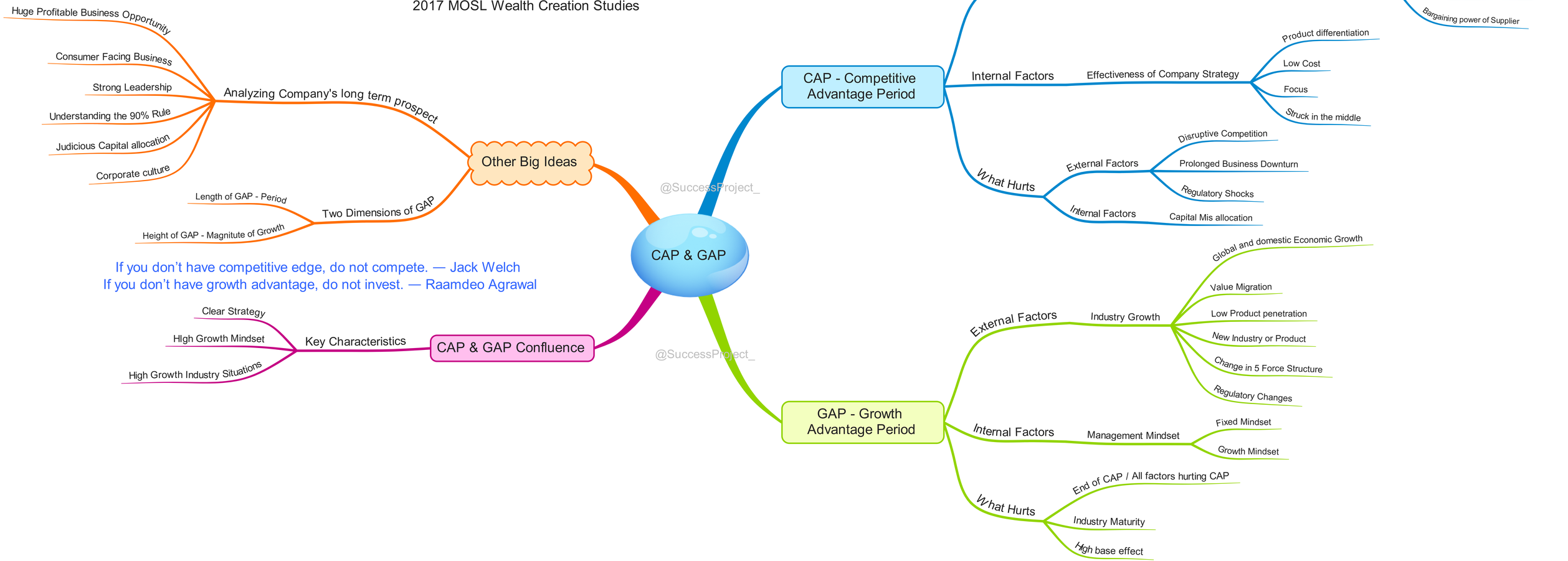
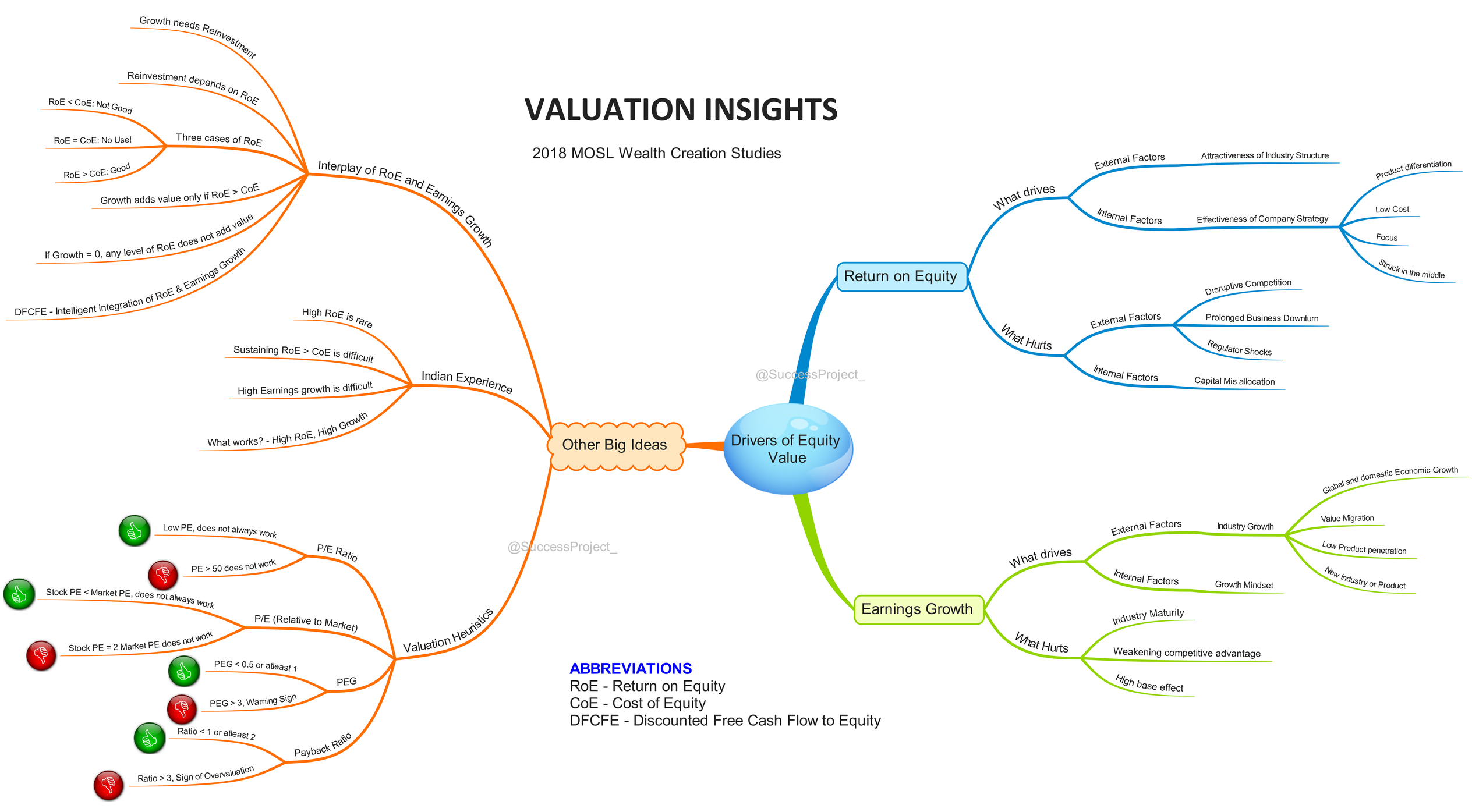
CAP & GAP

2017 MOSL Wealth Creation Studies



VALUATION INSIGHTS

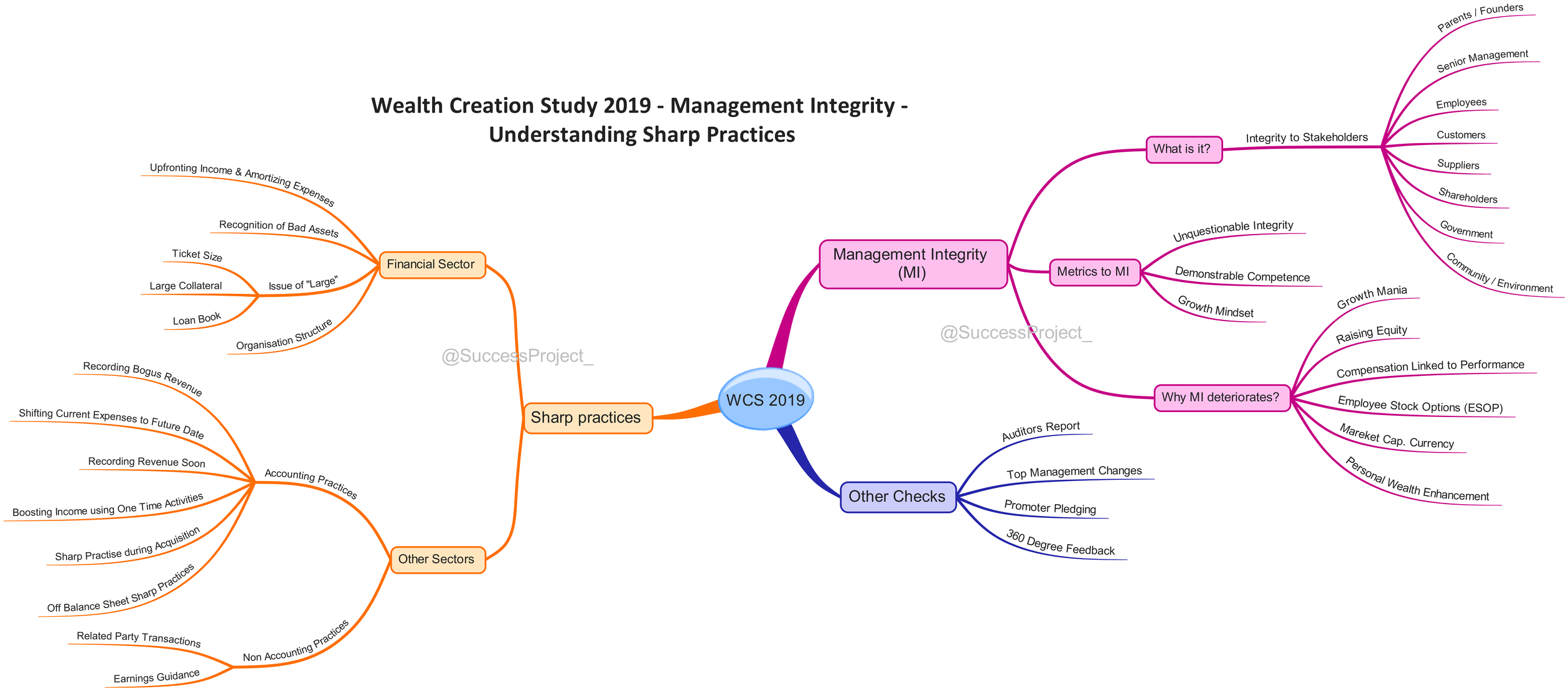
2018 MOSL Wealth Creation Studies



ABBREVIATIONS

RoE - Return on Equity
CoE - Cost of Equity
DFCFE - Discounted Free Cash Flow to Equity

Wealth Creation Study 2019 - Management Integrity - Understanding Sharp Practices



2020 Wealth Creation Study - QGLP Checklist

- WCS 2020
  - 25 Frameworks
    - 1. Investing Vs. Speculation
    - 2. Simplified Discounted FCF to Equity Model
    - 3. Power of Compounding
    - 4. QGLP
      - Quality
      - Growth
      - Longevity
      - Reasonable Price
    - 5. Lindy Effect
    - 6. Business
      - Great
        - Lesser growth
        - High RoE & Dividend Payout
        - Need less capital
        - Competitive advantage
          - Powerful brand
          - Low cost producer
      - Good
      - Gruesome
        - High growth rate
        - Need significant capital
    - 7. Emergence & Endurance
    - 8. Terms of Trade
    - 9. Common-size Analysis
    - 10. Du Pont Analysis
    - 11. Porter's Five Forces
      - 1. Competition
      - 2. Threat of new entrants
      - 3. Threat of substitutes
      - 4. Bargaining power of suppliers
      - 5. Bargaining power of customers
    - 12. Economic Moat
    - 13. Corporate Strategy
      - Distinct value proposition to customers
      - Tailored value chain
      - Fit across value chain
      - Continuity over time
    - 14. CAP & GAP
      - CAP
        - Industry Attractiveness
        - Company Strategy
      - GAP
        - CAP
        - Industry Growth
        - Growth mindset
    - 15. Value Migration
      - Global
      - Local
    - 16. India's NTD Opportunity
    - 17. Winner Categories, Category Winners
    - 18. CVPM Analysis
      - Cost
      - Volume
      - Price
      - Mix
    - 19. 100-Bagger
    - 20. Mid to Mega
    - 21. Large unpopular
    - 22. Sharp Practices
      - Earnings manipulations
      - Cash flow Shenanigans
    - 23. Fixed vs Growth Mindset
    - 24. PEG (P/E to Growth)
    - 25. Payback Ratio
  - @SuccessProject_
  - @SuccessProject_
  - 25 Point QGLP Checklist
    - Business Checklist
      - 1. History of the company & management
        - Company's Business
        - Infrastructure
        - Vision & Values
        - Age of the company
        - Owner?
        - Managerial compensation
        - Performance of the company
      - 2. Is the company's business model understandable?
        - What is company's business?
        - Product or Service company?
        - Domestic or Global company?
        - Secular or cyclic
        - Business model
          - B2C
          - B2B
          - B2G
      - 3. Is the company profitable?
      - 4. Is company's terms of trade favorable?
        - Terms of Trade
        - Rising OCF
        - No Sustained -ve FCF
      - 5. Past/Present Company's cost & margin structure?
      - 6. Du Pont Analysis
      - 7. Competitive landscape & regulation
        - Nature of competition
          - Perfect Competition
          - Monopoly
          - Oligopoly
          - Monopolistic Competition
        - Who are key competitors
      - 8. Economic Moat? If Yes, its source
    - Growth Checklist
      - 9. Market opportunity & key drivers?
      - 10. Company's growth plan & sustainability
        - Capacity Expansion
        - New product launches
        - New Geographies
        - Mergers & Acquisition
        - Funding of Growth
    - Management Checklist
      - 11. Management - Integrity & transparency?
      - 12. Management - Competency
      - 13. Management - Passion & growth mindset
      - 14. Capital allocation policy
      - 15. Organization structure & Management depth
      - 16. Organization culture
      - 17. Succession plan
      - 18. Owners, skin in the game
      - 19. Promoter Pledging? If Yes, Why
    - Price Checklist
      - 20. Estimates of Financial model (at least 3 years)
      - 21. Is it a QGL stock?
      - 22. Is valuation reasonable?
      - 23. Is there enough Margin of Safety?
      - 24. Is the stock reasonably liquid?
    - Risk Checklist
      - What can go wrong in narrative & numbers
  - Other Ideas
    - Approach to Investing
      - Top Down
      - Bottom Up
    - Generating Stock Ideas
      - Broker reports & recommendations
      - Sector articles
      - Follow other investment managers
      - CEO Interviews
      - Annual reports / Concall transcript
      - Word of Mouth
      - Stock screeners