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

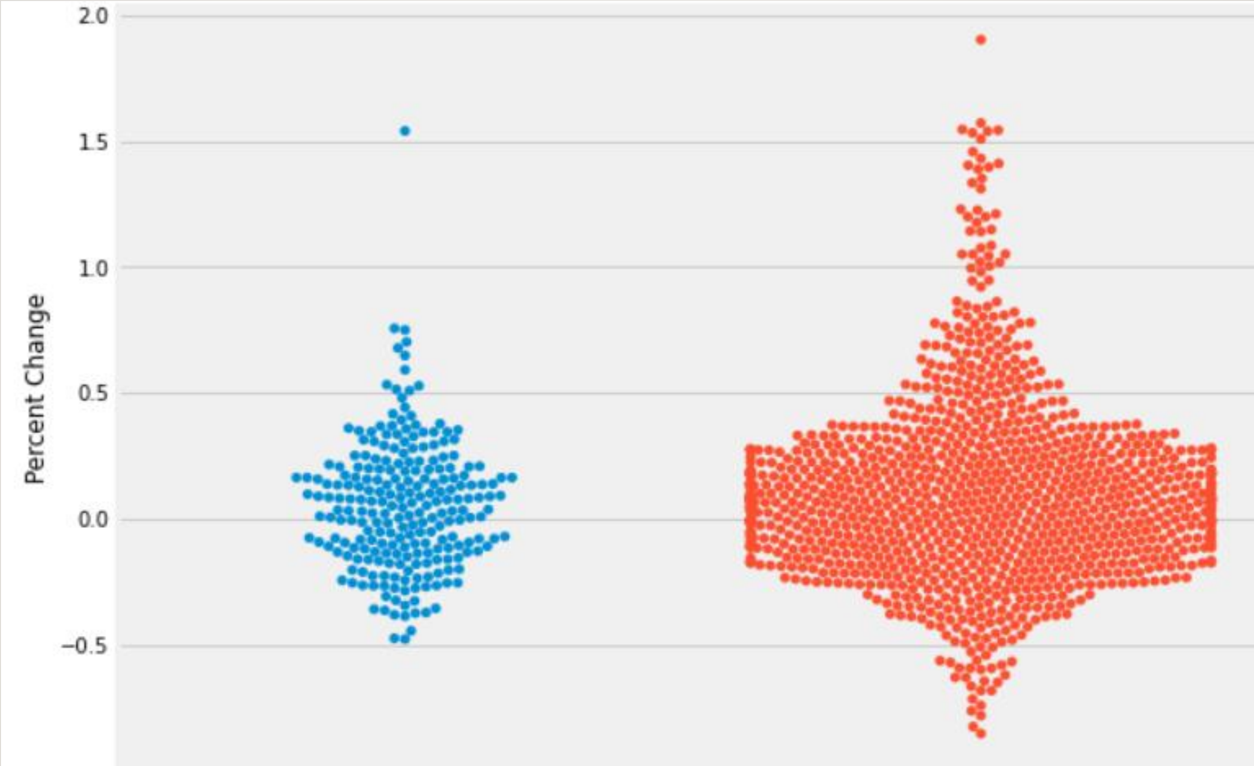
- Introduce the data.
- Is there a significant difference in return?
- How much is the difference in return?
- What's the use of the hypothesis?
- Conclusion.

DATA

- 1340 companies return 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

Is there a significant difference?

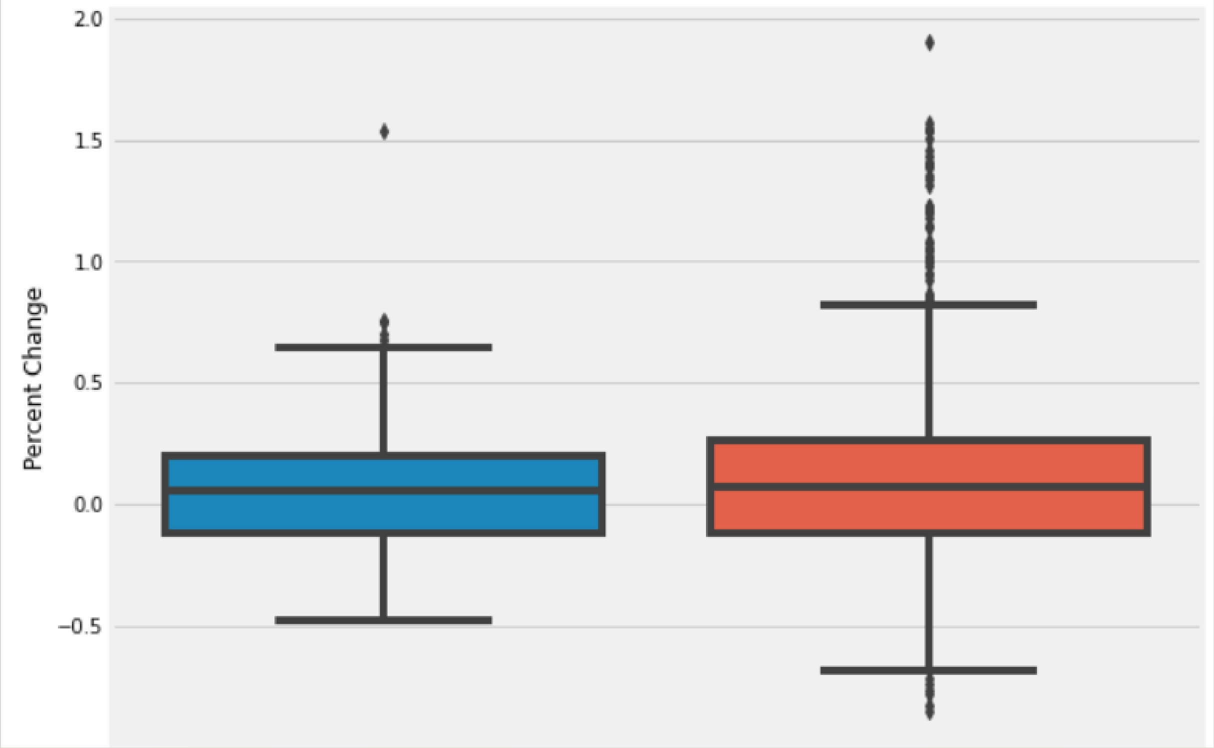
More than$1B *Less than$1B*



237 companies 1103 companies

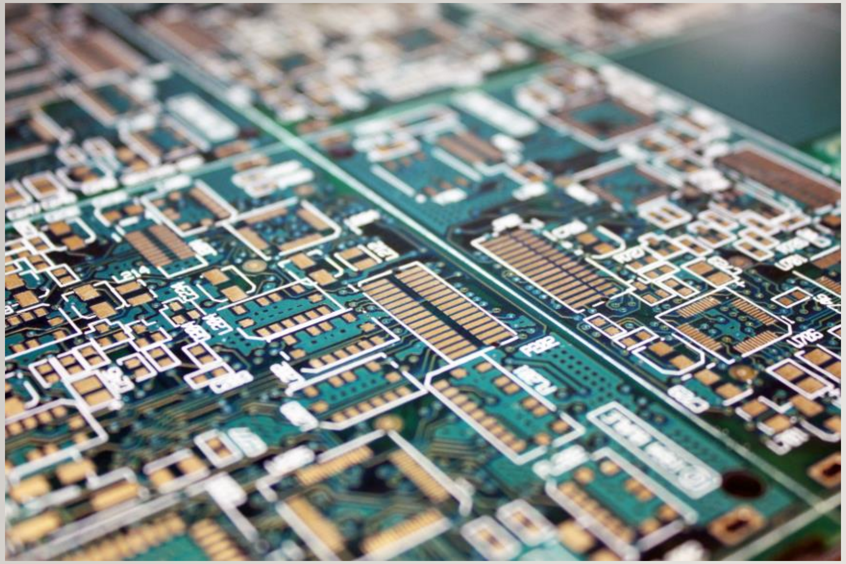
By how much?

There was a significant difference in returns between the 2 groups, this difference is showing that 'cash weak' performed 1% - 8% better than 'cash rich' as shown by a 95% confidence interval.



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

Both are tech companies

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

BEST PERFORMER FROM 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!