

# Equity Investment Observation

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## 1. EXECUTIVE SUMMARY

1. The purpose of this whitepaper is to introduce an improved service for equity investment.
2. Globally, private individuals are becoming more interested in the investment of their savings in the equity markets, beyond the traditional “safe havens” of bonds and “bricks & mortar”.
3. Investors in equities are often interested in alternative points of view before making their investment choices.
4. A well-founded method for the development of alternative points of view is the combination of [Fundamental Analysis](#) with [Scenario Planning](#).
5. Using Fundamental Analysis (“FA”) the direction of equity prices can be forecast using educated estimates for factors such as owners’ ambitions and market sentiment.
6. Scenario Planning provides a big-picture context for international investment risk management.
7. Amplios has recently been paid to provide online training in Scenario Planning by the Singapore-based executive training organization [Weventz.sg](#)
8. A convenient source of historical data for individual stocks (> 100,000 entities globally) is available via the [Gurufocus.com](#) service.
9. Emerging markets such as Africa provide highly prospective forums for evaluating equity investment tools.
10. On the Gurufocus service, there are 662 stocks listed on Gurufocus. In most cases, a senior executive can be contacted directly via LinkedIn.
11. This white paper introduces a service whereby the Amplios team provides verified data for use in the Equity Investment Observation process.
12. The interface with end-user investors is proposed to be via collaboration with regional partners.

## 2. INTRODUCTION

1. Fundamental analysis is a method of measuring a security's intrinsic value by examining related economic and financial factors. Fundamental analysts study anything that can affect the security's value, from macroeconomic factors such as the state of the economy and industry conditions to microeconomic factors like the effectiveness of the company's management.
2. The end goal is to arrive at a number that an investor can compare with a security's current price in order to see whether the security is undervalued or overvalued.
3. This method of stock analysis is in contrast to technical analysis, which forecasts the direction of prices through an analysis of historical market data such as price and volume.
4. Using FA, the direction of prices can be forecast using educated estimates (aka "judgment calls") for owners' ambitions and market sentiment.
5. A convenient source of historical data for particular stocks (> 100,000 entities globally) is available via the Gurufocus.com service.
6. Due to inconsistencies in the publication of the financial statements of securities, whereas the Gurufocus data is conveniently and economically available, care must be taken to verify the accuracy of the downloaded data.
7. This white paper introduces a service whereby the Amplios team provides verified data for use in the FA process.

## 3. BACKGROUND

### 1. Market

In the USA, it is estimated that approximately 50% of adults use equity investment tools. From a base of 200 million, this gives 100 million users in the USA.

On LinkedIn, there are 171 million users in the USA.

On this basis, the long-term global market for equity investment tools is estimated to be approximately 50% of the membership of LinkedIn, or 85 million persons.

In the emerging economies, such as Africa, it is estimated that 5% of the membership of LinkedIn will be interested in such tools.

In Africa, the total LinkedIn membership is estimated to be 20 million, as shown below:

#### LinkedIn Africa members 000's

<b>Nigeria</b>	<b>4430</b>
<b>Ghana</b>	<b>1030</b>
<b>Egypt</b>	<b>4520</b>
<b>Kenya</b>	<b>1990</b>
<b>South Africa</b>	<b>7540</b>
<b>Tanzania</b>	<b>578</b>
<b>Congo (DRC)</b>	<b>283</b>
<b>Total</b>	<b>20371</b>

In Africa, 5% of the LinkedIn membership thus amounts to approximately 1 million persons.

## 2. Competition

The competitors in the field of equity investment tools are reviewed by websites such as [Business Insider](#).

Leading examples of equity investment tools are:

- Charles Schwab
- Thinkorswim
- Sofi
- Webull
- Fidelity
- Interactive Brokers
- Robinhood

## 4. SOLUTION

The proposed solution is a service with the following elements:

- Private access to interactive Fundamental Analysis modeling of the share price outlook for a portfolio of individual stocks as selected by the client
- Scenario-based Business Investment Risk Assessment based on combinations of industry and city location.
- Online training in Fundamental Analysis to Certificate of Literacy level

A recent presentation on Fundamental Analysis is included at Appendix A.

A recent presentation on Scenario Planning is included at Appendix B.

Marketing of the service is proposed to be via regional partners.

For example, a regional partner may be appointed for Africa.

On the Gurufocus service, there are 662 stocks listed for the Africa region.

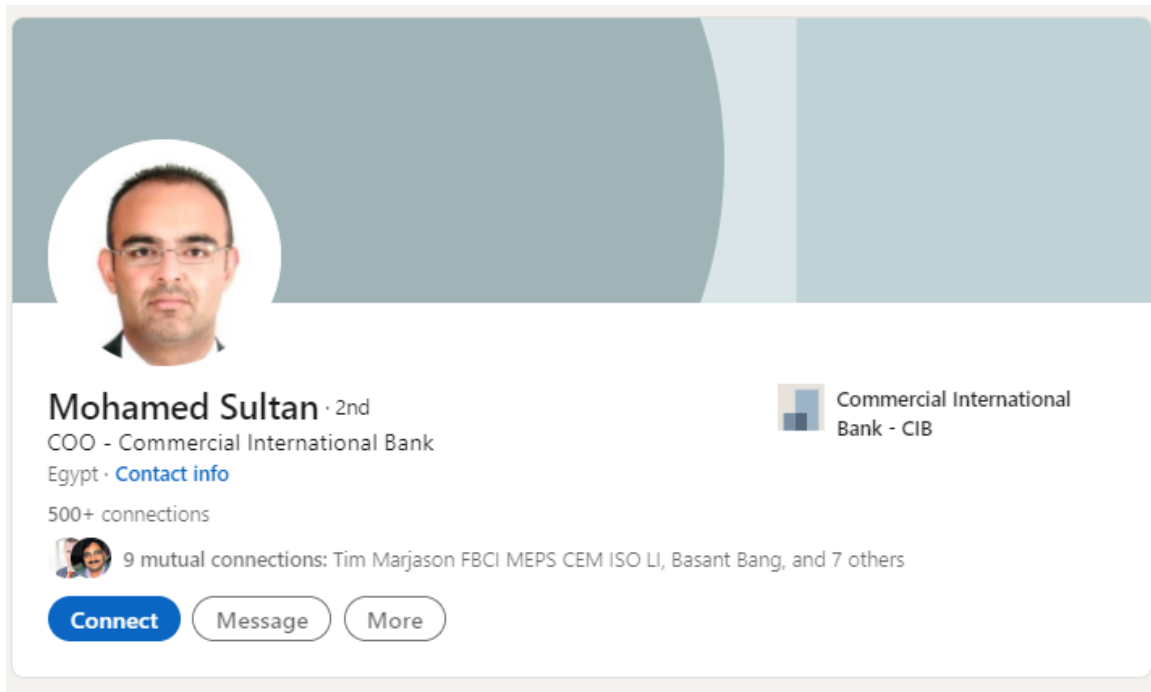
An example of the companies listed in Egypt is shown in the table below.

### **Listed Companies in Egypt**

- Commercial International Bank (Egypt) SAE
- Qatar National Bank AlAhli SAE
- Fawry For Banking Technology And Electronic Paymen
- Talaat Moustafa Group Holding
- Faisal Islamic Bank of Egypt
- Emaar Misr for Development SAE
- Egyptian Financial Group-Hermes Holding Co
- Zahraa Maadi Investment & Development
- Aluminium of Egypt SA
- El Ezz Dekheila Steel - Alexandria
- EZZ Steel Co SAE

## Equity Investment Observation

In most cases, a senior executive can be contacted directly via LinkedIn. An example for Commercial International Bank (Egypt) SAE is as shown below:



Via LinkedIn, a focused group of contacts can be built up quite rapidly, within a matter of a few weeks.

Successful closure of sales will then depend upon the quality of marketing procedures.

## 5. DRAFT BUSINESS PLAN

The draft business plan for a regional partner is shown in the table below:

<b>Product: Equity Investment Observation</b>				
	<b>Base</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Conversion NAIR to USD</b>	412	412	412	412
<b>Currency: USD</b>				
<b>Prospective customers</b>	1,000,000	1,000,000	1,000,000	1,000,000
<b>Outputs:</b>				
<b>Sales Units Cumulative</b>	240	7,440	21,840	50,640
<b>Market Share</b>	0.02%	0.74%	2.18%	5.06%
<b>Business Plan:</b>				
<b>Operating months</b>	12	12	12	12
<b>Operating days per month</b>	20			
<b>Marketing agents</b>	1	30	60	120
<b>Social media messages per day per agent</b>	1000			
<b>Social media messages per month per agent</b>	20,000	20,000	20,000	20,000
<b>Positive responses rate</b>	2%	2%	2%	2%
<b>Positive responses (Clicks)</b>	4,800	144,000	288,000	576,000
<b>Conversion to sales</b>	5%	5%	5%	5%
<b>Sales units</b>	240	7,200	14,400	28,800
<b>Revenue per sale per month - USD</b>	\$ 10	\$ 10	\$ 10	\$ 10
<b>Revenue per month</b>	\$ 2,400	\$ 72,000	\$ 144,000	\$ 288,000
<b>Revenue pa</b>	\$ 28,800	\$ 864,000	\$ 1,728,000	\$ 3,456,000
<b>Social media cost per click</b>	\$ 2	\$ 2	\$ 2	\$ 2
<b>Social media cost pa</b>	\$ 9,600	\$ 288,000	\$ 576,000	\$ 1,152,000
<b>Gross Margin pa</b>	\$ 19,200	\$ 576,000	\$ 1,152,000	\$ 2,304,000
<b>Marketing Agent commission</b>	50%	50%	50%	50%
<b>Marketing Agent commission</b>	\$ 9,600	\$ 288,000	\$ 576,000	\$ 1,152,000
<b>Marketing Agent commission per month</b>	\$ 800			
<b>Marketing Agent commission per month NAIR</b>	329,600			
<b>Net Margin</b>	\$ 9,600	\$ 288,000	\$ 576,000	\$ 1,152,000

## 6. CONCLUSION

In summary, the opportunity exists to develop a second opinion service at low cost and low risk to the market. The deployment can be on a professional milestone basis, thus protecting the developer and the investor alike.

The draft business plan shows the potential to reach commercial viability within 3 years within the Africa market.

## FOR MORE INFORMATION

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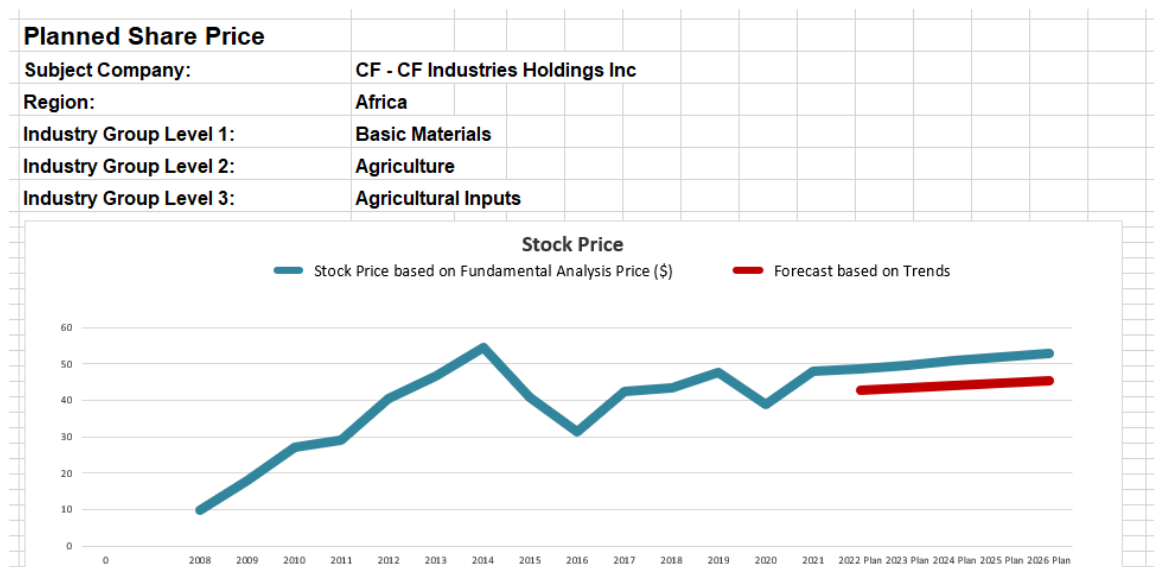
## APPENDIX A

Here we provide details of our Fundamental Analysis program.

For each particular stock, the program develops a Fundamental Analysis stock price forecast based on assumptions chosen by the user. This is then automatically compared with a typical stock price forecast based on trends.

An example of the output is shown in the image below:

### Comparison of Stock Price Forecasts



Standard equity investment tools use forecasting tools such as [Least Squares Regression](#) to forecast stock prices based on their past performance.

The danger of this statistical approach lies in crowd behavior as shown in the graph below:

Equity Investment Observation

DJIA History 2017-2020



## APPENDIX B

Here we provide brief details of our Scenario Planning training products.

These provide the background for assessment of the potential changes in price/equity ratios for various combinations of industry and location on the international stock markets.

The following are some images from the executive training program.

### Topic 02 Investment Risk Management Risk Assessment with Scenarios

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- ▶ Historically, risk assessment via scenarios has been an expensive, time-consuming process.
- ▶ The method has been to develop several plausible scenarios, then choose the “most likely” for inspection
- ▶ At Amplios, we have designed and extensively tested a method for developing these interactively

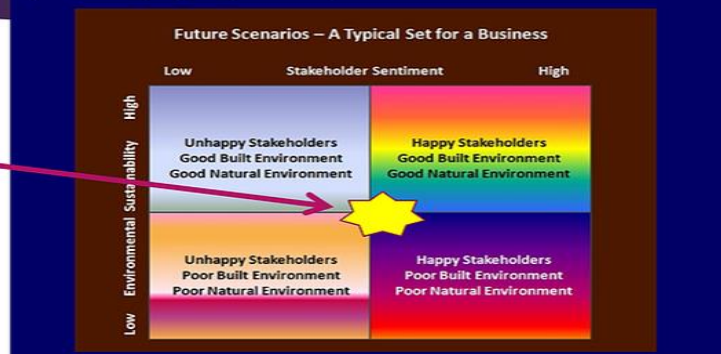


### Arranging the Scenarios by the Dimensions

The usual arrangement is for the desirable scenario to be placed top right quadrant, the least desirable bottom left.

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The “Most Likely” Scenario will be somewhere around here



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Here we show a set of future event labels forming a global investment scenario named "Nuclear Proliferation" with a "No-go" recommendation.

### Ampliosrisk

**Rapid Risk Assessment via Simplified Scenario Planning**

**Purpose:** To demonstrate the Amplios Astrolabe user interface

Step 1: Enter your industry, location and project title

Step 2: Enter your project future events (inactive in this demo)

Step 3: Select your Top 8 impact events

Step 4: Add your opinions as to impact etc.

Industry Group: (pick)  
 Typical USA corp:  
 Location Group: (pick)  
 Bloomberg local corp  
 Project Name (enter)  
 Controllable = ☐ Uncontrollable = ☒

Top 8 Impact Events in Any Sequence (re-sequenced later in STEP 5)				Score = Degree X Probability X Impact Sign.					
Row	Future Events Picked (Event Number : Event Label)	Select Trend	D	P	Sign	Con	Score	<Negative/Positive>	
1	1009: macroeconomic conditions	-increasing	H	N	N	U	-64.0	(U)	(U)
2	1015: operations disruption	-increasing	H	L	N	U	-16.0	(U)	(U)
3	9604: pace of nuclear proliferation	-increasing	H	H	N	C	-64.0	(U)	(U)
4	2041: communicable disease	-increasing	L	H	N	C	-16.0	(U)	(U)
5	1206: Internet connectivity	-increasing	H	H	P	C	64.0	(U)	(U)
6	9617: US nuclear weapons in NATO Europe	-increasing	M	H	N	C	-40.0	(U)	(U)
7	9613: Success of P5+1 negotiations with N K	-increasing	H	M	N	U	-40.0	(U)	(U)
8	9736: sophistication of China future weapons	-increasing	H	H	N	C	-64.0	(U)	(U)

\* D=Degree of impact, P=Probability of occurrence, I=Impact Sign, C=Controllability

Do not proceed further with this case

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Here we show a set of future event labels forming a local investment scenario named "Vietnam Higher Education" with a "Go" recommendation.

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Row	Future Events Picked (Event Number : Event Label)	Select Trend	D	P	Sign	Con	Score	<Negative/Positive>	
1	9601: value of uni education in job search	-increasing	M	H	P	U	40.0	(U)	(U)
2	9610: use of ICT to enhance learning	-increasing	M	H	P	C	40.0	(U)	(U)
3	9611: cost of education	-increasing	M	H	N	U	-40.0	(U)	(U)
4	9615: privatization of the education system	-increasing	M	L	N	U	-10.0	(U)	(U)
5	9637: higher education quality assurance	-improving	M	H	P	U	40.0	(U)	(U)
6	9636: international standards for PhDs	-declining	M	L	N	C	-10.0	(U)	(U)
7	9638: cross-country comparisons of uni data	-declining	M	M	N	U	-20.0	(U)	(U)
8	9646: profit margins in private edu	-improving	H	M	P	C	40.0	(U)	(U)

\* D=Degree of impact, P=Probability of occurrence, I=Impact Sign, C=Controllability

Proceed with caution to the Strategy stage

End of Whitepaper