Investors in IGB Berhad (KLSE:IGBB) have seen respectable returns of 43% over the past year

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The simplest way to invest in stocks is to buy exchange traded funds. But investors can boost returns by picking market-beating companies to own shares in. To wit, the **IGB Berhad** (KLSE:IGBB) share price is 40% higher than it was a year ago, much better than the market return of around 8.5% (not including dividends) in the same period. If it can keep that out-performance up over the long term, investors will do very well! The longer term returns have not been as good, with the stock price only 27% higher than it was three years ago.

So let's investigate and see if the longer term performance of the company has been in line with the underlying business' progress.

While the efficient markets hypothesis continues to be taught by some, it has been proven that markets are over-reactive dynamic systems, and investors are not always rational. By comparing earnings per share (EPS) and share price changes over time, we can get a feel for how investor attitudes to a company have morphed over time.

During the last year, IGB Berhad actually saw its earnings per share drop 12%.

This means it's unlikely the market is judging the company based on earnings growth. Indeed, when EPS is declining but the share price is up, it often means the market is considering other factors.

We think that the revenue growth of 35% could have some investors interested. Many businesses do go through a phase where they have to forgo some profits to drive business development, and sometimes its for the best.

The image below shows how earnings and revenue have tracked over time (if you click on the image you can see greater detail).

earnings-and-revenue-growth

This **free** interactive report on IGB Berhad's [balance sheet strength] is a great place to start, if you want to investigate the stock further.

What About Dividends?

When looking at investment returns, it is important to consider the difference between *total shareholder return* (TSR) and *share price return*. The TSR is a return calculation that accounts for the value of cash dividends (assuming that any dividend received was reinvested) and the calculated value of any discounted capital raisings and spin-offs. So for companies that pay a generous dividend, the TSR is often a lot higher than the share price return. As it happens, IGB Berhad's TSR for the last 1 year was 43%, which exceeds the share price return mentioned earlier. And there's no prize for guessing that the dividend payments largely explain the divergence!

A Different Perspective

We're pleased to report that IGB Berhad shareholders have received a total shareholder return of 43% over one year. That's including the dividend. That gain is better than the annual TSR over five years, which is 8%. Therefore it seems like sentiment around the company has been positive lately. In the best case scenario, this may hint at some real business momentum, implying that now could be a great time to delve deeper. I find it very interesting to look at share price over the long term as a proxy for business performance. But to truly gain insight, we need to consider other information, too. For instance, we've identified **4 warning signs for IGB Berhad** (2 are a bit unpleasant) that you should be aware of.

We will like IGB Berhad better if we see some big insider buys. While we wait, check out this **free** list of growing companies with considerable, recent, insider buying.

Please note, the market returns quoted in this article reflect the market weighted average returns of stocks that currently trade on Malaysian exchanges.

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