



Model Portfolio Update: October 26, 2017

New Actions Required Tomorrow

None.

Sell Side Upgrades and Downgrades Today

In the short sale model, PTC received a price target increase from a sell side firm.

Also of Note

Six long model portfolio companies reported quarterly results today. At this point, it seems like IDCC, EME, EVR, TECK are likely to be rebalanced out of the theoretical long model portfolios, and SIVB and VSH have a solid chance of staying in the long model. SIVB reported a very strong 3Q17 quarter.

Return Data

For the month to date, the **Core Long Model** portfolio is up +3.18% on a simple cumulative return basis. This is ahead of the **S&P 500** up +1.62% and the **S&P 1500 Composite** up +1.61%. The **Core Long/Short Model** is up +1.85%.

(Today, the Core Long Model, S&P 500, S&P 1500 Composite, and Core Long/Short Model were up +0.62%, +0.13%, +0.16%, and +0.41%, respectively).

Ascendere Associates Model Portfolio Stock Selections Tend to Presage Major Sell Side Analyst Actions

Stocks selected in the long model seem to be often followed by subsequent upgrades, and stocks in the short sale model seem to be followed by subsequent downgrades. This makes intuitive sense given that our model portfolio is composed of stocks demonstrating fundamental momentum and consensus estimate momentum.

Of Note in the Long Models Today

InterDigital, Inc. (IDCC)

The company reported better than expected revenue and EPS for 3Q17. Revenue of \$97.3m was ahead of consensus of \$94.15m, and EPS of \$1.00 was above consensus of \$0.66. Various ratios for capital efficiency, such as ROA, ROC, ROE, and margins declined sequentially, so we would expect this position to be rotated out of the long model at the next rebalancing period.

Vishay Intertechnology Inc. (VSH)

Prior to the open, the company reported better than expected 3Q17 results. Revenue of \$677.88m was ahead of consensus of \$660.32m, EBITDA of \$135.51m was ahead of consensus of \$127.89m, and EPS of \$0.42 was ahead of the consensus estimate of \$0.37. ROA, ROC, ROE, and margins improved sequentially. Guidance for 4Q calls for revenue of \$645-685m versus consensus of \$648.3m, and gross margins of 26-28% versus the 27.9% seen in 3Q17 and 26.2% for LTM.

EMCOR Group Inc. (EME)

Prior to the open, the company reported worse than expected revenue and better than expected EBITDA and EPS. 3Q17 revenue of \$1,886.69m was below consensus of \$1,932.13m, EBITDA of \$128.40m was above consensus of \$103.84m, and EPS of \$1.09 was ahead of consensus of \$0.82. ROA, ROC, ROE, and margins improved sequentially. The company is maintaining 2017 revenue guidance of \$7.6b, which is below consensus of \$7.65b. It raised 2017 EPS guidance to \$3.70-3.80 from \$3.40-3.60.

Evercore Inc. (EVR)

Prior to the open, the company reported significantly better than expected revenue and EPS but with a big EBITDA miss. Revenue of \$402.86m was ahead of consensus of \$373.28m, though EBITDA of \$93.49m missed consensus of \$100.24m, and EPS of \$1.22 was ahead of consensus of \$1.09. According to the company, the "third quarter decline in Net Income Attributable to Evercore Inc. driven by higher compensation costs associated with talent additions." According to Capital IQ, ROE was 41.2% in 3Q17, versus 41.0% in 2Q17 and 37.3% in 1Q17. The gross margin declined to 93.6% from 93.7% in the prior quarter, while earnings from continuing operations margin improved to 14.9% from 14.3%. We would not be surprised to see EVR rebalanced out of the long model by a company demonstrating higher fundamental momentum.

Teck Resources Limited (TECK)

Prior to the open, the company reported significantly less than expected revenue, EBITDA, and EPS for 3Q17. Revenue of C\$3,129m was C\$96.3m less than consensus, EBITDA of C\$1,420m missed by C\$52.2m, and EPS of C\$1.08 missed by C\$0.11. ROA, ROC, ROE and margins improved sequentially. We are not aware of any guidance provided based on our brief review.

SVB Financial Group (SIVB)

After the market close, the company reported 3Q17 revenue before loan losses of \$532.8m, above consensus of \$490.56m and the \$471.7m reported in 2Q17. 3Q17 EPS of \$2.79 was well ahead of consensus of \$2.29. LTM ROE and LTM net interest income margin both improved. This looks like a very strong quarter for this regional bank.

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Sell Side Analyst Upgrades and Downgrades to Long Model Portfolio Stocks			
Long Model Portfolios			
Upgrades -- Oct 5 to date			
Date	Company	Ticker	Action
10/23/2017	Credit Suisse	MAN	Increases price target to \$126 from \$111 while reiterating Neutral rating.
10/23/2017	SunTrust	MAN	Increases price target to \$123 from \$107 while maintaining Neutral rating.
10/23/2017	Macquarie	MU	Increases price target to \$50 from \$42 and reiterated Outperform rating.
10/20/2017	East West Bancorp Inc.	EWBC	DA Davidson increases price target to \$63 from \$61 while maintaining Neutral rating.
10/16/2017	Exelixis, Inc.	EXEL	SunTrust raises price target to \$35 from \$33 and maintains Buy rating.
10/16/2017	Exelixis, Inc.	EXEL	Piper Jaffray raises price target to \$33 from \$29 and maintains Buy rating.
10/16/2017	Micron Technology, Inc.	MU	Nomura raises price target to \$50 from \$45 and maintains Buy rating.
10/13/2017	Advanced Energy Industries, Inc.	AEIS	Needham raises price target to \$93 from \$80 and maintains Buy rating.
10/12/2017	Micron Technology, Inc.	MU	Barclays raises price target to \$60 from \$40, and reiterates Overweight rating.
10/11/2017	Facebook, Inc.	FB	Credit Suisse raises price target raised to \$235 from \$190 and reiterates Outperform rating.
10/11/2017	Kronos Worldwide, Inc.	KRO	SunTrust raises price target to \$24 from \$21 and maintains Hold rating.
10/9/2017	Kohl's Corporation	KSS	Telsey Advisory increases price target to \$50 from 43 and raises rating to Outperform from Market Perform.
10/9/2017	Exelixis, Inc.	EXEL	RBC Capital names the stock as one of its top 7 healthcare ideas.
10/5/2017	East West Bancorp, Inc.	EWBC	Raymond James upgrades to Market Perform from Underperform.
Downgrades -- Oct 5 to date			
Date	Company	Ticker	Action
10/16/2017	United States Steel Corp.	X	Longbow revises 2018 estimates lower.
10/13/2017	Norbord Inc.	OSB	TD Securities downgrades to Hold from Buy, while increasing price target to \$43 from \$42.
10/12/2017	Allison Transmission	ALSN	Longbow downgrades the stock to Neutral from Buy

Of Note in the Short Sale Models Today

Under Armour (UAA)

Deutsche Bank cut its price target to \$14 from \$16 and reiterated its Sell rating, citing a continued difficult sales environment and markdown concerns.

PTC Inc. (PTC)

KeyBanc increased its price target to \$74 from \$64 and reiterated its Overweight rating, citing a bookings beat, guidance well ahead of FY18 consensus, and underappreciated growth opportunities in Internet of Things.

Spruce Point Capital had the opposite view: “PTC just offered FY18 guidance of \$.127-1.37/sh which yet again disappointed investors [relative to consensus of \$1.46]. Cash flow continues to remain elusive and it also disappointed expectations in 2017. Free cash estimates for 2018 underscore continued challenges faced by PTC. The guidance range of \$190-\$200m still shows zero growth from years prior...12 analysts say “Buy” yet none of them can model its earnings and cash flow accurately.”

National Oilwell Varco, Incorporated (NOV)

After the market close, the company reported less than expected revenue and slightly better than expected EBITDA and EPS. 3Q17 revenue of \$1,835m was below consensus of \$1,862.73m, EBITDA of \$167.0m was ahead of consensus of \$164.48m, and its loss of \$0.07 per share was better than the expected loss of \$0.08 per share. ROA, ROC, and ROE stayed in negative territory, though showed some improvement from the prior quarter. The LTM gross margin improved to 3.8% from 0.9% in the prior quarter, and the EBITDA margin improved to (3.4%) from (6.4%). We are not aware of any updated guidance at this time. On October 24 the NOV position was assumed closed at the end of trading for a theoretical short sale gain of +6.16%.

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Sell Side Analyst Upgrades and Downgrades			
Short Sale Model Portfolios			
Downgrades confirming short sale thesis -- Oct 5 to date			
Date	Company	Ticker	Action
10/26/2017	Under Armour	UAA	Deutsche Bank cut its price target to \$14 from \$16 and reiterated its Sell rating.
10/19/2017	Cree, Inc.	CREE	Williams Capital downgraded the stock to Sell from Hold with a \$27 stock price target.
10/19/2017	Burlington Stores, Inc.	BURL	Buckingham initiated coverage with a Buy rating and \$107 price target.
10/18/2017	Cree, Inc.	CREE	Goldman Sachs reiterates Sell rating while raising target to \$19 from \$17.
10/18/2017	Colfax Corporation	CFX	Cowen downgraded to Market Perform from Outperform, revised the price target to \$45 from \$50
10/17/2017	MACOM Technology Solutions Hol	MTSI	Needham maintains Buy rating, and revises down 2018 estimates and price target to \$45 from \$56.
10/16/2017	MACOM Technology Solutions Hol	MTSI	Stifel downgraded MTSI to Hold from Buy and cut the price target to \$43 from \$57.
10/12/2017	Cree, Inc.	CREE	Goldman Sachs notes potential for downwards earnings revisions to drive downside in the stock.
10/12/2017	Under Armour	UAA	Canaccord lowers price target to \$15 from \$18.
10/11/2017	Under Armour	UAA	PiperJaffray lowers price target to \$14 from \$17 and maintains Neutral rating.
10/10/2017	MetLife	MET	FBR Capital downgrades to Neutral from Buy, and lowers price target to \$52 from \$53.
10/6/2017	Cree, Inc.	CREE	JP Morgan downgrades to Underweight from Neutral while raising price target to \$28 from \$23.
Upgrades contradicting short sale thesis -- Oct 5 to date			
10/26/2017	PTC Inc.	PTC	KeyBanc increased its price target to \$74 from \$64 and reiterated its Overweight rating.
10/25/2017	Sherwin-Williams Co.	SHW	Wells Fargo increases its price target to \$400 from \$360 and maintains Market Perform rating.
10/18/2017	Sherwin-Williams Co.	SHW	Zelman upgrades the stock to Buy from Hold.
10/18/2017	Voya Financial, Inc	VOYA	Goldman Sachs initiates coverage with Buy rating and \$46 target.
10/18/2017	MetLife, Inc.	MET	Goldman Sachs initiates coverage with Conviction Buy rating and \$61 price target.
10/18/2017	Cree, Inc.	CREE	JMP Securities raises price target to \$41 from \$29 and maintains Outperform rating.
10/5/2017	Sherwin-Williams Co.	SHW	Bofa/Merrill upgrades to Buy from Underperform.
10/5/2017	Puma Biotechnology	PBYI	Citigroup increases price target to \$156 from \$114 and maintains Buy rating.

Core & Opportunistic Long Model					MTD						
10/05/2017 to 10/26/2017											
Sector	Company	Ticker	10/5/2017	10/26/2017	Performance	Price Target	Stop Target	Target/ Stop Date	Date+1 Sell Price	Return	
Materials	Kronos Worldwide Inc.	KRO	23.83	26.83	12.59%	\$ 27.63	None				
Industrials	Allison Transmission Holdings, Inc.	ALSN	36.81	40.97	11.30%		None	10/25/2017	\$ 40.97	11.30%	
Information Technology	Advanced Energy Industries, Inc.	AEIS	83.07	91.43	10.06%	\$ 94.69	None				
Industrials	EMCOR Group Inc.	EME	70.35	76.68	9.00%	\$ 79.45	None				
Information Technology	Vishay Intertechnology Inc.	VSH	20.10	21.75	8.21%	\$ 21.77	None				
Industrials	Graco Inc.	GGG	124.61	133.50	7.13%	\$ 138.46	None				
Information Technology	Intuit Inc.	INTU	142.86	151.33	5.93%	\$ 151.63	None				
Consumer Discretionary	Thor Industries Inc.	THO	127.12	133.24	4.81%	\$ 139.11	None				
Materials	United States Steel Corp.	X	26.54	27.69	4.33%	\$ 31.43	None				
Industrials	Donaldson Company Inc.	DCI	46.21	48.17	4.24%	\$ 50.20	None				
Materials	Trinseo S.A.	TSE	69.30	71.50	3.17%	\$ 79.44	None				
Information Technology	Micron Technology Inc.	MU	39.37	40.60	3.12%	\$ 45.89	None				
Healthcare	Agilent Technologies Inc.	A	65.70	67.71	3.06%	\$ 70.32	None				
Consumer Staples	Compania Cervecerias Unidas S.A.	CCU	27.27	28.10	3.04%	\$ 29.30	None				
Financials	SVB Financial Group	SIVB	187.26	192.37	2.73%	\$ 209.92	None				
Industrials	ManpowerGroup Inc.	MAN	121.57	124.75	2.62%	\$ 130.11	None				
Financials	East West Bancorp Inc.	EWBC	59.67	61.22	2.60%	\$ 66.30	None				
Information Technology	InterDigital, Inc.	IDCC	74.00	75.85	2.50%	\$ 82.69	None				
Financials	American Equity Investment Life Holdin	AEL	29.50	30.23	2.47%	\$ 32.72	None				
Industrials	Trex Company, Inc.	TREX	87.00	88.74	2.00%	\$ 97.31	None				
Consumer Discretionary	Kohl's Corp.	KSS	44.27	44.64	0.84%	\$ 49.38	None				
Information Technology	Arista Networks, Inc.	ANET	190.36	191.83	0.77%	\$ 230.00	None				
Healthcare	Exelixis, Inc.	EXEL	25.73	25.92	0.74%	\$ 32.13	None				
Industrials	Valmont Industries, Inc.	VMI	160.15	160.20	0.03%	\$ 171.76	None				
Healthcare	Masimo Corporation	MASI	87.11	87.08	-0.03%	\$ 97.98	None				
Industrials	Applied Industrial Technologies Inc.	AIT	65.35	65.20	-0.23%	\$ 70.60	None				
Information Technology	Facebook, Inc.	FB	171.24	170.63	-0.36%	\$ 185.54	None				
Financials	Raymond James Financial Inc.	RJF	86.01	84.58	-1.66%	\$ 93.14	None				
Information Technology	YY Inc.	YY	88.95	87.15	-2.02%	\$ 106.80	None				
Industrials	MasTec, Inc.	MTZ	45.95	44.05	-4.13%	\$ 52.90	None				
Consumer Discretionary	Burlington Stores, Inc.	BURL	94.38	90.45	-4.16%	\$ 105.03	None				
Financials	Evercore Inc.	EVR	80.80	77.20	-4.46%	\$ 88.87	None				
Energy	TC Pipelines LP	TCP	54.12	50.85	-6.04%	\$ 58.84	None				
Materials	Norbord Inc.	OSB	39.56	36.50	-7.74%	\$ 45.11	None				
Materials	Teck Resources Limited	TECK	23.01	20.84	-9.43%	\$ 27.08	None				

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Core & Opportunistic Short Model					MTD						
10/05/2017 to 10/26/2017										Target/	Date+1
Sector	Company	Ticker	10/5/2017	10/26/2017	Performance	Price Target	Stop Target	Stop Date	Sell Price	Return	
Information Technology	MACOM Technology Solutions Holding	MTSI	42.74	38.70	-9.45%	\$ 34.30	\$ 51.18				
Healthcare	Agios Pharmaceuticals, Inc.	AGIO	70.82	65.42	-7.62%	\$ 64.27	\$ 77.37				
Energy	National Oilwell Varco, Incorporated	NOV	36.03	33.86	-6.02%			10/23/2017	\$ 33.81	-6.16%	
Healthcare	Alnylam Pharmaceuticals Inc.	ALNY	121.39	114.49	-5.68%	\$ 82.37	\$ 160.41				
Industrials	Textron Inc.	TXT	55.65	53.76	-3.40%			10/17/2017	\$ 53.57	-3.74%	
Materials	The Mosaic Company	MOS	21.64	21.16	-2.22%	\$ 19.98	\$ 23.30				
Healthcare	Puma Biotechnology, Inc.	PBYI	124.25	121.80	-1.97%	\$ 106.61	\$ 141.89				
Information Technology	ViaSat Inc.	VSAT	65.12	64.11	-1.55%	\$ 60.54	\$ 69.70				
Financials	Voya Financial, Inc.	VOYA	40.80	40.21	-1.45%	\$ 38.30	\$ 43.30				
Industrials	Univar Inc.	UNVR	29.41	29.12	-0.99%	\$ 27.63	\$ 31.19				
Industrials	Fluor Corporation	FLR	43.10	42.69	-0.95%	\$ 40.30	\$ 45.90				
Consumer Discretionary	Under Armour, Inc.	UAA	16.53	16.38	-0.91%	\$ 14.85	\$ 18.21				
Consumer Discretionary	Adient plc	ADNT	84.15	83.63	-0.61%	\$ 78.54	\$ 89.76				
Industrials	Jacobs Engineering Group, Inc.	JEC	58.79	58.73	-0.10%	\$ 55.94	\$ 61.64				
Industrials	Colfax Corporation	CFX	42.30	42.78	1.13%	\$ 39.85	\$ 44.75				
Industrials	KBR, Inc.	KBR	17.88	18.38	2.80%	\$ 16.16	\$ 19.60				
Financials	MetLife, Inc.	MET	52.58	54.21	3.10%	\$ 48.60	\$ 56.56				
Industrials	Flowserve Corp.	FLS	43.21	44.74	3.54%	\$ 39.73	\$ 46.69				
Information Technology	Integrated Device Technology Inc.	IDTI	27.05	28.18	4.18%	\$ 25.11	\$ 28.99				
Healthcare	Penumbra, Inc.	PEN	93.20	97.10	4.18%	\$ 87.67	\$ 98.73				
Consumer Discretionary	Sherwin-Williams Co.	SHW	379.90	396.50	4.37%	\$ 361.46	\$ 398.34				
Consumer Discretionary	Penske Automotive Group, Inc.	PAG	46.69	49.15	5.27%	\$ 43.51	\$ 49.87				
Information Technology	Cree Inc.	CREE	29.57	32.82	10.99%			10/18/2017	\$ 34.18	15.59%	
Information Technology	PTC Inc.	PTC	57.75	64.67	11.98%			10/20/2017	\$ 60.76	5.21%	
Industrials	ZTO Express (Cayman) Inc.	ZTO	13.84	15.54	12.28%			10/12/2017	\$ 15.63	12.93%	

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October 2017									
MTD Theoretical Returns of Core Long/Short Model Portfolios									
Simple Cumulative Returns									
Date	^VIX	Daily S&P 500	MTD S&P 500	Daily Long*	Daily Short	Daily Dollar Neutral	MTD Long	MTD Short	MTD Neutral*
10/02/17	9.45	0.39%	0.39%	0.82%	0.67%	0.14%	0.82%	0.67%	0.14%
10/03/17	9.51	0.22%	0.60%	0.15%	-0.04%	0.19%	0.97%	0.64%	0.34%
10/04/17	9.63	0.12%	0.73%	0.02%	-0.20%	0.22%	0.99%	0.43%	0.56%
10/05/17	9.19	0.56%	1.29%	0.26%	0.14%	0.13%	1.26%	0.57%	0.68%
10/06/17	9.65	-0.11%	1.19%	0.11%	-0.07%	0.18%	1.37%	0.50%	0.86%
10/09/17	10.33	-0.18%	1.00%	-0.38%	-0.34%	-0.05%	0.99%	0.17%	0.82%
10/10/17	10.08	0.23%	1.24%	0.20%	0.15%	0.05%	1.18%	0.32%	0.87%
10/11/17	9.85	0.18%	1.42%	-0.20%	0.06%	-0.25%	0.99%	0.37%	0.62%
10/12/17	9.91	-0.17%	1.25%	0.10%	0.49%	-0.39%	1.09%	0.87%	0.22%
10/13/17	9.61	0.09%	1.34%	0.33%	-0.09%	0.42%	1.42%	0.78%	0.64%
10/16/17	9.91	0.18%	1.51%	0.85%	-0.12%	0.97%	2.27%	0.66%	1.61%
10/17/17	10.31	0.07%	1.58%	-0.60%	-0.29%	-0.31%	1.67%	0.37%	1.30%
10/18/17	10.07	0.07%	1.65%	0.51%	0.81%	-0.30%	2.18%	1.18%	1.00%
10/19/17	10.05	0.03%	1.69%	0.06%	-0.28%	0.34%	2.24%	0.90%	1.34%
10/20/17	9.97	0.51%	2.20%	0.89%	0.65%	0.24%	3.13%	1.54%	1.59%
10/23/17	11.07	-0.40%	1.80%	-0.25%	-0.47%	0.22%	2.88%	1.08%	1.81%
10/24/17	11.16	0.16%	1.96%	0.62%	0.70%	-0.09%	3.50%	1.78%	1.72%
10/25/17	11.23	-0.47%	1.50%	-0.95%	-0.67%	-0.28%	2.56%	1.11%	1.44%
10/26/17	11.30	0.13%	1.62%	0.62%	0.21%	0.41%	3.18%	1.33%	1.85%
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Note: These are theoretical returns and do not include any assumptions for execution costs, slippage, margin, or any other kind of cost.									

October 2017												
MTD Theoretical Returns of Opportunistic Long/Short Model Portfolios												
Simple Cumulative Returns												
Date	^VIX	Daily S&P 500	MTD S&P 500	Daily Long*	Daily Short	Daily Dollar Neutral	MTD Long*	MTD Short*	MTD Neutral*	Cash Long	Cash Short	
10/02/17	9.45	0.39%	0.39%	0.57%	0.67%	-0.10%	0.57%	0.67%	-0.10%	30%	0%	
10/03/17	9.51	0.22%	0.60%	0.11%	-0.04%	0.15%	0.68%	0.64%	0.04%	30%	0%	
10/04/17	9.63	0.12%	0.73%	0.01%	-0.20%	0.22%	0.69%	0.43%	0.26%	30%	0%	
10/05/17	9.19	0.56%	1.29%	0.19%	0.14%	0.05%	0.88%	0.57%	0.31%	30%	0%	
10/06/17	9.65	-0.11%	1.19%	0.08%	-0.07%	0.15%	0.96%	0.50%	0.45%	30%	0%	
10/09/17	10.33	-0.18%	1.00%	-0.27%	-0.34%	0.07%	0.69%	0.17%	0.52%	30%	0%	
10/10/17	10.08	0.23%	1.24%	0.14%	0.15%	-0.01%	0.83%	0.32%	0.51%	30%	0%	
10/11/17	9.85	0.18%	1.42%	-0.14%	0.06%	-0.19%	0.69%	0.37%	0.32%	30%	0%	
10/12/17	9.91	-0.17%	1.25%	0.07%	0.49%	-0.42%	0.76%	0.87%	-0.10%	30%	0%	
10/13/17	9.61	0.09%	1.34%	0.33%	-0.09%	0.42%	1.09%	0.78%	0.31%	0%	0%	
10/16/17	9.91	0.18%	1.51%	0.85%	-0.12%	0.97%	1.94%	0.66%	1.28%	0%	0%	
10/17/17	10.31	0.07%	1.58%	-0.60%	-0.29%	-0.31%	1.34%	0.37%	0.97%	0%	0%	
10/18/17	10.07	0.07%	1.65%	0.51%	0.81%	-0.30%	1.85%	1.18%	0.67%	0%	0%	
10/19/17	10.05	0.03%	1.69%	0.06%	-0.28%	0.34%	1.91%	0.90%	1.02%	0%	0%	
10/20/17	9.97	0.51%	2.20%	0.89%	0.65%	0.24%	2.80%	1.54%	1.26%	0%	0%	
10/23/17	11.07	-0.40%	1.80%	-0.25%	-0.47%	0.22%	2.56%	1.08%	1.48%	0%	0%	
10/24/17	11.16	0.16%	1.96%	0.62%	0.70%	-0.09%	3.17%	1.78%	1.39%	0%	0%	
10/25/17	11.23	-0.47%	1.50%	-0.95%	-0.67%	-0.28%	2.23%	1.11%	1.12%	0%	0%	
10/26/17	11.30	0.13%	1.62%	0.62%	0.21%	0.41%	2.85%	1.33%	1.52%	0%	0%	

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Note: These are theoretical returns and do not include any assumptions for execution costs, slippage, margin, or any other kind of cost.

*This model occasionally assumes 70% and 100% cash positions depending on portfolio return targets and market volatility.

There are limitations inherent in our theoretical model results, particularly with the fact that such results do not represent actual trading and they may not reflect the impact material economic and market factors might have had on our decision making if we were actually managing client money at the time. Please see additional disclosures and disclaimers at the back of this report.

How we select stocks

The stocks selected for our model portfolio strategies all rank highly for the following metrics, with an emphasis on proxies for cash flow growth and ROIC:

- Relative Value
- Operating Momentum
- Analyst Revision Momentum
- Fundamental Quality

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