

Case study

Stock analysis for value investors

The idea that a dividend paying common stock can be seen as a perpetuity and is worth the present value of future dividends is not new and has been described by J.B. Williams "The Theory of Investement Value" in 1938. Based on that idea Benjamin Graham developed a formula for the valuation of growth stocks which he published in his book "Security Analysis". Even though a variety of new investing and valuation approaches have emerged "value investing" has, since then, never come out of fashion. A formula alone however is not sufficient for the analysis of a company and while robo-advisors and algorithmic trading appeared also semi-automated systems are gaining popularity. Based on those ideas we developed "SCRAULT" for a large US online broker. A system which offers security analysts a framework for

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	Analysis		
2017-02-08	8 15:50:56 - Gilead is a pharmaceuticals company mainly active in research within HCV and HIV pharmaceuticals.		
2017-09-12	2 17:40:02 - Gilead acquired KITE pharma stengthening cancer treatment.		
2018-02-27	7 13:32:42 - Company reported full year results.		
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their valuation process and which enables them to apply value investing principles to their stock portfolio.

We developed the system in C# directly connecting to the API of the online broker. Based on the data entered by analysts and the underlying formulas valuation is displayed in colors ranging from green (undervalued) to red (expensive). This allows investors to track their portfolio valuation visually, store analysis and print out reports.

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Company Valuation Analysis						
company name	GILEAD SCIENCES INC					
company symbol	GILD					
current normalized yearly EPS	7,67					
expected 10Y growth rate (%)	0					
normalized BVPS	15,67	15,67				
AAA corporate bond yield (%)	3,9					
currency	USD					
intrinsic value	70,92					
valuation matrix	Liquidity Stability	✓ Outlook				
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Company	Portfolio Share	EPY (Total: \$91088)	Valuation	
Texhong Textile Group	3%	\$1850	0	1
Sinomedia	3%	\$1691	0	
Tiande Chemical Holdings LTD	3%	\$2989	•	
Soundwill Holding	3%	\$1414	0	
Maoye Intl HLDGS	3%	\$2326	•	
IT Tech Packaging, Inc.	2%	\$12143	•	
Chipotle Mexican Grill	2%	\$435	0	
CORPOVAEL SAB DE CV	1%	\$938	0	
Berkshire Hathaway B	0%	\$8	0	
EASYJET PLC	0%	\$0	0	
CHALIECO (China Aluminium Int. Engineering)	0%	\$0	0	
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