

HOLT®

CREDIT SUISSE 

Greater clarity. Confident investing.



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Facilitating smarter investment decisions

Why HOLT?

HOLT's approach and flexible analytical platform, evolved over 40 years, provides an objective view of over 20,000 companies around the world. This provides investors with an extremely robust perspective to add to their investment process.

Cash flows vs. Accounting data; Wealth creation vs. EPS growth

While the Street is generally focused on accounting data and EPS growth, HOLT's methodology corrects for subjectivity and converts accounting data into cash based metrics, which more closely approximates a company's underlying economics.

A focus on wealth creation principles allows for a differentiated viewpoint where wealth creating companies can be identified as distinct from high EPS growth companies.

Practical uses of HOLT

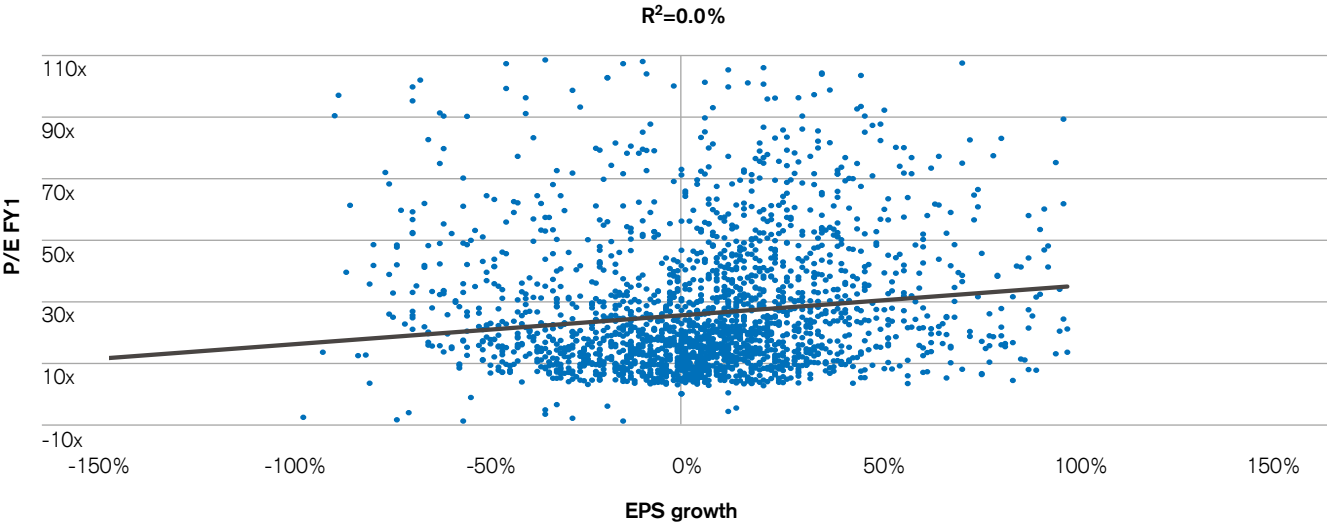
- Idea generation (robust screening tools can generate the best ideas)
- Disciplined and robust valuation (20,000 DCF models at your fingertips)
- Help to gauge "What the market has already priced" – key for buy/sells
- Detailed single stock analysis
- Risk analysis at a stock or portfolio level
- Scale for a small team covering a wide universe
- Helps build expertise outside of home markets for teams going global
- Differentiated factors for use in quant analysis & systematic strategies

Broad global coverage, including extensive APAC coverage

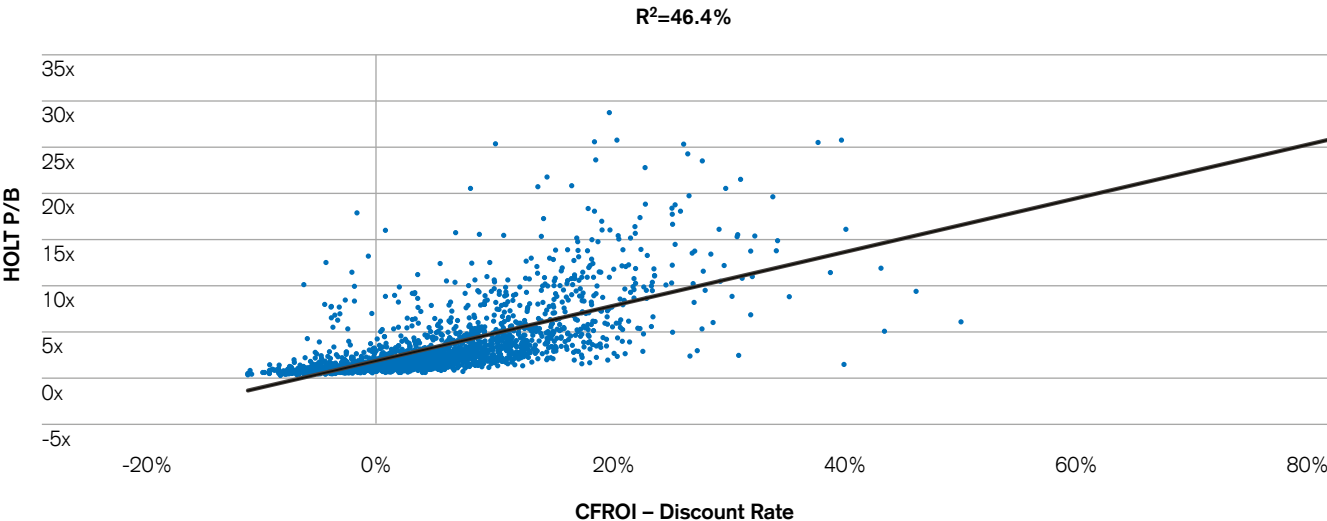
HOLT's universe now includes approximately 20,000 companies in 70 markets, including 10,000 in the Asia Pacific region, offering a comprehensive coverage for institutional investors. HOLT's dataset is overseen by a dedicated team of specialists to ensure high quality.

Do cash based measures improve on accounting measures? We think so!

EPS growth vs. P/E



CFROI® vs. HOLT P/B

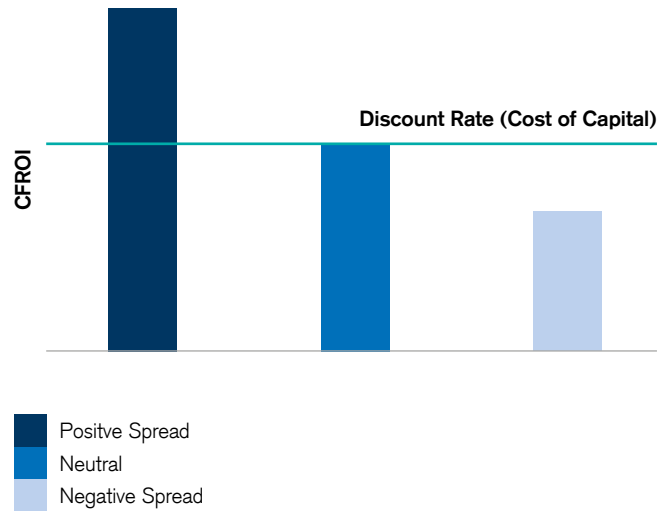


Source: Credit Suisse HOLT

Universe: Asia-Pacific ex-Japan, Market Cap > US\$1bn, EPS Growth < 100%, HOLT P/B < 30x, 2,269 Companies, September 2020

Focus on the fundamentals of wealth creation and not just EPS growth

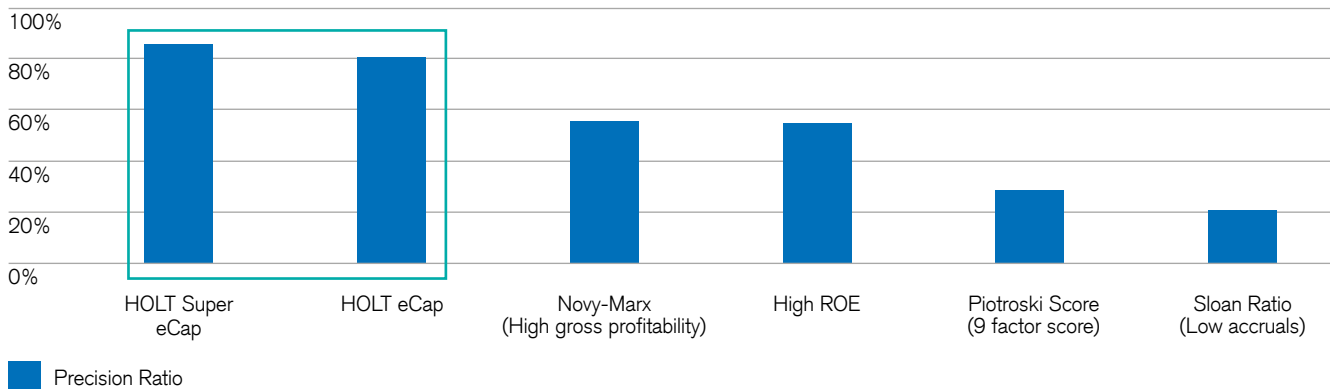
HOLT's proprietary metrics such as CFROI, market implied discount rates and economic profit allow investors to focus on the fundamentals of wealth creation. They assist in identifying companies that create value versus those that are wealth destroyers, some of which may be showing high EPS growth rates.



HOLT has better measures to identify high quality companies

HOLT's measures of quality such as "eCAP" and "Super eCAP" have significantly higher precision in identifying high quality companies compared to traditional accounting based quality metrics such as RoE and others.

Precision Ratio Comparison



Source: Credit Suisse HOLT.

Quality Precision Universe: US Industrial and Service firms; minimum market capitalization \$1bn scaled through time. Period: Jan 1990 – Dec 2015. Monthly Rebalance.

Note: eCAP refers to empirical Competitive Advantage Period

Idea generation as well as detailed single stock analysis

Improving single stock analysis – HOLT’s framework gives a very quick and objective overview of a firm’s wealth creation profile and allows analysts to conduct an insightful analysis using HOLT’s robust discounted cash flow valuation model. The framework also provides a perspective on leverage, accounting quality and risks embedded in individual stocks or a portfolio.

Screening and Scorecard – HOLT’s screening platform has over 500 variables to choose from, allowing investors to generate pools of interest and identify single stock ideas. HOLT’s Scorecard is also a robust framework to generate fundamental long and short ideas.

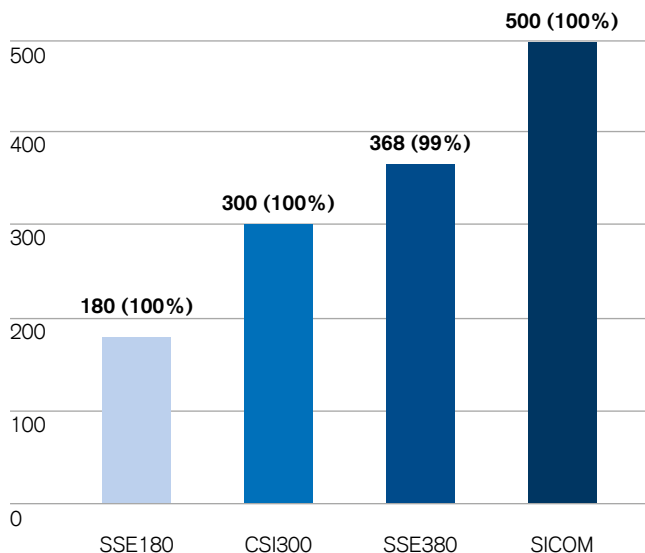
*Please note that Scorecard function may be provided via alternative methods in your jurisdiction

2,000 China A-Shares to compliment 1,000 plus HK listed/ADRs

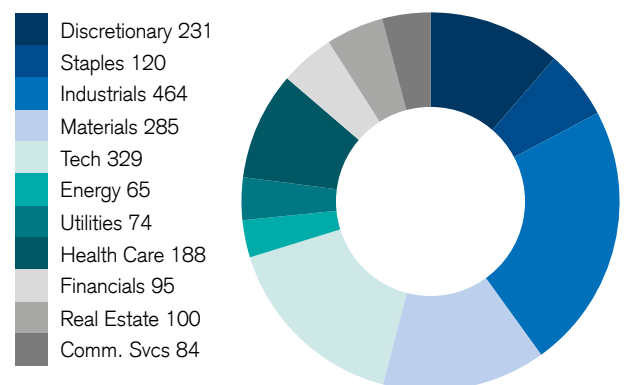
HOLT has maintained a China A-Share database for over a decade. With increasing investor interest, HOLT has ramped up the coverage of A-Share companies in recent years, bringing the total to over 2,000 companies. The current universe provides almost 100% coverage (by market cap) of the CSI 300, SSE 180, SSE 380 & SICOM stock indices.

At the sector level, Industrials is the largest with 464 companies, with listings equally split across Shenzhen and Shanghai. Our recent coverage of the SICOM index has also increased the number of companies in new growth sectors such as technology and consumer discretionary.

HOLT China A-Share coverage (by index)



HOLT China A-Share coverage (# of companies)



Source: Credit Suisse HOLT. Date as at September 8, 2020

HOLT Factors in China work well

Historically, HOLT Factor performance in the China A-Share market has fared better than in Hong Kong and the rest of NJA.

Factor		(Annualized absolute return, Jan 2007 – current)		
		Hong Kong	China	NJA
CFROI LFY	Top Quintile	5.3%	11.3%	7.5%
	Bottom Quintile	3.6%	7.3%	1.8%
CFROI Key Momentum	Top Quintile	7.4%	15.3%	8.8%
	Bottom Quintile	0.1%	5.6%	1.8%
Price Momentum	Top Quintile	9.1%	11.8%	7.5%
	Bottom Quintile	-0.7%	6.1%	2.9%
Daily Liquidity Average	Top Quintile	4.3%	0.6%	3.6%
	Bottom Quintile	1.1%	11.8%	3.8%
% Change to Best Price	Top Quintile	5.0%	12.2%	6.4%
	Bottom Quintile	4.2%	3.7%	3.2%
Economic P/E	Top Quintile	5.0%	11.7%	7.9%
	Bottom Quintile	3.4%	7.4%	2.0%
HOLT P/B	Top Quintile	4.7%	8.4%	6.3%
	Bottom Quintile	5.6%	9.6%	6.4%
Size	Top Quintile	6.2%	6.5%	4.0%
	Bottom Quintile	2.0%	15.2%	5.5%
Overall	Top Quintile	7.9%	15.1%	10.3%
	Bottom Quintile	1.1%	5.5%	-0.5%
Equal-weighted universe		4.8%	9.4%	5.4%

Note: Hong Kong and China consist of stocks listed in their respective stock exchanges in each market and available in the HOLT database. Min. market cap US\$0.5bn, Min Liquidity US\$5mn per day. Backtest end date as of August 31, 2020. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, expressed or implied is made regarding future performance.

Source: Credit Suisse HOLT

To find out more about HOLT, please contact us at holt.china@credit-suisse.com.

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