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Autore	Costantini Pascal
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Nota di contenuto	Front cover; Title page; Copyright page; Table of contents; By way of introduction; A temporary confidence crisis; Structure of the book; Acknowledgements; Mentors, peers and children; Part I What is Investment Analysis?; 1 Investment, investors and financial analysis; An annoying question - inquisitive colleagues; Emotions in motion - tea-leaf reading?; The tools of investment - a (very) brief history of financial ratios; The people of investment - an unfair typology; The economic profit framework; The PE paradox - an introduction to behavioral finance Coffee or beer? The issue of investment 'styles' 'Approximately and most of the time'; 2 The PE and the Equivalence principle: asset multiple and relative return; Cinderella's slipper - a misunderstanding: economic versus actuarial; The PE ratio and its actuarial framework; The economic construction behind the PE ratio; The equivalence between asset multiple and relative return - the residual income model;

Why would you use accounting numbers to fuel the EP model?; Empirical evidence of the Equivalence as an investment tool; Cost of capital and expected return; Is it for real? Discounted cash-flow models and PE ratios - financial and investment analysisThe one-man band; Appendix: The multiple guises of the PE ratio; Part II Digging the Foundations: Reconstruction of Economic Data; 3 Measuring the value of economic assets: the asset multiple; Tidying up a few loose ends; The debt problem: left and right, Cain and Abel, Miller and Modigliani; Liable: legally bound, under an obligation - beware of hidden liabilities; The final calculation of the economic enterprise value; Inflation: apples and oranges, age and half-life, PPP Invisibility and unaccountability: get a life, a non-smoker's dream, the asset testA certain Nobel Prize winner - not much for half a million - physical assets; 4 The relative return; Keynes the speculator, Tobin the investor; jinxed in Pleasantville; Hotelling; a Stephen Hawking definition of assets - straight line's not so straight; Dealing with infinity - cash return on capital invested; The cost of capital: an implicit calculation - fading and failing; An empirical calculation with multiple uses; 5 The price of growth; The stuff of dreams; CROCI and the Big Mac

Same earnings growth, different valuation Do you think what they think?; Growth matters ... sometimes - some disturbing news for growth managers; The third dimension - the Market Horn of Plenty; Part III Drawing Up the Plans: Analysis of Economic Profits; 6 The fundamental analysis of economic characteristics; The storytellers - fundamental and investment analysis - the special case of financial groups; Missing something? The right chemistry; Three CROCI patterns: a typology of corporate behaviour; Asset growth - another insight into corporate behaviour; Everything and nothing

7 Investment analysis

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#### Sommario/riassunto

In this book, Pascal Costantini gives a lively and wonderfully readable account of ten years of efforts by a small group of investment analysts to find a reliable, practical and implementable method for valuing and selecting shares. The result of their effort is an original investment methodology called CROCI (Cash Return on Capital Invested), best described as a variation of the economic profit model. For over a decade now, Costantini's group at Deutsche Bank has been using this valuation tool every time it has had to take a view on the pricing of an equity asset, be it a market, a sector or a

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