

MOAT STOCKS INVESTMENT FOR ALL SEASONS AN EMPIRICAL STUDY

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ABSTRACT

Equity investors, from time to time, are faced with contingent events and shocks that threaten to shake, rattle and roll the markets. The impact in the initial phase of such events or shocks on investors' sentiment is such that investors start believing this may well be the end of a good run for the markets and that there may be no treatment for such a malaise

Over the past few years, we have seen markets being impacted by various shocks emerging from different parts of the world. At times the market correction is triggered due to local events while at times this may happen due to a combination of both local and global events. Good market conditions or poor market conditions, 'risk on' or 'risk off' mood in the market – the hunt for quality stocks is always on. One of the most popular investment terminologies used while identifying quality stocks is 'stocks with an investment moat'.

It is a dream of any value investor to identify stocks that have some sort of moat in it. For companies to fall in the wide moat category they should enjoy a high market share and operate at high profitability levels. One of the best ways to understand stocks with growth momentum is to identify those stocks that reflect higher current RoEs than the five-year average RoEs.

KEYWORDS: *Moat, ROCE, ROE, PE*