CARE
Portfolio Managers

BEFORE WE INVEST

What Makes Us Reject a Company?

A good story is not enough. Before we invest, there are a few things that can make us walk away from a company.

1. The Balance Sheet Is Deteriorating

Rising debtors. • Higher debt. • Longer working-capital cycle.

Growth should not keep weakening the balance sheet.

2. The Growth Trigger Is Missing

Past growth matters less if we cannot see what drives earnings from here.

3. Management Keeps Overpromising

We prefer conservative guidance and consistent delivery.

Promises do not build conviction. Delivery does.

4. The Company Keeps Raising Capital

Repeated QIPs or warrants make us ask:

Why does the business need fresh shareholder capital again and again?

5. Management Is Diversifying Without A Clear Edge

Entering unrelated businesses can dilute both capital and management attention.

6. Profits Are Not Turning Into Cash

If reported earnings remain strong but cash flows do not follow, we look much harder at the quality of those earnings.

Care PMS Investment Lens

Balance Sheet
Can it support growth?

Growth
What drives the next leg?

Management
Do they deliver what they say?

Capital Allocation
Are they using shareholder capital well?

Cash Flows
Are the profits real in cash terms?

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Closing Thought

Finding reasons to buy is easy when the story is exciting.
A large part of investing is knowing **what you are unwilling to overlook.**

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