FOR NEW INVESTORS

# AI for stock analysis and portfolio construction

How to read company data, assess risks and check the answers AI gives you.

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Earnings growth alone does not explain a company's financial position. Counting the companies in a portfolio tells you little about how its risks are distributed.

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INTRODUCTION AND CONTENTS

# From a question to a verifiable decision

When choosing a stock, you need to understand the business, how it is financed and the price you pay for a stake in the company. For a portfolio, it also matters how risks across individual investments overlap. Artificial intelligence can find source documents, explain concepts and prepare calculations. However, you must assess the reliability of conclusions by reviewing sources and assumptions.

**Two examples we will follow**

Microsoft increased net income by 15.5% in fiscal 2025, but free cash flow fell by 3.3%. In this study, free cash flow means operating cash flow less cash spending on property and equipment. [1] A model of six fictional stock positions, meanwhile, has 60% of its value in technology. The number of companies alone does not tell us how risk is distributed.

Start with an investment plan and choose the type of investment. Then examine the business, portfolio composition and ongoing monitoring. Each prompt from P01 to P12 has its own inputs and a reference example. Use the contents or the index at the end to go straight to the relevant page.

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Historical company examples cover 2023–2025. Model calculations are not a recommended portfolio allocation. Updated edition and source review: 17 November 2026.

WORKING WITH AI

# What AI can do for an investor

Without generative AI, investors search for financial statements, read them and record figures in a spreadsheet. A tool with web access can take on part of this work: find an official report, extract line items and explain their meaning. Investors then verify the numbers, definitions and judgments supporting the result.

| Task | What AI does | What to check |
|---|---|---|
| Understand a company | Description of the business from an official report. | Correct company, reporting period and revenue sources. |
| Prepare a financial overview | Select figures and calculate changes. | Statement lines, currency, units and formulas. |
| Examine risks | Explain documented risks and counterarguments. | Distinguish events from possible consequences. |
| Review a portfolio | Calculate weights and group investments. | Scope of the list, current values and overlaps. |
| Monitor changes | Compare new and previous results. | Comparability of periods and reporting methods. |

## A convincing answer may still be wrong

AI may combine data from different years, confuse millions with billions or produce a reference that does not support its claim. The FCA therefore warns about inaccurate and outdated information and the need for verification. [3] Open the cited source: its name alone is no proof that the tool has read it correctly.

Tool capabilities vary. Not every tool offers web search, access to an entire document or a reliable calculator. If a source cannot be opened, the result should remain incomplete. Missing figures must not be replaced by unlabelled estimates.

This study compares working methods. It does not measure time savings, the accuracy of particular AI models or their investment performance.

WORKING WITH SOURCE MATERIAL

# How to write prompts and check the answers

A prompt is a written instruction to AI. Choose a task, fill in the inputs in square brackets and use its full wording. For a listed company, the name and, if needed, its ticker are often sufficient. The tool does not know your goals or portfolio unless you provide that information.

| Step | Procedure |
|---|---|
| 1. Prepare the tool | Check whether it can search the web or read attached documents. Enable the available search function if necessary. |
| 2. Submit the prompt | Copy the full prompt and complete the inputs. To reproduce an example, include its historical or model assumptions. |
| 3. Check the result | Find the key figure in the source. Check the company, period, currency, unit and meaning of the item. Recalculate the key total. |

If AI cannot open a report, you can download it from the official investor-relations website and attach it. Ask for the financial-statement name and line item or document page. For conclusions, ask which figures support them. A second answer from the same tool does not replace checking the original source.

**Use only the data you need**

Fictional examples are provided for practice. For your own situation, prefer rounded amounts or percentage weights and check the data-processing terms. Do not enter passwords, account numbers, personal identifiers or complete account statements into a public AI tool. Information about your financial situation can also be sensitive. [4]

The sample outputs in this study are illustrative reference examples written by the authors. They are not recorded responses from one tested AI model. They show the content and verifiability expected of a usable result. A particular tool may respond differently.

Each prompt can be used independently. P03 deliberately refers to Microsoft and historical years. For another company, change the name, periods and reference figures.

CHOOSING AN INSTRUMENT

# First establish what you are buying

Company analysis means something different when you own a share than when you trade a derivative tied to its price. Before reading statements, check the legal nature of the instrument. A company name on a trading platform is not enough.

| Instrument | What it represents | What to examine |
|---|---|---|
| Share | An ownership interest in a company; rights depend on the share class and holding arrangements. | Business, price, risks, costs and how it is held. |
| ETF | An interest in an exchange-traded fund. The fund can hold various assets or use another strategy. | Focus, holdings, concentration, index-tracking approach and costs. |
| CFD | A contract whose outcome follows the price of an underlying asset. You do not own the underlying share or a fund unit. | Leverage, margin, close-out rules and holding costs. |

A broad ETF can spread an investment across many companies. A narrowly focused fund, however, can remain highly concentrated. Leveraged and inverse single-stock ETFs carry particular risks. An ETF label does not itself guarantee adequate diversification. [10] [11]

Leverage allows exposure greater than the margin posted as collateral. A move in the underlying price may therefore cause a much larger percentage change in the deposited amount. CFDs are also subject to specific rules and protections depending on the applicable regime and client category. [9] [13]

The portfolio examples use fully paid shares without borrowing or leverage. Six fictional positions illustrate calculations; they are not a suggested portfolio for beginners.

**CFD risk warning**

CFDs are complex instruments and carry a high risk of losing money rapidly due to leverage. As of 17 November 2026, Investago reports that 74.25% of retail investor accounts lose money when trading CFDs with this provider. Consider whether you understand how CFDs work and whether you can afford the high risk of losing your money. [14]

01 / INVESTMENT PLAN

# Set your investment goals and risk limits

A portfolio is a collection of investments held by one investor. Its composition should reflect the purpose of the money, when it will be needed and the financial capacity to absorb a loss. Willingness to watch a price fall on screen can differ from the ability to cover an unexpected expense after losing income.

Money needed soon calls for a different approach from capital with a long horizon. Even a long horizon does not guarantee a positive return. Dividing capital among asset classes, such as shares, bonds and cash, is called asset allocation. With a bond, the investor lends money to the issuer on stated terms and bears, among other things, the risk of non-payment. Selecting individual shares follows the asset-allocation decision. [5]

Input: Start with your investment purpose. Use fictional or rounded figures for practice.

**P01** **Questions before building a portfolio**

I am new to investing. Help me clarify my investment plan. Ask questions one at a time, no more than eight. Establish my goal, time horizon, initial and regular contributions, emergency savings relative to expenses, debts and income stability, possible withdrawals, consequences of a loss and available management time. You may combine related items in one question. Distinguish willingness to take risk from financial capacity to bear losses. Do not ask for identifiers or exact sensitive details; ranges or model amounts are enough. Then summarise the answers and unresolved questions. Do not suggest specific investments or a universal percentage allocation. Explain unfamiliar terms. Respond in the language of the prompt.

Check: The summary must match your answers. Uncertainty or missing information must not become a firm assumption.

The plan should show which money can stay invested through adverse conditions. If that is still unclear, complete your budget and liabilities first. Choosing a particular stock will not resolve the issue.

P01 / REFERENCE EXAMPLE

# What the initial discussion reveals

After submitting P01, start with: “I want to build capital for the future gradually.” The following conversation is fictional. Each row contains one question and the investor's answer.

| AI question | Investor's answer |
|---|---|
| What is the money for? | Building capital for the future. |
| When will you need it? | In about 10 years. |
| What contributions do you plan? | EUR 10,000 initially and EUR 200 per month. |
| How much is your reserve compared with expenses? | EUR 6,000; necessary expenses of EUR 1,500 per month. |
| What debts and income affect your options? | I have no loans; I consider my income stable. |
| Will you need interim withdrawals? | Not currently planned. |
| What would a EUR 2,000 loss mean to you? | It would worry me; I do not know whether I would sell. |
| How much time can you spend managing it? | About one hour per month. |

**Summary of answers**

The horizon is 10 years, with an initial contribution of EUR 10,000 and planned monthly contributions of EUR 200. The reserve covers four months of the stated expenses. The response to a loss and the effect of a possible income interruption remain unresolved. No specific portfolio composition has yet been determined.

Four months is calculated as 6,000 / 1,500. This does not establish whether the reserve is adequate, which also depends on liabilities, income reliability and potential expenses. The statement about stable income is the investor's input, not a verified guarantee.

Save the summary and correct any inaccuracies. P10 will show what a decline would mean in euros. One hour a month also helps determine how demanding a portfolio you can manage over time.

FROM PLAN TO COMPOSITION

# Turning goals into portfolio rules

An investment plan must be turned into conditions for choosing instruments and allocating capital. Begin with when the money will be needed and the consequences of a loss. Then consider the role of each asset class. Shares, bonds and cash carry different risks; no single class meets every need. [5]

| Decision | What to record |
|---|---|
| Purpose and access to money | Which expenses the reserve should cover and which money can remain invested. When a withdrawal may be necessary. |
| Allocation among asset classes | The role of each part and the decline or loss of access you can bear. |
| Investment approach | Whether to analyse individual companies or funds; how much work selection and later monitoring require. |
| Concentration limits | What weight in one company, industry or other common risk remains consistent with the plan. |
| Management and review | When you will check results, weights, costs and your own finances; when to revisit a decision. |

This study does not prescribe universally suitable percentages. Your allocation should follow your objectives, financial means and ability to withstand adverse developments. The scenario in P10 helps examine a particular allocation, while P11 shows what reduces the investment result.

## If you are considering a fund

Start with its name or ISIN, the unique identifier of a security. Ask AI for the manager's documents, dated holdings, investment objective and costs. Check whether you are buying a fund unit or a CFD linked to the fund. If the holdings list is incomplete, not all overlaps can be calculated accurately. [10]

The next chapters explain how to analyse individual companies. They also help fund investors understand what drives the performance of the underlying investments.

02 / THE COMPANY'S BUSINESS

# Find out where revenue comes from

A familiar name or product does not explain the whole business. Investors need to know what the company sells, who pays it and what costs it incurs. Subscriptions, one-off equipment sales and advertising can behave differently when the economy slows.

Companies may divide their operations into reported segments. These help distinguish revenue and performance sources but may not match every separate operating activity. Also examine dependence on a major customer, supplier or technology.

Input: Company name and, if ambiguous, its ticker.

**P02** **Business model without advertising claims**

Explain to a beginner how [company name] earns revenue. On its official website or in the regulator's database, find the latest annual report and any more recent official announcements that change the description of the business. Give periods and dates. Briefly describe products, customers, reported segments, major costs and dependencies. Separate management claims from documented facts. Provide links to the relevant sections and three questions for further research. If you cannot open a source, say so and request the document; do not invent figures. Explain technical terms. Respond in the language of the prompt.

Check: Verify the correct company and period. Open the report sections supporting the main business description.

Treat management claims about competitive advantage as statements to examine. Documented sales growth, margin trends and customer-contract terms may clarify them. A favourable AI assessment alone is not enough.

P02 / HISTORICAL EXAMPLE

# Microsoft: three segments in 2025

Add “Microsoft” to P02 and, for this exercise, include: “Use the 2025 annual report and describe only that historical period.” The following segment structure relates to the fiscal year ended 30 June 2025. [1]

| Reported segment | Example products | Revenue sources |
|---|---|---|
| Productivity and Business Processes | Microsoft 365, Dynamics, LinkedIn | Subscriptions, licences and services. |
| Intelligent Cloud | Azure and server products | Cloud usage, licences and support. |
| More Personal Computing | Windows, Xbox, search | Licences, devices, games and advertising. |

Customers include businesses, public organisations and households. Costs relate, among other things, to infrastructure, research and development, and sales. Operations also rely on data centres and technology supplies. Management's AI-related expectations describe prospective developments. Their fulfilment can be assessed using later results.

**Three questions after reading the report**

Which activities are growing? How do their costs change along with revenue? How much investment does the company need for further growth?

More sources of revenue do not necessarily mean low risk. Activities can depend on the same customers or infrastructure. Historical segments should not be carried into a current analysis without checking; a reorganisation may change both the reporting structure and comparative data.

The business description explains where revenue comes from. Next, we will examine how much becomes profit and cash flow in the financial statements.

Source [1]: Business – Operating Segments; Management's Discussion and Analysis. This describes 2025, not the company's current segment structure.

03 / FINANCIAL STATEMENTS

# Distinguish profit, cash flow and cash balances

The income statement reports performance over a period. The balance sheet shows assets and their financing on a particular date. The cash flow statement explains movements of cash during a period. Consolidated statements present a group as a whole after eliminating intra-group transactions. [6]

| Metric | Meaning |
|---|---|
| Revenue | Reported sales of goods and services; payment may arrive at a different time. |
| Net income | Accounting profit after expenses and taxes. |
| Operating cash flow | Cash flows from the main operating activities. |
| Cash spent on property and equipment | Payments for buildings and equipment, for example. |
| Free cash flow (FCF) | In this study, operating cash flow less the specified cash spending on property and equipment. |

Input: The prompt already specifies the company and historical period.

**P03** **Table of verifiable financial data**

Find Microsoft's 2025 annual report on its official website. Prepare a table for 2023–2025 showing revenue, net income, operating cash flow and cash additions to property and equipment. Use consolidated figures in USD millions. Give fiscal year ends, links and original line-item names. Show spending as positive numbers. Calculate free cash flow as operating cash flow less that spending, and changes from 2024 to 2025. Show formulas, definitions and limitations. If you cannot open the report, request it; do not fill gaps with estimates. Respond in the language of the prompt.

Check: For this particular example, 2025 FCF is USD 71,611 million. For another company, change the name, years, items and reference figures.

P03 / HISTORICAL EXAMPLE

# Microsoft: profit rose but free cash flow fell

Use P03 unchanged. All figures are consolidated, in USD millions; the years end on 30 June. Cash expenditures are shown as positive amounts. FCF and percentage changes are calculated from the stated line items. [1]

| Metric | 2023 | 2024 | 2025 | Change[1] |
|---|---|---|---|---|
| Revenue | 211,915 | 245,122 | 281,724 | +14.9% |
| Net income | 72,361 | 88,136 | 101,832 | +15.5% |
| Operating cash flow | 87,582 | 118,548 | 136,162 | +14.9% |
| Spending on property and equipment | 28,107 | 44,477 | 64,551 | +45.1% |
| Free cash flow | 59,475 | 74,071 | 71,611 | −3.3% |

[1] Change from 2024 to 2025. FCF = operating cash flow − cash additions to property and equipment. For 2025: 136,162 − 64,551 = 71,611. Year-on-year change: (71,611 / 74,071 − 1) × 100 = −3.3%.

## Why the results differ

Revenue and profit follow accounting rules that need not match the timing of payments. Depreciation gradually recognises an asset's cost, although the cash may have been paid earlier. Operating cash flow is also affected by when customers pay and when suppliers are paid.

In this example, cash spending on investment grew faster than operating cash flow. FCF therefore fell even as profit rose. Cash and cash equivalents, by contrast, increased from USD 18,315 million to USD 30,242 million between the ends of 2024 and 2025. FCF is not the change in the cash balance. [1]

**What to investigate next**

Check both components of the subtraction and why investment increased. Examine how it is financed, its purpose and the conditions for a return. The FCF used here does not capture all investing and financing movements or all non-cash additions to assets and leases.

Source [1]: Income Statements – Total revenue, Net income; Cash Flows Statements – Net cash from operations, Additions to property and equipment; Balance Sheets – Cash and cash equivalents.

SECOND COMPANY EXAMPLE

# Alphabet: same formula, different context

For calendar 2025, Alphabet reported USD 164,713 million in operating cash flow and USD 91,447 million in purchases of property and equipment. The difference was USD 73,266 million. In its earnings release, the company calls this free cash flow. [2]

| Alphabet / USD million | 2024 | 2025 | Change |
|---|---|---|---|
| Operating cash flow | 125,299 | 164,713 | +31.5% |
| Spending on property and equipment | 52,535 | 91,447 | +74.1% |
| Free cash flow | 72,764 | 73,266 | +0.7% |

Operating cash flow rose strongly, but higher cash spending on assets absorbed most of the increase. FCF therefore stayed near the previous year's level. Understanding the result also requires information on what the company is building and the expected benefits of those investments.

## What non-GAAP means

Non-GAAP denotes a supplementary measure outside the standard measures prescribed by US accounting rules. Its definition and reconciliation to accounting data should be clear. Alphabet's report subtracts capital expenditure from operating cash flow. [2]

## Tables alone cannot rank stocks

Microsoft's 2025 financial year ended on 30 June, while Alphabet's ended on 31 December. The companies also have different activities and investment needs. Absolute FCF alone is therefore insufficient to compare investment attractiveness. Valuation, comparable periods and a closer examination of the businesses are missing.

**Follow-up task**

Ask AI to compare the definitions of FCF, deducted items and reporting-period ends in the two original reports. It should support every difference with a link. If a document is missing, it should ask you to attach it.

Source [2]: earnings release of 4 February 2026, Consolidated Statements of Cash Flows, p. 6; FCF reconciliation, p. 8. The tables are marked unaudited. Percentages are the authors' calculations.

04 / VALUATION

# Even a successful company's stock may be overpriced

When buying shares, you pay for a share of the company's future results. Strong business performance may still be accompanied by a poor investment outcome if the price already implied faster growth. Company analysis therefore needs a valuation.

P/E is the ratio of share price to earnings per share for a specified period. At a price of EUR 100 and annual EPS of EUR 5, P/E equals 20. It is not a guaranteed payback period: earnings change and may not all be distributed. With a loss or zero earnings, the usual positive P/E is not meaningful. [6]

The calculation of diluted earnings per share (diluted EPS) includes potential additional shares if issuing them would reduce earnings per share. A stock split changes the number of shares and the price per share. The split itself creates no value. The share price and EPS must refer to the same share class and reflect the same split adjustments. [1]

Input: Company name; if needed, share class and exchange.

**P04** **P/E with clearly defined inputs**

For [company name], find the latest available share price from a source showing date, time and currency. From official statements, obtain diluted EPS for the same share for the latest completed fiscal year. Ask if the class or instrument is unclear. Verify currency, class and split adjustments. Calculate P/E and indicate that it uses the full fiscal-year EPS, not automatically trailing twelve months (TTM). Show inputs, period, links and formula. Explain limitations. Do not force a calculation when earnings are negative, zero or unavailable. Do not use a remembered price or issue a buy order. Respond in the language of the prompt.

Check: Verify the price date and EPS period. Do not mix fiscal-year, TTM, estimated and adjusted P/E ratios.

P04 / MODEL EXAMPLE

# What a P/E of 20 means

Add to P04: “For practice, use fictional stock X. The model price on 1 October 2026 is EUR 100 and diluted EPS for the same share in 2025 is EUR 5. There was no stock split. Do not search for data on the web.”

**Calculation**

P/E = share price / annual EPS = 100 / 5 = 20. The share price is twenty times reported annual earnings per share.

| Situation | Price | Annual EPS | P/E |
|---|---|---|---|
| Given model | EUR 100 | EUR 5 | 20 |
| Same price, lower earnings | EUR 100 | EUR 4 | 25 |

The second row changes only the earnings assumption. It illustrates sensitivity and does not forecast future developments. P/E can rise even if the price stays unchanged when earnings fall. A value of 20 alone does not tell us whether a stock is cheap or expensive.

## Examine earnings before comparing

One-off income may temporarily raise earnings and lower P/E. A weaker year may have the opposite effect. The sustainability of earnings, debt, investment requirements and expectations already priced in all matter. Use the same EPS definition and explain differences in accounting periods.

For a real company, ask AI for the price source and the exact statement line item. If data is missing, postpone the calculation. Historical EPS can be a useful starting point, but current decisions also need recent business information.

**Follow-up question**

Which assumptions about earnings growth and stability should I examine to understand this P/E? Support them with available data and do not set a target price.

05 / CORPORATE FINANCING

# Assess debt together with maturities

Borrowing helps finance operations or investment and creates an obligation to pay interest and repay principal. But a single debt figure does not reveal whether a company can repay it. You need to know due dates, available cash and its ability to generate more cash flow.

With interest-bearing debt of EUR 100 million and cash of EUR 40 million, a simple measure of net debt is EUR 60 million. This does not yet consider restrictions on cash use or upcoming repayments. The definition can change if short-term investments or leases are included.

A lease is a contractual right to use an asset in exchange for payments and may create a liability in the statements. Show leases separately and check whether they are already included in the stated debt. Balance-sheet liabilities also include non-interest-bearing items, such as supplier invoices. [6] Refinancing means replacing debt with new financing; its availability is not guaranteed.

Input: Company name.

**P05** **Debt, available cash and repayments**

For [company name], find the latest official statements and notes on debt and cash. Use the same consolidated group and balance-sheet date. Give currency, unit, links and line items. Distinguish interest-bearing debt, its maturities, interest terms and available cash. Show leases separately and avoid double counting. Define exactly what is included and deducted in net debt. Add documented repayment or refinancing sources and identify missing information. If you cannot open a source, request it. Explain the result; do not infer repayment capacity from one amount. Warn if simple net debt is inadequate for the industry. Respond in the language of the prompt.

Check: Verify major amounts, maturities and cash restrictions. For banks and insurers, this simple approach does not replace industry-specific analysis.

P05 / MODEL EXAMPLE

# How much cash is really available?

Instead of searching for a company, enter this practice extract into P05: “Fictional group X, 31 December 2025, EUR million: interest-bearing debt 100, of which 35 falls due within one year; cash 40, of which 10 is restricted; lease liabilities 12, outside the stated debt. Analyse only this model data.”

| Item | EUR millions | Meaning |
|---|---|---|
| Interest-bearing debt excluding leases | 100 | Includes the 35 due within one year. |
| Debt due within one year | 35 | Part of the stated debt; not added again. |
| Total cash | 40 | Of which 10 is restricted. |
| Available cash | 30 | Calculation: 40 − 10. |
| Lease liabilities | 12 | Shown separately, outside the stated debt. |

**Two definitions of net debt**

Deducting all cash: 100 − 40 = EUR 60 million. Deducting only available cash: 100 − 30 = EUR 70 million. Both calculations exclude lease liabilities in this model.

Available cash of EUR 30 million is below the EUR 35 million of debt due within one year. The EUR 5 million difference does not itself prove an inability to repay. The company may generate more cash or secure financing during the year; the extract does not document either possibility.

Further checks should therefore cover repayment dates, interest, operating cash flow and refinancing terms. Also verify why some cash is restricted and when it could be released.

The model includes neither future cash flow nor available credit lines and their terms. AI must not add estimates and present them as facts.

06 / RISKS AND EVIDENCE

# Examine the case against your own thesis

If a company interests you, it is easy to notice mainly information supporting a purchase. AI can reinforce this bias when given a prompt that asks only about potential benefits. Useful analysis therefore examines conditions under which the original assumption would no longer hold.

A risk description should explain the mechanism. A generic statement about competition is insufficient: specify whether it could lower prices, increase customer-acquisition costs or slow sales. For a regulatory dispute, identify the business activity involved and the stage of the case.

Input: Company name; optionally one sentence on why it interests you.

**P06** **Risks and counterarguments**

For [company name], find the latest annual report and more recent official announcements. Explain up to five documented risks: what might happen, how it could affect the business and which measure to monitor. Give sources and dates. For regulatory or court disputes, include the regulator's or court's document where available. Separate actual events from potential effects and the claims of different parties. If I provide my reason for interest, examine the counterargument. Without evidence, do not assign probabilities or expected returns. If you cannot open a source, say so and request the document. Respond in the language of the prompt.

Check: Open the sources for the most important risks. A risk being listed in a report does not mean the event is certain to occur.

If growth depends on new capacity, ask about completion, budget, utilisation and customer demand. This allows the original thesis to be reviewed after new results. A convincing qualitative assessment without evidence is not a substitute for a probability estimate.

P06 / MODEL EXAMPLE

# From risk to a specific question

Add to P06: “Fictional company X, 2025 report: one customer accounts for 45% of revenue; 70% of debt has floating interest; the opening of new capacity was delayed by six months. I am interested in the expected capacity increase. For practice, analyse only this extract.”

| Given fact | Possible effect | What to monitor |
|---|---|---|
| 45% of revenue from one customer | Reduced orders could significantly lower revenue. | Orders, contract length and termination terms. |
| 70% of debt at floating interest | An increase in the relevant rate could raise interest costs. | Rate, interest hedges and repricing dates. |
| New capacity delayed by six months | Revenue from expansion may arrive later. | New date, budget and actual opening. |

**Counterargument to expected growth**

A postponed opening may delay the benefits of new capacity. Check whether the budget or customer demand has changed. The extract does not report the loss of a customer or a future rise in rates.

The 45% figure is a share of revenue, not the probability of losing that customer. Likewise, a delay does not determine a project's ultimate loss. The table separates given facts from conditional effects and highlights information needed to complete the analysis.

For a real company, verify the documents and choose specific indicators to monitor. P12 will return to them after new results. Once individual companies have been analysed, their shared portfolio risks must also be examined.

07 / PORTFOLIO WEIGHTS

# Use current position values

A position's weight is its share of the value of the chosen portfolio. A EUR 2,500 position in a EUR 10,000 portfolio has a weight of 25%. Use current market values, not original purchase amounts. Values in different currencies must first be converted into one currency as of the same date.

Define the scope of the calculation too. If looking at the whole portfolio, include cash and other assets that belong to it. If analysing the equity portion alone, label the result accordingly. The same percentage weight can represent a different amount when the scope changes.

Input: List of investments, current values, currencies and date; cash if applicable.

**P07** **Calculate and check weights**

Calculate the value and percentage weights from [investment, current value, currency, date]. First verify whether this is the whole portfolio or only part of it and whether cash is included. Determine whether positions are fully paid without borrowing or leverage. Values must refer to the same date. For different currencies, ask for the reference currency and verify exchange rates with dates and sources. If you cannot do that, request converted values. Show the formula, total value and weights. Check the total before rounding and explain any rounding difference. Do not confuse the purchase price or CFD margin with share value. Request missing information. Respond in the language of the prompt.

Check: Compare the total with the same account scope. For CFDs or borrowing, a simple model of equity weights is inadequate.

A reference exchange rate may differ slightly from the rate the provider uses to value the account. Check the date, time and rate first. You do not need a full account statement for this calculation.

P07 / SHARED PORTFOLIO MODEL

# Six positions worth EUR 10,000

Enter the following values into P07 and add: “The model as at 1 October 2026 is the complete practice portfolio of fully paid shares without borrowing. Cash is zero. All current values are converted into EUR as of the same date.”

| Position | Value in EUR | Weight |
|---|---|---|
| A | 2,500 | 25% |
| B | 2,000 | 20% |
| C | 1,500 | 15% |
| D | 1,500 | 15% |
| E | 1,500 | 15% |
| F | 1,000 | 10% |
| Total | 10,000 | 100% |

**Check calculation**

Weight = position value / portfolio value × 100. For A: 2,500 / 10,000 × 100 = 25%. Total current value is EUR 10,000 and total weights equal 100%.

One quarter of the model's value is invested in company A. This figure does not yet tell us how many risks the company shares with other positions. We need information on industries, businesses and other relationships.

With your own list, first resolve missing cash, differing dates and unconverted currencies. Only then does it make sense to assess concentration and scenarios. We will use the same practice model in P08–P10 so the calculations can be checked against each other.

Positions A–F are fictional companies. The amounts, weights and later categories are author-defined model inputs, not a recommended capital allocation.

08 / CONCENTRATION

# Identify shared sources of risk

Several companies may respond similarly to the same change in an industry or economy. In a portfolio, examine the size of individual positions and groups. Spreading investments across different risk sources is called diversification; it does not eliminate a broad market decline. [5]

Grouping by industry, headquarters and currency offers different views of the same investments. The groups can overlap. For funds, you also need to check underlying holdings to capture companies held directly and through a fund.

Input: Investment names, current values in one currency or weights, a shared date and defined scope.

**P08** **Concentration and overlaps**

Review the portfolio composition [list]. First check the scope, including cash, and the common date. Use values in one currency or weights adding to 100%; request missing items if the list is incomplete. Calculate weights and the combined weight of the three largest positions. Find industries and headquarters in official reports, specifying the classification, links and uncertainties. For funds, find dated holdings and examine overlaps. If only part of the holdings is available, label the result incomplete. Do not invent unknown classifications or add overlapping groups together. For the fictional model, use only the provided categories. Respond in the language of the prompt.

Check: Verify the classification of the largest positions. A fund's ten largest holdings are not enough to calculate all overlaps.

Even two industry categories need not represent independent risks. Companies may share customers, suppliers or sensitivity to interest rates. The numerical overview is only the start of examining these relationships.

P08 / MODEL EXAMPLE

# Technology makes up 60% of the portfolio

Enter the full model from this table into P08. The weights refer to 1 October 2026 and come from the euro values in P07. This is the whole practice portfolio, without cash, funds or leverage. Industries and headquarters are given; AI should not search for them as real companies.

| Position | Industry | Headquarters | Currency[1] | Weight |
|---|---|---|---|---|
| A | Technology | USA | USD | 25% |
| B | Technológie | USA | USD | 20% |
| C | Technológie | Netherlands | EUR | 15% |
| D | Healthcare | Switzerland | CHF | 15% |
| E | Consumer staples | USA | USD | 15% |
| F | Energy | Norway | NOK | 10% |

[1] Trading currency. Industries are the authors' model categories; the currencies in this column do not change the euro weights already calculated.




Positions A, B and C are in technology and together account for 60% of the portfolio. Companies A, B and E are headquartered in the US and also account for 60%. Adding the two figures to obtain 120% would count A and B twice. A company's headquarters alone cannot tell you where it earns its revenue.

The three largest positions together account for 60%. Either C, D or E may be counted alongside A and B, because each weighs 15% and they are tied for third. This shows concentration that should then be compared with your own plan.

09 / CURRENCIES AND REGIONS

# Trading currency does not capture all risk

When you value assets in euros, a foreign share's result reflects both its price and the exchange rate. If its USD price is unchanged but one dollar loses 10% of its euro value, the position's euro value falls by 10% before costs. Exchange rates can improve results too. [7]

A company also sells, buys and borrows in different currencies. These effects cannot be inferred from its trading currency or headquarters alone. Buying the same share on an exchange where it is quoted in euros does not remove the currency risk inherent in the business.

Input: Investments, values or weights, date, trading currencies and reference currency.

**P09** **Currency and geographic factors**

I value my assets in [currency]. My investments are [names, values or weights, date, trading currencies]. First verify the portfolio scope. Use weights adding to 100% or values in one reference currency as of the same date. For amounts in different currencies, verify exchange rates and conversions with sources; if unable, request converted values. If an exchange or share class is unclear, identify the instrument first. From official reports, find headquarters, reporting currency and revenue regions. Give periods, links and missing information. Calculate weights by trading currency and explain why these are not the full currency risk. Do not invent shares of revenue, costs or hedging. Request a document if the source is unavailable. Respond in the language of the prompt.

Check: The weight of USD-traded positions is not the share of their companies' revenue earned in dollars.

Price and currency changes compound: a 10% price rise and a 10% decline in the currency's value give $1.10 \times 0.90 - 1 = -1\%$. The model excludes dividends, costs and taxes.

P09 / MODEL EXAMPLE

# What a currency overview reveals

Enter the P08 model into P09 and add: “The reference currency is EUR. Weights were converted into EUR as at 1 October 2026 and represent the complete practice portfolio without cash or leverage. The companies are fictional; use the stated trading currencies and headquarters. Do not fill gaps with invented data.”

| Trading currency | Positions | Share of value |
|---|---|---|
| USD | A + B + E | 60% |
| EUR | C | 15% |
| CHF | D | 15% |
| NOK | F | 10% |
| Total | A through F | 100% |

We do not know the reporting currencies, breakdown of revenue and costs, or currency-hedging practices in this model. None can be inferred from headquarters or trading currency. A 60% USD share is only a first view of the portfolio.

**Conditional exchange-rate scenario**

Assume share prices in their trading currencies stay the same, the portfolio is unhedged and one US dollar loses 10% of its value in euros. All other exchange rates against the euro stay the same. The portfolio loses 6% (60% × 10%), or EUR 600, leaving EUR 9,400. The scenario excludes trades, dividends, costs and taxes.

The scenario isolates an exchange-rate move and does not assign its probability. In reality, share prices and several exchange rates can change at once. Companies may respond to currency moves through pricing, costs or hedging, which this simple calculation does not capture.

For real investments, ask for the relevant financial-statement notes. If a breakdown is not disclosed, mark it unknown. The table's numerical precision should not conceal incomplete inputs.

10 / SCENARIOS

# Calculate what a decline means in euros

A scenario shows what would happen under specified assumptions. It converts a change into an amount and compares it with an investor's needs. It does not predict the likelihood or timing of a decline.

| Condition in the P08 model | Change in total | Value after change |
|---|---|---|
| A, B and C fall 20%; others unchanged | −12% | EUR 8,800 |
| All six positions fall 20% | −20% | EUR 8,000 |
| Only A falls 40%; others unchanged | −10% | EUR 9,000 |

Starting value EUR 10,000. Assumptions: unchanged exchange rates, no trades, dividends, costs or taxes. First scenario: 60% × (−20%) = −12%. Third: 25% × (−40%) = −10%.

Input: Current values in one currency as of the same date, scope and types of positions.

**P10** **Scenario with a verifiable calculation**

Positions have values [list, currency, date]. First establish whether this is the full portfolio or only its equity part and whether shares are fully paid without leverage. Request clarification as necessary. Calculate a 20% decline in each equity position. Include cash and other assets in the whole-portfolio result only when their scenario is explicitly defined; ask if assumptions are missing. Show the loss and remaining value by position and for the defined scope. Assume unchanged exchange rates, no trades, dividends, costs or taxes. Explain the formulas. Label the result a scenario without assigned probability and offer to calculate a different case. Respond in the language of the prompt.

Check: The result must have the same scope as the inputs. A percentage decline in equities alone is not automatically a decline in the entire portfolio.

P10 / MODEL EXAMPLE

# A 20% decline means a EUR 2,000 loss

Enter all six values from P07 into P10. Confirm that they represent the entire practice portfolio as of 1 October 2026, converted to EUR, without borrowing or cash. A 20% fall in each position gives:

| Position | Current / EUR | Loss / EUR | Remaining / EUR |
|---|---|---|---|
| A | 2,500 | 500 | 2,000 |
| B | 2,000 | 400 | 1,600 |
| C | 1,500 | 300 | 1,200 |
| D | 1,500 | 300 | 1,200 |
| E | 1,500 | 300 | 1,200 |
| F | 1,000 | 200 | 800 |
| Total | 10,000 | 2,000 | 8,000 |

Loss = 10,000 × 0.20 = EUR 2,000. Remaining = 10,000 − 2,000 = EUR 8,000. Unchanged exchange rates; no trades, dividends, costs or taxes. Scenario probability is not assigned.

## Compare the result with the purpose of the money

If you needed EUR 9,000 from this portfolio in one year, you would be EUR 1,000 short after the stated decline. This brings us back to the time horizon and reserve in P01. Before building a portfolio, determine whether this gap would threaten a planned expense and whether you have another source of funding.

**If the portfolio also includes cash**

With EUR 10,000 in shares and EUR 2,000 in cash, the whole model is EUR 12,000. A 20% fall in shares with cash unchanged gives a EUR 2,000 loss, or about 16.7% of the total. The equity part has still declined by 20%.

A scenario is not the maximum possible loss. The decline could be larger and highly uneven among companies. Further practice might compare falls of 10% and 30% or simultaneous changes in prices and exchange rates.

11 / COSTS

# Find out what reduces investment results

Costs can arise when buying or selling, converting currencies or holding investments. Ongoing charges accumulate over time, while transaction fees generally rise with trading frequency. For funds, some costs are reflected directly in asset values. [8]

The bid–ask spread is the difference between the lowest price at which you can buy and the highest price at which you can sell at the same moment. Comparing a purchase today with a sale a year later measures something different. Actual execution prices already reflect the spread. [12]

For CFDs, also examine any overnight financing costs and the rules on margin and closing positions. The costs of owning a share and holding a CFD on that share can differ substantially. Always start by identifying the instrument and provider. [9] [13]

Input: Instrument, service provider (specific company), client's country and account type; official fee schedule if available.

**P11** **Costs for a specific instrument**

I want to understand the costs for [name or ISIN] with [provider name]. I am a client in [country] and my account type is [account type]. First identify whether this is a share, fund unit or CFD. Find the official current fee schedule for this account, with link and date; request it if unavailable. Establish the amount, account and trading currencies, number of trades and holding period. Explain purchase, sale, spread, conversion and ongoing costs. Distinguish reference prices from actual execution prices. For a fund, separate fund expenses from service charges; do not count anything twice. Calculate only verifiable items and do not replace an unknown charge with zero. Do not calculate taxes without verified rules. Respond in the language of the prompt.

Check: Verify that the fee schedule comes from the actual service provider and applies to your account. Check whether a cost is already reflected in the price or fund value.

P11 / MODEL EXAMPLE

# Known fees total EUR 20

For this exercise, use fictional fee schedule X. Each trade costs 0.1% of its value, with a minimum fee of EUR 2. Annual custody costs 0.2% of the average value held. The shares are fully paid and both the shares and the account are denominated in euros. The model fee schedule takes effect on 1 October 2026.

Add one purchase, one year of holding and one sale. The actual execution value of each trade, excluding explicit fees, is EUR 5,000; the average value held is also EUR 5,000. The spread is not stated separately.

| Item | Calculation or condition | Result |
|---|---|---|
| Purchase | EUR 5,000 × 0.1% = EUR 5, above the EUR 2 minimum. | EUR 5 |
| Sale | Same calculation for an execution value of EUR 5,000. | EUR 5 |
| Annual custody | 5,000 × 0.2% | EUR 10 |
| Currency conversion | Account and trade are both in EUR. | Not applicable |
| Spread | Already reflected in execution prices. The reference quotes needed to calculate it separately are unavailable. | Unknown |
| Total explicit fees | 5 + 5 + 10 | EUR 20 |

**How to interpret the result**

Known explicit fees are 20 / 5,000 × 100 = 0.4% of the model amount. When comparing actual cash flows from buying and selling, the spread is not added a second time. Reference quotes are missing for a separate calculation of its effect.

The table is not a full breakdown of all economic costs. An unknown spread or other unstated fees are not treated as zero. Taxes are excluded. For a real account, compare the schedule with the pre-trade cost disclosure and then with the trade execution confirmation.

12 / ONGOING REVIEW

# Track company results and portfolio rules

After a purchase, both the business and the investment weight can change. If only A rises 20% in our model, its value increases from EUR 2,500 to EUR 3,000 and total portfolio value to EUR 10,500. A's weight becomes approximately 28.6%. Concentration can therefore rise without any further purchase.

Rebalancing means adjusting the portfolio towards a previously chosen allocation. It can involve trades or redirecting new contributions. Decisions should account for costs and possible tax implications. [5] Record your review rules in advance and revisit them when your personal finances change.

Input: Company name; for weight checks, also current values and your own rules.

**P12** **Review changes and open questions**

For [company name], find the latest official results and a comparable earlier period. Compare each quarter with the same quarter a year earlier. Summarise revenue, earnings, cash flow and debt. Label each figure as a standalone quarter, year-to-date period or balance as of a specific date. Do not present a cumulative flow as a quarterly figure. Derive a quarterly amount only from comparable cumulative figures and show the method. Give sources, dates and reporting changes. Request a document if unavailable. Add no more than five follow-up questions. Calculate weights only from supplied current values in one currency, as of one date and for a defined scope; compare them with rules only if I provide those rules. Do not issue an automatic trade order. Respond in the language of the prompt.

Check: Distinguish reporting changes from changes in the business. Balance-sheet figures are compared at dates; revenue and cash flow are compared over periods.

P12 / HISTORICAL EXAMPLE

# What changed at Microsoft from year to year

Add “Microsoft” to P12 and the condition: “For practice, compare the full fiscal years 2025 and 2024 using the 2025 report. I am not providing portfolio data.” The following amounts are consolidated, in USD millions. [1]

| Metric | 2024 | 2025 | Change |
|---|---|---|---|
| Revenue | 245,122 | 281,724 | +14.9% |
| Net income | 88,136 | 101,832 | +15.5% |
| Operating cash flow | 118,548 | 136,162 | +14.9% |
| Book value of debt excluding leases | 51,630 | 43,151 | −16.4% |

The years end on 30 June; debt is the balance as of 30 June of each year. Debt = short-term debt + current portion of long-term debt + long-term debt. 2024: 6,693 + 2,249 + 42,688 = 51,630. 2025: 0 + 2,999 + 40,152 = 43,151.

Revenue, earnings and operating cash flow rose while this defined debt figure fell. It is a specified book value of debt, not all liabilities. When comparing segments, use comparable figures from the 2025 report, which reflects changes to the segment structure. Portfolio weights are not calculated without inputs.

**Questions for further analysis**

Why did cash investment rise faster than operating cash flow? What explains the decline in debt? Which liabilities fall outside the definition used? What changed in later published periods?

Growth in results and lower debt should be assessed alongside investment needs and the share price. The historical annual table is neither the latest quarter nor a complete current picture of the company.

Source [1]: Income Statements; Cash Flows Statements; Balance Sheets; Note 10 – Debt; Operating Segments. Percentages and debt totals are the authors' calculations.

PUTTING IT INTO PRACTICE

# Connect the findings to your own plan

If you do not yet have an investment plan, begin with P01. For a particular company, continue with P02–P06. Record the date, key figures, sources and outstanding questions. Combine them with portfolio checks in P07–P11 and decide what to revisit in P12.

| Finding from the practice model | Implication for further consideration |
|---|---|
| 10-year horizon; EUR 10,000 initially and EUR 200 monthly. | Check the purpose of the money, possible withdrawals and the affordability of contributions if income changes. |
| About one hour per month is available for management. | Consider whether you can regularly monitor the chosen number of individual companies or other instruments. |
| Technology accounts for 60% of the practice model. | Examine shared risks and compare concentration with your chosen limits. |
| A 20% decline in all shares produces a EUR 2,000 loss. | Assess the financial and personal impact of the loss; add larger or combined scenarios. |
| Costs and company performance change. | Record the evidence and next review date; update figures before a decision. |

These findings do not prescribe a suitable allocation or specific trade. In the practice discussion, the reaction to a loss remained uncertain and the reserve was only calculated. Clarify these points before choosing investments.

## What your working record should contain

Record your objective and horizon, selected instruments and why they are used, portfolio scope, valuation date, principal risks, costs and review rules. Keep a source for every important claim. If a figure is missing or unclear, you can defer the decision and obtain the missing information.

AI can draft this record. Investors must assess their own needs and financial resources and make the final decision.

METHODOLOGY AND SCOPE

# What the examples show—and their limits

## Sources and historical periods

The study uses Microsoft and Alphabet case studies because detailed public financial documents are available for both. The selection is not a representative market sample or a list of recommended investments. The company examples are deliberately historical so that the method can be reproduced.

Microsoft data comes from the 2025 annual report and Alphabet data from the earnings release for Q4 and full-year 2025. The figures do not describe every development available as of the publication date. A current analysis requires newer statements, announcements, segment changes and market prices.

## Calculations and assumptions

Year-on-year change = (new value / previous value − 1) × 100. This formula does not work with a zero base; a negative base requires separate interpretation. Percentages are generally rounded to one decimal place. Totals are checked using unrounded values.

FCF in the examples is operating cash flow less cash spending on property and equipment. The portfolio contains fictional companies. Scenario results come from stated weights and changes; they have no estimated probabilities and do not use historical correlations. The tables' calculations have been checked against the stated inputs.

## Reference answers and timeliness

Sample outputs are illustrative author-written examples of the desired result. The study contains no experimental model comparison, time study or test of investment performance. Correct wording of a prompt does not guarantee a correct answer. Sources and links were checked on 17 November 2026.

**Educational purpose**

This material does not provide personal investment advice or recommend buying, holding or selling any specific instrument. Investments can lose value. Historical data and model scenarios do not guarantee future results. Tax treatment depends on individual circumstances and is outside the study's scope.

GLOSSARY / COMPANY DATA

# Terms for reading financial statements

| Term | Meaning in this study |
|---|---|
| Fiscal year | A company's accounting year; it need not end on 31 December. |
| Consolidated statements | Statements for a group as a whole after eliminating intra-group transactions. |
| Revenue | Reported value of goods and services sold during a period. |
| Net income | Accounting profit after expenses and taxes. Its amount can differ from cash flow. |
| Operating cash flow | Cash receipts and payments attributable to main operating activities. |
| Cash and cash equivalents | Cash and highly liquid short-term items as defined in financial statements. |
| Free cash flow (FCF) | Supplementary measure. Here, operating cash flow less cash spending on property and equipment. |
| Non-GAAP | Supplementary measure outside US generally accepted accounting standards. Check its definition. |
| Diluted earnings per share (EPS) | Earnings per share including potential additional shares if their creation would reduce this figure. |
| P/E | Share price divided by earnings per share for a specified period. |
| TTM | Trailing twelve months; not necessarily the latest complete fiscal year. |
| Stock split | A change in share count and per-share price without creating value by itself. |
| Net debt | Debt after deducting specified cash items. Definitions may vary. |
| Lease | Contractual use of an asset in exchange for payments; it may create a recognised liability. |

For a specific company, the definitions and accounting policies in its financial statements take precedence. This glossary is a short reading aid, not a complete accounting dictionary.

GLOSSARY / PORTFOLIO

# Investment terms

| Term | Meaning in this study |
|---|---|
| Share | A security representing an ownership interest in a company. |
| ETF | An exchange-traded fund; its focus and strategy determine its risks. |
| CFD | A derivative contract linked to an underlying asset's price; it does not confer ownership of the share. |
| ISIN | The international identification code of a particular security. |
| Asset allocation | Dividing capital among asset classes. |
| Position weight | The current market value of a position divided by the total value of the portfolio being assessed. |
| Diversification | Spreading investments among different risk sources; it does not eliminate all possible losses. |
| Concentration | A significant share of value in one position or a common risk source. |
| Exposure | The degree to which an investment is exposed to an asset or risk factor. |
| Leverage | Market exposure greater than the investor's own capital posted; magnifies percentage outcomes. |
| Trading margin | Collateral for an open position, not its total market exposure. |
| Spread | The difference between simultaneous buying and selling quotes. |
| Reference currency | Currency used to value and compare an investor's assets. |
| Rebalancing | Adjusting a portfolio towards its previously chosen allocation. |
| Volatility | Degree of value fluctuation; does not capture every form of risk. |
| Scenario | Calculation of the effects of explicitly specified conditions; it does not assign their probabilities. |

PROMPT INDEX

# Return to the task you are working on

Click a row to open the prompt. Its reference example immediately follows it. When repeating a historical or model exercise, also include the conditions stated in the introduction.

P01 / Investment plan 06

P02 / The company’s business 09

P03 / Financial statements and calculations 11

P04 / Valuation using P/E 14

P05 / Debt and available cash 16

P06 / Risks and counterarguments 18

P07 / Portfolio value and weights 20

P08 / Concentration and overlaps 22

P09 / Currency and geographic factors 24

P10 / Conditional scenarios 26

P11 / Costs of a particular instrument 28

P12 / Changes and ongoing monitoring 30

**Before using a result**

Check the source, period, currency and unit. Verify the calculation's scope and assumptions. Separate documented facts from opinions, models or unknown items.

To repeat a procedure for another company, update all related inputs. A reference figure from an example applies only to that example. Seek current evidence before a current decision.

SOURCES / 1 OF 3

# List of sources


### [1] Microsoft

**Annual Report 2025**

Income statements, balance sheet, cash flow, segments, Note 2 – Earnings Per Share and Note 10 – Debt. Fiscal years ending 30 June 2023, 2024 and 2025.

https://www.microsoft.com/investor/reports/ar25/index.html

### [2] Alphabet

**Fourth Quarter and Fiscal Year 2025 Results**

Published 4 February 2026. Consolidated Statements of Cash Flows, p. 6; FCF reconciliation, p. 8. Calendar years 2024 and 2025. Tables used are marked unaudited.

https://s206.q4cdn.com/479360582/files/doc_financials/2025/q4/2025q4-alphabet-earnings-release.pdf

### [3] Financial Conduct Authority

**Using AI for investment research**

Published 18 December 2025; updated 30 July 2026. Use of AI, potential errors and verification of investment information.

https://www.fca.org.uk/investsmart/using-ai-investment-research

### [4] European Securities and Markets Authority

**Using Artificial Intelligence for Investing: What you should consider**

March 2025. Warning on limitations of AI tools, information quality and protection of personal and financial data.

https://www.esma.europa.eu/sites/default/files/2025-03/ESMA_Warning_on_the_use_of_AI_-_EN.pdf

### [5] Investor.gov / U.S. Securities and Exchange Commission

**Asset Allocation and Diversification**

How investment horizon, risk, asset allocation, diversification and rebalancing relate. General educational principles.

https://www.investor.gov/introduction-investing/getting-started/asset-allocation


Links were checked on 17 November 2026. Numbered citations in the text lead to the relevant item; source titles and URLs are clickable.

SOURCES / 2 OF 3

# Source list continued


### [6] U.S. Securities and Exchange Commission

**Beginners' Guide to Financial Statements**

Basic structure of financial statements and explanation of selected metrics. Used for general guidance, not as a current accounting standard.

https://www.sec.gov/about/reports-publications/beginners-guide-financial-statements

### [7] Investor.gov / U.S. Securities and Exchange Commission

**International Investing**

Investor Bulletin, 8 December 2016. Risks of international investing, including currency movements. US legal rules should not automatically be treated as applicable to the reader's account.

https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins/international-investing

### [8] Investor.gov / U.S. Securities and Exchange Commission

**How Fees and Expenses Affect Your Investment Portfolio**

Investor Bulletin, 23 July 2025. Effects of transaction and ongoing costs on investment outcomes.

https://www.investor.gov/introduction-investing/general-resources/news-alerts/alerts-bulletins/investor-bulletins/updated

### [9] European Banking Authority / ESMA

**Contracts for difference (CFDs)**

28 February 2013. General description of CFDs, costs and leverage on pp. 2–3; not an overview of current regulatory limits. More recent context in [13].

https://www.esma.europa.eu/sites/default/files/library/2015/11/2013-267.pdf

### [10] Investor.gov / U.S. Securities and Exchange Commission

**Exchange-Traded Funds (ETFs)**

Overview of how ETFs work. Used to distinguish fund interests, investment focus and associated risks.

https://www.investor.gov/introduction-investing/investing-basics/investment-products/mutual-funds-and-exchange-traded-2


Links were checked on 17 November 2026. Numbered citations in the text lead to the relevant item; source titles and URLs are clickable.

SOURCES / 3 OF 3

# Source list continued


### [11] U.S. Securities and Exchange Commission

**Statement on Single-Stock Levered and/or Inverse ETFs**

8 July 2022. Specific risks of leveraged and inverse single-stock ETFs; not a universal description of all funds.

https://www.investor.gov/statement-single-stock

### [12] Investor.gov / U.S. Securities and Exchange Commission

**Bid Price / Ask Price**

Definition of buy and sell quotes and the difference between them, known as the spread.

https://www.investor.gov/introduction-investing/investing-basics/glossary/ask-price

### [13] European Securities and Markets Authority

**ESMA reminds firms of their obligations under CFD product intervention measures amid rising offerings of perpetual futures**

24 February 2026. Recalls the applicable CFD measures, including leverage limits, risk warnings, margin close-out and negative-balance protection.

https://www.esma.europa.eu/press-news/esma-news/esma-reminds-firms-their-obligations-under-cfd-product-intervention-measures

### [14] Investago

**Online Investing and Trading for Everyone**

The provider's warning about CFD risks and the share of retail investor accounts losing money. The figure was verified on 17 November 2026.

https://www.investago.com/en


Links were checked on 17 November 2026. Numbered citations in the text lead to the relevant item; source titles and URLs are clickable.