Quantitative Equity Selection Strategy

WILLIAMS MARKET ANALYTICS

November 2024

Master Account
Net Asset Value: 181.86   (+1.32%)

November Monthly Strategy Update

Our QES Strategy gained +1.32% in November, maintaining a defensive posture (67% T-bills), while the S&P 500 Equal Weight jumped +6.42%. Valuation and yield have been our selection criteria. This full risk-on market doesn't appreciate these traits. To outperform the S&P 500 requires buying the biggest stocks in the index, over-owned and over-valued, in our estimate. While over a long enough horizon, holding undervalued stocks paying a high dividend should be a winning strategy, we must also be aware of the time constraints placed upon us by our investors. While we'd prefer to avoid a market downturn, we have no visibility as to when this will happen, and as such we need to stay invested to track the equity indexes higher.

We are going to migrate the QES portfolio back to the DGR strategy. Why? First, individual stock selection adds company-specific risk without a commensurate return, on average, versus an index selection approach. Second, unless you are an insider, buying an individual stock is like making a bet where others (firm executives, company analysts) have an information advantage. Third, when this market bubble does unwind, risk management will be easier with ETF positions, both via fewer holdings to cover and the ability to use options when accounts hold 100 shares of a position. With the DGR strategy, we will commit to remaining fully-invested in equities, actively rotating toward asset classes (sectors, countries) in the early stages of an up-trend.
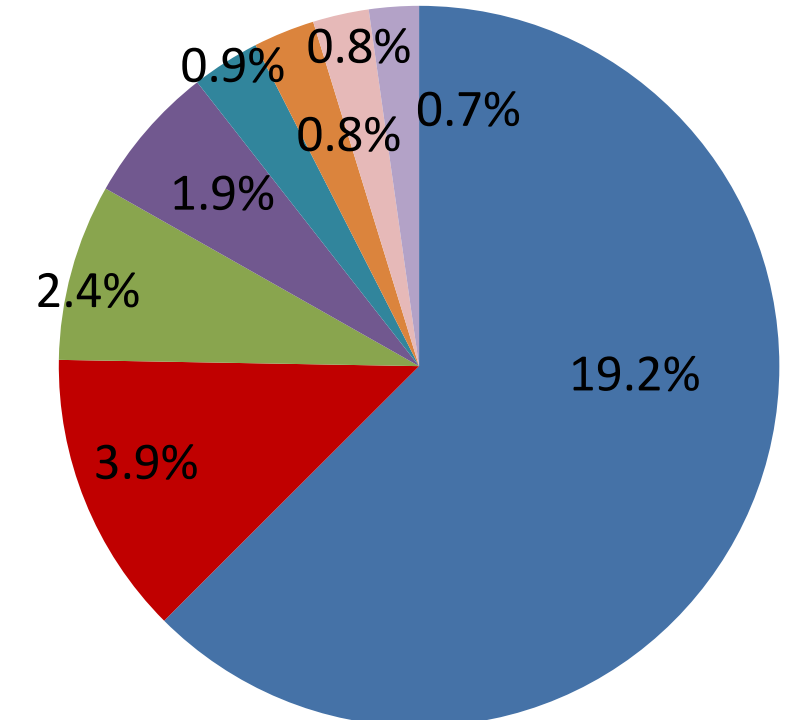
Portfolio Data

Number of Holdings	33
Currency	USD
Current Risk Level (β & σ)	Ext. Low
Dividend Yield	4.31%
Forward Price/Earning Ratio	12.1
52-Week High & Low	181.9 & 162.2

Country Weightings

U.S.	19.6	Sweden	0.7
Canada	3.8	Germany	0.6
France	2.4		
U.K.	1.9		
S. Africa	0.9		
Indonesia	0.8		

Country Weights (%)

Country pie chart: 19.2%, 3.9%, 2.4%, 1.9%, 0.8%, 0.9%, 0.8%, 0.7%

Market Capitalizations

Allocations as % of holdings

Large Cap 70.7%, Mid Cap 25.6%, Small Cap 3.7%
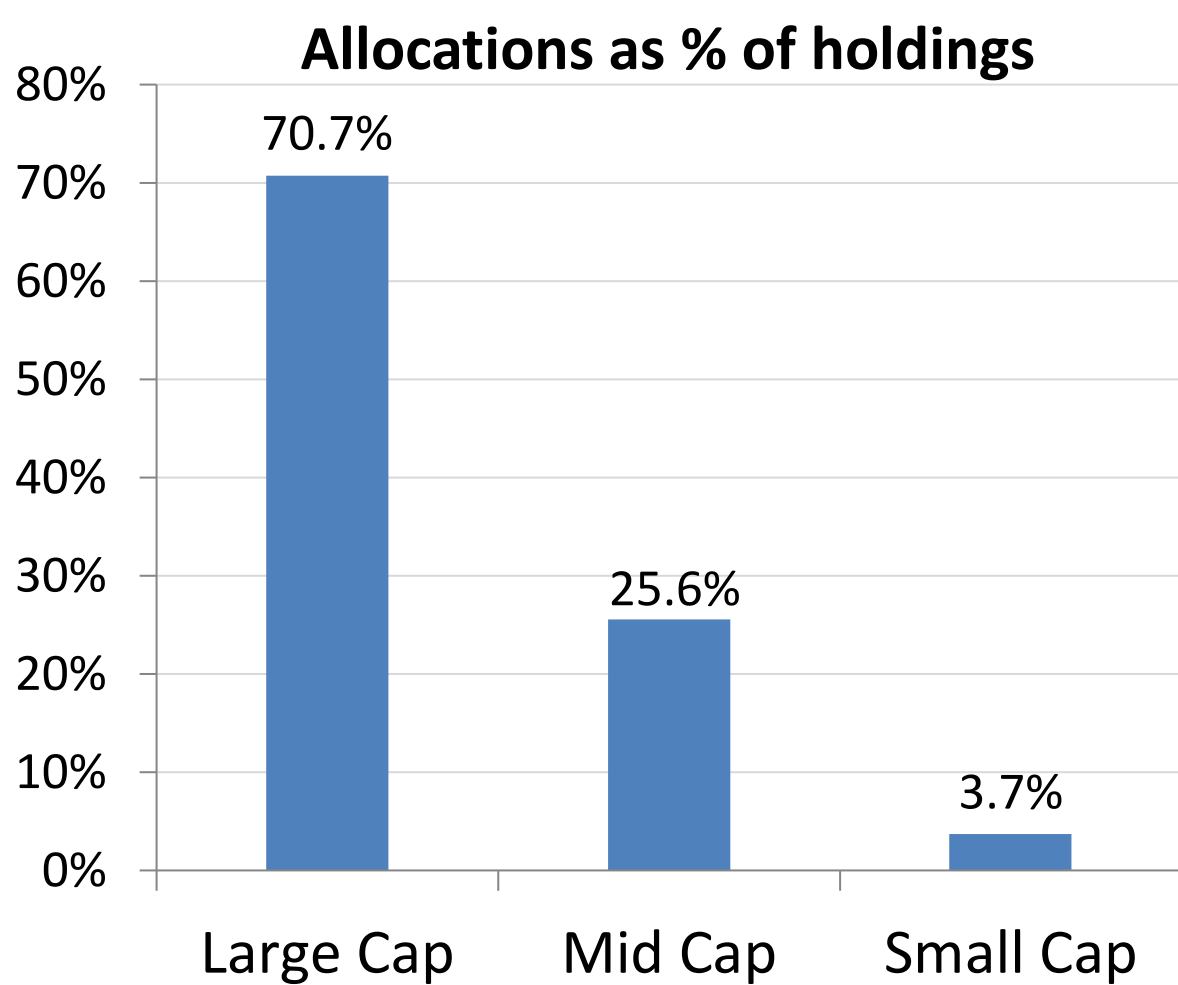
Sector Weightings

Sector	%
Materials	4.5
Financials	4.5
Utilities	4.4
Consumer Discretionary	4.1
Health Care	3.8
Communication Services	3.7
Staples	2.1
Industrial	1.8
Real Estate	1.1
Energy	0.7
Technology	0.0
Cash	69.2

Sector Weights (%)

Sector pie chart: 4.74%, 4.40%, 4.23%, 4.20%, 3.80%, 3.68%, 2.03%, 1.83%, 1.09%, 0.69%, 69.31%
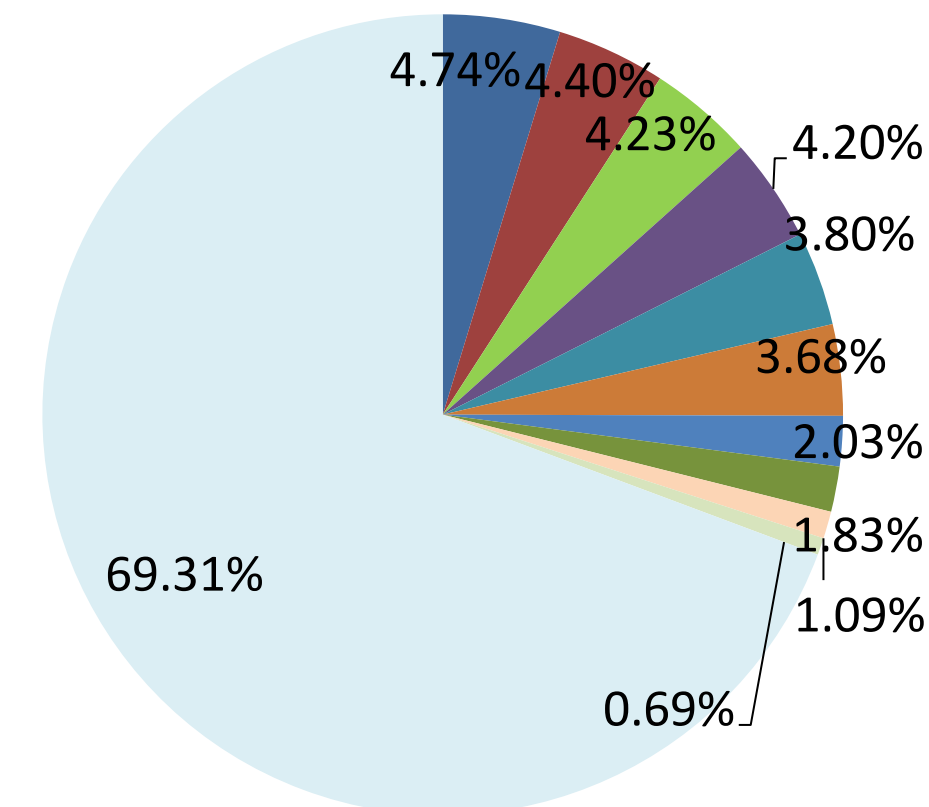
Historical Performance

Risk Characteristics

	Annualized Volatility	Beta	Sharpe Ratio
WMA QES Strategy	12.0%	0.48	2.26
S&P 500 EW Index	18.0%	1.00	1.97
EAFE Index	15.8%	1.00	0.88

Price Return   as of   12/02/2024

	YTD	1-Year	2-Year	3-Year	Since Inception
WMA QES Strategy	7.69%	12.1%	23.3%	33%	81.9%
S&P 500 EW Index	18.90%	26.5%	26.1%	22.2%	116.6%
EAFE Index	4.90%	9.0%	17.7%	2.8%	36.8%

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Line chart comparing WMA QES Strategy, S&P 500 EW Index, and MSCI EAFE Index from Dec-16 to Dec-24. Final values: S&P 500 EW Index 117%, WMA QES Strategy 81.9%, MSCI EAFE Index 36.8%.