

The Intelligent Investor's Checklist: Quality, Growth, and Risk”

1. Business Quality (Foundation)

Strong Business Model

- Clear source of revenue and profits
- Competitive advantage (**economic moat**): brand, cost leadership, network effects, patents

Industry Position

- Growing or stable industry
- Company is a leader or has defensible market share

2. Financial Strength (Numbers That Matter)

Revenue & Earnings Growth

- Consistent sales growth
- Sustainable earnings (not one-off gains)

Profitability

- High and stable margins
- **ROE / ROIC above industry average**

Balance Sheet Health

- Reasonable debt levels
- Strong cash flows
- Ability to survive downturns

Investors prefer **cash-generating businesses**.

3. Valuation (Price vs Value)

Fair or Undervalued Pricing

- P/E, P/B, EV/EBITDA vs peers
- Discounted Cash Flow (DCF) value

- **Great company at a bad price = poor investment**
- **Good company at a fair price = strong investment**

4. Growth Potential (Future Upside)

□ Earnings Growth Drivers

- Market expansion
- New products / innovation
- Pricing power

□ Scalability

- Ability to grow without proportionate cost increases

5. Management & Governance

□ Quality Management

- Track record of execution
- Clear capital allocation strategy

□ Corporate Governance

- Transparency
- Shareholder-friendly policies
- Ethical leadership

6. Risk Assessment (Downside Protection)

□ Business Risks

- Competitive threats
- Technological disruption

□ Financial Risks

- High leverage
- Cyclical

□ External Risks

- Regulatory changes
- Currency or geopolitical risks

□ Investors focus on **margin of safety**.

7. Dividends & Capital Returns (If Relevant)

□ Dividend Yield & Consistency

- Stable or growing dividends

□ Share Buybacks

- Signals confidence and capital discipline

8. Market & Trend Alignment

- Is the stock aligned with:
 - Market trend?
 - Sector leadership?
 - Long-term economic themes?

□ Even good stocks struggle in weak markets.

9. Time Horizon Match

Long-Term Investors

- Focus on fundamentals, compounding, moats

Short-Term Investors

- Focus on price trends, momentum, catalysts

10. Simple Investor Checklist

- ✓ Strong business & moat
- ✓ Consistent earnings growth
- ✓ Healthy balance sheet

- ✓ Fair valuation
- ✓ Trustworthy management
- ✓ Clear growth story
- ✓ Risks understood

Key Takeaway

Equity investors buy a share of a business, not just a stock price.
The best investments combine **quality, growth, value, and risk control**.