

The background of the slide is a collage of financial market data. It includes several line charts showing stock price trends over time, with labels like 'Aug 13' and 'Sep 13'. There are also tables of stock prices and market indices. One table lists 'HIGHEST MOVERS' with columns for 'Day's change%' and 'Friday'. Another table lists 'ImgnTech' stock price and its change on the day. The overall theme is financial markets and investment strategy.

Small Cap Strategy

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Summary

Idea – *Investing in small-cap companies*

Strategy – *Increase upside potential while mitigating downside*

Historical Performance – *Outperformed market by 139% over 10 years*

Recommendation – *Buy \$20k, In School Fund, Sell SPY*

What to Sell – *SPY*

Effect on Portfolio – *Increase returns, while mitigating downside risk*



Strategy Details

Backtesting Method: *Bloomberg*

Rebalance frequency: *Annually*

Number of positions: *N/A*

Number of years backtested: *10*

Weighting: *Equal*

Type of stock: *Common Stock*

Exchange listings included: *Major US Exchanges*



Backtesting Implementation Details

# OF STOCKS	N/A
MIN MONTHLY TRADING VOLUME	N/A
WEIGHTING SCHEME	EQUAL
REBALANCING FREQUENCY	ANNUAL
TIME FRAME	10 YEARS
CURRENCY	USD
MARKET CAP	\$500M - \$2B
PEG RATIO	0.5 - 1.0
D/E RATIO	< 20%
OPERATING CF	> \$0

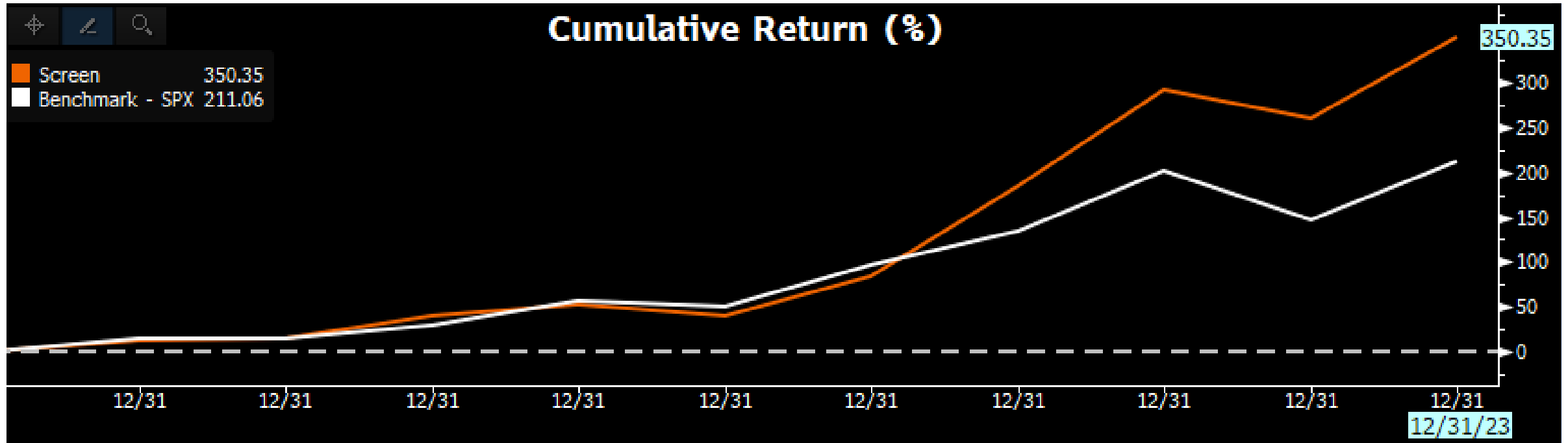


Backtesting Results - Characteristics

<u>10-Year Analysis</u>	Mean	Min	25%	Median	75%	Max
Market Cap (\$Millions)	1,098.2	506.1	719.3	1,023	1,457.3	1,995.5
P/E Ratio	19.97	15.1	17.63	19.51	21.87	28.4
Monthly Trading Volume* (\$Millions)	*	*	*	*	*	*
Share Price*	*	*	*	*	*	*



Backtesting Results - Performance



<u>Annualized</u>	Return	α^*	β^*	σ	Sharpe	Treynor	Max DD	Info Ratio*	Idio. Risk
10 Year	17.82%	5.83	1.02	24.89%	0.75	0.14	25.98%	0.32	3.79%
1 Year	24.77%	-5.08	1.25	22.06%	1.04	0.17	12.01%	.02	2.39%
10 Year SPX	11.93%	0	1.0	15.2%	0.74	0.08	30.75%	N/A	0%
1 Year SPX	26.14%	0	1.0	12.6%	1.76	0.22	9.82%	N/A	0%



Recommended Purchases

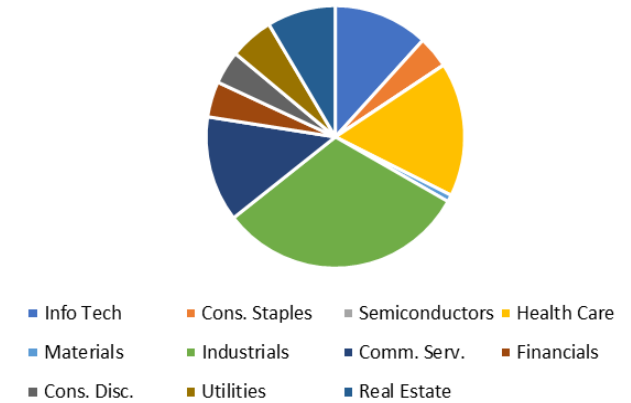
Name	Ticker	P/E Ratio	Average Volume (\$)	Market Cap (\$M)	Share Price (\$)	# of Shares	Total Value (\$)
A10 Networks Inc	ATEN	26.06	781,747	1,005	13.55	295	~4000
Openlane Inc	KAR	N/A	764,816	1,519	14.06	284	~4000
Kelly Services	KELYA	31.22	197,944	714.7	20.29	197	~4000
Ligand Pharm	LGND	63.68	112,831	1,266	72.60	55	~4000
Timkensteel	TMST	25.23	255,444	892.8	20.69	193	~4000



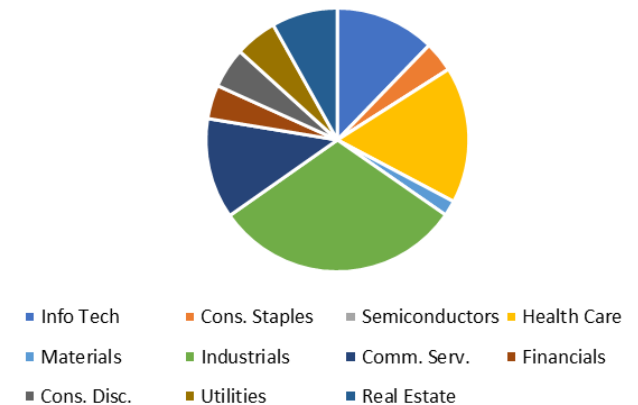
Effect on the Portfolio

	Existing Portfolio	New Portfolio
Beta	1.22	1.21
SML	1.0	1.0
HMB	0.9	0.9
Standard Deviation	16.5%	16.6%
Idiosyncratic Risk	0.40%	0.45%

Old Sector Breakdown



New Sector Breakdown



Recap

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