Sap stock management pdf

Benjamin Graham, author of The Intelligent Investor, the value-investing bible, compared the stock market to a man with wild mood swings. One day Mr. Market would offer to sell you his business at a ridiculously high price; the next day he would offer it at a crazy discount. During the market downturn, fund managers are paid to look for shares for fire sales. Many used the decline that began last September to snap up new holdings or add positions they already owned. We asked some smart robbers to share where they find good values now. Leader: Charles BobrinskoyFund: Ariel Focus (AFOYX)Cheap stocks are silver-fed in a gloomy market, bobrinskoy says, especially because investors' concerns about the economy now look overblown. We see data that says not only wasn't the job situation bad, it was great, he said. A favorite that Bobrinskoy buys more of: BorgWarner (BWA, $39.20), a leading manufacturer of powertrains and turbochargers for the automotive industry. The company is best known for products that improve fuel efficiency and reduce carbon emissions. But the company is also a leader in electric powertrains, and in fact it makes more money from electric cars than gas-powered ones, Bobrinskoy says. Manager: Charles BobrinskoyFund: Ariel Focus (AFOYX)Bobrinskoy also favors alternative asset managers, especially Blackstone Group (BX, $31.97), member of Kiplinger Dividend 15. Blackstone, which has $457 billion in assets under management, offers investments in real estate, private equity, hedge funds and bonds. The quarterly dividend payout is variable, depending on what the company earns. But traditional dividend investors should not be put off by the company's variable payout, Bobrinskoy says, as management takes great pride in Blackstone's usually generous payout to investors. The mutual fund industry is under pressure from low cost and (from the industry's point of view) low-profit index funds. That's not the case with companies specializing in alternatives. Alt-leaders get assets, Bobrinskoy says. He believes Blackstone's wealth growth will drive the stock past its peers. Chairman: TravisFund: Intrepid Capital Disciplined Value (ICMCX) The correction was bad enough in large company stocks, but small-company stocks were walloped. Someone screamed Fire! and there was only one exit at the back of the theater, travis says. Skechers (SKX, $25.27) is a stock that was burned, according to Travis. Concerns about the trade war with China accounted for part of the footwear maker's fall (some Skechers products are produced there). Shares trade at nearly 15 times the company's free cash flow (the money generated by operating expenses and expenses to sustain or expand the business), compared with nearly 20 times the average clothing stock. Skechers' balance sheet looks strong enough to see it through much of the retail headwinds. Skechers is a mispriced security, as far as can tell, says Travis. Manager: TravisFund: Intrepid Capital Disciplined Value (ICMCX)Another mispriced security, after Travis's reckoning, is Cabot Oil & Gas (COG, $24.18), an exploration and production company concentrated in Pennsylvania's Marcellus Shale.Taking on too much debt is the biggest risk for oil producers, travis says; Cabot's balance is conservative. And the company is committed to sending half of its free cash flow to shareholders via dividends and buybacks, says Travis. Chairman: Bill NygrenFund: Oakmark Fund (OAKMX)One of the unusual things about the market in recent months is how disconnected share prices were from business results, says Nygren. Many companies with basic business models that are not broken sell for very low price earnings ratios, he said. Nygren still likes Citigroup (C, $56.69), one of his best holdings, which currently trades at eight times analysts' estimates of 2019 earnings. Citi is uniquely positioned to be a global bank. It doesn't seem like much has to go right for the stock to do well, he says. Meanwhile, Citi has a hefty dividend yield of 3.2%. The company also has an ongoing share buyback programme, which should give the remaining shareholders a greater share of the earnings. Chairman: Bill NygrenFund: Oakmark Fund (OAKMX)Another of Nygren's bargains is American Airlines (AAL, $31.80), which sells at six times estimated 2019 earnings. The U.S. airline industry is essentially an oligopoly now, with American Airlines weighing in at No. 4 of the current market value. Since last summer, airlines have been pricing tickets assuming that oil will sell for $70 a barrel, Nygren said. People don't get a refund because the oil has since dropped to $50, he said. Moreover, as businesses become more global, the journey should continue to grow, he adds. American uses most of its excess capital to buy back shares, with enough in its buyback plan to soak up 11.2% of outstanding shares. Manager: Ian SexsmithFund: Parnassus Fund (PARNX)If you have a private credit card from a retailer, you've probably had contact with Alliance Data Systems (ADS, $167.47). Given the recent trends in retail, store-based credit cards may not sound appealing. But Alliance Data is also a full-service digital marketing agency and loyalty program manager – and that's what will keep the company chugging into the future, Sexsmith believes. The stock was folded, spun and mutilated in the last downturn - over the past 12 months it has fallen 38.2%, counting dividends and currently selling at bargain-basement levels of seven times projected earnings in 2019. The stock was completely crushed, Sexsmith said. There is no way it is the right price. Chairman: Ian SexsmithFund: Parnassus Fund (PARNX)Sexsmith also believes investors were wrong with FedEx (FDX, $170.99), whose stock has lost 36.3% in the past 12 months. FedEx is the best in the world and they gain market share on Sexsmith says. Although investors worry about increased competition as Amazon.com roll out its own delivery service, the burgeoning business has less than 3% of FedEx's share of the delivery business, he said. Manager: Jon ChristensenFund: Virtus KAR Small-Cap Growth (PSGAX)There's nothing Virtus executives like more than big businesses whose stocks are swept up in a market downturn. Brooks Automation (BRKS, $28.08), which fell from a high of $40 in August 2018 to a low of $23 in December, took a pretty good hit, christensen says.The firm has two main segments: semiconductors and life sciences. The latter, which focuses on tissue sample storage and gene sequencing, is the more promising of the two. Life sciences is what we are interested in, says Christensen. The segment will eventually take over the company's semiconductor business, and the firm will be a healthcare company, focusing on making health care more efficient, he adds. We like this story a lot in the longer term. Has momentum in major technology stocks and MAGA have you feared the worst is near? These concerns may also be further away than investors imagine and encapsulated in European technology giant SAP SE (NYSE:SAP) stock. Source: Tada Images/Shutterstock.com Let's look at what happens on and off the price chart of SAP stock, and why, if you're going to swim in today's risky market stream, a secured stock strategy with a good defense is essential at first. Microsoft (NASDAQ:MSFT). Apple (NASDAQ:AAPL). Alphabet (NASDAQ:GOOG, NASDAQ:GOOGL), aka Google and Amazon (NASDAQ:AMZN) - the tech giants were collectively hailed as an investable variant of Make America Great Again by President Donald Trump right in front of Wall Street's short-lived but paralyzing coronavirus-driven bear market. February's self-congratulatory statement could not have been more poorly timed. Yet each of the tech giants has returned roaring back to record highs as they sharply lead the broader markets into positive territory. In the face of the Covid-19 pandemic, MAGA's collective technologies have literally and figuratively come to the aid of both businesses and individuals amid lockdowns, work-from-home trends and social distancing mandates. And in tow, their stocks have blossomed to the point of being priced for perfection or at least a good old-fashioned correction. But they're not alone either. Across the pond Europe's largest tech outfit, German-based enterprise software and business analytics giant SAP has also reaped the benefits of Covid-19. Among other things, customers have relied on SAP's products to reconfigure supply chains amid disruptions and permanent dislocations associated with the pandemic. SAP even collaborated with Deutsche Telekom (OTCMKTS:DTEGY) and built a contract tracking app for the coronavirus. It looks like SAP is helping on many fronts in the midst of the Covid outbreak. And late July's peak and bottom line beat offered evidence of SAPS's growing influence. In addition, the company's of almost $200 billion is a testament to SAP's value. To be fair, concession in the trillion-dollar club is not a concern. Nevertheless, the involvement of investors is obvious. And like its American counterparts, SAP is also historically rich. Look at the price-earnings ratio, cash flow relative to price and sale relative to the share price. The calculations point to an expensive stock. SAP cannot be priced for perfection, but stocks are without a doubt, optimistic bid. Sure, the argument can be made SAP is cheaper based on selected financial ratios than MAGA shares. But reaching for relative value across the pond after a record-breaking and increasingly rich, momentum-driven rally whose tendrils also stretch across the pond is a tough sell. SAP Stock Monthly Price Chart Source: Charts of TradingView What can't be a tough sell are stocks in SAP. I do not warn SAP is a direct card. Yet, as bad as MAGA stocks, SAP has benefited from the coronavirus, loose global monetary policy and increasingly popular momentum that invests by hitting several all-time highs since June. It's a concern. And right now, this price action carries with it, increased downside risk. SAP's risky 'V'-shaped price action has taken the stock outside its upper Bollinger Band for a third month in a row. It's extreme. The last incident in which SAP acted through this indicator's resistance for a handful of months was in 2011. It convinced bullish behaviour ahead of a multi-month bear market correction of about 30% before the uptrend eventually resumed. In addition to not helping cases, stocks simultaneously jumped over a long-term resistance line. The trillion-dollar question for SAP stock is whether history will repeat? There are no guarantees that it will. But I wouldn't turn a blind eye to the current risks, especially given September's perennial weak tendencies and not to mention October's famous bearish episodes. If investors still want to brave today's market waters, I would recommend using an adaptable, limited and reduced risk equity collar strategy. Thursday's decline of about 4% may look like a good deal, but corrections of 15% to 20% are common for stocks of SAP's calibre during weaker market cycles. The bottom line for SAP Stock Giving up some upside potential for the right to maintain a bulletproof defense may not be as popular as the momentum that invests these days. But in the event this time is no different, there is no competition which investor will come out on top. On the date of publication, Chris Tyler, directly or indirectly, does not hold positions in any of the securities mentioned in this article. Chris Tyler is a former floor-based derivatives market manufacturer on the U.S. and Pacific exchanges. The information offered is based on his professional experience, but strictly intended only for educational purposes. Any use of this information is 100% the responsibility of the individual. For additional market insights and related Chris on Twitter @Options_CAT and StockTwits. LagerTwits.