

The Pocket Guide to Investing Successfully in Stocks



Investing successfully means you manage your investing in a way that you can provide for your future goals whatever they maybe.

1. Save money and grow it faster than inflation

2. Invest in stocks and MF

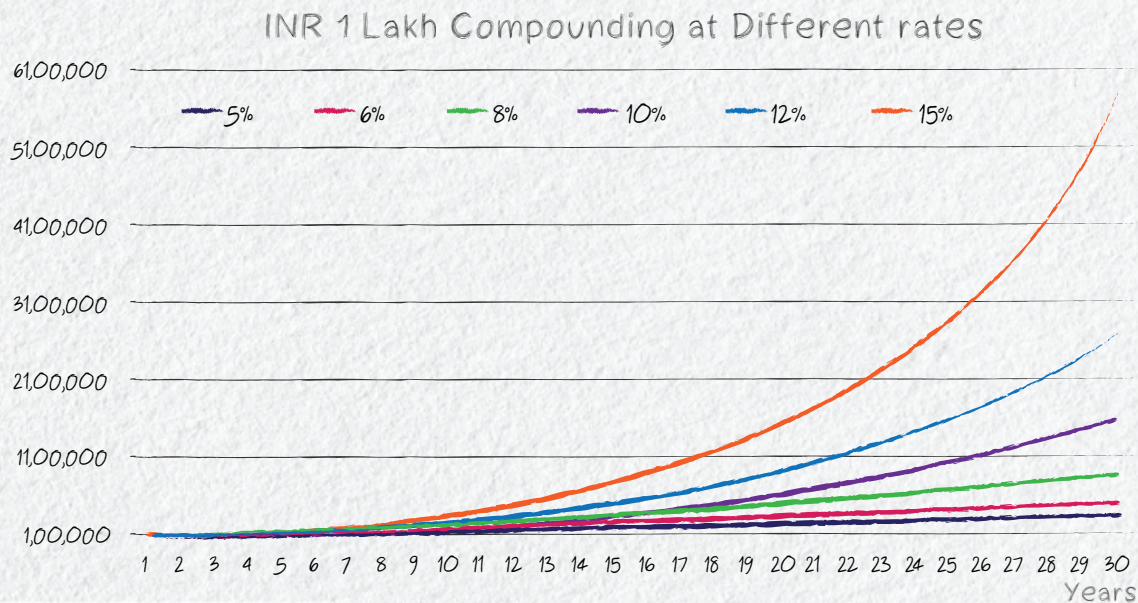
3. Implement Investment Decision-making Process

4. System to Implement Process

System is data, insights, knowledge and tools working together in an integrated manner.

This Pocket Guide provides you a robust 'Process+System' to invest successfully in stocks.

How does money grow in investing?



Money grows through compounding

$$\text{Wealth} = \text{Surplus} (1 + \text{returns})^{\text{years invested}}$$

Risk increases as you try to earn returns higher than rate of inflation. There is limit to what returns you could earn depending on your risk-taking ability. When you try to go beyond that you become uncomfortable and don't invest what you can and should. You also will not stay invested for long and exit when the market becomes volatile and things become uncertain; something that will happen from time to time.

So, to grow your money successfully, you need to invest in such a way that it earns you significantly higher returns than inflation, but keeps your discomfort within manageable levels. This enables you to put your entire surplus to work and allows you to stay invested in the strategy for as long as required to reach your financial goals.

Most suitable for retail investors to invest successfully

Build a portfolio of high-quality company stocks; investing in them when their price is reasonable. This is the Quality-at-Reasonable-Price, QaRP Way of Investing.



You need a way to identify:

1

Quality: Is the stock worth investing in? It is safe to invest in? Is the company profitable, can it withstand economic and market cycles?

2

Valuation: Is the current price a fair and reasonable price to pay for the stock? Are you likely to earn high, medium or low returns at this price?




3

Price Trend: Should you consider acting now or are you better off waiting? Is it more likely that the prices will rise in the near term, remain flat or fall?






MoneyWorks4me DeciZen Rating System has 'FastTags' on Quality, Valuation and Price Trend, QVPT on every Stock

You can make an informed decision based on:

Q : Quality-

-  Very Good
-  Somewhat Good
-  Not Good

V : Valuation-

-  Undervalued
-  Somewhat Undervalued
-  Fair Value
-  Somewhat Overvalued
-  Overvalued

PT : Price Trend-

-  Strong
-  Semi-strong
-  Weak

What does all Green tags on a stock tell you?

It tells you that you can invest in this stock right now because it is a Very Good Quality stock, its current price is lower compared to its past, based on important valuation ratios and the price is likely to be on an upward trajectory.

Tata Consultancy Servi... (L)	  
HDFC Bank Ltd (L)	  
Infosys Ltd (L)	  
ICICI Bank Ltd (L)	  

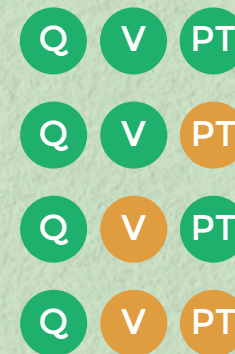
With the QVTPT tags which forms the MoneyWorks4Me DeciZen Rating System you can assess any stock with ease. You can avoid making costly mistakes by ignoring stocks which are Red on Quality and Valuation. Now, when you see or get any recommendation on a stock all you must do is check it's DeciZen Ratings before deciding anything.

Follow this Simple Rule for Investing Successfully

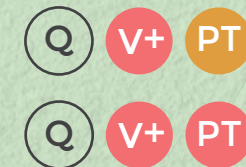
Invest mostly in Green Quality stocks, when the Valuation is Green or Orange. Buy when the Price Trend changes from Red to Orange and even Green if the stock is not overvalued. Sell when Stocks is fully overvalued and Price Trend changes from Green to Orange or Red. At all other times there is no need to take any action.

For Illustrative purposes, Buy Zone and Sell Zone for your stocks may look like this

Buy Zone

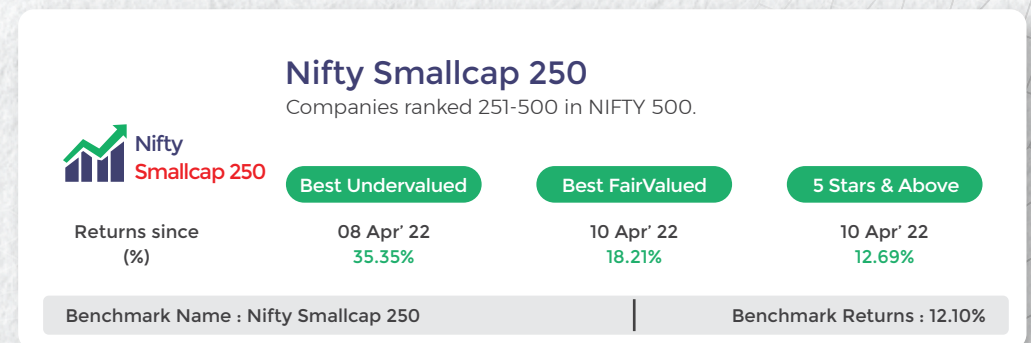
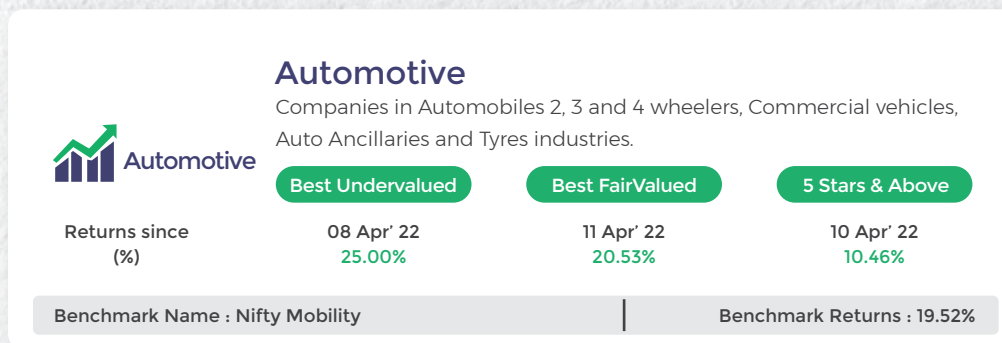
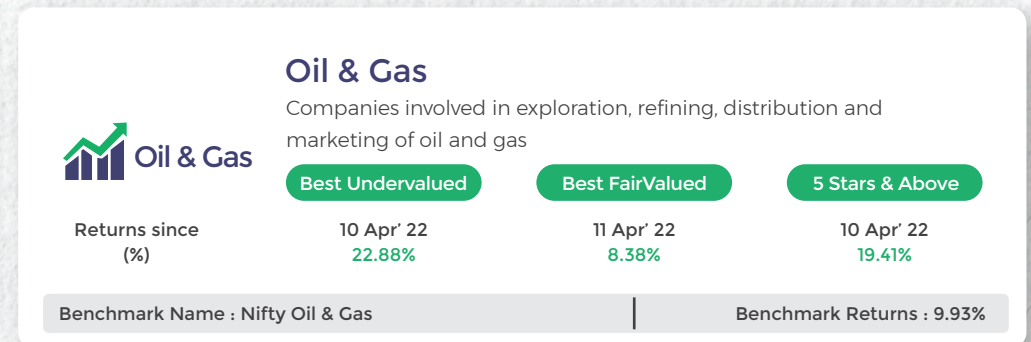
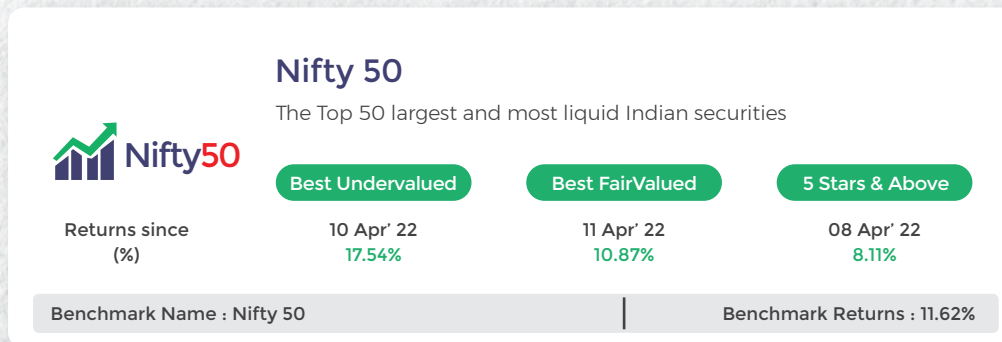


Sell Zone

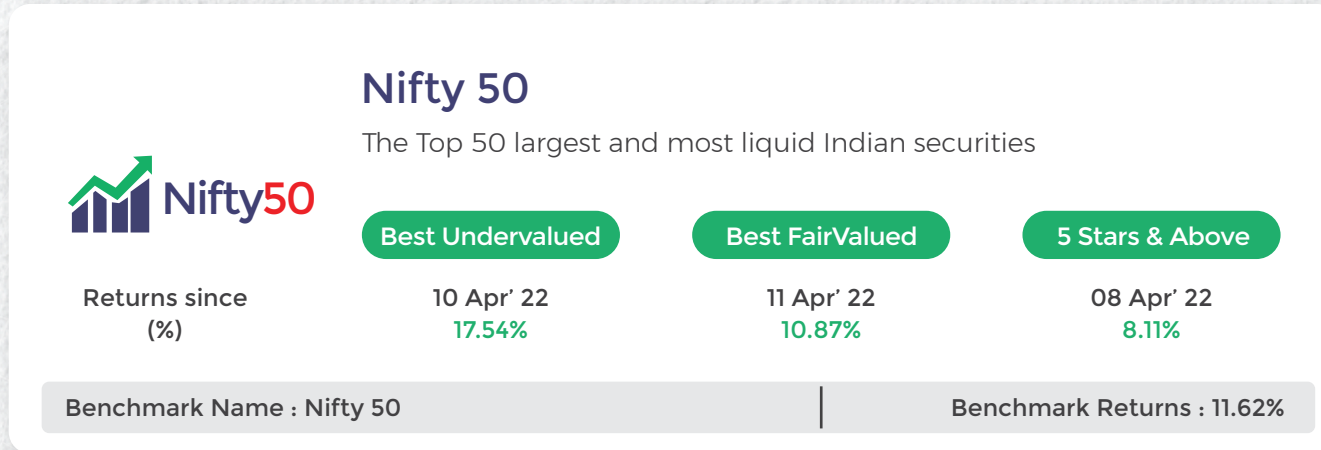


Most Important Question: How do you build a portfolio with Quality stocks bought at reasonable prices with ease?

AlphaCases: It's the easiest and most effective way of doing this. AlphaCases provides you with a set of stocks that pass the QVPT criteria for investing the QaRP way, in real time. AlphaCases are available for 27 different pool or universe of stocks for example: Index, Sector and Theme.



Select one of the 3 variants of the QARP Way of Investing.



(1) **Best Undervalued:** **Q V** This strategy is best suited for investors who are comfortable going contrarian to the market, prefer paying a price lower than historical valuation and waiting for the tide to turn. They are comfortable ignoring short term price trend.

(2) **Best Fair Valued:** **Q V PT** or **Q V PT** This strategy is best suited for investors who are uncomfortable being contrarian. It best suits investors who prefer to invest in quality stocks at fair prices and benefit from the company's growth and from the market's proclivity to rise more often than fall.

(3) **5 Star & above:** **★★★★★** This strategy is best suited for investors who want to invest when the combined tailwind of Quality, Valuation and Price Trend is working in favour of the stock. In addition to **Q V PT** rating this strategy includes **Q V PT**, **Q V PT** and **Q V PT**.

AlphaCase identifies the best opportunities under each QaRP Investing Strategy.

Best Undervalued

1	Kotak Mahindra Bank... (L)	Q V PT	★★★★★
2	Oil & Natural Gas Corp... (L)	Q V PT	★★★★★
3	Housing Development... (L)	Q V PT	★★★★★
4	HDFC Bank Ltd (L)	Q V PT	★★★★★

Best Fairvalued

1	Eicher Motors Ltd (L)	Q V PT	★★★★★
2	Axis Bank Ltd (L)	Q V PT	★★★★★
3	Bajaj Finserv Ltd (L)	Q V PT	★★★★★
4	State Bank of India (L)	Q V PT	★★★★★

5-Star & above

1	Housing Development... (L)	Q V PT	★★★★★
2	HDFC Bank Ltd (L)	Q V PT	★★★★★
3	Ulteatech Cement Ltd (L)	Q V PT	★★★★★
4	Divis Laboratories Ltd (L)	Q V PT	★★★★★

*Sample only

You can choose all or drop the stocks that you are not comfortable to invest in. You will be notified when new stocks qualify, so you don't miss any opportunity.

Can you SIP in AlphaCases?

Yes, AlphaCase works extremely well when you SIP. That's because every time you SIP you are investing in the set of stocks that pass the criteria on that day. This enables you to build your portfolio with the best quality stocks always bought at reasonable prices.

How do you build your portfolio using AlphaCases?

To succeed in stock investing you need your portfolio to generate good returns over the years, weather market and economy volatility well and recover fast.

Select an AlphaCase that provides a strong and stable foundation for your portfolio. This should be 50 to 70% of your total equity portfolio. Large Cap stocks of strong and resilient companies are best choices here. We recommend the All Weather AlphaCase as a must-have for all investors as this is a specially curated set of Core stocks. Alternately you can go for Nifty 50 or 100 stocks.

To enhance your returns, you can select AlphaCases of Mid, small-cap indices or sector and themes that you are familiar with and think have a better future.



How do you get more confidence about investing in a stock that passes QVPT criteria?

You can study them in more details in an easy-to-read and understand Company 10-year X-Ray.

	Mar'13	Mar'14	Mar'15	Mar'16	Mar'17	Mar'18	Mar'19	Mar'20	Mar'21	Mar'22	TTM
ROCE % ⓘ	25.3%	27.2%	26.4%	28.1%	22.4%	15.2%	20.5%	18.3%	23.9%	27.9%	-
Value Creation Index ⓘ	0.9	1.0	1.0	1.5	1.0	0.4	0.8	0.6	1.1	1.5	-
Growth Parameters ⓘ						Growth Parameters Colour Code Guide ⓘ					
Sales ⓘ	2,145	2,532	3,115	3,776	4,064	3,891	4,946	5,394	6,969	8,960	8,335
YoY Gr. Rt. %	-	18.1%	23%	21.2%	7.6%	-4.3%	27.1%	9.1%	29.2%	28.6%	-
Adj EPS ⓘ	22.4	28.2	32.2	41.5	41	32.5	50.2	49.4	75	110.5	90.3
YoY Gr. Rt. %	-	26%	14.1%	28.9%	-1.4%	-20.7%	54.5%	-1.5%	51.8%	47.4%	-
BVPS (₹) ⓘ	94.2	111.6	131.7	161.7	201.8	223.2	262.1	275.4	350.2	441.8	468.7
Adj Net Profit ⓘ	594	749	855	1,102	1,087	862	1,331	1,311	1,990	2,933	2,397
Cash Flow from Ops. ⓘ	480	557	826	1,038	1,150	776	954	1,216	1,947	1,912	-
Debt/CF from Ops. ⓘ	0.1	0	0	0	0	0.1	0.1	0	0	0	-

When do you sell a stock?

When the stock becomes overvalued **V+**, you should consider selling it fully or partially. That's because the probability of earning mediocre returns from this price is high and so is the risk of a price correction.

You can use the Price Trend signal to decide whether to sell immediately or wait. If the PT is Green which indicates a strong upward price trend, then wait as the price is likely to go up further. Check the Price chart to confirm. You could wait till the PT changes to Orange. This indicates the prices have started coming down from the recent peak. Do not get stuck in trying to get the highest price, book your profits and buy another opportunity.



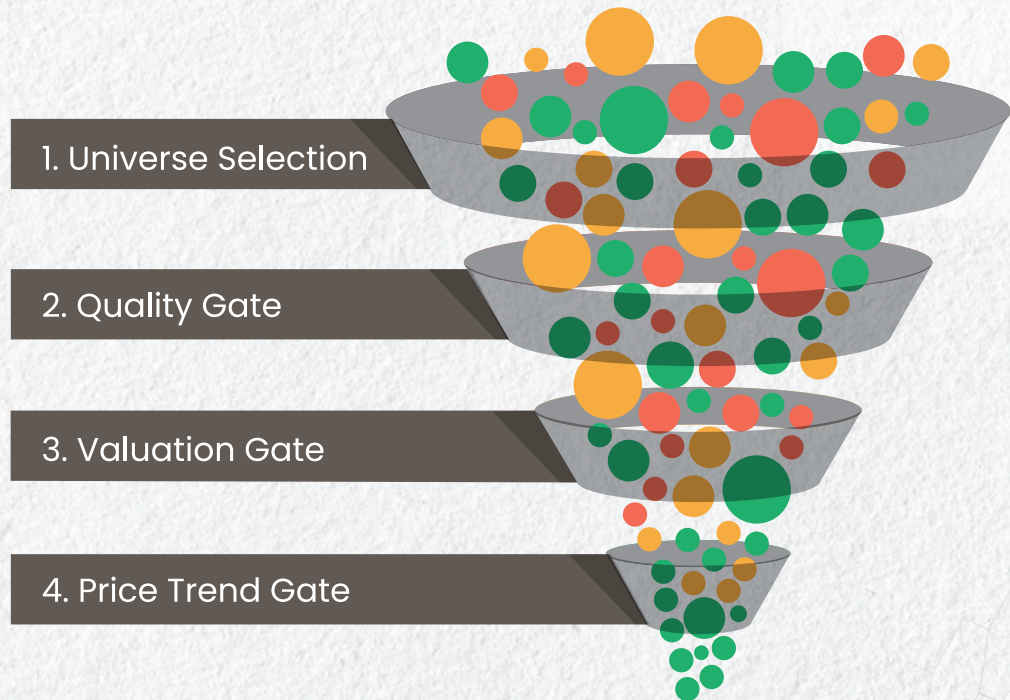
How will you come to know about these changes?

Maintain your portfolio on the MoneyWorks4me Portfolio Manager. You can see all the indicators there in addition to other important details. When reviewing your portfolio, you can easily see if any stock is in the overvalued zone. Also, when any of the QVPT changes colour, you get notified through an email.

What if you want to alter the criteria for selecting stocks?

Use the **Moneyworks4me Screener**. Here you can choose any and multiple Universes of stocks - Indices, Sectors and Industries. You can use different filters for Market Cap, Fundamentals and Price related data in addition to the QVPT filter.

Whatever your criteria, you can see the QVPT and Star rating for every stock. This enables you to make better informed decisions than traditional screeners.



How will you track new opportunities in your specific Screeners?

When you save a screen, you get Smart Alerts when the DeciZen rating change and new stocks qualify through an email. You can also create your customised Watchlist by adding specific stocks from different screens and get Smart Alerts when the DeciZen ratings change for these stocks.

What is required to ensure Success?

1. You need to invest as per the Asset Allocation recommended by your Financial Plan.
Invest in Debt or Fixed Income assets and Gold before you invest in equity.
2. Set Goals and complete your Financial Plan.
3. Take Life insurance (Term Plan), Health insurance and keep aside an emergency fund.
4. Follow the Process + System and learn from both your successes and failures to invest even better in the future.
5. Read [“How the heck to Invest Successfully and Reach Nirvana”](#) by Raymond Moses, Founder-MoneyWorks4me.

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