- 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?"

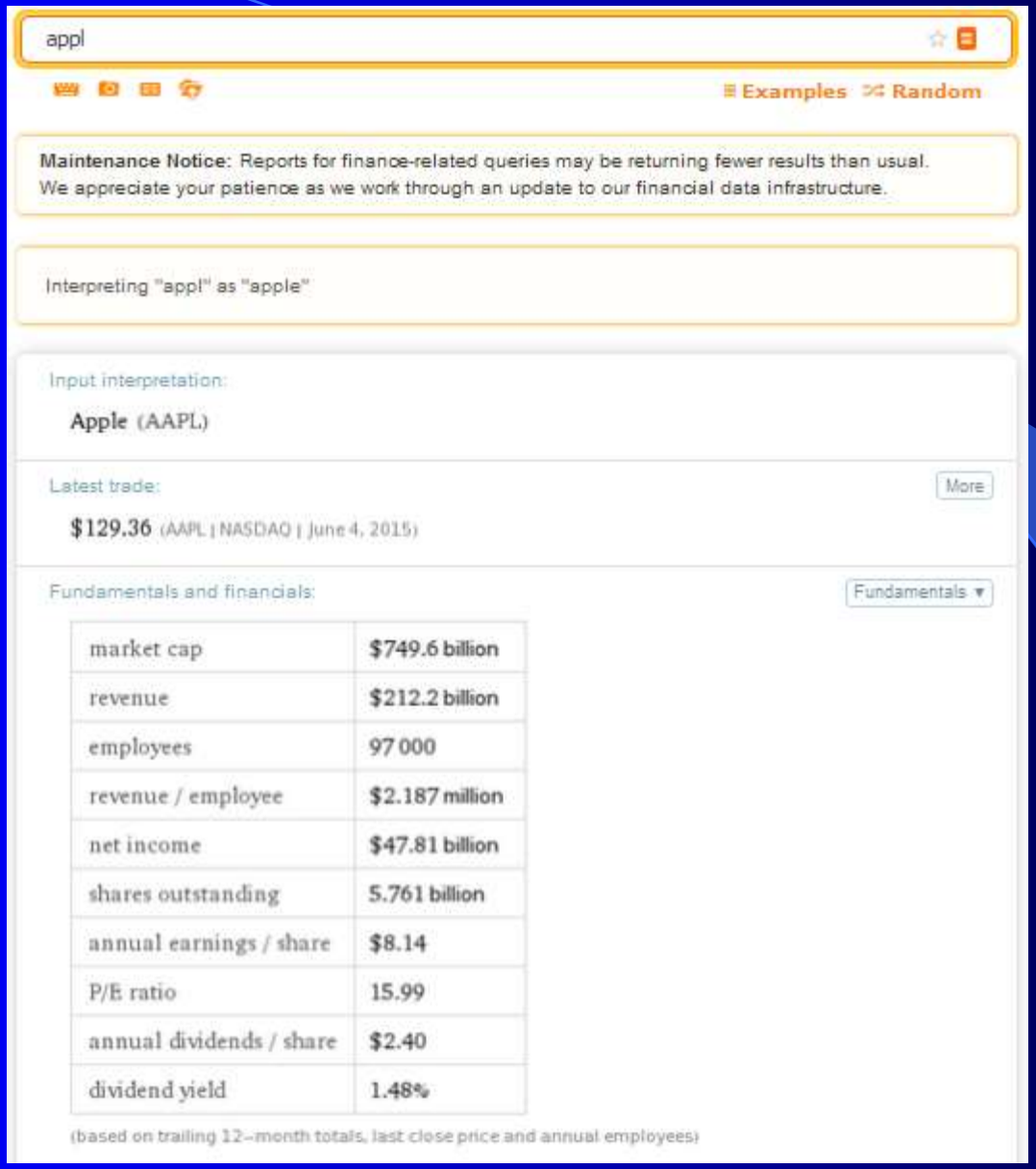
If there is, I can concentrate my investment research efforts on that strategy. That question is answered at the end of the presentation.

The first step was to mine AAII's stock screens …

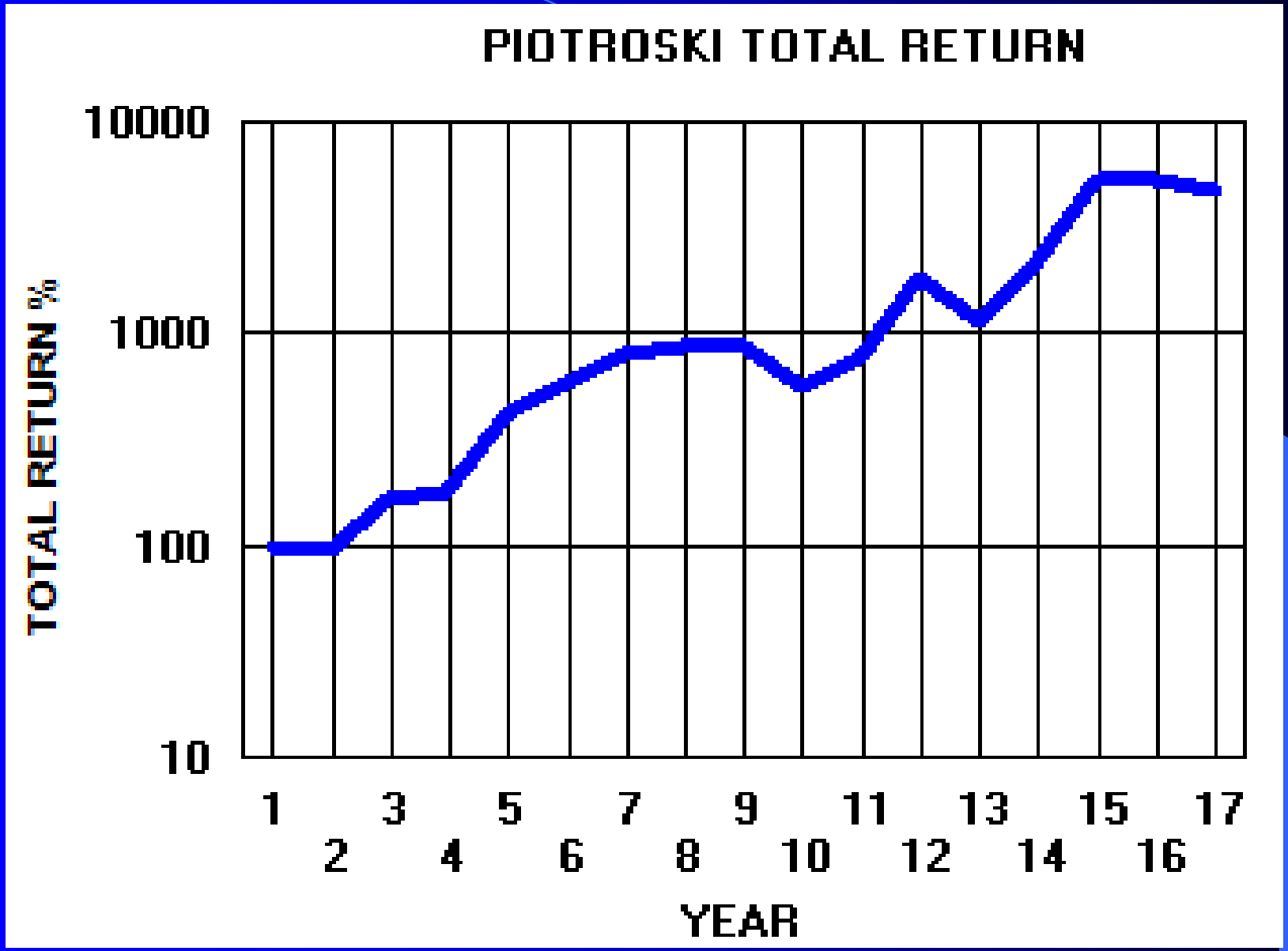
1. Piotroski: High F-Score

TYPE:	Value	
LOCATION	www.AAII.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



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 AAII Journal pgs. 19-23.

2. Estimated Revenue: Up 5%

TYPE: Earnings Estimates

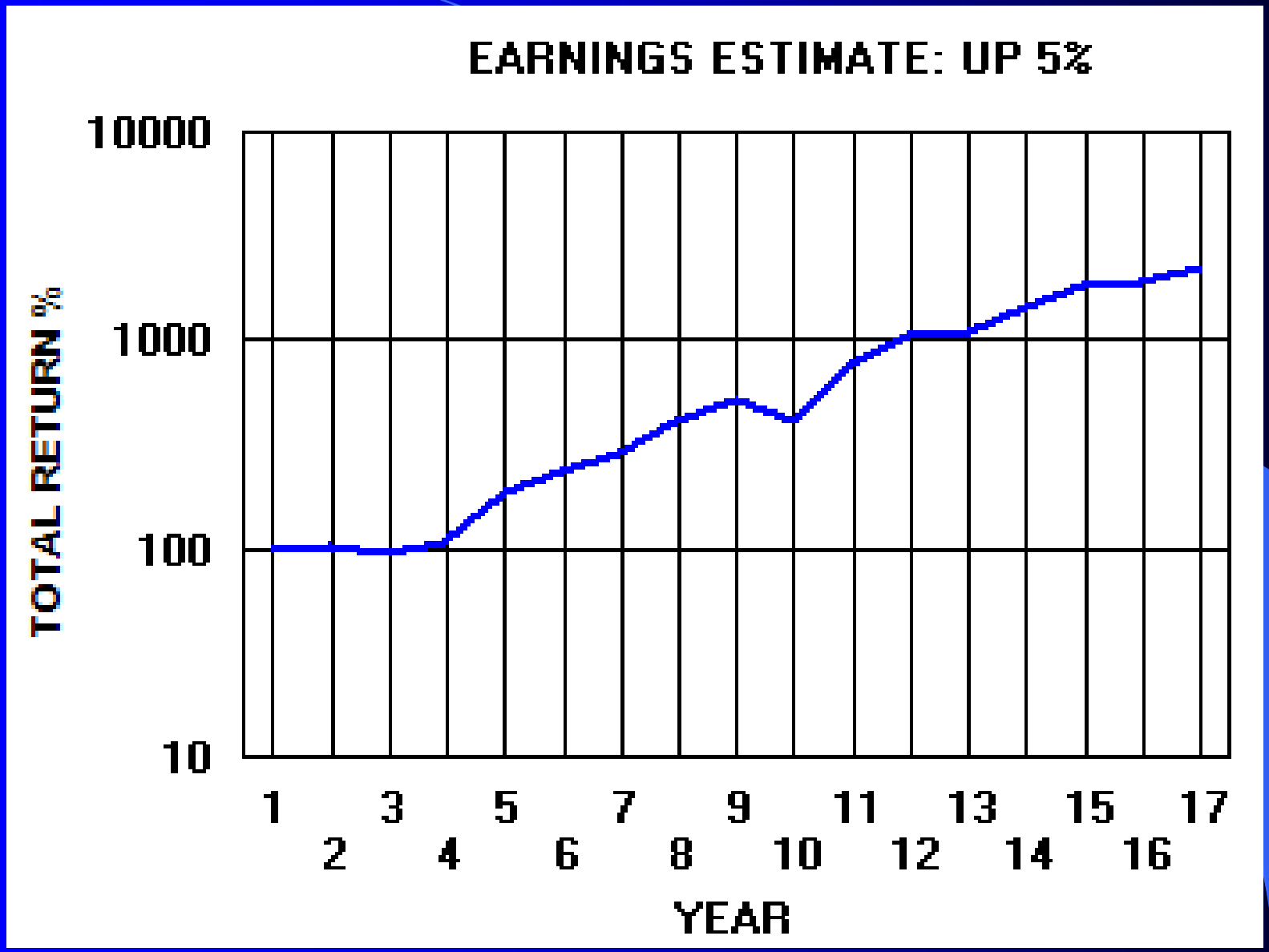
SOURCE: www.AAII.com/stock-screens

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

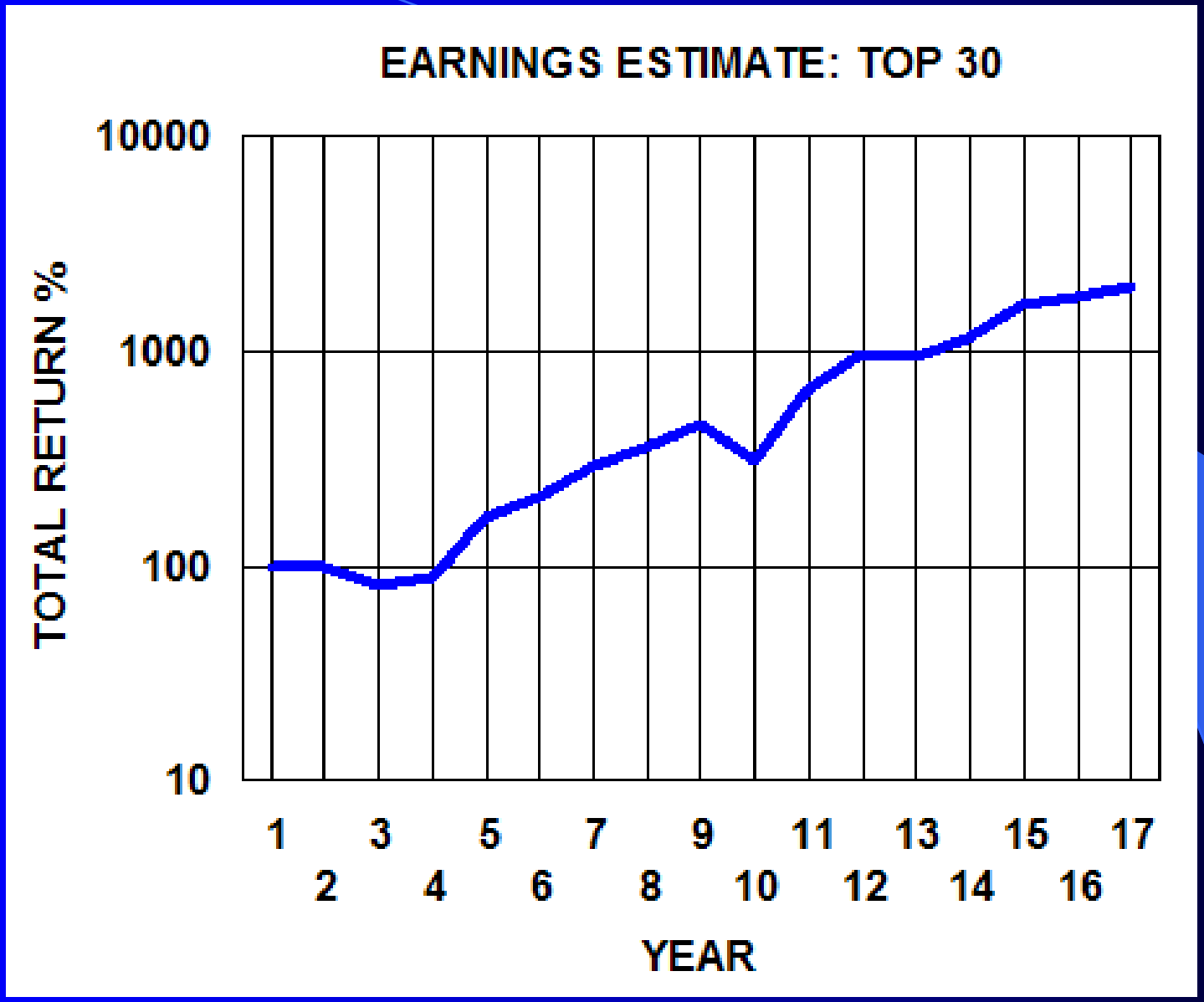
SOURCE: www.AAII.com/stock-screens

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

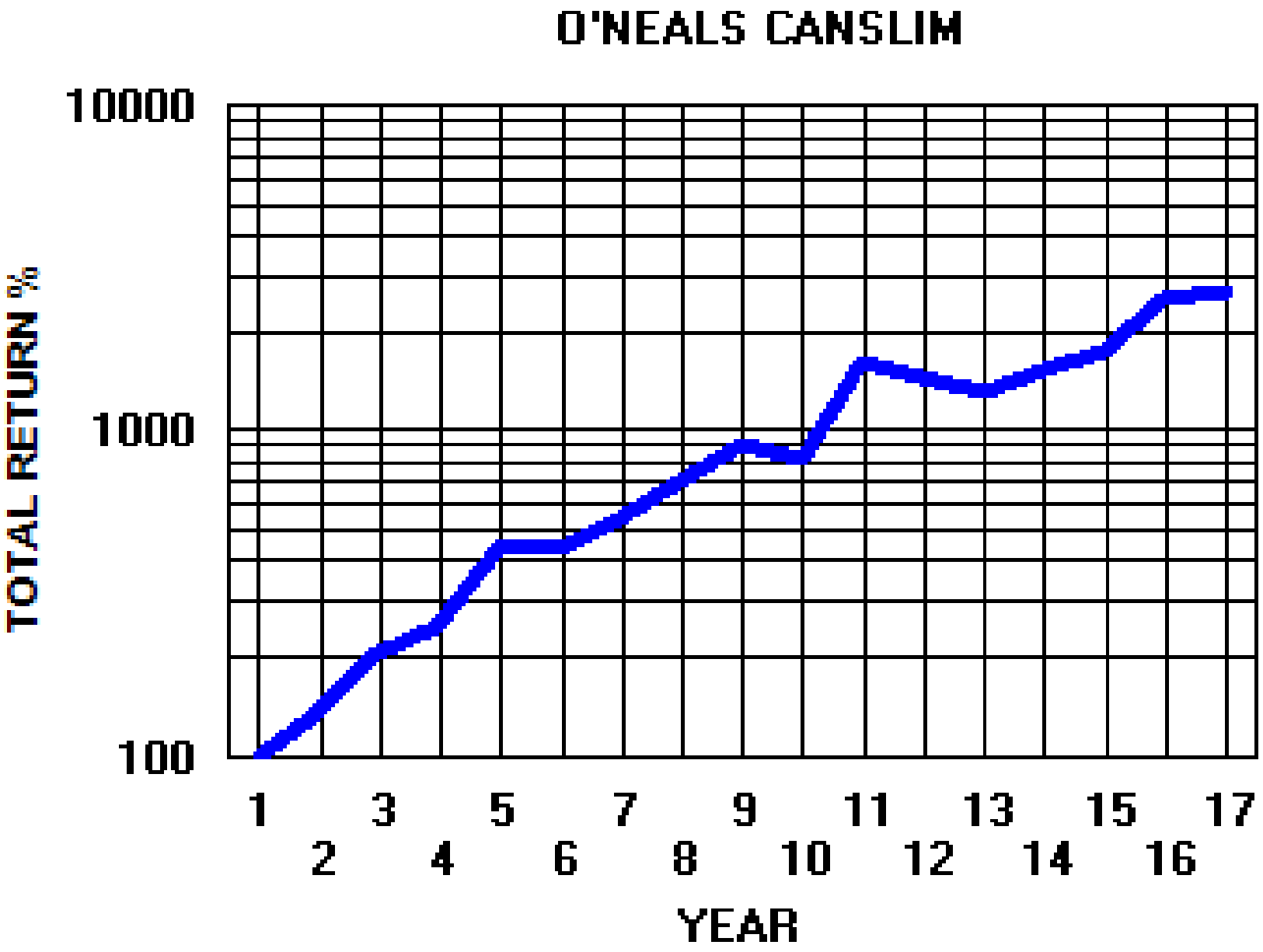
SOURCE: www.AAII.com/stock-screens

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

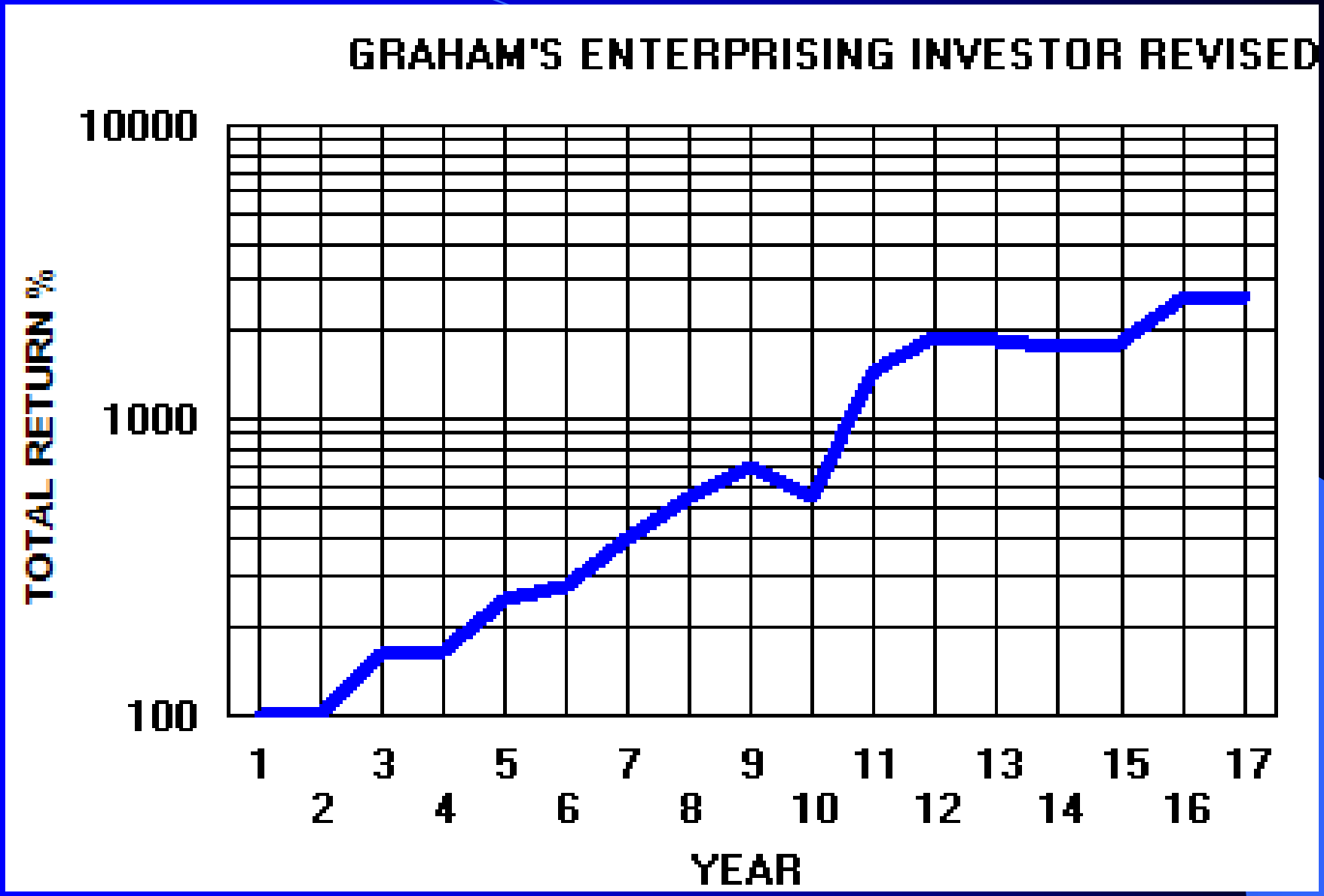
TYPE:	Value with Price Momentum	
SOURCE:	www.AAII.com/stock-screens	
CONCEPT:	This strategy is a play on the well documented small-cap value anomaly where small cap value stocks out-perform on a risk adjusted basis.	
RESULTS:	CAR %:	25.2
	Risk:	1.9
	Sharpe's Ratio:	12.7

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



7. Stock Market Winners

TYPE: Growth and Value with Price Momentum

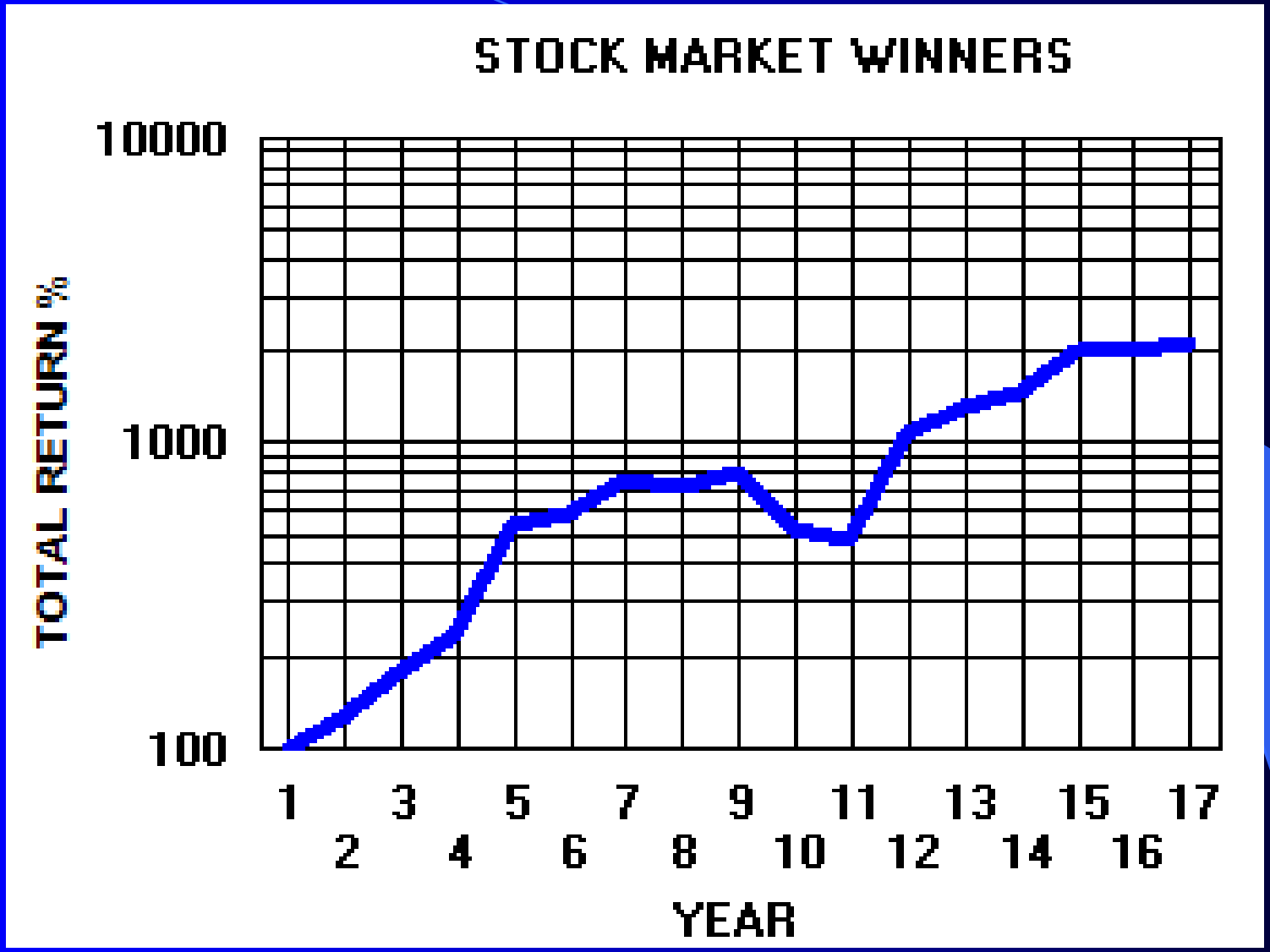
SOURCE: www.AAII.com/stock-screens

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

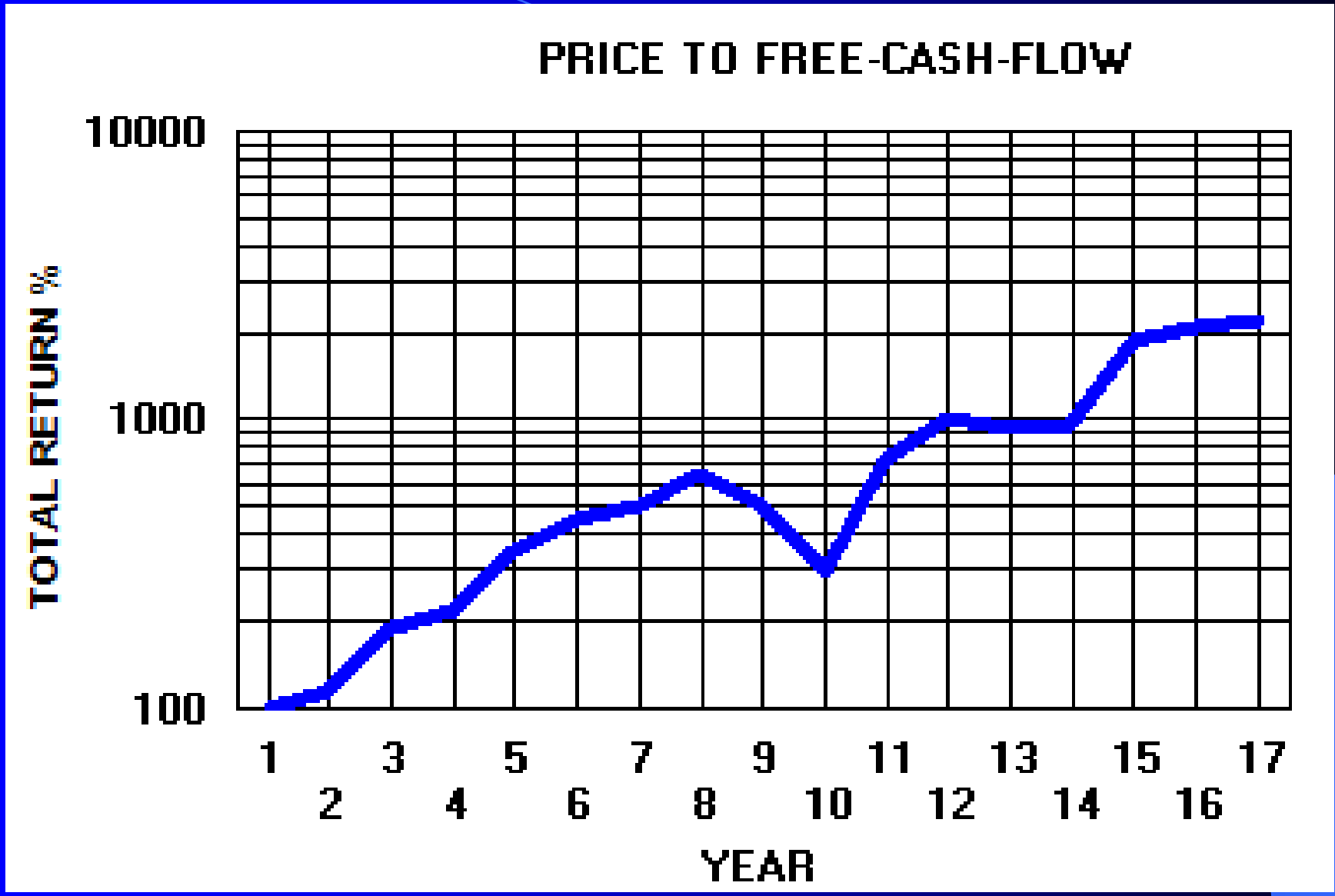
7. Stock Market Winners Chart



8. Price to Free-Cash-Flow

TYPE:	Value	
SOURCE:	www.AAII.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

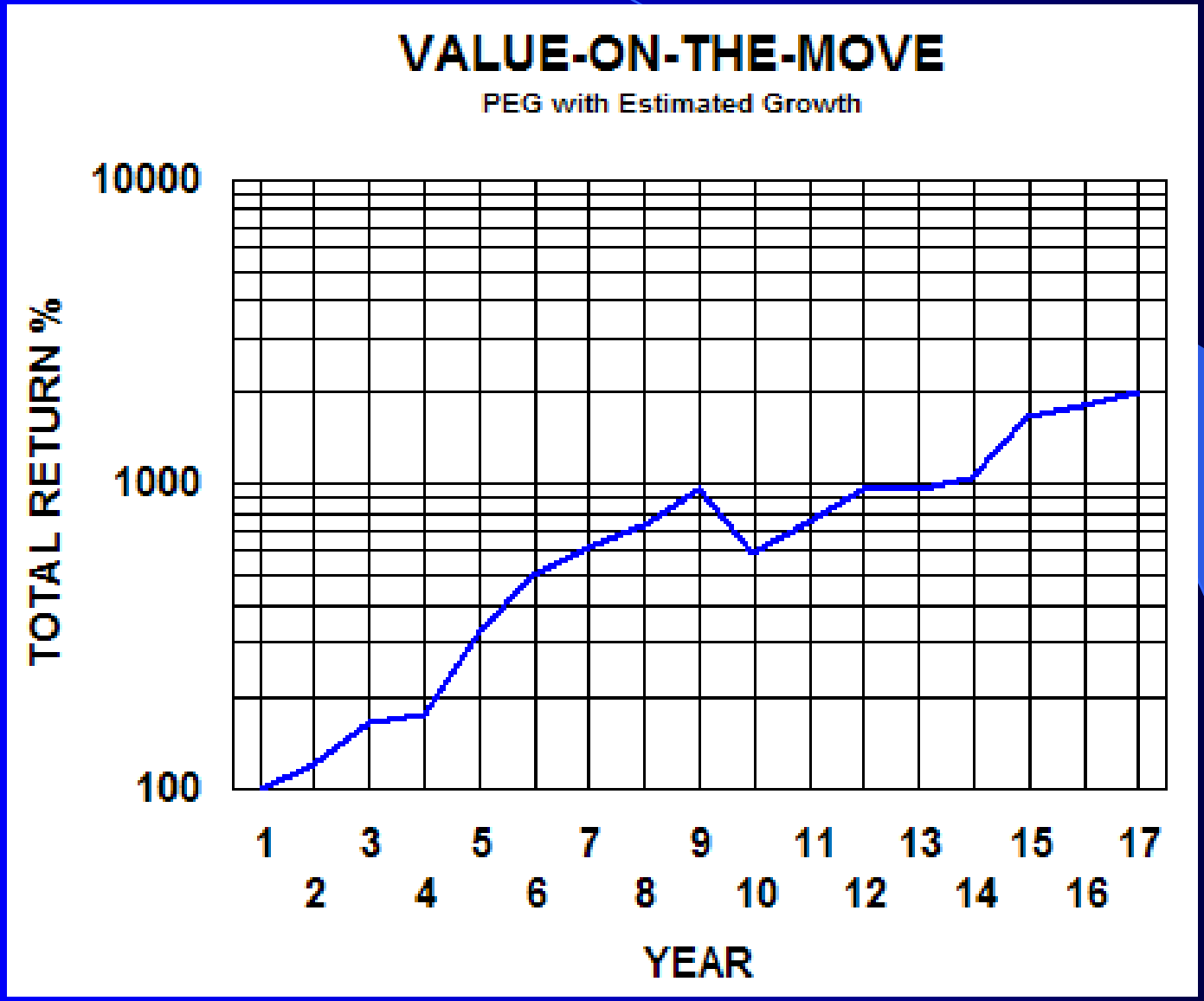
8. Price to Free-Cash-Flow Chart



9. Value on the Move – PEG with Estimated Growth

TYPE:	Growth and Value with Price Momentum	
SOURCE:	www.AAII.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

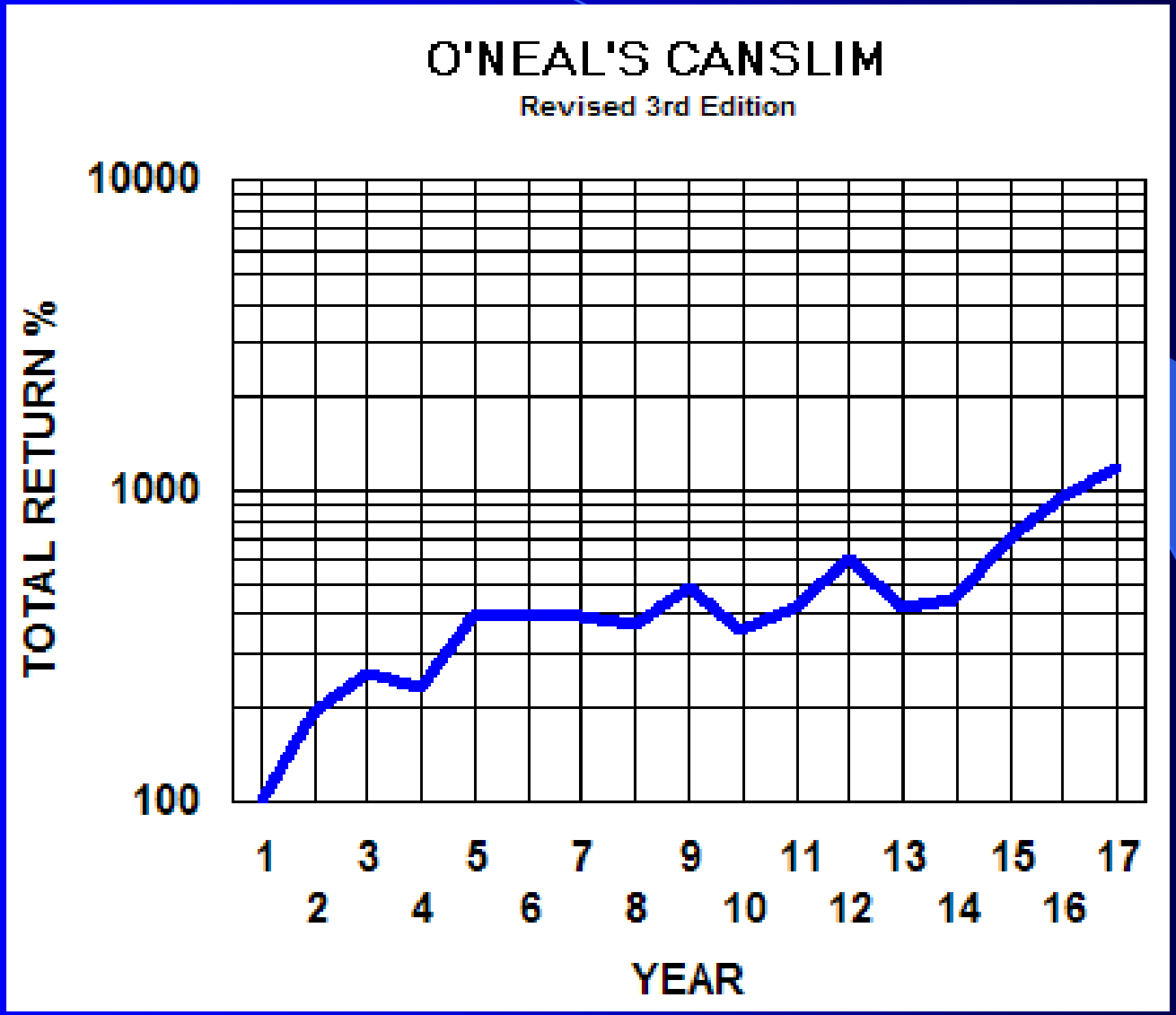
SOURCE: www.AAII.com/stock-screens

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

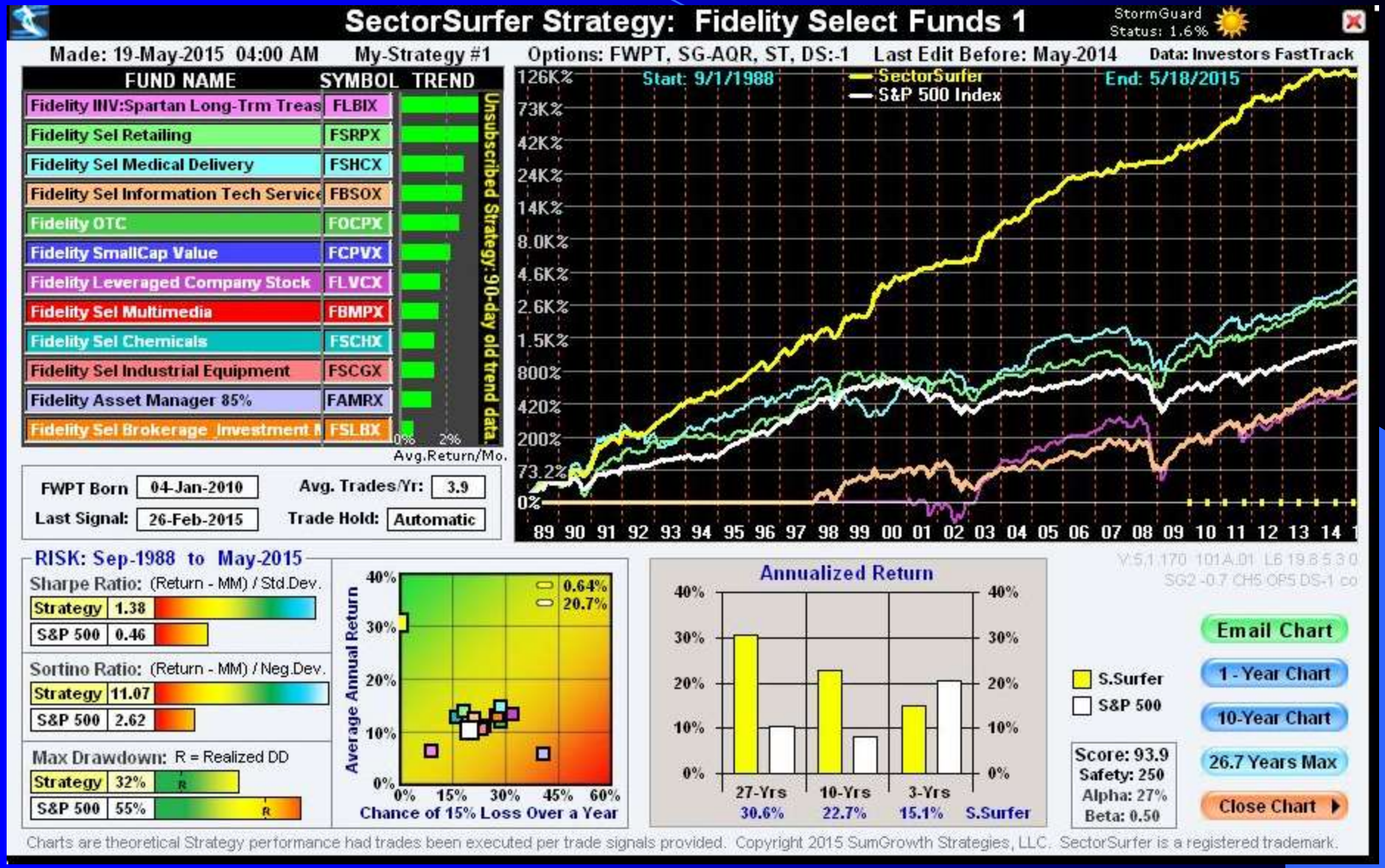
SOURCE:
www.sumgrowth.com/InfoPages/HallOfFame.aspx

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.

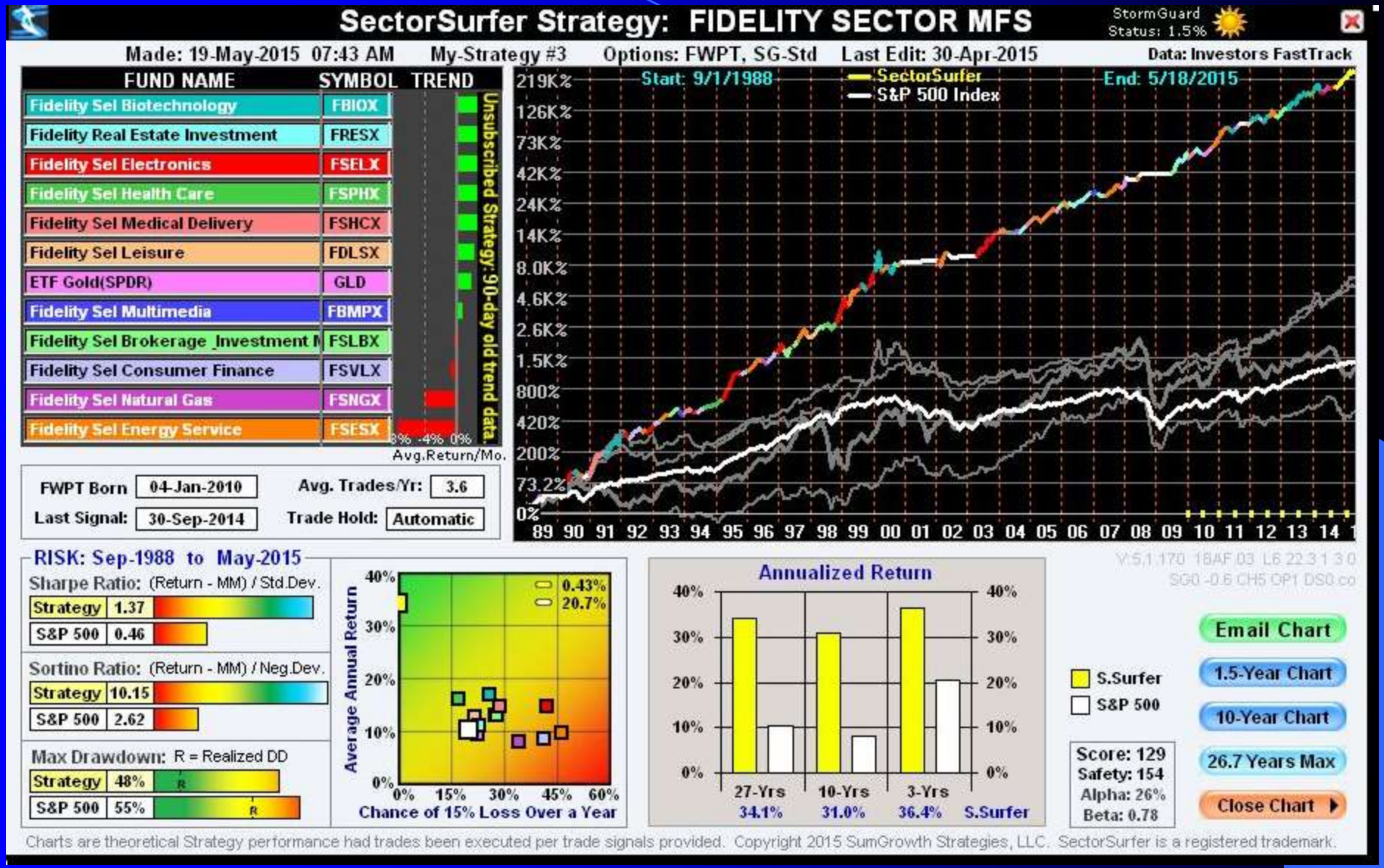
RESULTS: CAR %: 36.4 3-Years

CAR % 31.0 10-Years

Trades/Yr. 3.6

Score: 129.0

12. SumGrowth Sector MFS Graph



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:

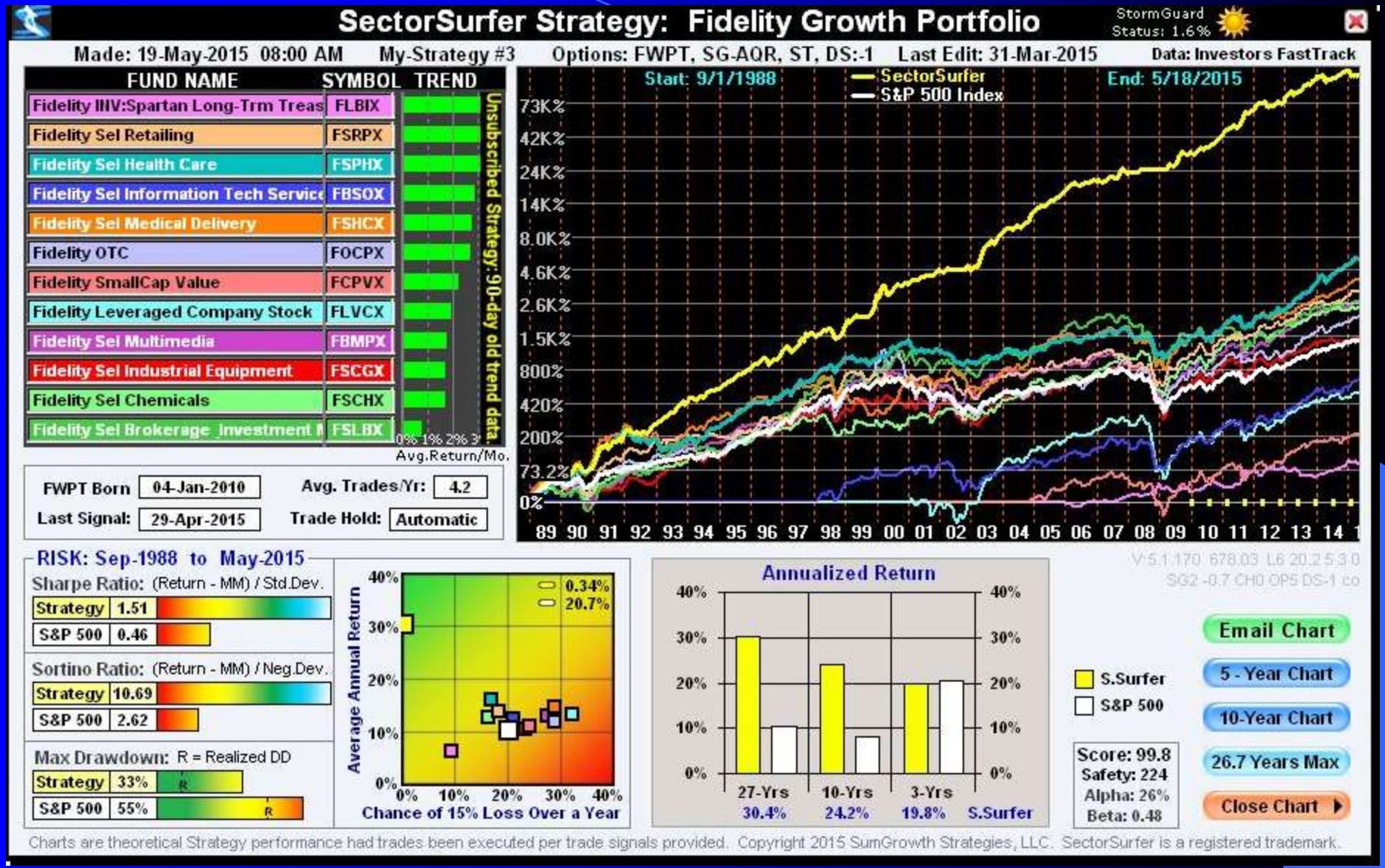
www.SumGrowth.com/InfoPages/HallOfFamile.aspx

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
	Saadio'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.

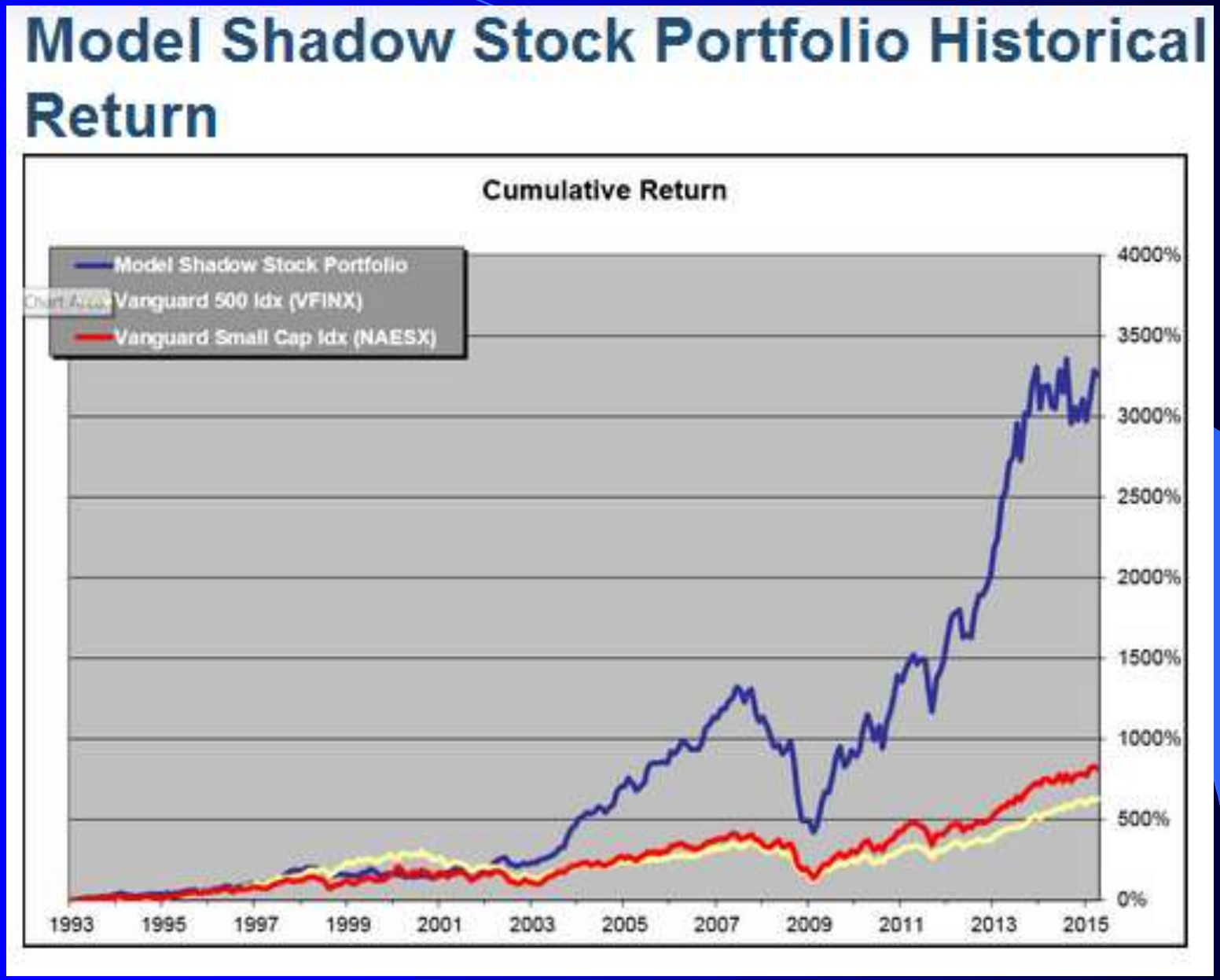
RESULTS: CAR %: 18% for 12-years

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

16. AAII Shadow Stock

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

16. AAII Shadow Stock Graph



17. Buy/Hold QLD with Take Out

TYPE: Market Timing

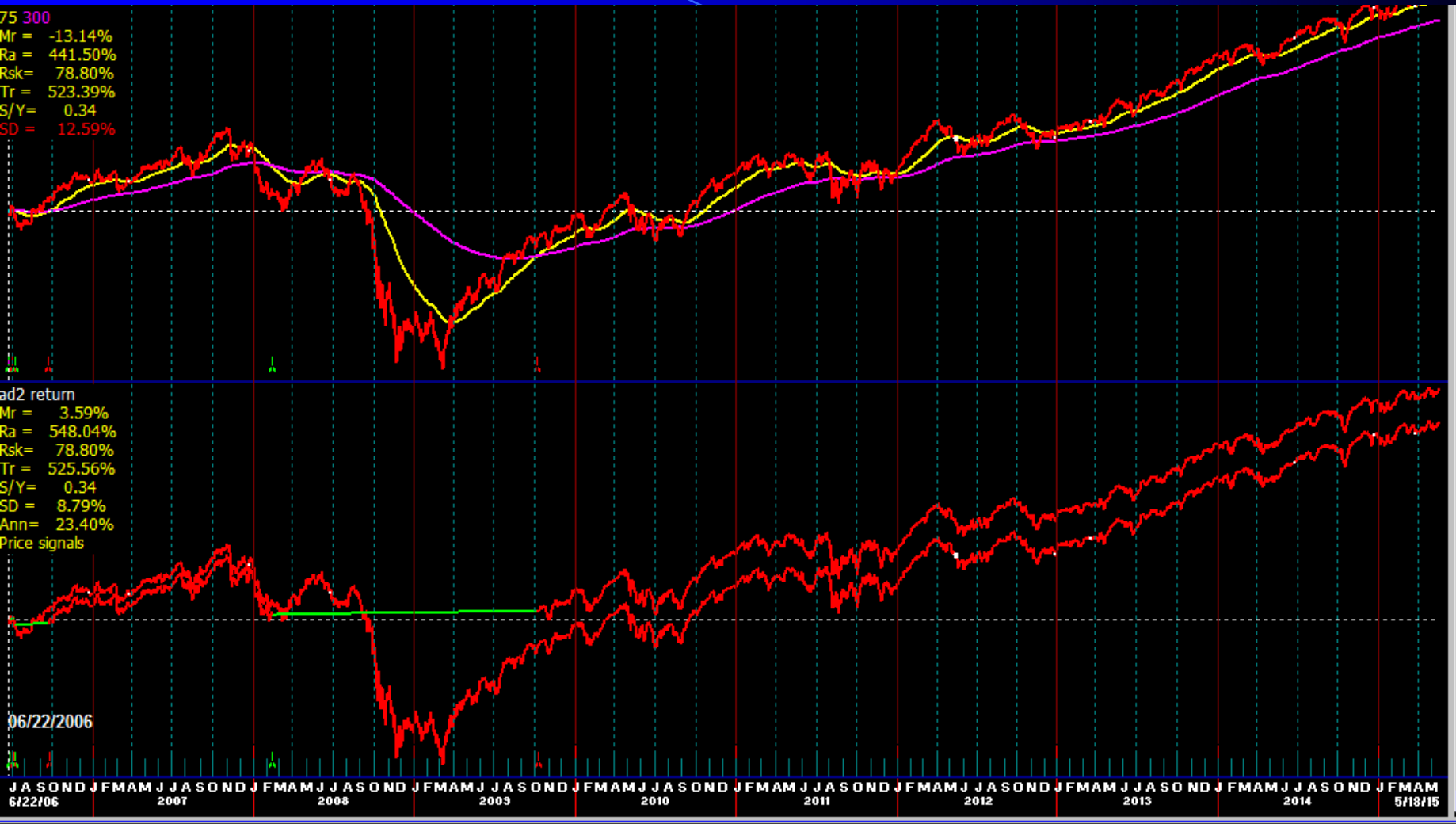
SOURCE: Use FastTrack or Equivalent

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



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 only13% 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 4th	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

The answer to the question …

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

Value

Growth

Momentum

Earnings Surprises …

Earnings Estimates

Growth with Momentum

Earnings Estimates

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