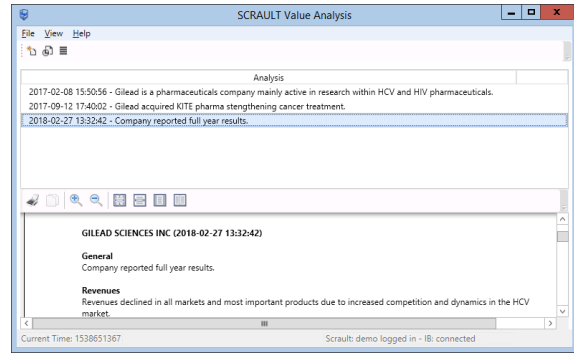




Case study

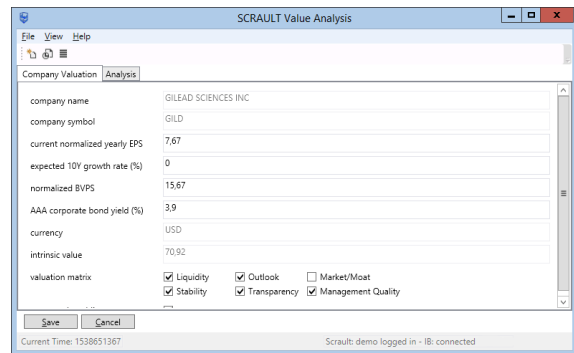
Stock analysis for value investors

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 Investment 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



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.



Company	Portfolio Share	EPY (Total: \$91088)	Valuation
Texhong Textile Group	3%	\$1850	Green
Sinomedia	3%	\$1691	Green
Tiande Chemical Holdings LTD	3%	\$2989	Green
Soundwill Holding	3%	\$1414	Green
Maoye Intl HLDGS	3%	\$2326	Green
IT Tech Packaging, Inc.	2%	\$12143	Green
Chipotle Mexican Grill	2%	\$435	Yellow
CORPOVAEL SAB DE CV	1%	\$938	Yellow
Berkshire Hathaway B	0%	\$8	Orange
EASYJET PLC	0%	\$0	Yellow
CHALIECO (China Aluminium Int. Engineering)	0%	\$0	Yellow

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