Equity Characteristics

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Size

Size can also be called “Capitalization”, or “Market Capitalization”

Refers to value of a company’s outstanding equity shares.

$$Market\ Cap\ =\ Total\ Shares\ Outstanding\ \times\ Current\ Share\ Price$$

Free Float is sometimes used instead of Total Shares

excludes locked-in shares such as those held by insiders, promoters and governments

2

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Size

Mega Cap	Market Cap of $200 Billion or more. The largest public firms.
Large/Big Cap	Market Cap of $10 to $200 Billion
Mid Cap	Market Cap of $2 to $10 Billion
Small Cap	Market Cap of $300 Million to $2 Billion
Micro Cap	Market Cap of $50 Million to $300 Million
Nano Cap	Market Cap of less than $50 Million

3

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Style

Investment Style is the methodology or philosophy that and directs an investor's investment selection

Assets in a style or class typically share a common characteristic

Fixed Income	Equities
Duration / Interest Rate Sensitivity	Size
Credit Quality	Growth vs Value

4

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Growth vs. Value

	Growth	Value
Priority	Revenue or cash flow growth	Price < the fundamental Value
Valuation	Expensive	Less expensive
Risk	Riskier / More volatile	Less risky
Performance	Generally best when rates are falling and strong economy	Generally best early in recovery; lag in long bull market

5

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Volatility - Cyclical

Cyclical equities or industries tend to be those that are significantly impacted by economic shifts

In general, the stocks in these industries have betas of greater than 1.

More sensitive to the overall economy and market.

Sectors / Industries

Basic Materials	Financial Services
Consumer Discretionary	Real Estate

6

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Volatility - Defensive

Defensive equities or industries tend to be that are relatively immune to economic cycles.

In general, the stocks in these industries have betas of less than 1.

Less sensitive to the overall economy and market.

Sectors / Industries

- Healthcare
- Utilities
- Consumer Staples

7

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Other Equity Characteristics

Location	Stage	Ordinary vs. ADR
Domestic or International	Developed, Emerging, Frontier	Direct or Indirect Investment
Risks: FX rate fluctuations, Political, Economic, Social	Developed: most economically advanced	ADR: indirect certificate
	Emerging: rapid growth but less mature	Ordinary: Direct in foreign shares
	Frontier: subset of Emerging	<u>Both</u> exposed to Fx fluctuations

8

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