

COMPANIES WITH MORE THAN \$1B IN CASH HAVE
SIGNIFICANTLY HIGHER RETURNS IN AVERAGE,
COMPARED TO COMPANIES THAT HAVE LESS THAN \$1B BY
THE END OF THE YEAR.

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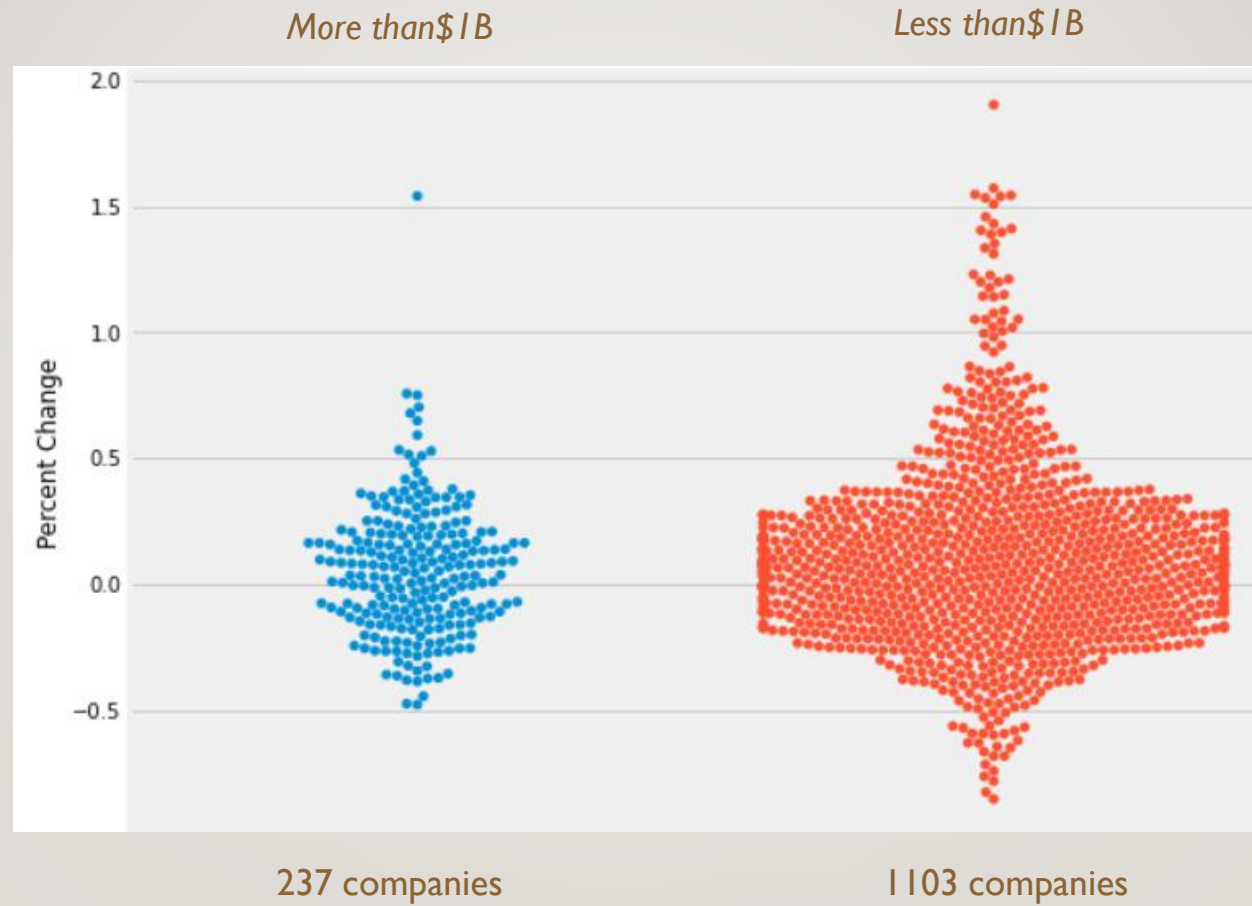
AGENDA

- Introduction of the data.
- Is there a significant difference in returns?
- How much is the difference in returns?
- What's the use of the hypothesis?
- Conclusion.

DATA

- 1340 companies' returns from the end of the Q1 2018 to the end of Q1 2019
- Data includes ticker name, price, cash/assets, calendar date.
- Raw data can be found here: [Quandl.com](https://www.quandl.com)

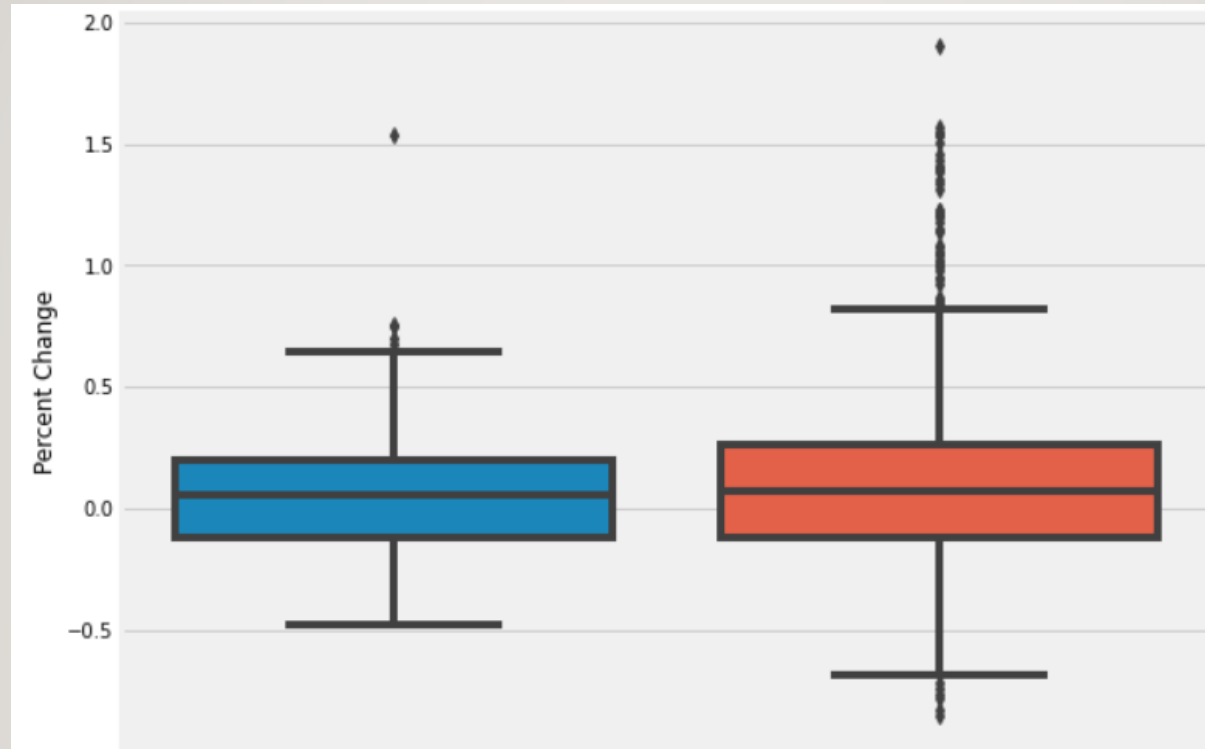
Is there a significant difference?



By how much is the difference in returns?

The mean return difference is 5% \pm 4% with a 95% confidence level.

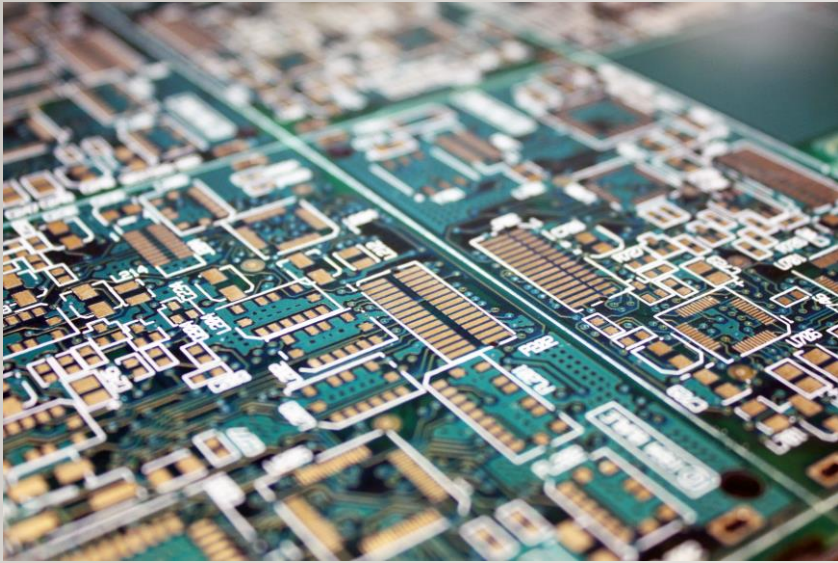
The confidence interval is +4%.



Cash rich companies

Cash weak companies

WHAT'S THE USE OF THIS INFORMATION?



‘Cash rich’ AMD made > 150%

Great valuable, stable stock for long term hold



‘Cash weak’ GLUU made > 190%

This is a low risk / high reward stock

Cash weak GLUU performed better than cash rich AMD.

Best performer from the cash rich companies: AMD made >150%



BEST PERFORMER FROM THE CASH WEAK COMPANIES GLUU > 190%



Conclusion

- **The null hypothesis was rejected:** companies with more than \$1B in cash have significantly higher returns in average, compared to companies that have less than \$1B by the end of the year.
- **The alternative hypothesis was accepted:** companies with less than \$1B in cash have significantly higher returns in average, compared to companies that have more than \$1B by the end of the year.

QUESTIONS?

THANK YOU!