

# Equity style factors

Wallick Investments' success at selecting individual securities for a client's portfolio is the number one determinant of overall performance. Despite constant industry stories of new investment strategies sure to deliver higher return with less risk, we are not easily convinced. We do, however, rely heavily on academic research which has shown a few strategies have delivered consistently robust results. Components of these strategies have been utilized with great success by many investment gurus throughout history.

*See notes below.*

Wallick Investments' equity portfolios are developed based upon a proprietary combination of these strategies which emphasize value (both intrinsic and relative), momentum, which includes earnings and/or price, and quality, measured by corporate financials and/or stock volatility. Having quantitative data as a key driver in our security-selection process eliminates much of the subjectivity and emotion which often leads to investment mistakes.

To the right is a list of Wallick Investments' primary security-selection factors and sub-criteria associated with each.

## Notes:

1. Clifford S. Asness, Antti Ilmanen, Ronen Israel and Tobias J. Moskowitz, Vol. 13, No. 1 (2015). "Investing with Style" Journal of Investment Management, pgs 27-63.
2. James O'Shaughnessy (1998), "What Works on Wall Street?"
3. Pat Dorsey (2004), "The Five Rules for Successful Stock Investing"
4. Kevin Matras (2011), "Finding #1 Stocks: Screening, Backtesting and Time-Proven Strategies"
5. Peter Lynch (1986), "One Up on Wall Street"
6. Benjamin Graham (2005), "Intelligent Investor"
7. Mary Buffet (2002), "Buffettology"
8. Ken Fisher (2007), "Super Stocks"
9. Martin Zweig (1997), "Winning on Wall Street"
10. Joel Greenblatt (2005), "The Little Book that Beats the Market"
11. John Neff (2001), "John Neff on Investing"

## Capital Appreciation Factors

### Value

1. Price-to-earnings
2. Price-to-sales
3. Price-to-cash flow
4. Price-to-dividends
5. Price-to-intrinsic value

### Momentum

1. Earnings
2. Price

## Income & Defensive Factors

### Corporate quality

1. Growth and Consistency
  - Sales
  - Earnings
  - Cashflow
  - Dividend Yield
2. Profitability
  - Return-on-equity
  - Return-on-assets
  - Return-on-invested capital
3. Financial Health
  - Liquidity Ratios
4. Corporate Stewardship and Governance

### Volatility

1. Standard deviation
2. Beta