



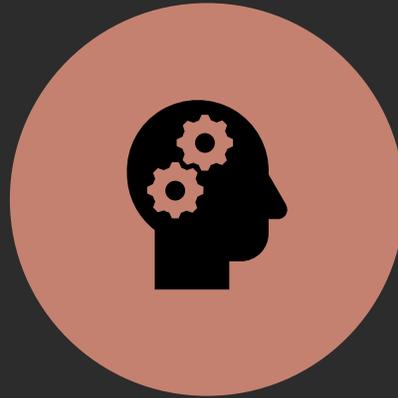
@a_basumallick

Areas of interest in the
last year

About My Learning Projects



EVERY YEAR I TRY TO PICK UP A NEW TOPIC OF INTEREST WITHIN THE BROADER INVESTMENT CONSTRUCT AND DO A DEEP DIVE



IT HELPS ME GET BETTER AS AN ALL-ROUND INVESTOR BECAUSE OF THE NEW PERSPECTIVES I LEARN



I MAY NOT IMPLEMENT ALL THE THINGS I LEARN

Name	Compound annual return (years)	Name	Compound annual return (years)	Name	Compound annual return (years)
Richard Dennis	120% (19)	George Soros	29% (34)	Lou Simpson	20.3% (24)
Michael Marcus	120% (10)	Eddie Lampert	29% (16)	W. Schloss	20% (49)
Jaffray Woodruff	118% (10)	P. Tudor Jones	26% (19)	R. C. Perry	20.8% (20)
Bruce Kovner	87% (10)	Scott Ramsey	25.7% (11)	P. Watsa	20% (15)
Randy McKay	≈ 80% (20)	Paul Rabar	25.5% (23)	Tom Knapp	20% (16)
V. Sperandeo	72% (19)	Martin Zweig	25% (19)	Edward Thorp	19.8% (29)
Ed Seykota	≈ 60% (30)	J. Robertson	25% (20)	B. S. Sherman	19.6% (20)
W. Eckhardt	≈ 60% (13)	M. Steinhardt	24.7% (28)	D. Einhorn	19.4% (17)
Gil Blake	45% (12)	C. Munger	24% (12)	Steve Clark	19.4% (11)
J. Greenblatt	45% (19)	Joe Vidich	24% (10)	G. Michaelis	18.4% (15)
William O'Neil	≈ 40% (25)	Liz Cheval	23.1% (23)	Bill Ruane	18% (14)
Jim Ruben	40% (10)	Warren Buffett	23% (54)	G. Greenberg	18% (25)
Jim Rogers	38% (11)	Bruce Karsh	23% (25)	Jack Dreyfus	17.7% (12)
S. Druckenmiller	37% (12)	S. Perlmeter	23% (18)	Daniel Loeb	17.6% (15)
Robert Wilson	34% (20)	H. Seldler	22.8% (23)	M. J. Whitman	17.2% (21)
James Simons	34% (24)	F. G. Paramés	22.52% (14)	A. Vandenberg	16.6% (33)
Rick Guerin	33% (19)	Jerry Parker	22.2% (23)	S. Klarman	16.5% (25)
Jeff Vinik	32% (12)	Shelby Davis	22% (45)	T. Rowe Price	16% (38)
Louis Bacon	31% (15)	Martin Taylor	22% (11)	Tom Russo	15.8% (24)
David Bonderman	> 30% (20)	S. Abraham	21.7% (19)	Peter Cundill	15.2% (33)
R. Driehaus	30% (12)	Tom Claugus	21% (26)	J. Templeton	15% (38)
Tom Shanks	29.7% (22)	B. Graham	21% (20)	John Neff	14.8% (31)
Peter Lynch	29.2% (13)	A. Bolton	20.3% (27)	Philip Carret	13% (55)

WhatsApp forward kicked off the thought process

Most, if not all, people who are on the first column are NOT buy-and-hold “value investors”

Read a few books authored by some on the first

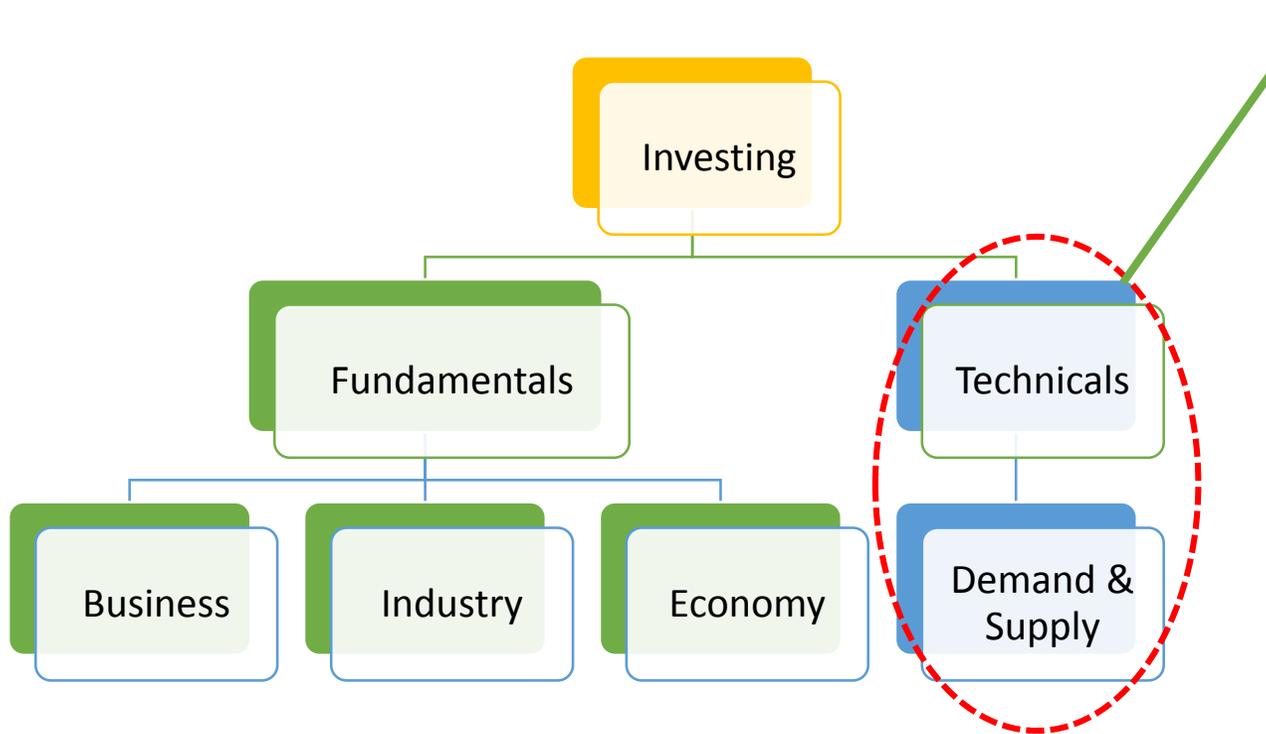
Tried to gather as much information about the styles of individuals on the first column, focusing on those who I was not aware of earlier (number of them are featured on *New Market Wizards*)

They are a mix of momentum traders, quantitative investors, macro trader investors, technical traders and value investors

Need to consider survivorship bias in selection set

Fact-check: Possible that data-set is fake. Basic sanity-check - \$1000 at 60% cagr over 30 years yields \$131bn. Does/did Ed Seykota ever have or manage that kind of money?

Exploring Technical Analysis



Did a fair amount of reading on understanding chart patterns and market dynamics.

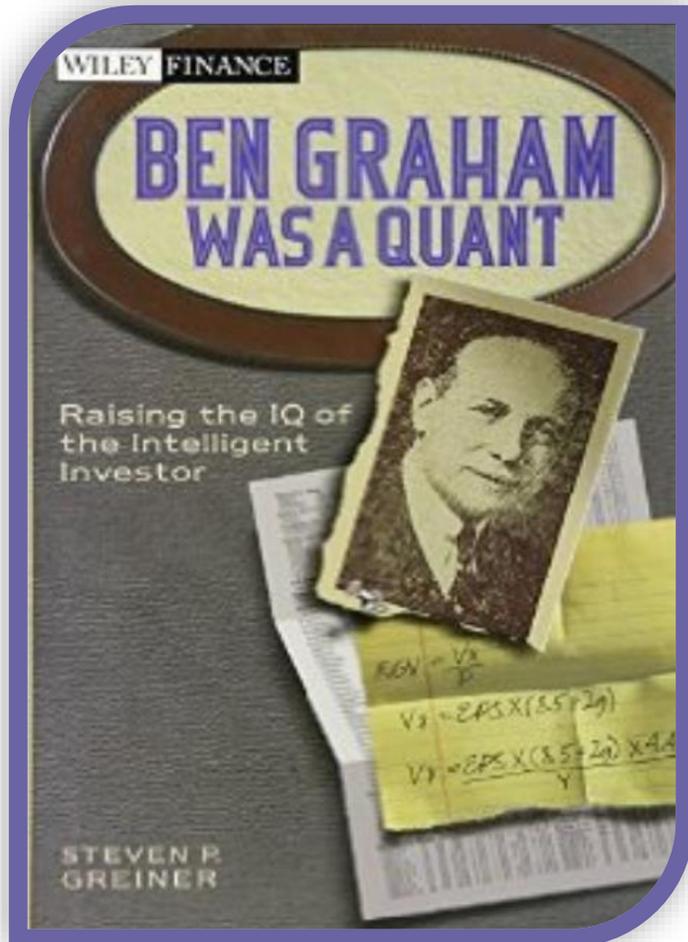
Great help from Hitesh Patel, who was my on-call-support for validating my understanding 😊

My thoughts on technical analysis and Long term charts:

- They help significantly in understanding the trend and demand-supply in a stock.
- Helps in understanding the underlying market dynamics

- One of my interests was to understand if TA could help in market timing consistently
- Saw that no major TA could foresee the significant midcap/smallcap fall before it started
- Picked up lot of useful concepts that can be applied to long term investing
 - I now do not buy a stock unless I see it is in an uptrend (defined in simple terms through a few indicators)

- The study of technical indicators brought me to studying Quantitative Techniques
- Came across Renaissance Technologies (one the best performing Hedge Funds) –
 - <https://www.investopedia.com/news/renaissance-technologies-may-be-creating-even-more-billionaires/>
 - <https://www.businessinsider.in/A-secretive-73-billion-fund-offered-staff-the-rare-opportunity-to-invest-and-then-delivered-a-bumper-return/articleshow/60094437.cms>



Ben Graham 1976 Interview

"I am no longer an advocate of elaborate techniques of security analysis in order to find superior value opportunities. This was a rewarding activity, say, 40 years ago, when our textbook "Graham and Dodd" was first published; but the situation has changed a great deal since then. In the old days any well-trained security analyst could do a good professional job of selecting undervalued issues through detailed studies; but in the light of the enormous amount of research now being carried on, I doubt whether in most cases such extensive efforts will generate sufficiently superior selections to justify their cost."

"Essentially, a highly simplified one that applies a single criteria or perhaps two criteria to the price to assure that full value is present and that relies for its results on the performance of the portfolio as a whole--i.e., on the group results--rather than on the expectations for individual issues"

All of the above parameters are quantitative in nature

Tweedy,
Browne
Company LLC

Established in 1920

Investment Advisers

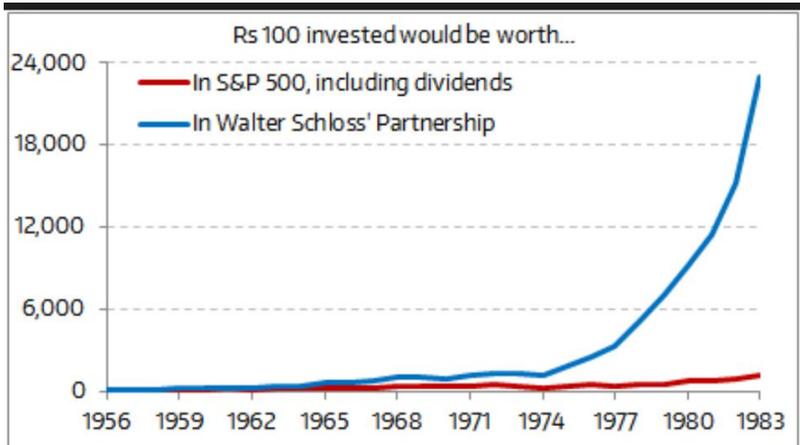
Christopher H. Browne
William H. Browne
Thomas H. Shrager
John D. Spears
Robert Q. Wyckoff, Jr.
Managing Directors

WHAT HAS WORKED IN INVESTING

Studies of Investment Approaches and Characteristics
Associated with Exceptional Returns

Tweedy Browne Portfolios are built using the following construct

- Low price in relation to asset value
 - Less than book value
 - Less than net current assets
- Low price in relation to earnings
 - Low PE/High Earnings Yield
 - High Dividend yield
 - Low price in relation to cash flow
- A significant pattern of purchases by one or more Insiders
- A significant decline in a stock's price
- Small market capitalization



Walter Schloss

Maintained a manageable asset size.

15%+ CAGR over four and a half decades

- Cigar butt investing over several decades
- **Owned 100+ stocks**
- **Not interested in underlying nature of business**
- **Looking for stocks hitting new lows**
- **Trading lower than book value**
- **Very little debt**
- **No company visits. No talking with management.**

Elements of an process/system driven portfolio



What to buy?

Screener
(Techno-funda)



When to buy?

Fixed frequency
(yearly /
quarterly /
monthly)

Dynamic (when
the screen
throws up new
selections)



How much to buy?

Equal weighted
Market cap
weighted
Valuation
weighted



When to sell?

Valuation based
Technical
Moves out of
screener

www.trendlyne.com
allows a techno-
funda screener and
backtesting

The screenshot displays the Trendlyne website interface, featuring a navigation bar with categories like NEWSFEED, REPORTS, SCREENERS, PREMIUM, SUPERSTARS, PORTFOLIO, and MORE. Below the navigation bar, there are tabs for My Screeners, Expert Screeners, Fundamentals, Share Holding, Technical, Candlestick, Price/Volume, and Moving Avg. The main content area is divided into several strategy cards, each with a title, description, and performance metrics.

Strategy Name	Stock Group	Returns
Momentum Play Screener - Weekly Strategy	NIFTY500	320.47 % (over 3.33 yrs)
Long Term, High Return: Financially Strong Stocks with High Durability and EPS growth	All stocks	616.10 % (over 5.33 yrs)
Live Results Screener: Companies with rising operating profit margin growth, which declared results in past one week (subscription)	None	Run Backtest
High Piotroski Score Screener	NIFTY500	32.00 % (over 1.33 yr)
Highest Returns: Top DVM Performers for All Stocks - subscription	All stocks	109.64 % (over 1.33 yr)
Big Changes in FII holding in companies - June quarter	None	Run Backtest

Additional details from the screenshot include the URL www.trendlyne.com in the bottom left corner and a search bar in the top right corner.

Smallcase has readymade screens for investing

You can connect to Zerodha / AxisDirect account to buy / sell the smallcase

Popular smallcases

smallcases that were bought most in the last 7 days

[See all 6 smallcases](#)

[Hist Yearly Growth](#)

[Top 1Y Performing](#)

[Top 1M Performing](#)



Magic Formula - Low-C...

YEARLY GROWTH **81.68%**



The PE List

YEARLY GROWTH **44.07%**



CANSLIM-esque

YEARLY GROWTH **42.58%**



Bargain Buys

YEARLY GROWTH **41.58%**

[Hist Yearly Growth](#)

[Top 1Y Performing](#)

[Top 1M Performing](#)



Bargain Buys

1Y RETURN **20.52%**



Sustainable Earnings

1Y RETURN **17.13%**



Cash Cows at Bargain

1Y RETURN **-4.16%**



Magic Formula

1Y RETURN **-16.46%**



Value Investing

Strategies based on fundamentals of value investing approach

Mojo Stocks Performance (Performance based on virtual equally weighted portfolios of the qualified companies)

5 years Absolute Mojo Stocks Returns			
Mojo Lists	Mojo List Returns	Index Returns	MF Returns
Large Cap MCAP above 20,000 cr	172.08%	84.69% Sensex	141.49%
Mid Cap MCAP between 5,000 to 20,000 cr	194.63%	155.13% BSE Mid Cap	235.36%
Diversified 50% Large Cap, 30% Mid Cap, 20% Small and Micro	348.31%	101.40% BSE 500	195.01%

Top 10 Mojo stock List (Market cap agnostic)

Return Analysis		
Type	Annualized	Absolute
All cap mojo stock list	64.89%	1122.21%
BSE 500	15.01%	101.40%
Top Multi Cap Equity MF	24.13%	195.01%

Returns v/s BSE 500

6M -12.25%	1Y 37.21%	2Y 65.57%
-2.99%	8.50%	30.85%
3Y 152.13%	4Y 429.06%	5Y 1122.21%
33.71%	55.91%	101.40%

■ Stock List Absolute Returns ■ BSE 500 Absolute Returns
 Above Returns are for period between 13th July 2013 to 13th July 2018. Mutual Fund Data is average of top 3 returns generating MFs in 5 year period in the relevant category

Stocks List		
Stocks	Current Price	1D Change
Bharat Financial Inc ●●●	1174.65	1.97%
Shervani Industrial ●●●	768.00	1.12%
Suven Life Sciences ●●●	223.75	3.30%
Rajoo Engineers ●●●	34.95	-2.65%
GNA Axles ●●●	397.00	-3.16%
Lumax Auto Tech ●●●	138.25	0.62%
Tech Mahindra ●●●	659.05	2.66%
Vimta Labs ●●●	209.35	-0.38%
VST Tillers Tractors ●●●	2252.20	0.32%
Natco Pharma ●●●	768.65	0.96%

- We created various equally weighted virtual portfolios with stocks that meet our criteria of all three green mojo dots
- We update the list every week basis new results/price movement
- The portfolios have beaten market indices by multiples ranging from 3 times to 20 times in the past 5 years.
- Since May 2016, the results are basis forward testing; prior to this returns are basis back-tested
- Comparison with Mutual Fund is indicative since market cap categorization and strategy of mutual funds may vary from our classification

195.01%
306.40%
306.40%

Query

Market Capitalization > 100 AND
Price to Earning < 20 AND
Dividend yield > .5 AND
Profit growth 3Years > 20 AND
Sales growth 3Years > 20 AND
Return on equity > 25 AND

Search stocks

My Screeners

Expert Screeners

Fu

AB2Q

July 23, 2018 | Completed

Cumulative Returns

462.24 %

Benchmark returns

92.54 %

START DATE

Jan. 31, 2013

END DATE

July 20, 2018

GROUP

All Stocks

BENCHMARK

NIFTY500

FREQUENCY

Quarterly

CAGR

37.13 %

Period:

5 years, 5 months

Annual Return:

37.13 %

AB2M

July 23, 2018 | Completed

Cumulative Returns

394.45 %

Benchmark returns

100.09 %

START DATE

July 21, 2013

END DATE

July 20, 2018

GROUP

All Stocks

BENCHMARK

NIFTY500

FREQUENCY

Monthly

CAGR

37.67 %

Period:

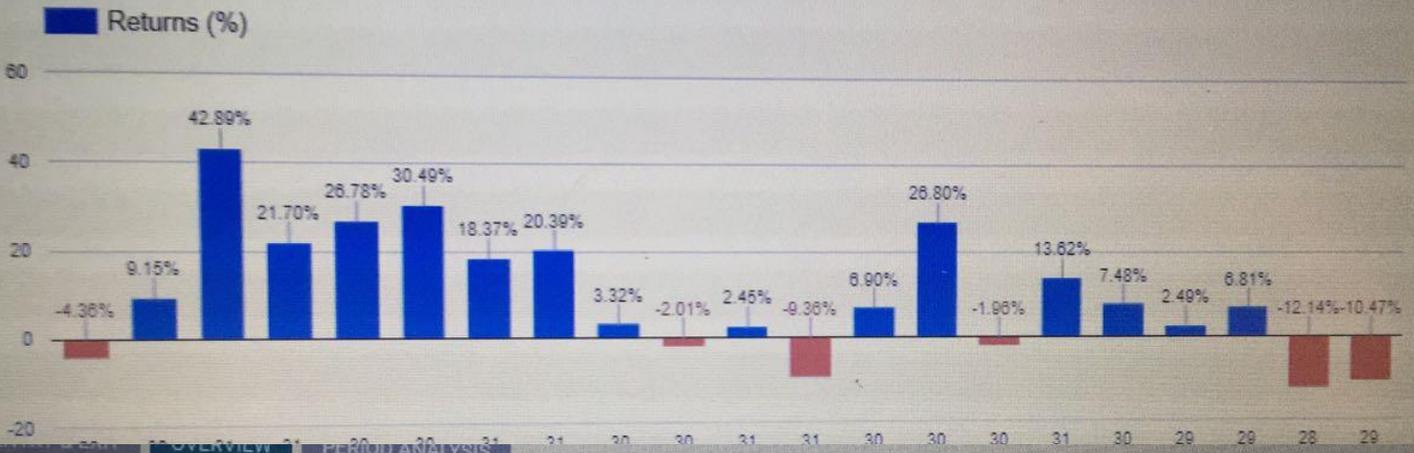
5 years

Annual Return:

37.67 %

- Very basic pure fundamental screen I have used for a number of years to look for strong companies
- No technical indicators used
- Equi-weighted portfolio reset at the quarterly / monthly intervals (only 2 realistic options that were available for testing)
- *Trendlyne does not have more than 2 years of sales growth data*
- Higher frequency does not make much difference
- Quite strong CAGR over a 5 year period
- Drawdowns are not great. Max of 12% in 5 years.
- A reasonable portfolio can be made as it picks 10-20 stocks

Returns over the backtest period



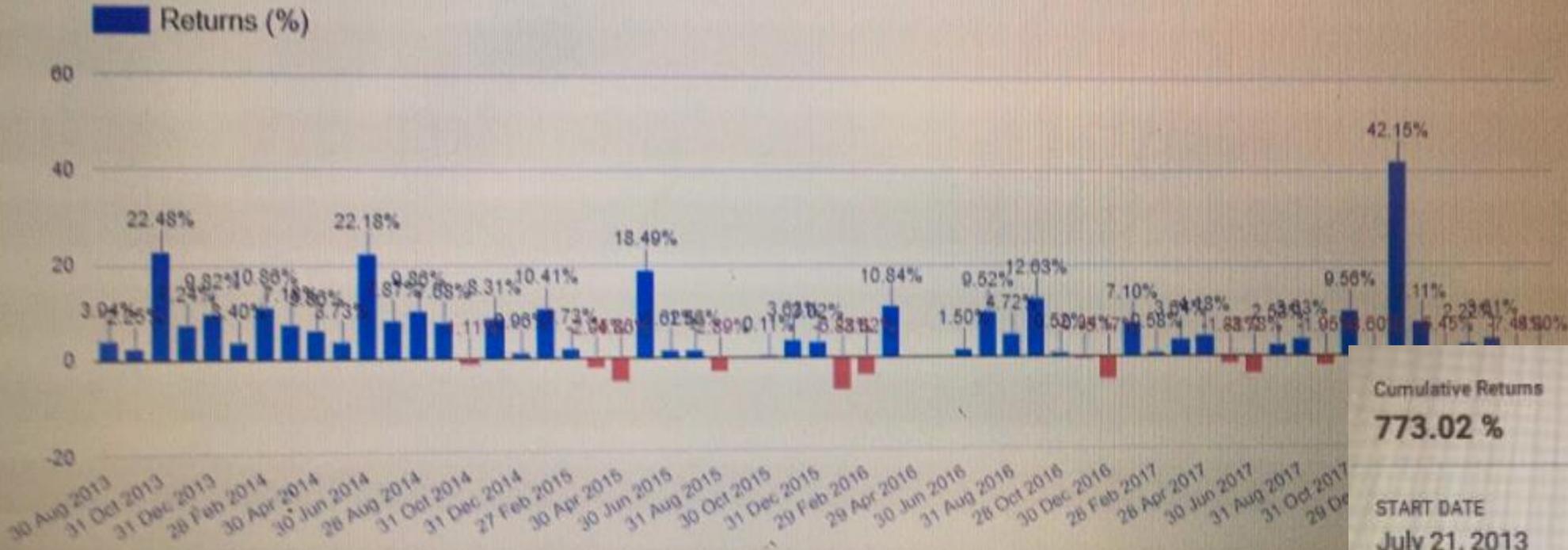
- Taxes and other frictional costs need to be accounted for
- Need much longer duration data for realistic testing. Atleast 15-20 year data.
- Selling decisions cannot be modelled and tested using this tool.
- Variable portfolio allocation or sell decision based on allocation criteria cannot be modelled as yet
- **Most likely to miss out on multibaggers due to frequent resets**
- *Can returns possibly be improved with use of simple technical indicators (??)*

Backtest Query : Market Capitalization in Cr >= 100 AND PE TTM Price to Earnings <= 20 AND Dividend yield 1yr % >= 0.5 AND Net Profit 3Yr Growth >= 20 AND Revenue Annual 2Yr Growth >= 20 AND ROE Annual >= 25 AND ROCE Annual >= 25 AND Debt Equity Annual <= 0.5 AND Net Profit TTM Gro >= 20



Average Stock Return	24.42 %	Median Stock Return	11.68 %	Currently Active Stocks	7
Total Stocks Entries	66	Total Winners	39	Max Winner	185.95 % Atul Auto Ltd.
Total Stocks Exits	59	Total Losers	20	Max Loser	-42.34 % Kaveri Seed Compan Ltd.

Returns over the backtest period



Cumulative Returns	Benchmark returns
773.02 %	100.09 %
START DATE	END DATE
July 21, 2013	July 20, 2018
GROUP	BENCHMARK
All Stocks	NIFTY500
FREQUENCY	CAGR
Monthly	54.24 %
Period:	Annual Return:
5 years	54.24 %

- Added a simple technical indicator of market price > 50 day moving average (stock is in an term uptrend)
- Results in a significant improvement in returns

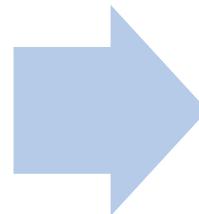
Features of QI

- **Defined process / system**
- **Reduces / eliminates human biases (if fully non-discretionary)**
- Does not need intensive in-depth study of companies (time-efficient)
- **Focus is on process refinement**
- Data driven decision making

Challenges of QI

- Usually higher churn
- Less or no conviction on portfolio stocks as no fundamental knowledge
- **Difficult to implement complete adherence due to human biases (tendency to override the system)**

Next step is to learn about machine learning / AI augmented algorithms (are they really possible?)

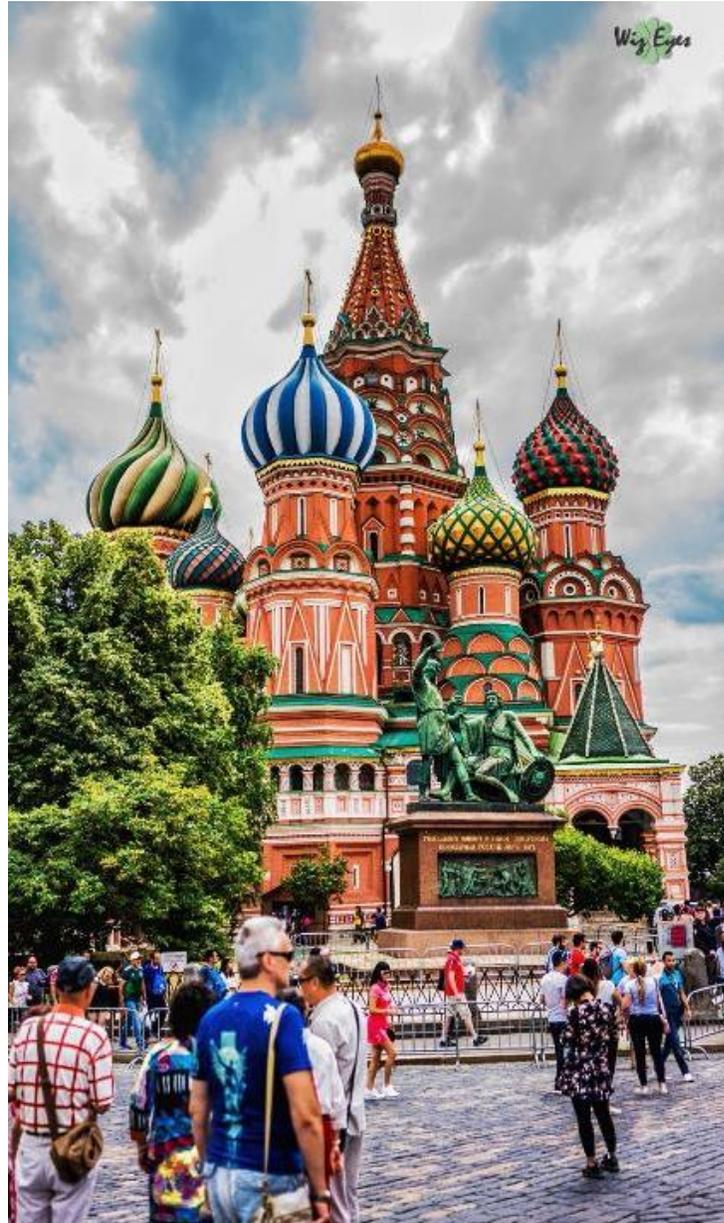


New area of interest - Can research be augmented significantly by systems like NLP + Big Data + ML?

Key Takeaways

Focus on quantitative data for decision making

Even if quantitative investing is not your cup of tea, a detailed written-down process helps tremendously in providing an action-plan for various situations.



Thank You
