li> </ul>	<ul style="list-style-type: none"> <li>Financial forecasts and ratios</li> <li>Management evaluation</li> <li>Business risk and debt level</li> <li>Growth rate and discounted cash flow, or annuity model</li> <li>Macro-economic factors: inflation, interest rate, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Historical and projected prices and earnings</li> <li>Trade volume and rate of investment</li> <li>Dynamic motion indicators reflecting price channel, price gap, price support ratio, investment rate, etc.</li> </ul>
Discounts	<ul style="list-style-type: none"> <li>External factors are irrelevant: macro-economic, fundamental or news events</li> </ul>	<ul style="list-style-type: none"> <li>Current market price may not reflect correct valuation</li> </ul>	<ul style="list-style-type: none"> <li>Relies on aggregates such as changes in earnings and P/E ratio instead of individual factors affecting price</li> </ul>
Weakness	<ul style="list-style-type: none"> <li>Controversial and inconclusive</li> <li>Various methods can result in contradictory predictions</li> </ul>	<ul style="list-style-type: none"> <li>Valuation varies based on growth duration, or perpetual annuity model assumptions</li> <li>Many factors affect price, the weighting is subjective and information may be out of date</li> </ul>	<ul style="list-style-type: none"> <li>Valuation based on historical fundamental data</li> <li>Can leverage analyst estimates for forward looking projections.</li> <li>Recent innovation with continuing improvements.</li> </ul>