

# Value Investing

**Now available to all investors: the Warren-Buffett-method - Company analysis as a financial market letter**

Don't just rely on the fundamental strength of the best companies of the world during periods of turbulence on the stock market

**Kassel, 05 March 2012** - PURE Rating is a German rating agency that evaluates all relevant data of companies listed on the stock exchange in order to prepare analyses and financial market letters based on these data. This takes place according to the [value investing](#) process and is how thousands of companies, from the most important economic indices of the world, are evaluated.

The comprehensive and complex analysis according to the Warren-Buffett-method is available to private investors for the first time. Up until now, only fund management companies have been able to operate on such a sophisticated and high-cost scale.

The financial market letters called **PURE Index** classify the analyzed companies according to quality and list those companies with the best results first. Subscribers are able to [identify](#) the best companies at a glance and learn whether the share price currently trading on the market is considered to be favorable and carries with it the potential for above average gains.

Additional analyses compare the P/E ratio (price / earnings ratio) of stock with the P/E ratio of government bonds in the same market environment and then provide information as to whether these stocks are selling at a favorable price. A so-called Beta indicates the volatility (degree of fluctuation) of the security in relationship to its environment.

A special custom-made **chart analysis** of a top selection of companies complements the excellent fundamental evaluations of PURE Rating through the addition of technical analysis.

In the first half of 2012 PURE Rating will be introducing an **iPhone and iPad App** which will make value investing analysis available on mobile devices.

At this time four different E-mail financial market letters can be purchased for different subscription periods (from test subscription to platinum subscription) in German or in English. The platinum subscription contains up to ten analyses (financial market letters) per week including a risk analysis.

The [financial market letter subscriptions](#) are categorized according to common indices such as **PURE Index DAX**, **PURE Index DOW Jones**, etc. or according to **sectors** and **industries**.

The financial market letters which summarize companies in sectors (Engl. **sector**) are categorized and prepared according to the Thomson Reuters Business Classification procedure. Companies which are located in the same industrial sector (Engl. **Industry**) as defined by NAICS (North American Industry Classification System) are categorized and summarized according to their industry affiliation. Based on their classification a comparison and evaluation of the companies contained in each industry is therefore more realistic.

We currently offer more than **14 indices**, **10 financial market letters** classified according to **sector** and more than **120 financial market letters** categorized according to **industry**.

A total of 6300 companies categorized according to sector and industry can be found in the 14 indices and financial market letters.

In addition, investors can subscribe to technical literature on the subject of "Value Investing" in the German language.

Manual evaluation on this scale is virtually impossible. Each analysis of a company carried out by hand with the aid of a spreadsheet takes approximately 20 to 30 minutes. That would be 250 hours or more than ten days for the S&P 500 with its 500 companies.

Please refer to our website for further details.

[www.value-investing-strategy.com](http://www.value-investing-strategy.com)

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## In detail

The investment strategy of PURE Rating is based on the fundamental and traditional analysis of [Benjamin Graham](#), one of the most influential US-American economists and legendary investors. He is considered to be the forefather of fundamental securities analysis, which is considered today as the basis for [Value Investing](#). Benjamin Graham also taught the US-American institutional investor [Warren Buffett](#) among many other students.

Graham advocated the theory that a share of stock should only be purchased when it sells for less than its fundamental value (including a margin of safety). But how does the investor know just exactly where this fundamental value lies?

In order to calculate the difference (safety margin) between the value of a share actually traded on the stock exchange and the justified value based on fundamental data, Graham relied on fundamental securities analysis and the application of company key indicators such as return on capital (Engl.: Return on Capital, ROI), increase in equity, earnings per share (Engl.: Earnings per Share, EPS), increase in revenue (Engl.: Sales), the cash flow (Engl.: Cash Flow), the liquidating value or estimated book value (Engl.: Book Value) of the company, the debt ratio (Engl.: Long Term Debt, LTD), and the price earnings ratio (Engl.: Price Earning Ratio, P/E).

This difference or "safety margin" is the central investment criterion of Warren Buffett. US-investor and best-seller author [Phil Town](#) reduced this investment strategy to the bare essentials and made it popular again for today.

The core principle remains the same: company stock should only be purchased at a very attractive price. It is only logical therefore, that investors ignore market fluctuations since they can be confident that the stock will later be sold at a profit if the purchase was well thought-out and took place according to the "safety margin" rules.

Investors are therefore in a position to locate company "Gems" world-wide based on our **PURE** Indexes and to consider an investment for themselves with the best potential for performance based on the value of the share.