



# The Applied Finance Group, Ltd

## FACT SHEET

### About AFG

The Applied Finance Group (AFG) is an 11-year-old capital market research and consulting firm that analyzes how the market sets prices and helps clients profit from that knowledge. AFG's buy and sell recommendations have significantly outperformed their benchmarks for the last decade, leading to acceptance of the company's Economic Margin Framework as the preferred way to evaluate companies. It has more than 160 clients from around the world, including investment houses, management consulting firms, hedge funds, investment counselors, mutual funds, and corporations looking for better market strategies. AFG's research is delivered through its web platform, [www.AFGView.com](http://www.AFGView.com), fundamental analyst reports, and by database subscriptions.

### Notables

AFG's Economic Margin Framework is an empirically verified approach to consistently explain market valuations in real-time portfolios. By understanding differences between a stock's intrinsic value and market price, management effectiveness, and earnings quality, the firm's recommendations outperform the market regardless of a company's sector, size, or growth/value orientation. AFG's research covers approximately 4,500 companies traded on U.S. exchanges.

### Company Philosophy

Research and development are critical parts of AFG's culture, with 70 percent of its employees dedicated to improving products and research. Its focus on new research and investment tools is designed to leverage professionals' time and research processes.

### Investment Strategy

AFG uses a mix of proprietary metrics - such as Economic Margin, Management Quality Score, Earnings Quality, and Value Score - to reach investment decisions. AFG's metrics are linked directly to a company's income statement and balance sheet, a strategy that consistently works well across all market caps, sectors, and styles. The company's research works for both short-term market opportunities and long-term investment approaches that are tax dependent.

### Client Services

AFG provides a suite of investment tools, fundamental research products, and proprietary quantitative variables to help analysts, portfolio managers, and corporate executives make better investment decisions.

Its web platform provides the flexibility to quickly build and analyze numerous pro-forma scenarios to understand the expectations currently priced into a security. AFGview also allows its clients to generate presentation-ready reports of individual securities or portfolios to effectively communicate ideas across teams or to clients. Its in-house research analysts use AFG's quantitative indicators and research products to develop portfolios like the AFG50 and High Impact Trading Stocks (HITs) - both of which significantly outperformed their benchmarks since their release in 2004.

### Competitive Advantage

AFG's Economic Margin framework sets out to improve upon traditional Discounted Cash Flow (DCF) models and other value-based performance measures such as Stern Stewart's Economic Value Added (EVA) calculation and CSFB Holt's Cash Flow Return on Investment (CFROI) framework.

### Media Contacts

Chris Austin, (559)436-4270 ext. 204  
[caustin@afgltd.com](mailto:caustin@afgltd.com)

Saul Marquez, (312)362-9905  
[smarquez@afgltd.com](mailto:smarquez@afgltd.com)