

LTIF – Long Term Investment Fund Stocks Analysed

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Disclaimer: I have no business relation with the fund whatsoever. I only express my opinion on their holdings. This represents no offering nor investment advice and is a completely independent analysis.

Long Term Investing Fund Strategy

When it comes to research, one of the cheapest ways to do research is to simply copy, but don't leave my research platform because of this.

By looking at what others own, compare their investment strategies and analyse their risk and reward, you can get years of experience and millions spent in valuable research for free. I am going to start a series where we simply look at what others own and I am sure we will find interesting things. If you have interesting ideas on from whom to copy, please write them down in the comments.

The fund I am going to analyse here is the Long Term Investment Fund from [Strategic Investment Advisor Group](#) in Switzerland. Their strategy is pretty in line with what we do, from long-term investing, focusing on profitability and looking for undervalued shares or sectors. They have a 10% return target while we have it a bit higher. Also, they have 35 positions in the portfolio where we have much less.

Figure 1 LTIF's strategic approach to value investing

Long Term Investment Fund (SIA) - LTIF Classic

Description

Investment Objective

To provide long-term capital appreciation, primarily through investment in a portfolio of equities of undervalued companies worldwide with good fundamentals and strong profitability potential.

Investment Policy

"Buy and hold" is applied to a limited, yet diversified, selection of securities considered by the Investment Manager as offering the greatest potential for profitability. Investment risk is spread; hence there applies no restrictions as to specific currency, sector or regional weights. The Fund is normally fully invested.

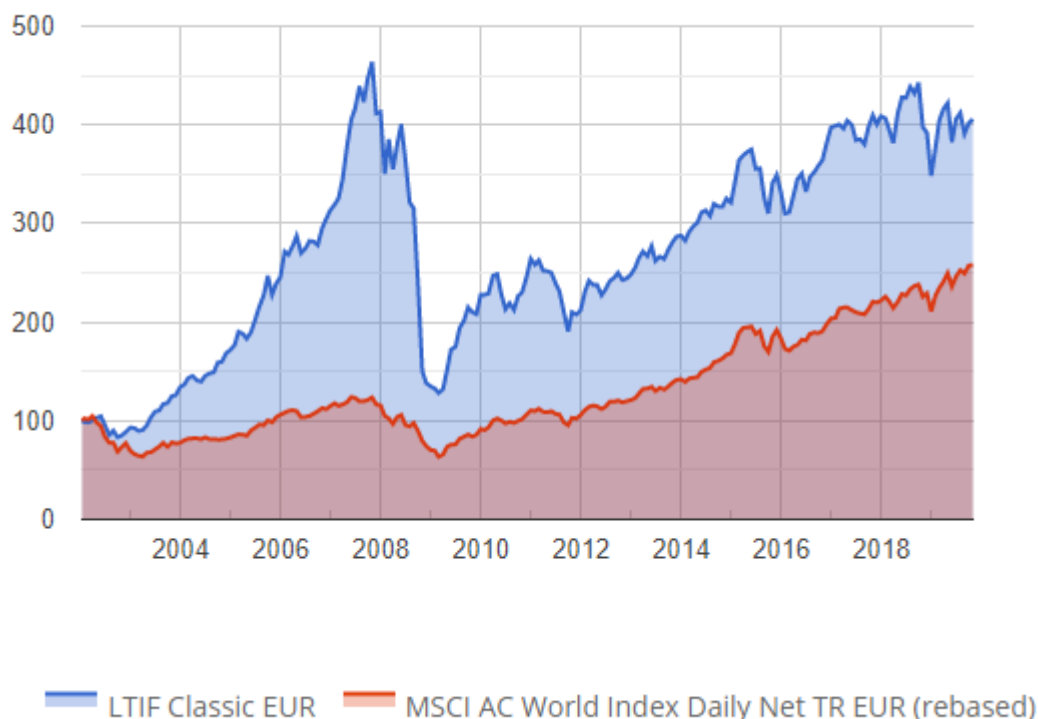
Risk factors

The Fund has an average volatility. Currencies are in general not hedged. Companies are always bought very cheap, which limits the downside and in addition most of them pay high dividends.

Source: s-i-a.ch

The fund has outperformed since inception, despite the big hit hard during the 2009 crisis. This shows how preparing for a recession doesn't really pay; you take the hit, but if you know that you own value, it will deliver returns.

Figure 2 LTIF’s performance since inception



Source: s-i-a.ch

So much about all that noise that active management doesn’t outperform over long periods of time.

The top position is in oil and there others are various.

Figure 3 LTIF’s top positions and fund data

Long Term Investment Fund (SIA) - Classic-EUR Class ISIN (LU0244071956)

10 LARGEST HOLDINGS (as at 31/10/2019)

Premier Oil	4.5%
ING Group	4.4%
Leroy Seafood Group	4.2%
United Technologies	4.2%
First Quantum Minerals	4.1%
Prysmian	4.1%
HeidelbergCement	4.0%
ISS	3.8%
Medtronic	3.8%
Pandora	3.8%

The above breakdown information is expected to fluctuate over time.

GENERAL INFORMATION

Fund manager	SIA Funds AG
Custodian bank	Pictet & Cie (Europe) S.A.
Legal status	UCITS V Luxembourg Sicav
Country of registration	LU, CH, AT, DE, ES, FR, GB, IT, NL
Inception Date	10 February 2006
Close of fiscal year	31 December
Multiclass	CHF, EUR, EUR D, GBP, USD
NAV valuation	Daily, "forward pricing"
Management fee	1.50% p.a.
Performance fee	15% over HWM and Hurdle
TER	2.08% p.a.
Max. subscription fee	0.00% to the benefit of the intermediaries
Max. redemption fee	0.00% to the benefit of the intermediaries
Min. initial subscription	No minimum
Telekurs	002432569
ISIN	LU0244071956
Bloomberg	LTIFCLA LX Equity
Lipper	65063043
WKN	AQID7E
Website for documents	www.fundinfo.com & www.fundsquare.net

Source: s-i-a.ch

Their exposure is pretty concentrated into consumer staples, materials and industrials.

Figure 4 Portfolio exposure

Portfolio (October 31, 2019)

Top 5 Holdings	%
Premier Oil	4.5%
ING Group	4.4%
Leroy Seafood Group	4.2%
United Technologies	4.2%
First Quantum Minerals	4.1%
Total	21.4%

Geographic Region	%
United States	17.4%
Great Britain	11.3%
Canada	9.9%
Norway	9.5%
France	8.6%
Germany	8.2%
Netherlands	8.0%
Denmark	7.6%
Spain	4.3%
Others	15.2%

Sector	%
Consumer Staples	23.1%
Materials	21.3%
Industrials	16.2%
Unclassified	11.5%
Energy	8.6%
Information Technology	7.0%
Financials	4.4%
Consumer Discretionary	4.1%
Health Care	3.8%

Source: s-i-a.ch

From their last presentation we can get more insight into their strategy related to their holdings.

Figure 4 LTIF's investor presentation

The screenshot shows a slide from the LTIF investor presentation. At the top left is the LTIF logo (Long Term Investment Fund). The title is 'Updated LTIF Classic exposure'. The main text states: 'We expect the LTIF Classic to continue doing 10% per annum (9% CAGR since inception in 2002), i.e. **DOUBLING EVERY 7 YEARS**'. Below this are four bullet points: 1. 'Basket of compounders (growth at a reasonable price). 1/3 of the Fund. Reckitt, Henkel, Visa, Sodexo, Medtronic, Grifols, Unilever, United Technologies, ASML are our main positions'. 2. 'Basket of cheap value 1/3: Devro, Wienerberger, ING, Metso, Prysmian, Pandora, Apple, HeidelbergCement are the main holdings'. 3. 'Energy (oil) 10% weight of LTIF Classic, mining (copper) 10%; California Resources, Premier Oil, First Quantum, KAZ Minerals are the largest positions'. 4. 'Salmon is another 10%, GriegSeafood, Leroy Seafood mainly. Sold most of Bakkafrøst on valuation grounds'. At the bottom, a blue box contains the text: 'THE FUND IS DIVERSIFIED AMONG RISK CAT., GEO., SECTORS, AND DRIVERS'. The footer shows '© 2019 SIA Group - www.s-i-a.ch' and '9 / 18'.

LTIF
Long Term Investment Fund

Updated LTIF Classic exposure

We expect the LTIF Classic to continue doing 10% per annum (9% CAGR since inception in 2002), i.e. **DOUBLING EVERY 7 YEARS**

- **Basket of compounders (growth at a reasonable price). 1/3 of the Fund.** Reckitt, Henkel, Visa, Sodexo, Medtronic, Grifols, Unilever, United Technologies, ASML are our main positions
- **Basket of cheap value 1/3:** Devro, Wienerberger, ING, Metso, Prysmian, Pandora, Apple, HeidelbergCement are the main holdings
- **Energy (oil) 10%** weight of LTIF Classic, **mining (copper) 10%**; California Resources, Premier Oil, First Quantum, KAZ Minerals are the largest positions
- **Salmon is another 10%**, GriegSeafood, Leroy Seafood mainly. Sold most of Bakkafrøst on valuation grounds

THE FUND IS DIVERSIFIED AMONG RISK CAT., GEO., SECTORS, AND DRIVERS

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Source: s-i-a.ch

So, let's start the analysis going per basket, as they do 😊!

Long Term Investing Stocks - Basket of compounders

We have 9 compounder stocks to analyse.

Reckitt Benckiser Stock Analysis

Reckitt Benckiser Group plc is a British multinational consumer goods company headquartered in Slough, England. It is a producer of health, hygiene and home products. The company was formed in 1999 by the merger of British company Reckitt & Colman plc and Dutch company Benckiser NV. It owns many famous brands.

Figure 5 RB's brands



Source: [RB](#)

I have already looked at the company when I analyzed the FTSE 30 index where my conclusion was that millennials don't care that much about brands and that the company's best days might be beyond it. This is a general statement, but the depth of it is that there is an inevitable margin contraction ahead as people can easily buy unbranded or private labels for lower prices. Usually the products are just next to each other.

There is a new CEO, Laxman Narasimhan, that has to put the company on a new course and restructure it to make it more efficient. This is definitely going to come at a cost with uncertain outcomes and I am back to my initial thought; why the hell do I have to buy Finish or Calgon when there is something else that is cheaper, probably produced in the same factory and I don't have to pay for Reckitt's expensive marketing made to sell me cleaning products or throat pills.

If we take a look at financials, all looks good on the surface. There has been growth over the past decade, margins are stable and strong but if we look at capital expenditures, those have been expanding significantly and the free cash flow doesn't even show a benefit from a very weak British pound.

Figure 6 Reckitt’s financials

Reckitt Benckiser Group PLC RB. | ★★★★★

Financials

	2009-12	2010-12	2011-12	2012-12	2013-12	2014-12	2015-12	2016-12	2017-12	2018-12	TTM
Revenue GBP Mil	7,753	8,453	9,485	9,567	10,043	8,836	8,874	9,891	11,512	12,597	12,699
Gross Margin %	60.2	60.6	59.7	57.9	59.4	57.7	59.1	60.9	59.7	60.6	60.5
Operating Income GBP Mil	1,904	2,202	2,482	2,570	2,616	2,185	2,374	2,777	2,963	3,280	3,395
Operating Margin %	24.6	26.0	26.2	26.9	26.0	24.7	26.8	28.1	25.7	26.0	26.7
Net Income GBP Mil	1,418	1,568	1,745	1,829	1,739	3,223	1,743	1,832	6,172	2,161	1,413
Earnings Per Share GBP	1.95	2.13	2.37	2.48	2.38	4.41	2.40	2.56	8.68	3.05	1.99
Dividends GBP	0.91	1.07	1.20	1.26	1.38	1.37	1.29	1.47	1.62	1.68	1.71
Payout Ratio % *	46.7	50.0	53.9	50.5	57.1	52.8	59.1	64.1	51.4	33.7	53.2
Shares Mil	728	733	736	733	729	731	724	714	711	709	709
Book Value Per Share * GBP	5.57	6.97	-0.11	8.23	8.38	8.75	8.81	10.28	11.69	19.44	20.34
Operating Cash Flow GBP Mil	1,948	1,544	1,740	1,888	2,121	2,099	1,784	2,422	2,491	2,454	2,425
Cap Spending GBP Mil	-158	-374	-207	-177	-225	-184	-179	-393	-349	-437	-437
Free Cash Flow GBP Mil	1,790	1,170	1,533	1,711	1,896	1,915	1,605	2,029	2,142	2,017	1,988
Free Cash Flow Per Share * GBP	2.46	1.60	1.59	2.33	2.49	2.37	2.60	2.54	3.34	2.48	—
Working Capital GBP Mil	-1,121	-3,099	-2,762	-3,430	-2,760	-2,129	-2,157	-1,951	-1,152	-2,662	—

* Indicates calendar year-end data information

Source: [Reckitt Benckiser Morningstar](#)

However, the return on capital invested has been suffering lately as you can push on a string only for so much. Plus, debt levels have been increasing.

Figure 7 Reckitt’s return on invested capital

Margins % of Sales	2009-12	2010-12	2011-12	2012-12	2013-12	2014-12	2015-12	2016-12	2017-12	2018-12	TTM
Revenue	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
COGS	39.84	39.42	40.31	42.12	40.57	42.33	40.88	39.08	40.32	39.39	39.51
Gross Margin	60.16	60.58	59.69	57.88	59.43	57.67	59.12	60.92	59.68	60.61	60.49
SG&A	27.14	—	—	29.36	31.45	31.45	30.88	31.39	32.34	32.21	—
R&D	1.53	0.39	0.27	1.79	1.98	1.65	1.58	1.51	1.62	1.77	—
Other	6.93	34.14	33.25	-0.14	-0.05	-0.16	-0.09	-0.05	-0.03	0.59	33.76
Operating Margin	24.56	26.05	26.17	26.86	26.05	24.73	26.75	28.08	25.74	26.04	26.73
Net Int Inc & Other	-0.15	-0.78	-1.12	-1.57	-3.01	-0.67	-1.87	-3.87	-4.03	-4.43	-4.11
EBT Margin	24.40	25.27	25.05	25.30	23.04	24.06	24.88	24.20	21.71	21.61	22.62

Profitability	2009-12	2010-12	2011-12	2012-12	2013-12	2014-12	2015-12	2016-12	2017-12	2018-12	TTM
Tax Rate %	25.05	26.50	26.18	24.26	24.81	21.73	20.97	23.31	—	19.69	20.01
Net Margin %	18.29	18.55	18.40	19.12	17.32	36.48	19.64	18.52	53.61	17.15	11.13
Asset Turnover (Average)	0.86	0.77	0.69	0.66	0.66	0.58	0.58	0.59	0.42	0.34	0.34
Return on Assets %	15.89	14.20	12.67	12.52	11.51	21.03	11.33	11.01	22.43	5.79	3.75
Financial Leverage (Average)	2.16	2.65	2.47	2.55	2.39	2.27	2.21	2.14	2.73	2.55	2.67
Return on Equity %	38.83	34.58	32.41	31.45	28.38	48.96	25.38	23.91	56.23	15.29	10.03
Return on Invested Capital %	31.41	26.33	22.00	21.04	19.13	34.99	18.81	18.29	33.71	9.00	6.09
Interest Coverage	136.14	214.60	75.25	81.67	60.33	47.22	51.18	46.17	12.68	8.69	9.60

Source: [Reckitt Benckiser Morningstar](#)

So, when we put this into a valuation perspective, the dividend yield is just 2.46%, PE ratio around 20 on likely slow growth in the future with high capital requirements to keep the situation as it.

Now, you might ask why does a value fund own such a stock if it looks like it is expensive?

Figure 8 Reckitt Benckiser Stock price



Well, when you look at a portfolio, you never know when they bought the position, So, this might just be a holding they bought in the distant past and, over the past 20 years, the stock is a 10 bagger – not counting dividends.

As for Reckitt Benckiser's stock, I think it is highly unlikely that it repeats the performance from the past two decades. There is less room for global expansion as it was the case and the competition is fierce.

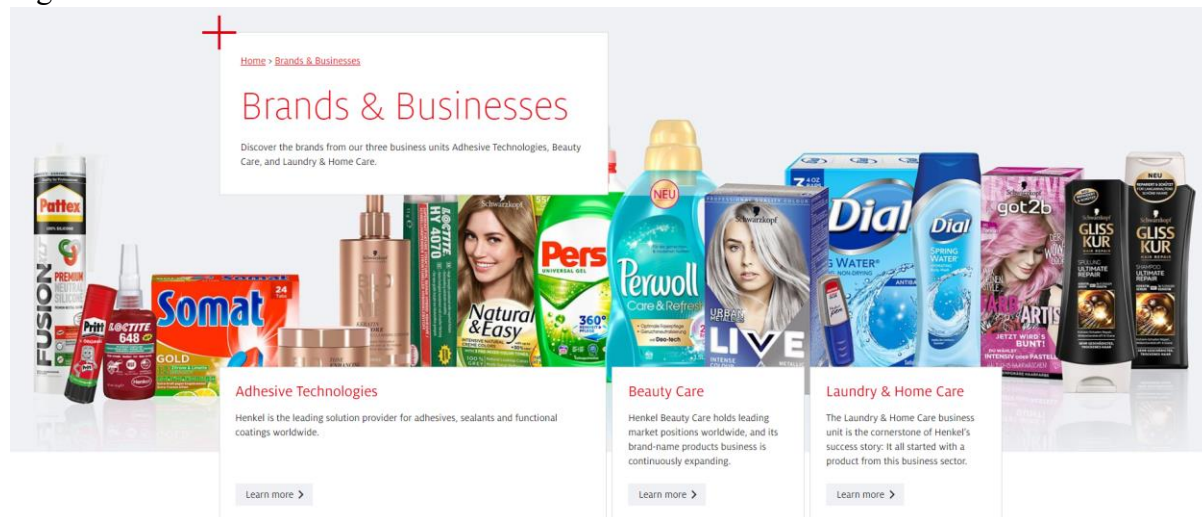
Reckitt Benckiser Investment Outlook

However, the PE ratio is around 20, the business is a good one, so it is likely to deliver a return of around 5% long-term, including the dividend. Not bad, but we strive for better. It is also not in the top 10 positions of the fund.

Henkel Stock Analysis

Henkel is in a similar situation to Reckitt. On the business side, it is unknown from where will sales growth come from as the market, despite the well-known brands, is pretty competitive.

Figure 9 Henkel’s famous brands



Source: [Henkel](https://www.henkel.com)

Sales have been slowing down, most metrics are negative and the company needs to invest more to keep up while the valuations are high.

Figure 9 Henkel’s summary on the situation



Nov 14, 2019, Düsseldorf / Germany

Henkel confirms guidance for fiscal year 2019

Differentiated performance in increasingly difficult market environment

- Adhesive Technologies delivers robust performance
- Beauty Care below prior year
- Laundry & Home Care achieves good business development
- Group sales rise by 0.8% to 5,077 million euros, organic: -0.3%
- EBIT margin* at 16.7% (-1.7 pp)
- Earnings per preferred share* reach 1.43 euros, nominal -9.5%, at constant exchange rates -10.8%
- Increased investments in brands and digitalization
- Very strong free cash flow: 823 million euros (+339 million euros)

[Learn more >](#)

Nov 11, 2019, Düsseldorf / Germany

Henkel to strengthen US Beauty Care business



Henkel to acquire premium professional hair care brand DevaCurl

- Strengthens professional hair care portfolio with category-leader in fast-growing curly hair segment
- Adds complementary product range with strong innovation capabilities
- Access to attractive distribution model

Source:

[Henkel Investor Relations](https://www.henkel.com)

The market capitalization is 40 billion while the average free cash flows fall in the range between 1.5 and 2 billion. Thus, the return we can expect from them is around 5%. Not bad, but the valuations are high due to the overflow of money in Europe chasing any kind of yield. It is better to hold stocks like Henkel offering a 2% yield than any kind of government bond or saving account. In fact, from that perspective, a stock like Henkel might even be fairly valued as it gives protection against inflation and a weak Euro.

However, from an absolute investment perspective, one that we focus on here, Henkel is not an attractive investment as you can find better. It is possible to find stocks that offer a 10% business yield, not a 5% like Henkel, are growing and also offer protection against a currency issue in Europe. Let's continue with our list to find such investments.

Visa Stock Analysis

Visa Stock (NYSE:V) is the ultimate compounder. Revenue keeps growing, earnings and cash flows too, that leads to constantly higher dividends while the market for Visa simply keeps increasing thanks to global economic growth. I have two bank accounts; one is Visa the other is MasterCard.

When you look at what Visa did in the past, it is simply amazing. Over the last decade, revenues grew 200% almost, net income quadrupled and the dividend was increased by a factor of 10.

Figure 10 Visa stock financials

Visa Inc Class A V | ★★

Financials Export Ascending

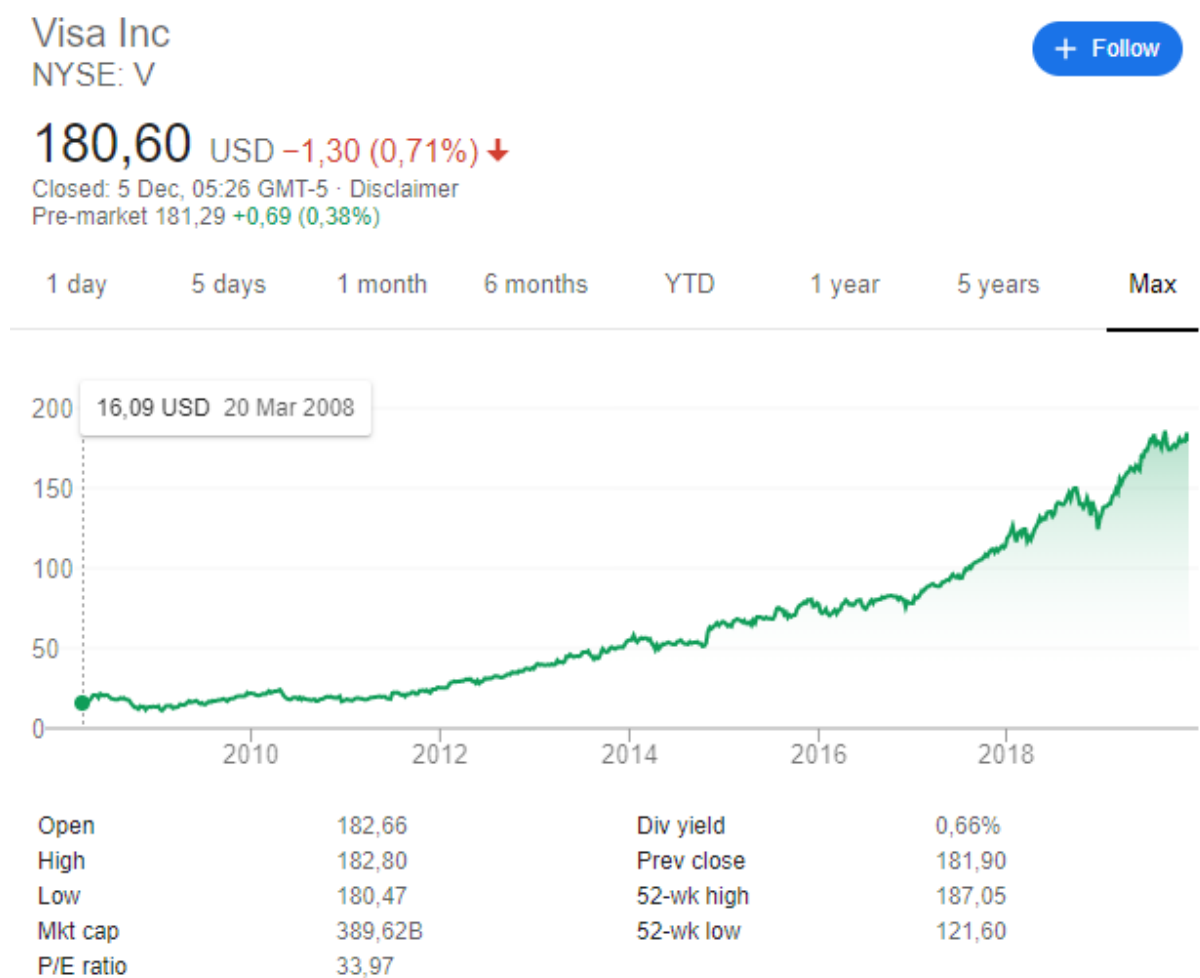
	2010-09	2011-09	2012-09	2013-09	2014-09	2015-09	2016-09	2017-09	2018-09	2019-09	TTM
Revenue USD Mil	8,065	9,188	10,421	11,778	12,702	13,880	15,082	18,358	20,609	22,977	22,977
Gross Margin %	79.6	80.2	79.5	79.6	81.2	81.6	81.7	82.3	81.3	81.9	81.9
Operating Income USD Mil	4,544	5,463	6,239	7,242	8,150	9,078	9,762	12,163	13,561	15,401	15,401
Operating Margin %	56.3	59.5	59.9	61.5	64.2	65.4	64.7	66.3	65.8	67.0	67.0
Net Income USD Mil	2,966	3,650	2,144	4,980	5,438	6,328	5,991	6,699	10,301	12,080	12,080
Earnings Per Share USD	1.00	1.29	0.79	1.90	2.16	2.58	2.48	2.80	4.42	5.32	5.32
Dividends USD	0.13	0.15	0.22	0.33	0.40	0.48	0.56	0.66	0.82	1.00	1.00
Payout Ratio % *	12.5	11.6	40.9	14.7	17.5	19.2	23.4	23.6	19.1	18.5	18.8
Shares Mil	2,956	2,828	2,712	2,624	2,523	2,457	2,414	2,395	2,329	2,272	2,272
Book Value Per Share * USD	9.07	9.92	9.82	10.64	11.07	11.79	11.28	11.31	12.58	13.26	13.14
Operating Cash Flow USD Mil	2,691	3,872	5,009	3,022	7,205	6,584	5,574	9,208	12,713	12,784	12,784
Cap Spending USD Mil	-241	-353	-376	-471	-553	-414	-523	-707	-718	-756	-756
Free Cash Flow USD Mil	2,450	3,519	4,633	2,551	6,652	6,170	5,051	8,501	11,995	12,028	12,028
Free Cash Flow Per Share * USD	0.83	1.24	1.50	0.72	2.75	2.49	1.80	3.42	4.81	4.94	—
Working Capital USD Mil	5,236	5,739	3,832	3,487	3,556	5,518	6,267	9,029	6,911	7,555	—

* Indicates calendar year-end data information

Source: [Visa Stock Morningstar](#)

With such financial metrics, the only outcome for a stock is to skyrocket.

Figure 11 Visa stock price performance



On the other hand, it also comes with a high valuation and low dividend. The whole game with Visa stock is that it continue to grow and compound. As soon as that stops, it will be a big hit for the stock too.

Fortunately for Visa stock holders, the company just keeps on giving and giving. They have a low dividend payout ratio of around 20% because they can reinvest capital at rates above 20%.

Figure 12 Visa stock profitability

Key Ratios

Profitability	Growth	Cash Flow	Financial Health	Efficiency Ratios									
Margins % of Sales													
			2010-09	2011-09	2012-09	2013-09	2014-09	2015-09	2016-09	2017-09	2018-09	2019-09	TTM
Revenue			100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
COGS			20.42	19.76	20.54	20.38	18.75	18.39	18.33	17.69	18.71	18.13	18.13
Gross Margin			79.58	80.24	79.46	79.62	81.25	81.61	81.67	82.31	81.29	81.87	81.87
SG&A			19.95	17.64	16.40	14.76	13.66	12.64	13.62	13.02	12.51	11.99	11.99
R&D			–	–	–	–	–	–	–	–	–	–	–
Other			3.29	3.13	3.20	3.37	3.42	3.56	3.33	3.03	2.97	2.86	2.86
Operating Margin			56.34	59.46	59.87	61.49	64.16	65.40	64.73	66.25	65.80	67.03	67.03
Net Int Inc & Other			1.17	2.10	-38.69	0.13	-3.35	-0.60	-11.60	-2.55	-3.66	-2.25	-2.25
EBT Margin			57.51	61.56	21.18	61.61	60.81	64.81	53.12	63.70	62.14	64.78	64.78
Profitability													
			2010-09	2011-09	2012-09	2013-09	2014-09	2015-09	2016-09	2017-09	2018-09	2019-09	TTM
Tax Rate %			36.09	35.54	2.95	31.38	29.60	29.65	25.22	42.71	19.56	18.84	18.84
Net Margin %			36.78	39.73	20.51	42.12	42.68	45.48	39.31	35.23	48.24	52.57	52.57
Asset Turnover (Average)			0.25	0.27	0.28	0.31	0.34	0.35	0.29	0.28	0.30	0.32	0.32
Return on Assets %			9.03	10.71	5.72	13.06	14.55	16.02	11.37	9.80	14.49	17.04	17.04
Financial Leverage (Average)			1.34	1.31	1.45	1.34	1.41	1.35	2.35	2.49	2.43	2.48	2.48
Return on Equity %			12.31	14.19	7.91	18.21	19.97	22.05	20.79	23.76	35.65	41.83	41.83
Return on Invested Capital %			12.48	14.27	7.91	18.21	19.97	22.05	13.93	15.05	23.34	26.52	26.52
Interest Coverage			65.42	177.75	–	–	–	–	19.76	21.77	21.92	–	–

Source: [Visa Stock Morningstar](#)

The company has all what you can dream about when it comes to investing; growing revenues, a high margin, high return on invested capital alongside constantly growing distributions to shareholders. Apart from the dividend, the number of Visa stock outstanding fell from 3 billion to 2.2 billion over the last 10 years. That is almost 30% of the stocks outstanding in 2009!

Figure 13 Visa stock business performance

Fiscal Fourth Quarter 2019 Results

<i>in billions, except percentages and per share data</i>	Q4 2019 (Ended September 30, 2019)	
	USD	YoY Change
Net Revenues	\$6.1	13%
GAAP Net Income	\$3.0	6%
Non-GAAP Net Income ⁽¹⁾	\$3.3	18%
GAAP Earnings Per Share	\$1.34	9%
Non-GAAP Earnings Per Share ⁽¹⁾	\$1.47	21%

⁽¹⁾ Non-GAAP Net Income and Non-GAAP Earnings Per Share exclude special items in the current and prior fiscal years.

- Growth in underlying business drivers remained strong
- Returned \$2.7B of capital to shareholders in the form of share repurchases and dividends
- The board of directors increased Visa's quarterly cash dividend by 20% to \$0.30 per share

Note: Refer to the accompanying financial tables in the press release for further details and a reconciliation of the non-GAAP measures presented.

3 Fiscal Fourth Quarter 2019 Financial Results

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Source: [Visa Stock Investor relations](#)

Visa stock outlook

The outlook is simple when it comes to Visa stock. For as long as the company can keep growing earnings at 15% per year, the stock will follow.

Figure 14 Visa stock earnings outlook

Financial Outlook for Fiscal Full-Year 2020

	GAAP Nominal-Dollar Basis	Foreign Currency Impact	Acquisition Impact	Adjusted Constant-Dollar Basis ⁽¹⁾
Annual Net Revenues Growth	Low double-digit	1% – 1.5% decrease	~0.5% increase	Low double-digit
Client Incentives as a % of Gross Revenues	22.5% – 23.5%			22.5% – 23.5%
Annual Operating Expense Growth ⁽²⁾	Mid-single-digit	1% – 1.5% decrease	3% – 4% increase	Mid-to-high single-digit
Effective Tax Rate	19% – 19.5%			19% – 19.5%
Annual Diluted Class A Common Stock Earnings Per Share Growth ⁽³⁾	Mid-teens	1% – 1.5% decrease	~1% decrease	Mid-teens

- ⁽¹⁾ Adjusted financial outlook is on a constant-dollar basis and excludes acquisitions, investment gains/losses and the non-GAAP special item in fiscal full-year 2019. We believe presenting this adjusted outlook provides investors with additional insight into our expected operating performance for fiscal full-year 2020.
- ⁽²⁾ Annual adjusted operating expense growth is derived from non-GAAP full-year 2019 operating expenses of \$7.6 billion, which excludes \$0.4 billion impact of the non-GAAP special item.
- ⁽³⁾ Annual adjusted diluted class A common stock earnings per share growth is derived from adjusted full-year 2019 earnings per share results of \$5.40, which excludes the impact of investment gains/losses (~\$0.04 increase) and the non-GAAP special item (~\$0.12 decrease).

Source: [Visa Stock Investor relations](#)

Visa stock investment analysis

When it comes to investing, it all depends on traffic and growth. If there is an economic halt, Visa’s traffic and profitability could stagnate for a while and consequently the stock could stagnate too. Visa is definitely a business that compounds, but I would say fairly priced given the PE ratio of around 30. If earnings continue to compound at 15% per year, the PE ratio on the current price will be just 15 in 5 years and just 7.5 in 10 years.

Figure 15 Visa earnings analysis



So, the only question is: Will Visa continue to grow so fast?

As I have no crystal ball, I don't know about Visa's future growth so I simply avoid such investments at such high levels where a business needs to keep on growing at 15% for 10 years to just reach my required business return of 15% per year. Too much risk for me.

On why our LTIF fund owns this? Well, not in top 10 positions so we don't know when it was purchased.

Sodexo

Sodexo provides a wide range of services, everything from food and reception through to cleaning, energy management, grounds maintenance, building maintenance and security. What it does is to provide food and other things to bigger companies and institutions like the University of London and Japanese Olympics.

Figure 16 Sodexo’s clients

CONTRACT WINS AND EXTENSIONS

Appendix 1

FY 2019 highlights



48 Sodexo Fiscal 2019 Results – Roadshow London, November 19, 2019 – Kepler Cheuvreux

Source: [Sodexo investor relations](#)

When it comes to these businesses, it is all about scale and bigger players usually consolidate through mergers and acquisitions. Like we have seen when analysing the [FTSE 30 Index and the Compass Group](#), there is a lot of room for growth in the market and consolidation.

Figure 17 Sodexo’s market opportunity going forward



Source: [Compass Group](#)

Further, by looking at Sodexo’s financials, there is nothing bad there. Even long-term debt is relatively low.

Figure 18 Sodexo's financials

Sodexo SW											
Financials											
	2010-08	2011-08	2012-08	2013-08	2014-08	2015-08	2016-08	2017-08	2018-08	2019-08	TTM
Revenue EUR Mil	15,256	16,047	18,236	18,397	18,016	19,815	20,245	20,698	20,407	21,954	21,954
Gross Margin %	15.8	15.7	15.6	14.9	15.3	15.9	15.4	15.4	15.1	14.6	14.6
Operating Income EUR Mil	783	853	984	814	933	1,136	1,089	1,184	1,065	1,105	1,105
Operating Margin %	5.1	5.3	5.4	4.4	5.2	5.7	5.4	5.7	5.2	5.0	5.0
Net Income EUR Mil	409	451	525	439	490	700	637	723	651	665	665
Earnings Per Share EUR	2.63	2.94	3.45	2.88	3.19	4.54	4.15	4.79	4.34	4.50	4.50
Dividends EUR	—	—	—	—	—	—	—	2.40	2.75	2.75	2.75
Payout Ratio % *	—	—	—	—	—	—	—	—	55.3	63.5	61.1
Shares Mil	155	154	152	152	154	154	153	151	150	148	148
Book Value Per Share * EUR	—	—	—	—	—	—	—	—	22.96	27.39	30.54
Operating Cash Flow EUR Mil	1,006	847	1,018	618	825	1,017	945	1,062	1,133	1,268	1,268
Cap Spending EUR Mil	-236	-242	-308	-241	-245	-302	-345	-309	-329	-400	-400
Free Cash Flow EUR Mil	770	605	710	377	580	715	600	753	804	868	868
Free Cash Flow Per Share * EUR	—	—	—	—	—	—	—	—	5.50	5.71	—
Working Capital EUR Mil	-259	-351	-398	-901	199	3	-247	39	-286	-235	—

* Indicates calendar year-end data information

Source: [Sodexo Stock Quote Morningstar](#)

Revenue has been growing, earnings and dividends too, the number of shares has been going down while free cash flows have been pretty strong and stable.

Their projected growth is around 5%, their operating margins look stable and the sector seems to be in a positive tailwind as more and more companies outsource their food management and other things. The return on capital employed is high which shows that the management is doing good things when it comes to capital allocation.

Figure 19 Sodexo's return on capital employed

ROCE

Appendix 14

€M	FY15	FY16	FY17	FY18	FY19
Total capital employed excluding goodwill, customer relationships and brands	-1,577	-1,681	-1,634	-1,653	-1,722
o/w OSS (including PHS)	-2	-44	51	137	198
o/w BRS	-1,575	-1,637	-1,684	-1,791	-1,921
Group goodwill	5,300	5,328	5,303	5,664	6,158
Group Capital employed	3,994	3,904	3,946	4,441	4,861
Group Operating profit after tax	787	725	811	727	752
ROCE including goodwill	19.7%	18.6%	20.6%	16.4%	15.5%

Source: [Sodexo investor relations](#)

However, the price to earnings ratio is at 23, which means the earnings return is below 5% and if we add an average 4% growth (including recessions), we get to a 9% return. For a 15% return we would need a price of 50 and 5% growth, something very unlikely given the looks of the business but you never know.

Figure 20 Sodexo's stock price



Source: [Markets BI](#)

Sodexo stock is a nice one to put on your watch list. It is a good business offering healthy growth and probably returns between 5 and 10% long-term.

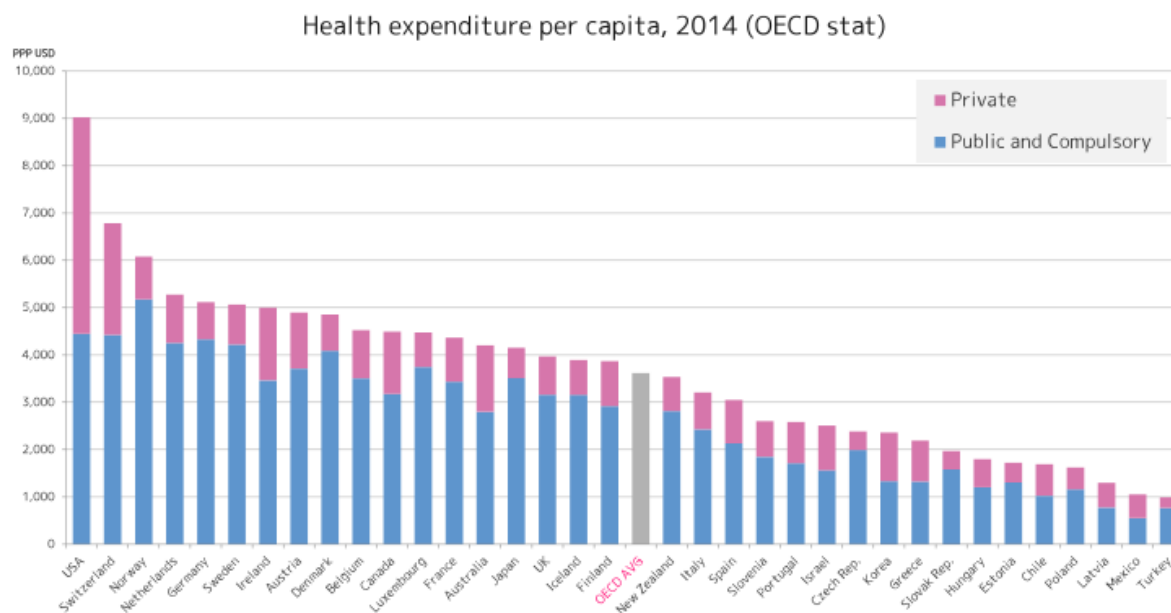
Medtronic Stock Analysis – MDT

Medtronic plc is a medical device company that generates the majority of its sales and profits from the U.S. healthcare system but is headquartered in the Republic of Ireland for tax purposes. An example of products are transcatheter aortic valves, advanced stapling tools, and neurovascular stent retrievers.

Healthcare is a hot sector with strong tailwinds, plus the company has acquired Kanghui Holdings with the target to distribute its products in China where it sells already for more than \$1 billion.

The key risk for Medtronic is an improvement in the efficiency of the US healthcare system. It is unlikely that it will happen, but Medtronic is banking on the fact that the US spends double of what comparable countries spend on healthcare.

Figure 21 Spending on healthcare per country



Source: OECD

Now, given the business models and psychological effect of spending on healthcare, it is likely that other countries reach what is spend in the US, but it is also possible that the US will be forced to cut on unnecessary spending.

Nevertheless, Medtronic looks very good. Revenue growth is steady while the growing free cashflows allow for higher dividends.

Figure 22 Medtronic stock financials

Medtronic PLC MDT | ★★★

Financials

	2010-04	2011-04	2012-04	2013-04	2014-04	2015-04	2016-04	2017-04	2018-04	2019-04	TTM
Revenue USD Mil	15,817	15,933	16,184	16,590	17,005	20,261	28,833	29,710	29,953	30,557	30,891
Gross Margin %	75.9	75.4	76.0	75.1	74.5	68.9	68.3	68.7	69.8	70.0	69.2
Operating Income USD Mil	4,288	4,521	4,847	4,770	4,818	4,557	5,960	6,313	6,343	6,632	6,741
Operating Margin %	27.1	28.4	29.9	28.8	28.3	22.5	20.7	21.2	21.2	21.7	21.8
Net Income USD Mil	3,099	3,096	3,617	3,467	3,065	2,675	3,538	4,028	3,104	4,631	4,669
Earnings Per Share USD	2.79	2.86	3.41	3.37	3.02	2.41	2.48	2.89	2.27	3.41	3.45
Dividends USD	0.82	0.90	0.97	1.04	1.12	1.22	1.52	1.72	1.84	2.00	2.08
Payout Ratio % *	29.4	29.3	30.1	31.2	31.3	38.3	101.0	59.0	88.7	54.3	60.2
Shares Mil	1,109	1,082	1,060	1,028	1,014	1,109	1,426	1,391	1,368	1,358	1,351
Book Value Per Share * USD	13.33	14.35	16.50	17.55	19.37	14.19	36.32	36.06	37.09	37.17	37.73
Operating Cash Flow USD Mil	4,131	3,741	4,470	4,883	4,959	4,902	5,218	6,880	4,684	7,007	7,519
Cap Spending USD Mil	-635	-548	-499	-457	-396	-571	-1,046	-1,254	-1,068	-1,134	-1,221
Free Cash Flow USD Mil	3,496	3,193	3,971	4,426	4,563	4,331	4,172	5,626	3,616	5,873	6,298
Free Cash Flow Per Share * USD	3.15	3.27	3.75	4.14	4.36	3.89	3.39	3.68	3.14	3.58	—
Working Capital USD Mil	4,718	4,403	3,658	13,902	15,651	21,671	16,435	10,653	12,896	13,495	—

* Indicates calendar year-end data information

Source: [Medtronic Morningstar](#)

Given that the company operates in a very delicate sector and invests about 7% of its revenue into R&D, we can say it has a moat. The highly engineered medical devices are not a market one can easily enter. Plus, it is diversified across many fields.

Medtronic stock valuation

We can assume the company is going to continue to grow at a rate around 4%. Alongside the current PE ratio of 20 that gives a business yield of 5%, you can expect long-term returns to be in the high single digits. Given the quality of the business, the stability and defensiveness of it, a 7 to 9% yearly return should be a great deal compared to long-term risks. Therefore, it is very likely the stock will continue to compound for a long time.

Figure 23 Medtronic stock price remarkable past performance



Perhaps it will not compound at double digit rates as it did in the 1990s, but a steady growth like it was the case in the last two decades is what you can expect.

Grifols – Nasdaq: GRFS

Grifols, S.A. is a Spanish multinational pharmaceutical and chemical manufacturer. Principally a producer of blood plasma-based products, a field in which it is the European leader and largest worldwide, the company also supplies devices, instruments, and reagents for clinical testing laboratories.

Grifols is another compounder, the 2011 acquisition of Talecris, 2014 acquisition of Novartis' blood and plasma diagnostics, and the 2017 Hologic acquisitions have strengthened Grifols' position in the US blood plasma market.

The acquisitions increased revenues 5 times, but as many were made through share issuances, earnings increased only 3 times over the past decade.

Figure 24 Grifols financials

Grifols SA ADR GRFS | ★★★★★

Financials

	2009-12	2010-12	2011-12	2012-12	2013-12	2014-12	2015-12	2016-12	2017-12	2018-12	TTM
Revenue EUR Mil	913	991	1,796	2,621	2,742	3,355	3,935	4,050	4,318	4,487	4,961
Gross Margin %	81.2	77.0	74.0	50.7	51.7	50.6	49.1	47.2	49.8	45.7	45.4
Operating Income EUR Mil	225	208	277	660	736	858	970	939	1,003	994	1,057
Operating Margin %	24.6	21.0	15.4	25.2	26.8	25.6	24.7	23.2	23.2	22.2	21.3
Net Income EUR Mil	148	116	50	257	346	470	532	545	663	597	552
Earnings Per Share EUR	0.31	0.45	0.16	0.38	0.51	0.69	0.78	0.80	0.97	0.87	0.80
Dividends EUR	—	—	—	—	0.11	0.20	0.32	0.33	0.32	0.41	0.36
Payout Ratio % *	—	—	—	—	12.3	16.5	31.9	41.2	39.0	38.2	44.8
Shares Mil	484	259	308	685	681	685	684	683	684	685	688
Book Value Per Share * USD	—	—	3.11	3.80	3.94	4.51	5.12	5.46	6.26	6.90	7.73
Operating Cash Flow EUR Mil	88	104	220	507	592	979	743	553	842	737	668
Cap Spending EUR Mil	-119	-103	-160	-166	-173	-287	-567	-293	-323	-308	-359
Free Cash Flow EUR Mil	-31	1	60	341	419	692	176	261	519	430	309
Free Cash Flow Per Share * USD	—	—	-0.08	1.32	1.47	1.10	0.28	0.64	0.78	0.61	—
Working Capital EUR Mil	706	721	1,283	1,342	1,424	1,833	2,036	2,051	1,967	2,226	—

* Indicates calendar year-end data information

Source: [Grifols - Morningstar](#)

The big risk here is competition in the plasma business, it is an oligopoly but you never know when will someone start chipping away those strong margins, after all, it is plasma.

It is a family owned business as the Spanish Grifols family owns about 40% of the voting shares.

The stock did amazingly over the past decade and it is actually an example of what to look for.

Figure 25 Grifols stock price



From 2009 to 2012 earnings were around €0.3 while the stock range was from €4 to €6 with the PE ratio fluctuating between 10 and 20. The company made acquisitions, there was no dividend but the shareholders got rewarded eventually with the stock being up almost 10 times. So, this is exactly what I look for, a good business in a sector with tailwinds, oriented towards long-term growth and one that can scale on its current infrastructure as Grifols did. Plus, at some moments it had a PE ratio of just 10.

Now it has a PE ratio of 37 as investors are exuberant, but if you can find such a business before it explodes on the upside, then you have a gem in your portfolio. Even if you diversify among 10 such businesses, if 2 go bust, 6 do nothing and 2 go up 10 times, your initial portfolio of 100 turns into 260 over 10 years which is a good 10% return.

As you are picking among good businesses, if you get 3 right and those increase 10 times, while one less goes bankrupt, your initial 100 investment turns into 360, for a 13.6% yearly return. This is what compounders do.

In the current market, with PE ratios closer to 40 for good compounding businesses, it will be hard to find cheap compounders, but we will not stop looking. In any case, the research knowledge that we get by looking at such quality businesses over time, is something that definitely compounds and you never know when the market will reward our patience and offer us great businesses on the cheap.

Given the PE ratio of 37, a lot of growth based on future expectations is already priced in which makes investing in Grifols risky at this moment in time. In 2011, when the stock price was at €4, the book value was at €3. The book value now is at €7.73 while the stock price is at €30. The stock structure is a bit complex with class A, class B shares and two different ADRs (American Depositary Receipts). No need to dig deep into that as the stock is currently too expensive anyways.

Unilever

Uh, Unilever, the company with the delusional CEO that got his job in February of 2009 (best time to get a job) and then went around [telling people](#) how his returns (from 2009 to 2017) are better than Buffett's and therefore Buffett has to stay away when it comes to Unilever. Fast forward two years, Unilever's stock price is there were it was when Buffett made the offer that actually pushed the stock price higher by 30%.

Unilever Stock Price over the last 5 years



Apart from the Buffett related saga, what is left is a behemoth business trying to grow and deliver returns to shareholders.

However, over the past 10 years, there has been no growth in revenue, no growth in operating and free cash flows. Thus, Unilever is not really a compounder anymore. Perhaps it was in the past.

Unilever’s financials over the past 10 years

Unilever PLC ULVR | ★★★

Financials

	2009-12	2010-12	2011-12	2012-12	2013-12	2014-12	2015-12	2016-12	2017-12	2018-12	TTM
Revenue EUR Mil	39,823	44,262	46,467	51,324	49,797	48,436	53,272	52,713	53,715	50,982	50,756
Gross Margin %	48.3	47.9	39.9	40.2	41.3	41.4	42.2	42.7	43.1	43.6	—
Operating Income EUR Mil	5,020	6,359	6,504	6,982	7,384	7,886	7,394	7,707	8,761	12,510	12,568
Operating Margin %	12.6	14.4	14.0	13.6	14.8	16.3	13.9	14.6	16.3	24.5	24.8
Net Income EUR Mil	3,370	4,244	4,252	4,480	4,842	5,171	4,909	5,184	6,053	9,389	9,364
Earnings Per Share EUR	1.17	1.46	1.46	1.50	1.66	1.79	1.72	1.82	2.15	3.48	3.51
Dividends EUR	0.73	0.83	0.88	0.95	1.04	1.13	1.21	1.27	1.40	1.50	1.57
Payout Ratio % *	62.0	56.7	56.5	61.9	138.4	147.4	68.8	72.0	65.2	67.2	44.7
Shares Mil	2,890	2,905	2,908	2,916	2,924	2,882	2,855	2,854	2,814	2,695	2,639
Book Value Per Share * GBP	8.33	9.73	10.01	9.67	8.44	8.46	8.78	9.71	5.22	3.97	4.09
Operating Cash Flow EUR Mil	5,774	5,490	5,452	6,836	6,294	5,543	7,330	7,047	7,292	6,753	6,455
Cap Spending EUR Mil	-1,369	-1,815	-2,099	-2,380	-2,168	-2,252	-2,201	-2,036	-1,667	-1,532	-1,595
Free Cash Flow EUR Mil	4,405	3,675	3,353	4,456	4,126	3,291	5,129	5,011	5,625	5,221	4,860
Free Cash Flow Per Share * GBP	1.35	1.09	0.96	1.25	2.76	0.40	0.97	1.44	1.70	1.97	—
Working Capital EUR Mil	-788	-1,122	-3,638	-3,668	-5,260	-7,295	-7,333	-6,672	-6,194	-4,291	—

* Indicates calendar year-end data information

Source: [Unilever Morningstar](#)

Earnings and dividends have been growing, but so have liabilities and this is a big red flag. It means that the business is leveraging itself up to pay dividends and do buybacks while the actual business quality isn't improving given that operating cash flow and free cash flow doesn't move. Earnings growth is there, but that can be conceived by a high level of investments needed to keep up, a very dangerous divergence.

Plus, the number of shares was flat from 2009 to 2017, only when the stock went up 3 times, only then the management decided to do [large buybacks](#) and spend dozens of billions.

Unilever stock buybacks



So, Unilever is a typical example of a company focused on its management and not on shareholders. They should have accepted Buffett's offer, where they would have lost their jobs as 3G's Segio Lehman would come in and cut costs everywhere. Since Buffett's offer more than two and a half years ago, not much has happened except that I am sure the management got a lot of stock options.

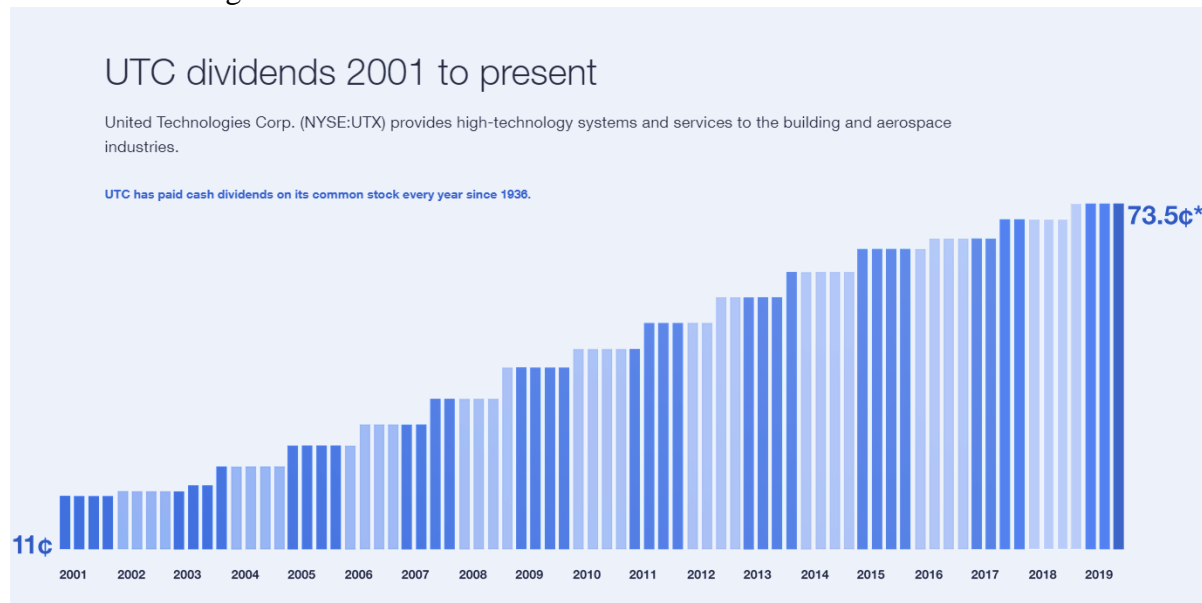
Unilever's PE ratio is around 15, but the company is leveraging itself up to deliver what it thinks it should deliver to shareholders. All of this can get ugly. Too much risk for me.

United Technologies – NYSE UTX

United Technologies provides high-technology systems and services to the building and aerospace industries. UTC has paid cash dividends on its common stock every year since 1936.

United Technologies, thanks to its dividend and growth, is another example of what to look for.

United Technologies Dividend



Source: [United Technologies Investor Relations](#)

They will merge with Raytheon (NYSE: RTN) in an all stock merger. We are talking here about merging United Technologies with a \$120 billion market cap and RTN with \$60 billion. That is a big merger.

The interesting thing about UTX is that the growth wasn't anything special over the last decade. Revenue increased 50% and earnings much less than that.

United technologies financials

United Technologies Corp UTX | ★★★

Financials	2009-12	2010-12	2011-12	2012-12	2013-12	2014-12	2015-12	2016-12	2017-12	2018-12	TTM
Revenue USD Mil	52,920	54,326	58,190	57,708	62,626	65,100	56,098	57,244	59,837	66,501	75,539
Gross Margin %	26.6	27.4	27.6	27.0	27.6	27.1	27.9	27.6	26.5	24.8	25.8
Operating Income USD Mil	6,465	7,186	8,099	7,684	9,209	9,769	7,291	8,172	8,672	8,553	9,026
Operating Margin %	12.2	13.2	13.9	13.3	14.7	15.0	13.0	14.3	14.5	12.9	11.9
Net Income USD Mil	3,829	4,373	4,979	5,130	5,721	6,220	7,608	5,055	4,552	5,269	5,080
Earnings Per Share USD	4.12	4.74	5.49	5.66	6.25	6.82	8.61	6.13	5.70	6.50	5.87
Dividends USD	1.54	1.70	1.86	2.03	2.19	2.36	2.56	2.62	2.72	2.83	2.94
Payout Ratio % *	37.4	35.8	34.0	37.9	37.6	34.8	39.6	56.1	41.4	45.0	50.1
Shares Mil	928	923	906	907	915	912	883	826	799	810	857
Book Value Per Share * USD	21.42	23.21	24.90	28.20	31.17	37.44	36.41	36.09	37.39	37.27	46.88
Operating Cash Flow USD Mil	5,353	5,906	6,590	6,646	6,877	7,336	6,326	3,880	5,631	6,322	8,106
Cap Spending USD Mil	-826	-865	-983	-2,932	-2,410	-2,304	-2,089	-2,087	-2,394	-2,302	-2,496
Free Cash Flow USD Mil	4,527	5,041	5,607	3,714	4,467	5,032	4,237	1,793	3,237	4,020	5,610
Free Cash Flow Per Share * USD	4.87	5.46	5.78	4.10	4.28	5.67	4.37	3.07	3.32	5.65	—
Working Capital USD Mil	5,281	5,778	7,142	5,824	6,642	6,863	4,088	6,644	8,467	4,135	—

* Indicates calendar year-end data information

Source: UTX - [Morningstar](#)

Given the merger, two spin-offs, slow growth and operating environment, I really can't give a valuable opinion on this. You can read more about it in their [published merger prospectus](#).

ASML – Nasdaq ASML

ASML is a Dutch company and currently the largest supplier in the world of photolithography systems for the semiconductor industry. The company manufactures machines for the production of integrated circuits.

This is another winner like Unilever for the typical Dutch corporate manager. In the 1990, Philips decided to sell ASML to focus on its core business. It first did an IPO and consequently sold stake.

ASML historical stock price



Today, the market capitalization of ASML, that Philips sold to focus on core businesses, is about 3 times higher than the market capitalization of its previous owner. ASML has a market capitalisation of \$115 billion while Philips has a market capitalization of €38 billion.

Philips stock price and market capitalization

Koninklijke Philips NV
AMS: PHIA

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42,53 EUR +0,72 (1,73%) ↑

6 Dec, 13:02 CET · Disclaimer

1 day 5 days 1 month 6 months YTD 1 year 5 years **Max**



Open	42,15	Div yield	2,00%
High	42,74	Prev close	41,80
Low	42,04	52-wk high	44,60
Mkt cap	38,38B	52-wk low	29,04
P/E ratio	30,69		

It is amazing how capable are corporate managers in picking their core business.

Nevertheless, we now have ASML as an independent player. The company is taking advantage of the semiconductor industry trends and has a moat given the difficulty in making those machines. Revenues have been up, margins are strong and dividends have been growing.

ASML financials

ASML Holding NV ADR ASML | ★

Financials

	2009-12	2010-12	2011-12	2012-12	2013-12	2014-12	2015-12	2016-12	2017-12	2018-12	TTM
Revenue EUR Mil	1,596	4,508	5,651	4,732	5,245	5,856	6,287	6,795	9,052	10,944	10,926
Gross Margin %	28.7	43.4	43.3	42.4	41.5	44.3	46.1	44.8	45.0	46.0	43.3
Operating Income EUR Mil	-165	1,251	1,641	1,157	1,048	1,282	1,565	1,658	2,496	2,965	2,330
Operating Margin %	-10.3	27.7	29.0	24.4	20.0	21.9	24.9	24.4	27.6	27.1	21.3
Net Income EUR Mil	-151	1,022	1,467	1,146	1,015	1,197	1,387	1,472	2,135	2,585	2,195
Earnings Per Share EUR	-0.45	2.33	3.42	2.68	2.34	2.72	3.21	3.64	4.79	6.08	5.32
Dividends EUR	0.23	0.22	0.44	0.60	0.54	0.60	0.68	1.06	1.17	1.42	2.10
Payout Ratio % *	—	7.3	9.2	22.3	29.2	19.4	21.3	36.3	25.2	24.8	39.4
Shares Mil	333	439	429	427	433	440	433	427	432	426	422
Book Value Per Share * USD	7.64	10.97	13.36	13.21	20.68	20.57	20.81	20.93	28.90	30.30	31.76
Operating Cash Flow EUR Mil	98	940	2,070	703	1,054	1,025	2,026	1,666	1,798	3,072	1,335
Cap Spending EUR Mil	-105	-129	-301	-180	-215	-361	-373	-325	-358	-610	-775
Free Cash Flow EUR Mil	-7	811	1,770	524	839	664	1,653	1,341	1,440	2,463	559
Free Cash Flow Per Share * USD	-0.03	3.19	7.61	1.62	0.32	2.27	2.69	2.74	4.58	5.13	—
Working Capital EUR Mil	1,705	2,789	3,474	3,746	4,157	4,257	4,601	5,277	5,665	6,740	—

* Indicates calendar year-end data information

However, we are looking at a PE ratio close to 40. That implies many years of growth, that can definitely happen, but I am not going to bank on it because you never know what will happen in the next 20 years. When it comes to such stocks, it is very important to see whether the revenue will be 17, 24 or 30 billion in 2025.

ASML revenue forecast

Investor key messages



- Current macroeconomic environment creates end market volatility resulting in industry uncertainty. Memory customers continue to digest capacity additions in a weaker demand environment while Logic customers accelerate ramp of their new leading edge nodes each of them in different stages
- Long term growth opportunity remains, driven by end markets growth enabled by major innovation in semiconductors
- Shrink is a key industry driver supporting innovation and providing long term industry growth
- Holistic Lithography enables affordable shrink and therefore delivers compelling value for our customers
- DUV, EUV and Application products are highly differentiated solutions that provide unique value drivers for our customers and ASML
- EUV will enable continuation of Moore's Law and will drive long term value for ASML well into the next decade
- ASML modeled an annual revenue opportunity of € 13 billion in 2020 under a moderate market scenario and an annual revenue between € 15 – 24 billion through 2025
- We expect to continue to return significant amounts of cash to our shareholders through a combination of share buybacks and growing annualized dividends

If revenues hit 24 billion, and then continue to grow, the stock will follow. However, if there is a slowdown, the stock might get hit severely at current levels like it was the case in 2018.

Just something to keep in mind with such exuberant stocks and quality businesses.

ASML Holding NV
NASDAQ: ASML

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273,84 USD +4,08 (1,51%) ↑

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Pre-market 277,52 +3,68 (1,34%)

1 day 5 days 1 month 6 months YTD 1 year 5 years Max



As for investing, even if they double revenues and earnings by 2025, and then do it again by 2030, only then the earnings per share will be at a PE ratio of 10 compared to the current price. And even if that happens, it will be about the prospects going into the 2030 decade. Something impossible to predict and value at this moment in time.

Long-term Investing Stocks – Cheap Value

- Devro
 - Wienerberger
 - ING
 - Metso
 - Prysmian
 - Pandora
 - Apple
 - HeidelbergCement
- Long-term Investing Stocks – Energy and Copper Mining

California Resources

Premier Oil

First Quantum

KAZ Minerals

Long-term Investing Stocks - Salmon

GriegSeaFood

Leroy SeaFood

Bakkafrost