

- 20/20/20 STRATEGIES -
20 Strategies that have
returned 20% per year
compounded for the last 20-
years

Don Gimpel – June 2015

Warning to the Curious ...

It all started out when I became curious about answering the question: “Is there an investment strategy that systematically outperforms all others?”

If there is, I can concentrate my investment research efforts on that strategy. That question is answered at the end of the presentation.

The first step was to mine AAI's stock screens ...

1. Piotroski: High F-Score

TYPE:	Value
LOCATION	www.AAI.com/stock-screens
CONCEPT:	Piotroski identifies stocks that have the ability to borrow money and then know how to manage the money.
RESULTS:	CAR %: 28.0
	Risk: 2.1
	Sharpe's Ratio: 13.0

1. Piotroiski data source

apl

Examples Random

Maintenance Notice: Reports for finance-related queries may be returning fewer results than usual. We appreciate your patience as we work through an update to our financial data infrastructure.

Interpreting "apl" as "apple"

Input interpretation:
Apple (AAPL)

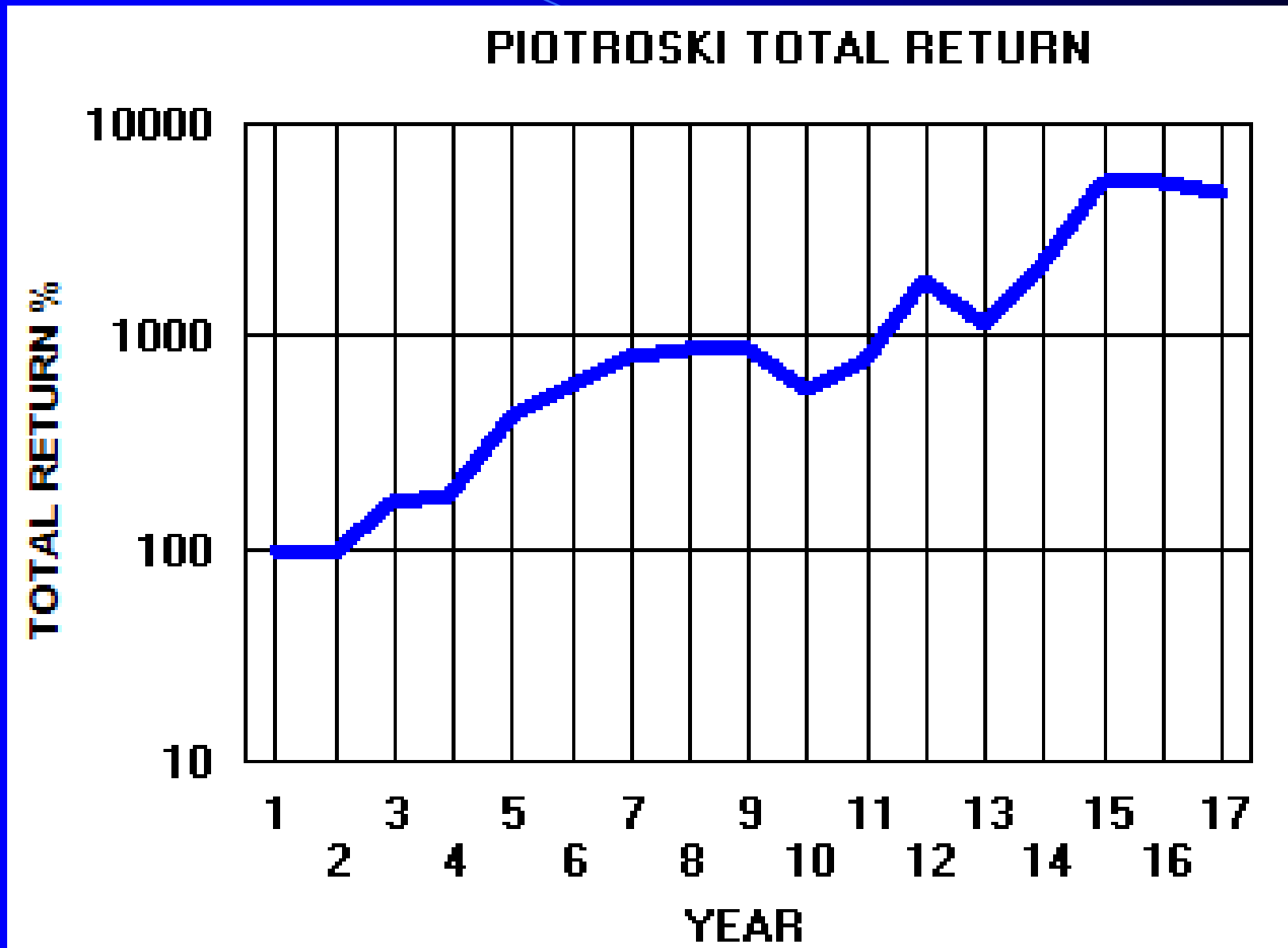
Latest trade: [More](#)
\$129.36 (AAPL | NASDAQ | June 4, 2015)

Fundamentals and financials: [Fundamentals](#)

market cap	\$749.6 billion
revenue	\$212.2 billion
employees	97 000
revenue / employee	\$2.187 million
net income	\$47.81 billion
shares outstanding	5.761 billion
annual earnings / share	\$8.14
P/E ratio	15.99
annual dividends / share	\$2.40
dividend yield	1.48%

(based on trailing 12-month totals, last close price and annual employees)

1. PIOTROSKI: High F-Score Chart



1. Piotroski: High F-Score 3

A note for those interested in the Piotroski strategy: An article “A Strategy for Improving the Piotroski High F-Score” by Wesley R. Gray, appears in the May 2015 issue of AAI Journal pgs. 19-23.

2. Estimated Revenue: Up 5%

TYPE: Earnings Estimates

SOURCE: www.AAII.com/stock-screens

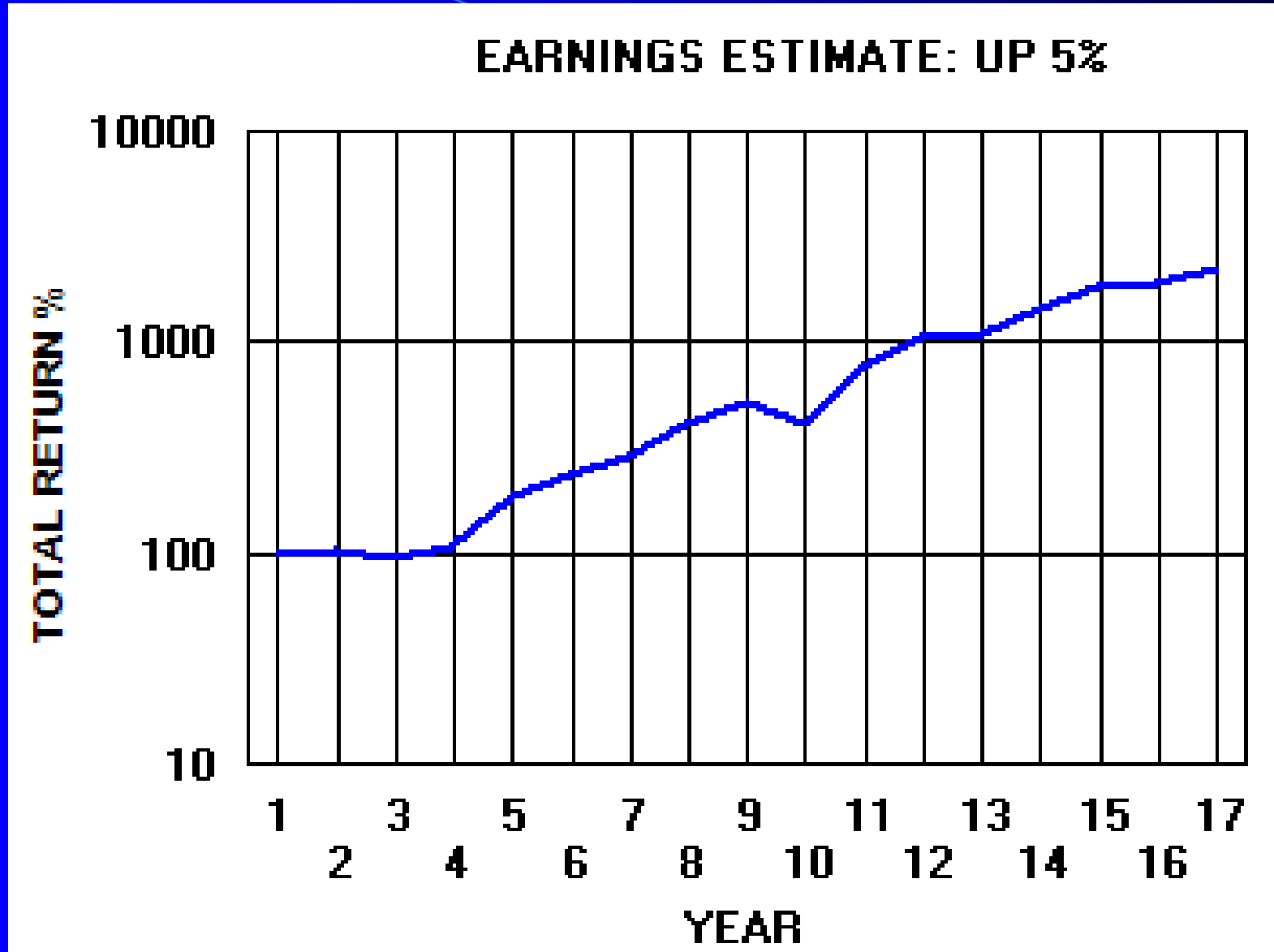
CONCEPT: When earnings expectations rise significantly, the value of the stock rises.

RESULTS: CAR %: 27.7

RISK: 1.8

Sharpe's Ratio: 15.3

2. Estimated Revenue: Up 5% Chart



3. Estimated Revenue: Top 30 Up

TYPE: Earnings Estimates

SOURCE: www.AAII.com/stock-screens

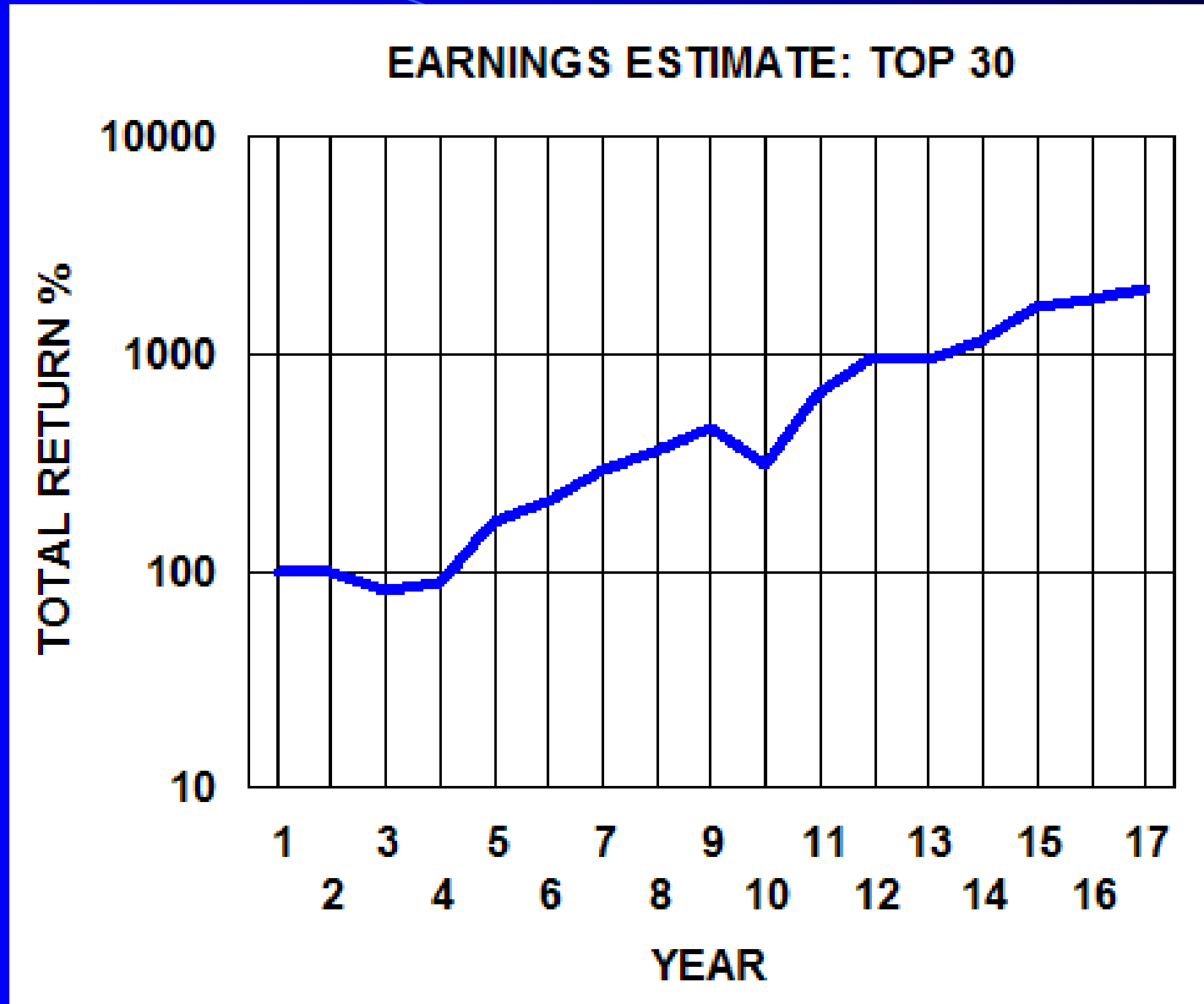
CONCEPT: The strategy depends upon Earnings Surprises where actual earnings are significantly higher than Expected Earnings.

RESULTS: CAR %: 27.7%

RISK: 1.8

Sharpe's Ratio: 15.3

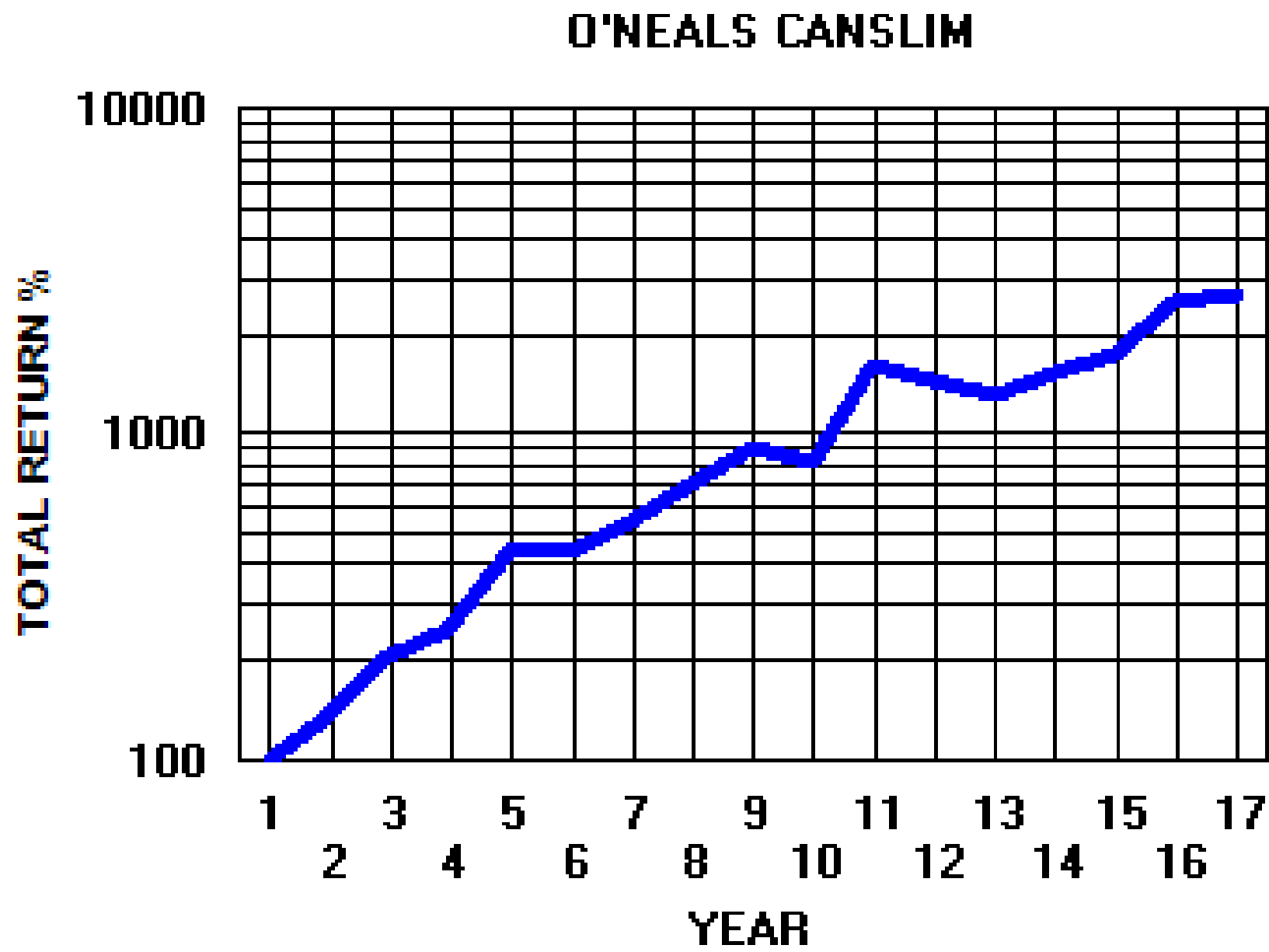
3. Estimated Revenue: Top 30 Up Chart



4. O'NEAL's CANSLIM

TYPE:	Growth with Price Momentum	
SOURCE:	www.AAI.com/stock-screens	
CONCEPT:	This strategy combines both fundamental and technical factors. It identifies and uses the revised characteristics of the biggest stock winners from 1953-1993.	
RESULTS:	CAR %:	25.2
	Risk:	1.9
	Sharpe's Ratio:	12.7

4. O'Neals CANSLIM Chart



5. O'Shaughnessy's Tiny Titans

TYPE: Value with Price Momentum

SOURCE: www.AAI.com/stock-screens

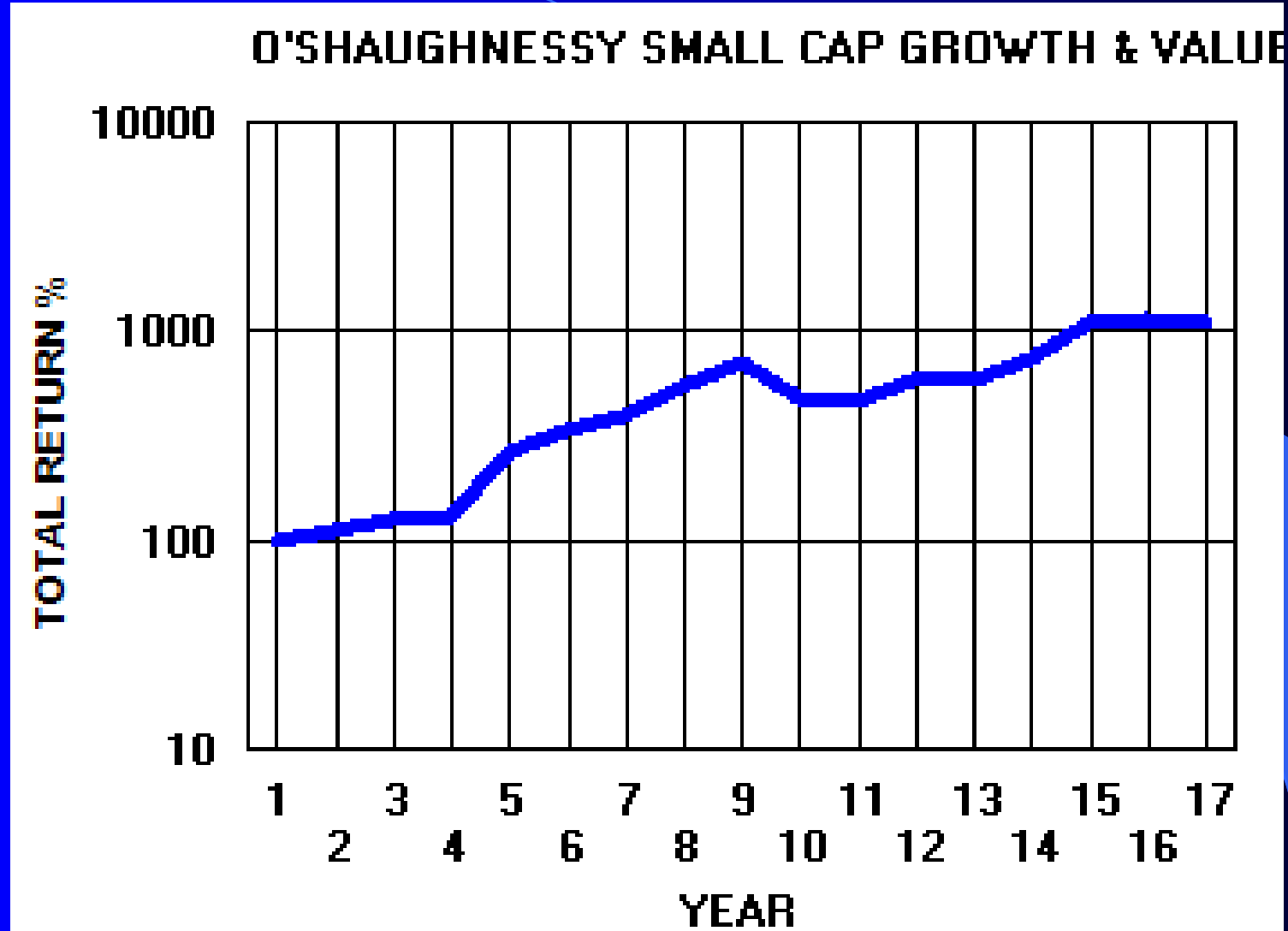
CONCEPT: This strategy is a play on the well documented small-cap value anomaly where small cap value stocks out-perform on a risk adjusted basis.

RESULTS: CAR %: 25.2

Risk: 1.9

Sharpe's Ratio: 12.7

5. O'Shaughnessy's Tiny Titans Chart



6. Graham Enterprising Investor

TYPE: Value

SOURCE: www.AAII.com/stock-screens

CONCEPT: Focus is on Intrinsic Value. Then invest in those that are under-valued and those that have a chance of out-performing the market.

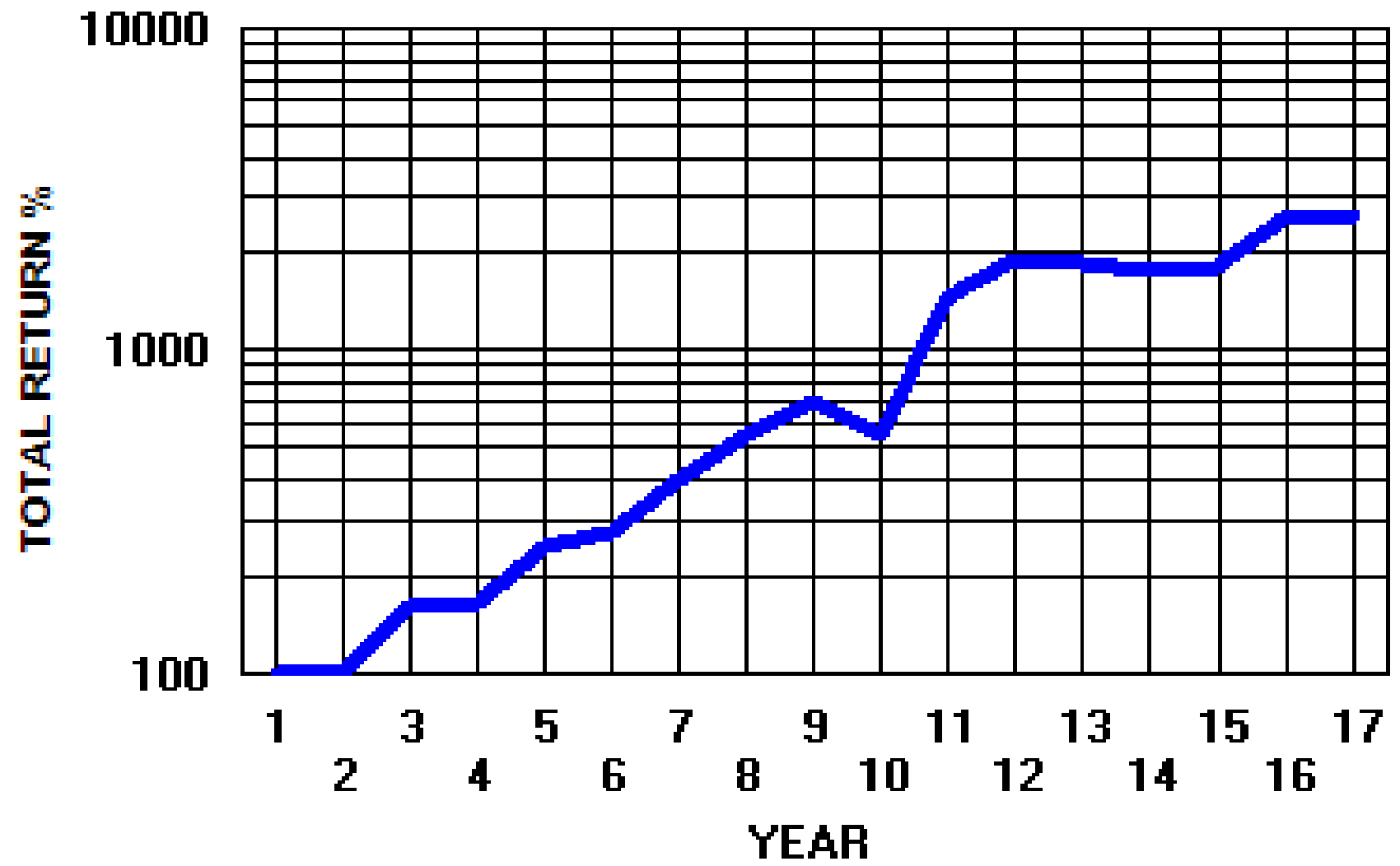
RESULTS: CAR %: 22.1

Risk: 1.8

Sharpe's Ratio 12.1

6. Graham Enterprising Investor Chart

GRAHAM'S ENTERPRISING INVESTOR REVISED



7. Stock Market Winners

TYPE: Growth and Value with Price Momentum

SOURCE: www.AAI.com/stock-screens

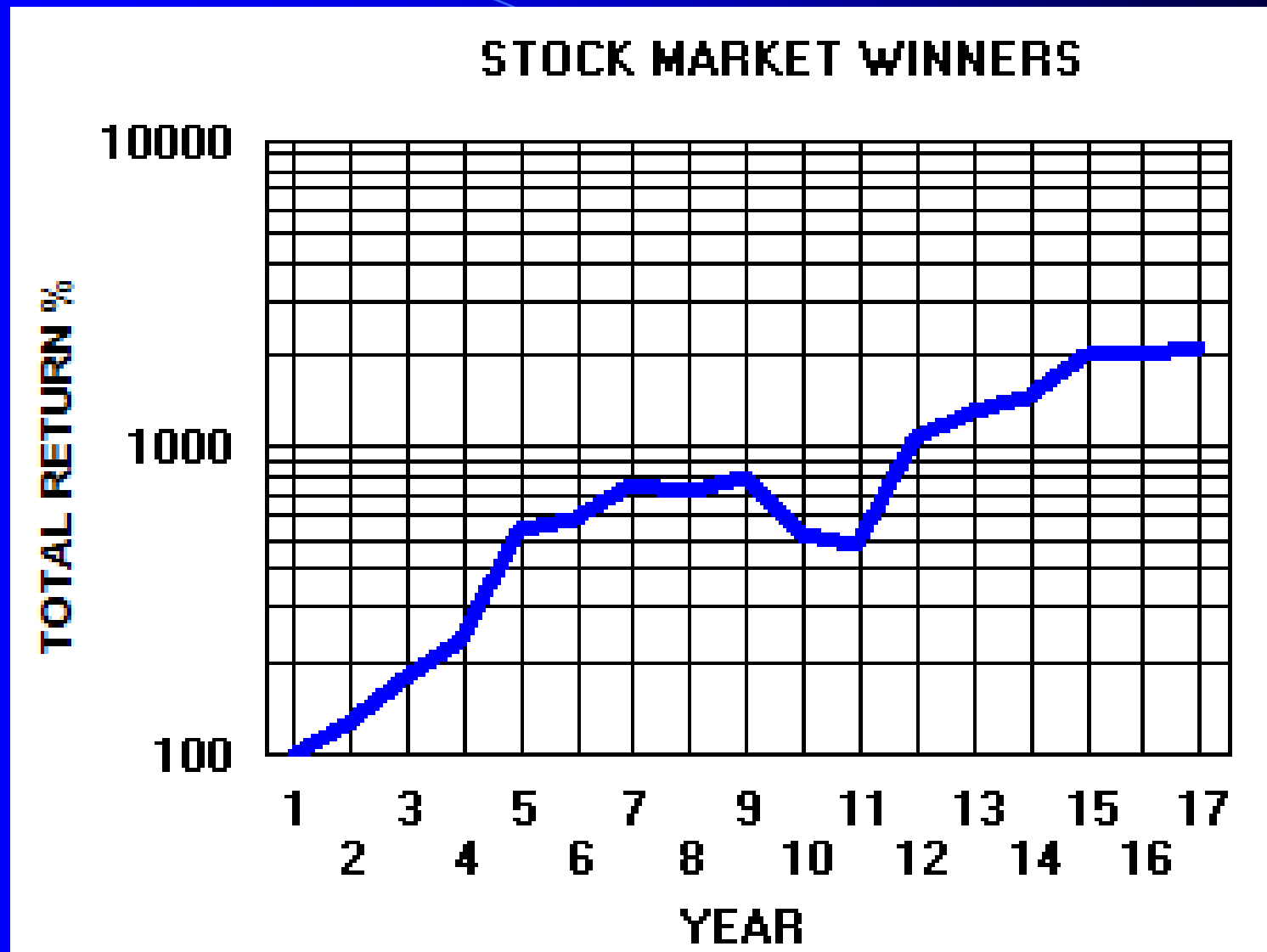
CONCEPT: Emulate the characteristics of “Stock Market Winners.” There are 9 rules that identify winning stocks such as Price/Book<1.00, accelerating quarterly earnings

RESULTS: CAR % 20.5

Risk: 1.5

Sharpe’s Ratio: 13.4

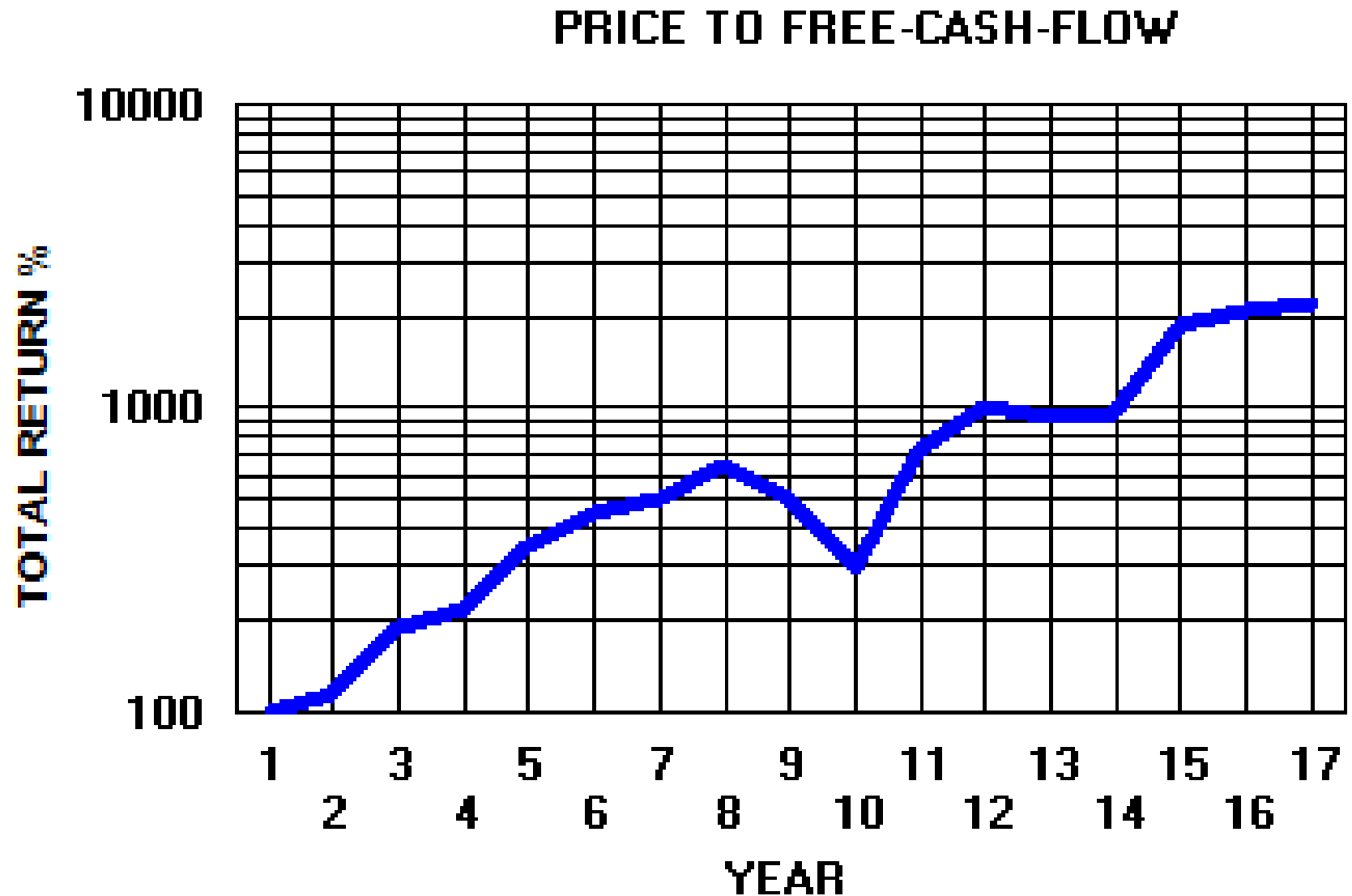
7. Stock Market Winners Chart



8. Price to Free-Cash-Flow

TYPE:	Value
SOURCE:	www.AAI.com/stock-screens
CONCEPT:	Identify investments with low Price-to-Free-Cash-Flow for these have the ability to survive.
RESULTS:	CAR %: 20.5
	Risk: 1.8
	Sharpe's Ratio: 11.1

8. Price to Free-Cash-Flow Chart



9. Value on the Move – PEG with Estimated Growth

TYPE: Growth and Value with Price Momentum

SOURCE: www.AAI.com/stock-screens

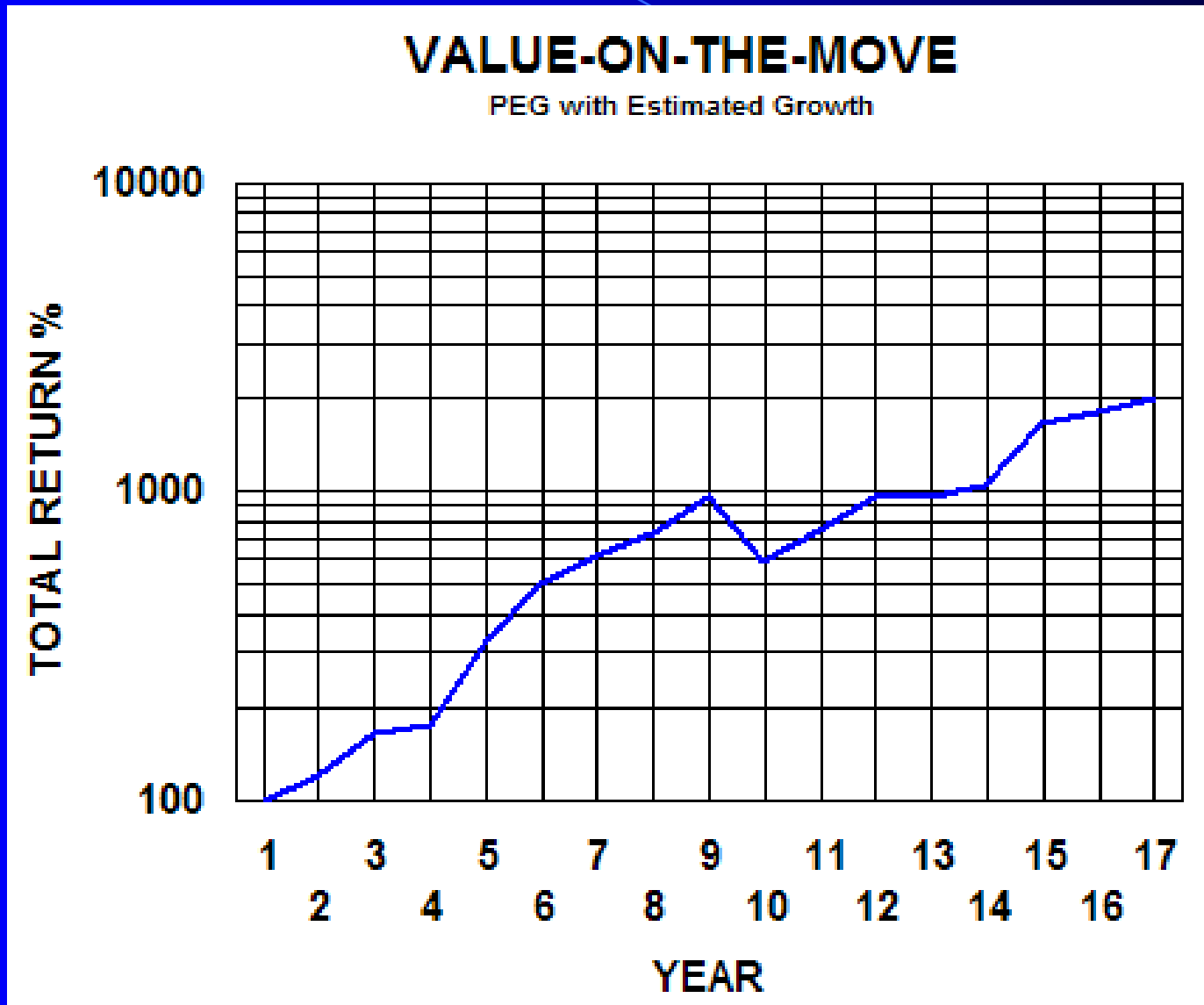
CONCEPT: USE PEG and Price Strength to find Growth opportunities at a reasonable price.

RESULTS: CAR % 20.0

Risk: 1.3

Sharpe's Ratio: 14.2

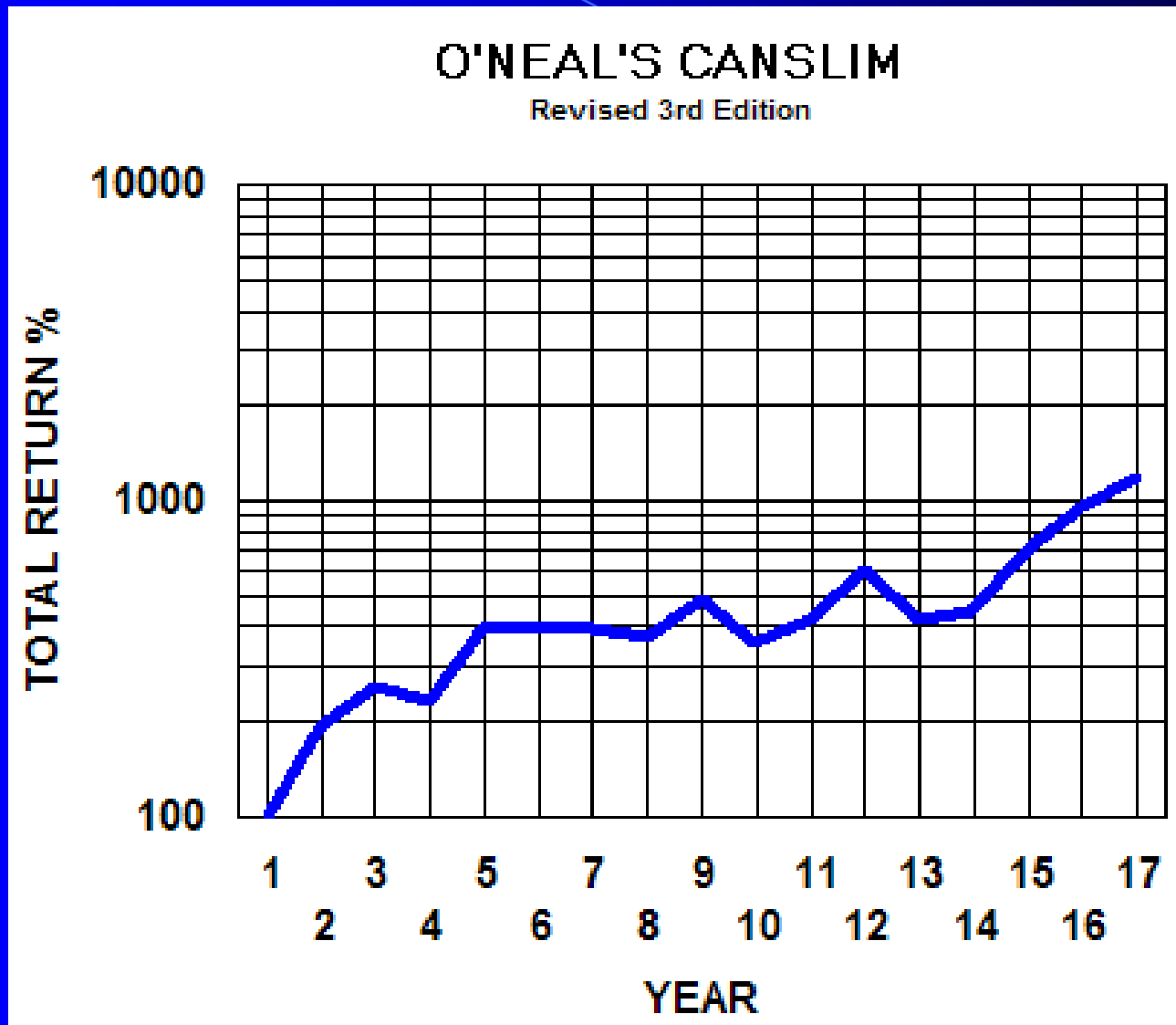
9. Value on the Move – PEG with Estimated Growth



10. O'Neals CANSLIM Revised 3rd Edition

TYPE:	Growth with Price Momentum	
SOURCE:	www.AAI.com/stock-screens	
CONCEPT:	This strategy combines both fundamental and technical factors. It identifies and uses the revised characteristics of the biggest stock winners from 1953-1993. Study extended to 2001 and 600 stocks.	
RESULTS:	CAR %:	19.1
	RISK:	1.9
	Sharpe's Ratio:	9.7

10. O'Neals CANSLIM Revised 3rd Edition - Chart



11. SumGrowth Fidelity Selects

TYPE: Sector Momentum

SOURCE:

www.sumgrowth.com/InfoPages/HallOfFame.aspx

CONCEPT: Fidelity select funds are a set of funds that follow economic sectors that tend to peak at different times.

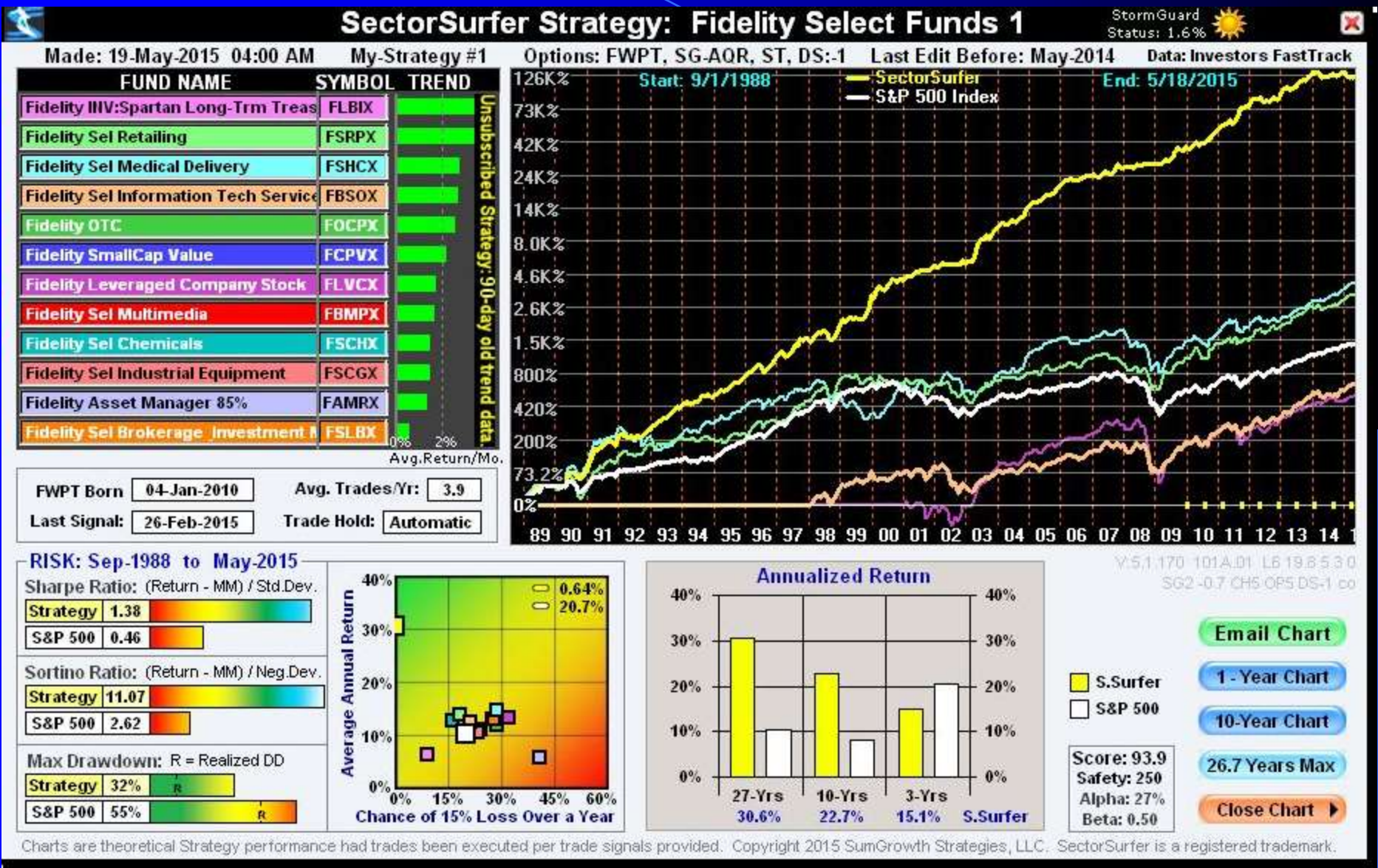
RESULTS: CAR % 30.0 30-Years

Trades/Yr 3.9

Score: 93.9

Safety: 250.0

11. SumGrowth Fidelity Selects Chart



11. Why Fidelity Selects?

Why did I select this strategy?

- It is for those who trade Fidelity Funds.
- It has a very high Safety Score (250.0)
- It has a reasonably good return of 22.7% per year over the last 10-years and 30.6% over 27-years.
- Note that the curve on the chart is almost monotonic.

12. SumGrowth Sector MFS

TYPE: Sector Momentum

SOURCE:

www.sumgrowth.com/InfoPages/HallOfFame.aspx

CONCEPT: This Fidelity Select selection works well over all time periods with safety and return scores.

RESULTS:

CAR %:	36.4	3-Years
CAR %	31.0	10-Years
Trades/Yr.	3.6	
Score:	129.0	

12. SumGrowth Sector MFS Graph

SectorSurfer Strategy: FIDELITY SECTOR MFS

StormGuard
Status: 1.5%

Made: 19-May-2015 07:43 AM
My-Strategy #3
Options: FWPT, SG-Std
Last Edit: 30-Apr-2015
Data: Investors FastTrack

FUND NAME	SYMBOL	TREND
Fidelity Sel Biotechnology	FBIOX	
Fidelity Real Estate Investment	FRESX	
Fidelity Sel Electronics	FSELX	
Fidelity Sel Health Care	FSPHX	
Fidelity Sel Medical Delivery	FSHCX	
Fidelity Sel Leisure	FDLSX	
ETF Gold(SPDR)	GLD	
Fidelity Sel Multimedia	FBMPX	
Fidelity Sel Brokerage Investment	FSLBX	
Fidelity Sel Consumer Finance	FSVLX	
Fidelity Sel Natural Gas	FSNGX	
Fidelity Sel Energy Service	FSESX	

Avg.Return/Mo.

Start: 9/1/1988 End: 5/18/2015

FWPT Born: 04-Jan-2010	Avg. Trades/Yr: 3.6
Last Signal: 30-Sep-2014	Trade Hold: Automatic

RISK: Sep-1988 to May-2015

Sharpe Ratio: (Return - MM) / Std.Dev.

Strategy	1.37
S&P 500	0.46

Sortino Ratio: (Return - MM) / Neg.Dev.

Strategy	10.15
S&P 500	2.62

Max Drawdown: R = Realized DD

Strategy	48%
S&P 500	55%

Average Annual Return

Chance of 15% Loss Over a Year

Annualized Return

Period	S.Surfer	S&P 500
27-Yrs	34.1%	10%
10-Yrs	31.0%	10%
3-Yrs	36.4%	20%

Y:51,170 18AF.03 L6 22.31 3 0
SG0-0.6 CH5 OP1 DS0.co

Score: 129
Safety: 154
Alpha: 26%
Beta: 0.78

[Email Chart](#)

[1.5-Year Chart](#)

[10-Year Chart](#)

[26.7 Years Max](#)

[Close Chart](#)

Charts are theoretical Strategy performance had trades been executed per trade signals provided. Copyright 2015 SumGrowth Strategies, LLC. SectorSurfer is a registered trademark.

13. SumGrowth ETF Sector Mix rw

TYPE: Growth with Safety

SOURCE: SumGrowth

CONCEPT: This strategy uses a selection of Fidelity Funds and is designed for high and consistent growth with safety.

RESULTS: CAR %: 30.4 for 27-years

Trades/Yr: 4.2

Sharpe: 1.51/0.46

Score: 99.8

Safety: 224.0

14. SumGrowth Fidelity Growth Portfolio

TYPE: Growth

SOURCE:

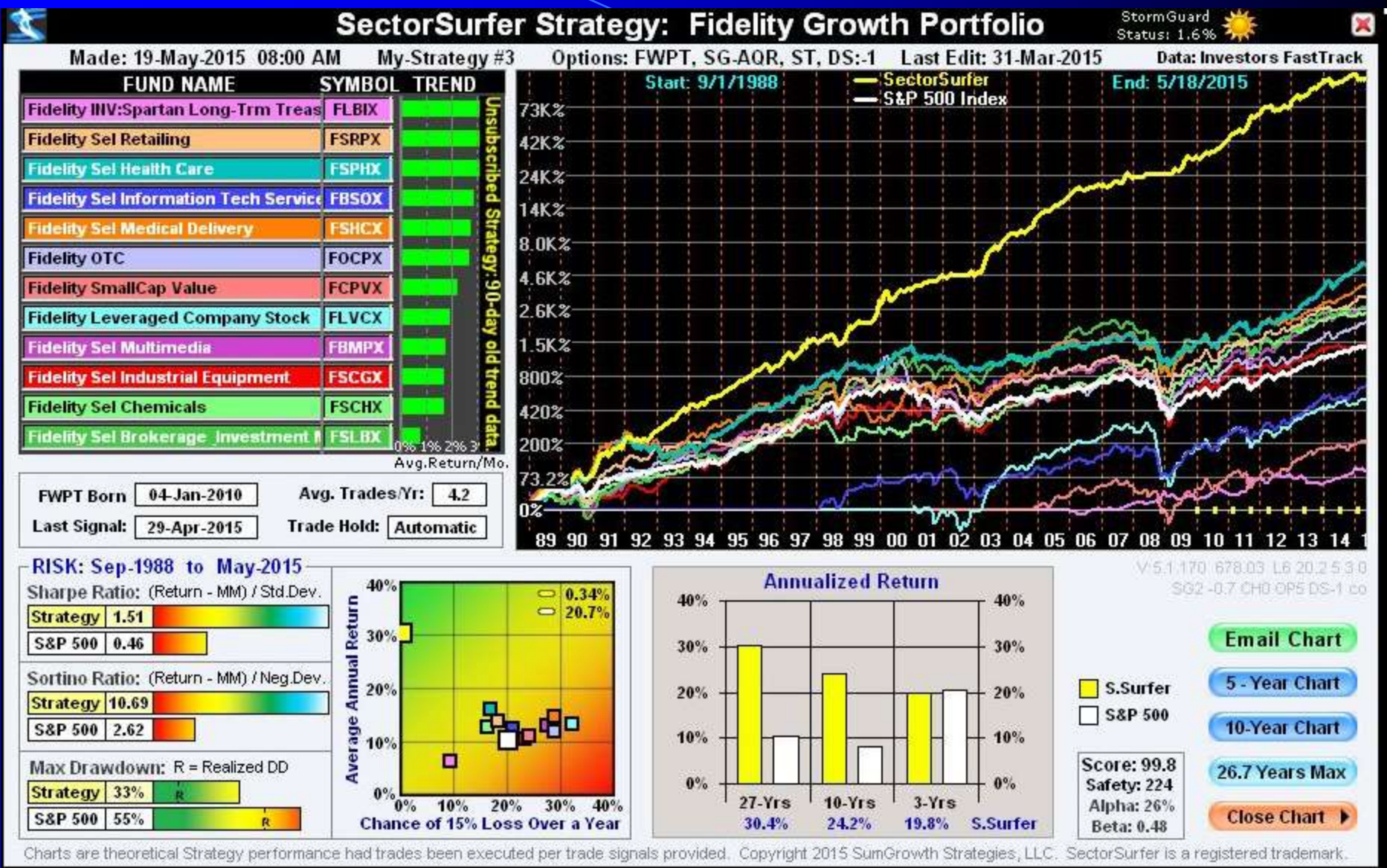
www.SumGrowth.com/InfoPages/HallOfFamile.aspx

CONCEPT: The underlying idea was to select Fidelity funds with consistent underlying growth with safety.

RESULTS:

CAR %:	30.4 for 27-years
# Trades/Yr:	4.2
Score:	99.8
Safety:	224.0

14. Fidelity Growth Portfolio Graph



SUMGROWTH STRATEGY SUMMARY TABLE

Don Gimpel – June 2014 Ver. 2

TABLE 1: CONCORDANCE TO SELECTED SUMGROWTH STRATEGIES

Primary/Secondary considerations	Strategy	3-Yr Ret.	Score	Safety	Number
Aggressive	Own the Bubble Composite	20.1	77	174	62
Diversified [8]	C.Y.A. Compliant Composite	20.1	109	48	35
Draw-down, low	Mosier's Vanguard Income Composite	27.9	58	186	12
	V/f Income/P	27.0	74	166	49
Fidelity Selects only	Fidelity Select	32.7	128	260	67
	Fidelity Select	33.3	130	268	36
	Fidelity Select Funds 1	29.1	115	303	75
High Growth, ETFs only	ETF X-4e	47.2	44	1	6
	Saadjo's Balanced ETF Composite	51.4	144	153	29
	ETF Power Mix	25.3	142	19	41
	ETF X-4d	66.7	153	2	37
	ETF Countries	69.3	191	21	38
	ETF-Aggressive	43.9	139	112	56
	ETFs4 ds-1-Flsurfer /d	84.6	221	27.1	73
No-Lev PSQ ETFs	77.5	220	23.7	74	
High Growth, no safety concern	Fidelity Selects	32.7	128	260	2
	Mixed	65.1	196	14	39
	Ultra-Ultra	64.7	308	37	63
	Don R's Variation's	180.4	512	16	65
High growth, safety	Will's High-growth, Lo-risk Composite	65.1	171	85	40
	Highest Return with Safety	421.2	1579	3730	64
High growth, low safety	Safety be Damned	174.9	503	11.8	66
International, ETFs only	Vanguard World ETFs	15.7	59	9	32
	ETF World Asset Classes	19.1	83	10	30
	ETF Countries	69.3	191	21	68
	ETFs 4: Countries/d	78.2	203	21	4
	ETFs 4: Countries	77.1	205	23	38

15. IBD 50 - Innovator FFTY

TYPE: Quality

SOURCE:

www.innovatorfunds.com/fundetf.php

CONCEPT: Innovator Funds FFTY emulates the IBD 50 strategy.

RESULTS: CAR %: 18% for 12-years

COMMENTS: Watch out! This fund is brand new though the concept is old. Interesting but you're on your own on this one.

16. AAI Shadow Stock

TYPE:	Small Cap	
SOURCE:	www.AAI.org	
CONCEPT:	Small-caps	
RESULTS:	CAR %:	16.4
	# Trades/Yr	21.6
	% Win. Yr.	71.4
	Avg. Ann. Ret.	20.4

16. AAI Shadow Stock Graph

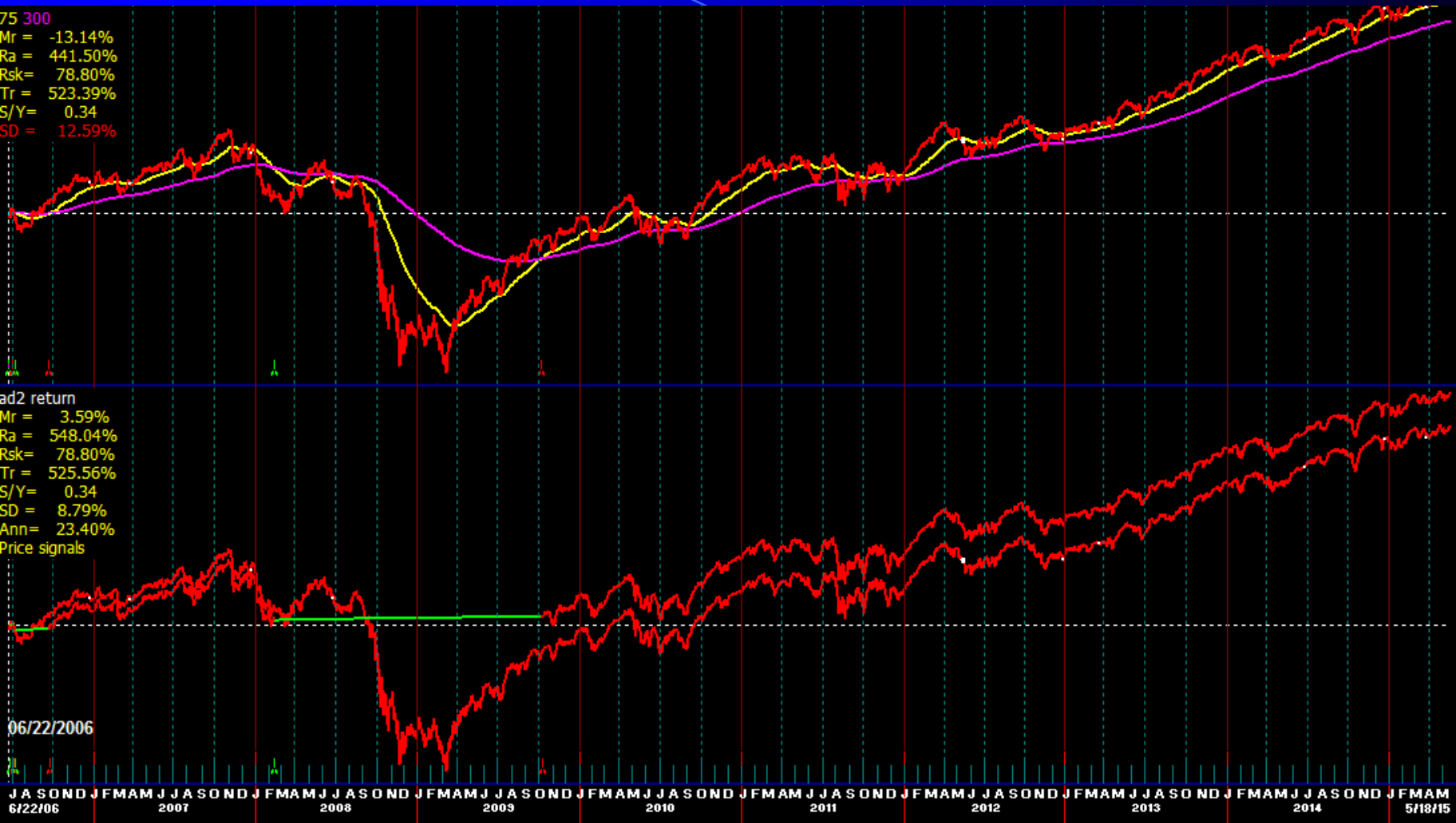
Model Shadow Stock Portfolio Historical Return



17. Buy/Hold QLD with Take Out

TYPE:	Market Timing
SOURCE:	Use FastTrack or Equivalent
CONCEPT:	QLD is QQQ with 2X leverage. This kind of leverage is OK if the investment is protected against significant market retrenchments. The protection is a 2 EMA crossover technique with 75/300 day parameters.
RESULTS:	CAR %: 23.4 for 8.89 years # Trades: 0.34/year

17. Buy/Hold QLD with Take Out - Chart



CP =
 BP =
 SPV =
 CP =
 BP =
 Ann =
 Price
 MA =
 MA =
 CP =
 2 Char
 CP =
 Adj =
 Ann =
 Calend
 MDY
 Years
 CDY
 CMD
 Sig/Tr
 Trnd=D
 CDF=TI
 PARAM=

Val

18. Challenge Calendar Strategy 1

This my challenge to you. I'm merely telling you that it works and consistently delivers close to 30% per year compounded.

Consider that certain holidays, months, weeks, end of months yield a consistent positive return and if the selected periods do not overlap, the returns are additive. Consider that such a strategy using NDX (QQQ) as an index yields a CAR of close to 30% per year while being invested only 13% of the year and that only 6 rotations are experienced per year.

18. Challenge Calendar Strategy 2

- Consider that execution of this strategy requires no software, no gurus, nothing but a calendar and a pencil.
- What more do you want.
- I'm telling you that there's "Gold in Them Thar Hills." It's a pity that UltraFS is no longer around because if it were you could develop this strategy in about an hour instead of several days of doing it by hand. Sorry
- What do you think my motive is by not disclosing the details?

18. OK, Here's a hint ... use QQQ

Holiday	Buy	Hold	CAR%	CARwI%
New Years Day	4	2	3.57	59.3
Easter	4	2	4.39	225.9
Memorial Day	4	2	3.80	70.9
July 4 th	4	2	3.52	24.1
Labor Day	4	2	3.74	77.3
Halloween	4	2	4.59	461.2
Thanksgiving	4	2	2.86	
Christmas	4	2	3.31	11.1

Watch out for transaction costs. CAR = 29.76%

19. SumGrowth ETFs: Countries

TYPE: Growing Internationals

SOURCE: www.SumGrowth.com

CONCEPT: There's always a growing investment but it may not be in the USA.

RESULTS: CAR %: 42.1 fore 19-Yrs.

Risk: 99.0/30.0

19. SumGrowth ETF Countries

SectorSurfer Strategy: ETFs 4: Countries /d

StormGuard Status: 1.7%

Made: 01-May-2015 07:58 AM My-Strategy #4 Options: SG-AQR Last Edit: 13-Dec-2013

Data: Investors FastTrack

FUND NAME	SYMBOL	TREND
ETF SP India Nifty 50 Index Fd(iShr)	INDY	
ETF Real Estate DJUS Index Fd(iShr)	IYR	
ETF Home Construct DJ US IxFd(iShr)	ITB	
ETF SP 500 Unit Series 1(SPDR)	SPY	
ETF MSCI Japan Index Fund(iShr)	EWJ	
ETF MSCI Spain Index Fund(iShr)	EWP	
ETF MSCI Austria IxFd(iShr)	EWO	
ETF Solar(Gughm)	TAIL	
ETF MSCI Brazil Index Fund(iShr)	EWZ	
ETF Physical Silver(ETFSecur)	SIVR	
ETF Russia(MrktV)	RSX	
ETH SP GSCI Crd Oil TotRet ETH(iPa)	OIL	

Unsubscribed Strategy: 120-day old trend data.

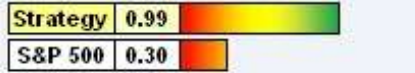
Avg.Return/Mo.



Was Born: 13-Dec-2013 Avg. Trades/Yr: 2.4
 Last Signal: 30-Apr-2015 Trade Hold: Automatic

RISK: Mar-1996 to May-2015

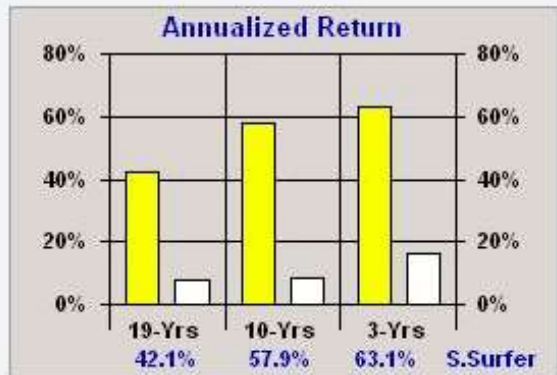
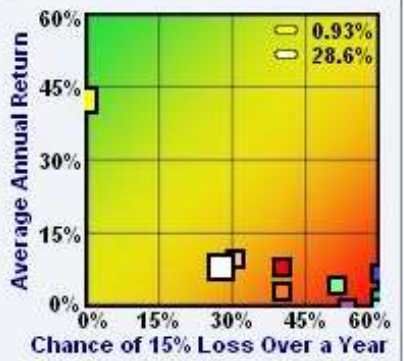
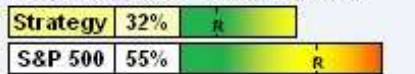
Sharpe Ratio: (Return - MM) / Std.Dev.



Sortino Ratio: (Return - MM) / Neg.Dev.



Max Drawdown: R = Realized DD



V:5.1.170 12C2.04 L2 27.4.3.5.0
 SG2 -0.7 CH0 QP0 DS0 co

Score: 180
 Safety: 21.4
 Alpha: 40%
 Beta: 0.94

Buttons: Email Chart, 1-Year Chart, 10-Year Chart, 19.1 Years Max, Close Chart

Charts are theoretical Strategy performance had trades been executed per trade signals provided. Copyright 2015 SumGrowth Strategies, LLC. SectorSurfer is a registered trademark.

The answer to the question ...

The first line of every descriptive page identifies the strategies underlying idea. Examples are:

Value

Earnings Estimates

Growth

Growth with Momentum

Momentum

Earnings Estimates

Earnings Surprises ...

It seems that one can construct a winning portfolio with any well constructed technique.