Summary

Idea – *Congressional Stock Mirroring Strategy*

Strategy – *Select most purchased stocks by members of congress over 6-month span*

Historical Performance – *All backtesting exceeded S&P 500*

Recommendation – *Buy $50k In Milner Fund*

What to Sell – *Use cash, partial trim of tech sector concentration*

Effect on Portfolio – *Increase beta towards target for fund, raise expected return*
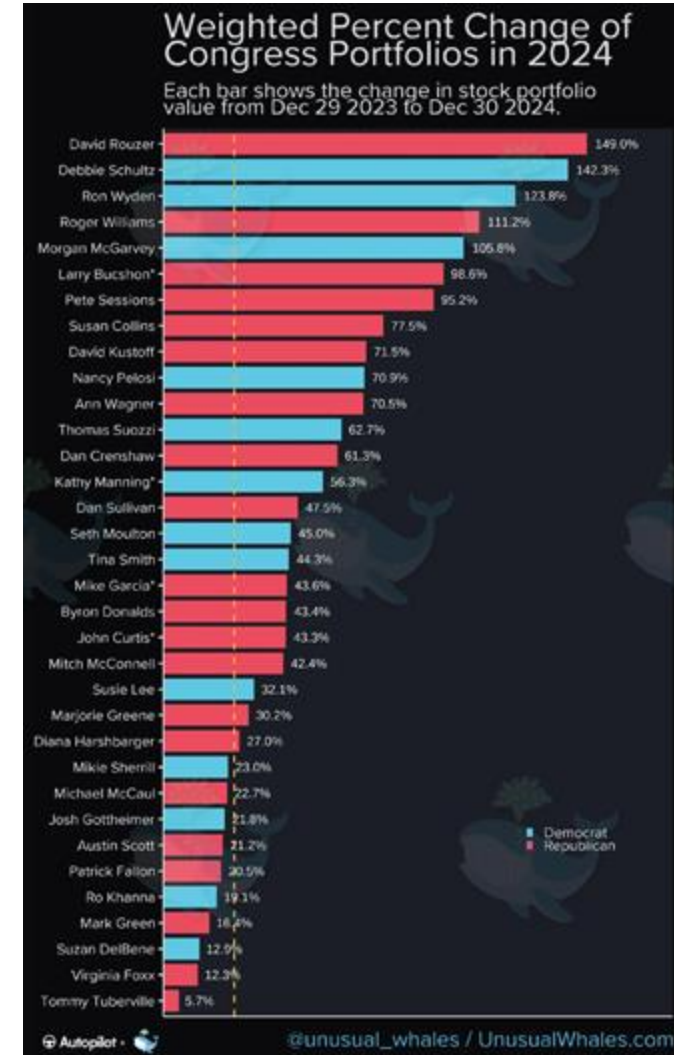
STOCK Act of 2012

- "The Stop Trading on Congressional Knowledge Act" or STOCK Act, was passed in April of 2012.

- Aimed to increase reporting standards for Congressional members, increase trust in government officials, and penalize offenders.

- Compliance and enforcement has been subpar, fees are only a few hundred dollars, and some fines are never handed out.

Thesis

- Following only Nancy Pelosi's trades since 2014, you would have been up 800.13%. For reference, SPY is up 225.17% in the same time frame. (She used options to magnify her gains)

- Because Congress members are privy to insider information, tailing their trades largely beats the market.

- Due to the sheer amount of congressional members who beat the S&P, it's clear they are using insider information

Weighted Percent Change of Congress Portfolios in 2024
Each bar shows the change in stock portfolio value from Dec 29 2023 to Dec 30 2024.

Member	%
David Rouzer	149.0%
Debbie Schultz	142.3%
Ron Wyden	123.8%
Roger Williams	111.2%
Morgan McGarvey	105.8%
Larry Bucshon*	98.6%
Pete Sessions	95.2%
Susan Collins	77.5%
David Kustoff	71.5%
Nancy Pelosi	70.9%
Ann Wagner	70.5%
Thomas Suozzi	62.7%
Dan Crenshaw	61.3%
Kathy Manning*	56.3%
Dan Sullivan	47.5%
Seth Moulton	45.0%
Tina Smith	44.3%
Mike Garcia*	43.6%
Byron Donalds	43.4%
John Curtis*	43.3%
Mitch McConnell	42.4%
Susie Lee	32.1%
Marjorie Greene	30.2%
Diana Harshbarger	27.0%
Mikie Sherrill	23.0%
Michael McCaul	22.7%
Josh Gottheimer	21.8%
Austin Scott	21.2%
Patrick Fallon	20.5%
Ro Khanna	19.1%
Mark Green	18.2%
Suzan DelBene	12.9%
Virginia Foxx	12.3%
Tommy Tuberville	5.7%

Democrat
Republican

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Strategy Details

Specifics of Strategy *– Top 7 Invested Congressional Securities*

Backtesting Method *– Python, trades scraped from Congress financial disclosure documents*

Rebalance Frequency *– Semiannually*

Number of Positions *– 7*

Number of Years Backtested *– 1, 5, 10*

Weighting *– Equal*

Type of Stock *– Varies*

Backtesting Implementation Details

# OF STOCKS	7
METHOD OF SELECTION	Top 7 purchased stocks (reported) by members of US congress in previous 6 months
WEIGHTING SCHEME	Equal
REBALANCING FREQUENCY	Semi-Annually
TIME FRAME	10 Years
CURRENCY	USD

Backtesting Results - Characteristics

10-Year Analysis	Mean	Min	25%	Median	75%	Max
Market Cap ($Millions)	362,553.60	230.71	18,927.13	74,906.48	261,440.70	3,688,677.00
P/E Ratio	35.57	6.36	16.64	26.11	39.93	166.40
Monthly Trading Volume* ($Millions)	339.70	5.90	46.05	125.59	225.25	4,988.98
Share Price*	168.30	4.95	36.40	89.50	227.31	1,035.03

Backtesting Results - Performance

10-Year Backtest (Ends 2025-02-21) - Top 7 Buys, 6m Rebal
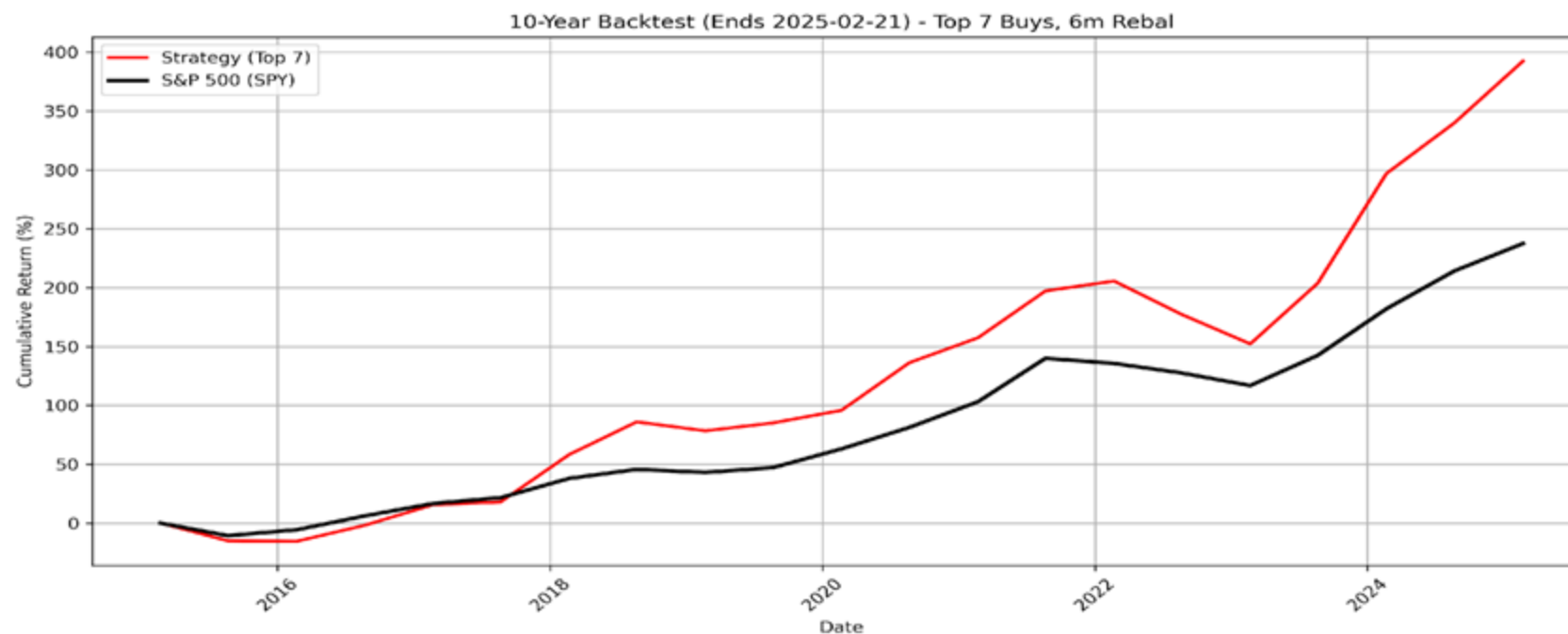
Annualized	Return	α*	β*	σ	Sharpe	Treynor	Info Ratio*
10 Year	17.29%	-1.24%	1.31	24.45%	0.67	0.12	0.29
1 Year	24.18%	30.16%	1.20	7.40%	1.86	0.11	0.55
10 Year SPY	16.28%	--	--	16.10%	0.80	--	--
1 Year SPY	19.65%	--	--	6.15%	3.19	--	--

Backtesting Results - 10 year
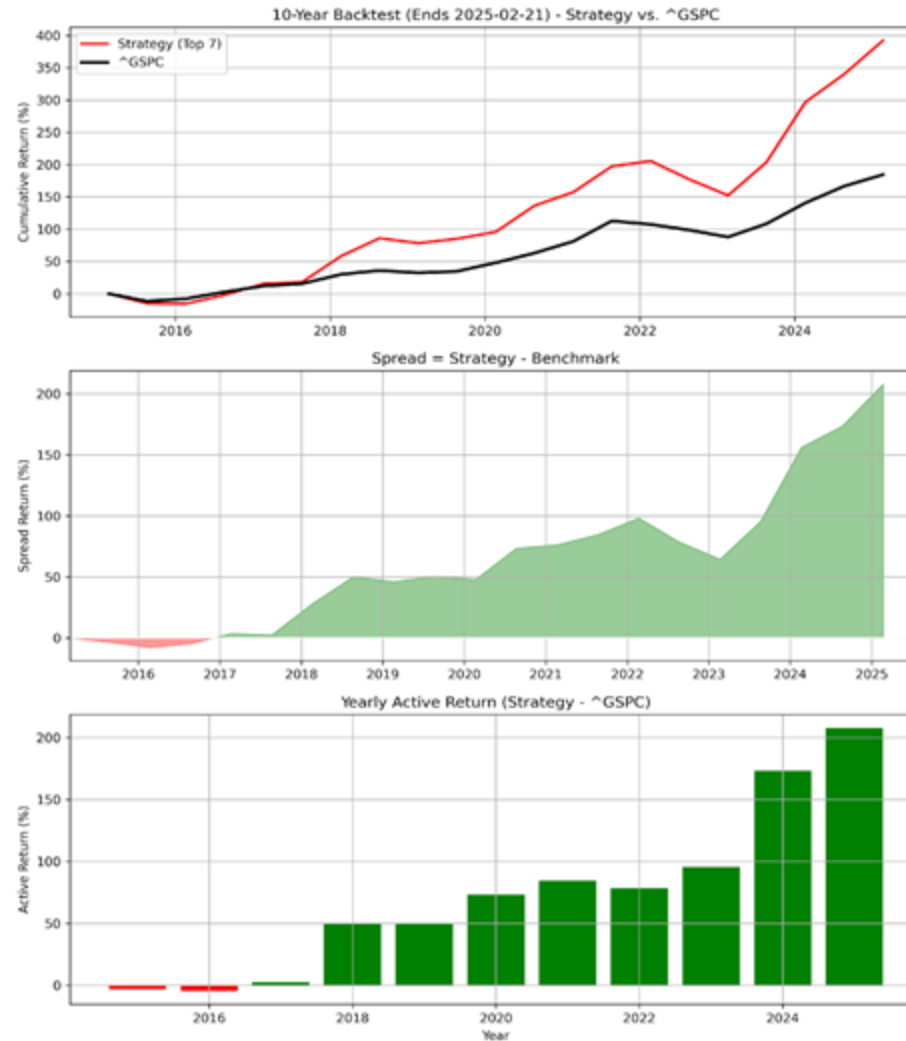
Total Return	392.33%
Mean Return	20.54%
Mean Active Return	6.46%
Max Return	79.99%
Min Return	-27.85%

Backtesting Results - 5 year

5-Year Backtest (Ends 2025-02-21) - Top 7 Buys, 6m Rebal
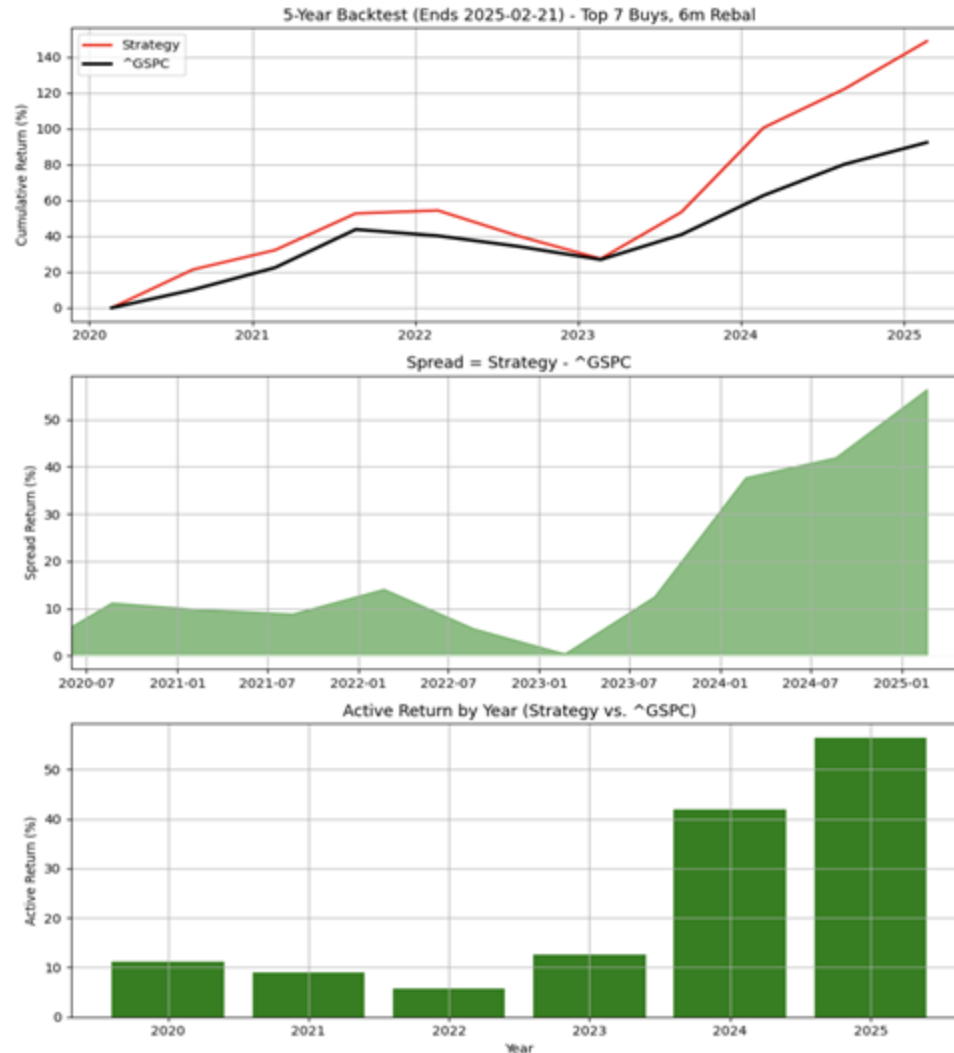
Total Return	151.45%
Mean Return	23.23%
Mean Active Return	6.23%
Max Return	70.74%
Min Return	-17.66%

Backtesting Results - 1 year

1-Year Backtest (Ends 2025-02-21) - Cumulative Returns
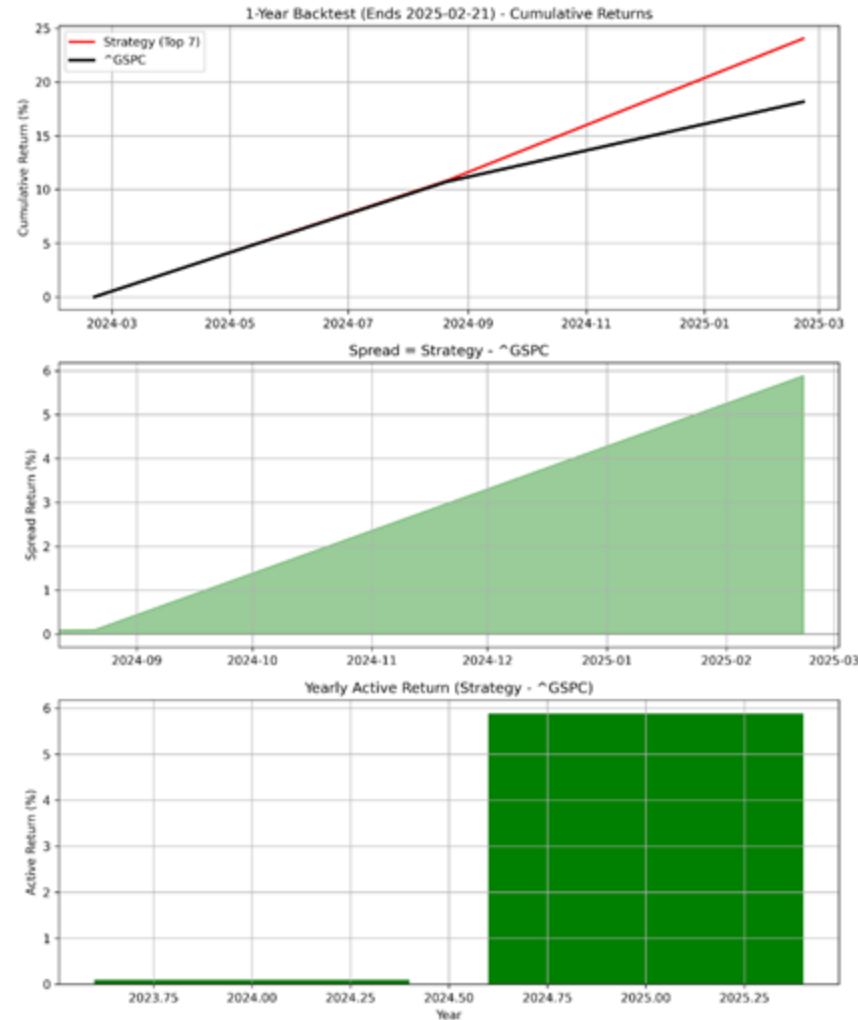
Total Return	24.05%
Mean Return	20.54%
Mean Active Return	4.33%
Max Return	25.03%
Min Return	22.81%

Recommended Purchases (As of 2/21/2025)

Name	Ticker	P/E Ratio	Monthly Trading Volume ($M)	Market Cap ($M)	Share Price	# of Shares	Total Value
Berkshire Hathaway	BRK-B	9.68	76.96	1,033,000	478.74	15	$7,181.10
JPMorgan Chase	JPM	13.39	118.79	738,800	264.24	28	$7,398.72
Salesforce	CRM	51.04	43.16	296,500	309.80	24	$7,435.20
Johnson & Johnson	JNJ	28.03	150.89	390,800	162.30	44	$7,141.20
Goldman Sachs Group	GS	15.43	181.59	195,200	625.60	11	$6,881.60
Microsoft	MSFT	32.89	415.25	3,035,000	408.21	17	$6,940.93
Visa	V	35.10	124.11	672,300	348.53	20	$6,970.60

Sell Proposal of NVDA & INTU

Total Fund

Nvidia Corp (NVDA)
- Positions of NVDA - 680 shares
- Selling 40 shares

Total Amount Sold: **$5,376**

Inuit Inc. (INTU)
- Positions of INTU - 75 shares
- Selling 13 shares

Total Amount Sold: **$7,351.11**

Impact to Tech Sector

Current	Technology	$487,836.18	19.84%
New	Technology	$489,485.20	19.90%

Impact to Fund Beta

Current Beta	1.049790
New Beta	1.063139

Effect on the Portfolio

	Existing Portfolio	New Portfolio
Beta	1.049790	1.06226
Sharpe	1.41	1.42
Standard Deviation	13.29%	13.32%
Expected Return	18.73%	18.91%

Effect on the Portfolio – Sectors

Current Sector Allocation

Sector	Total Value	% of Portfolio
Financial Services	$205,012.43	8.34%
Real Estate	$28,071.13	1.14%
Consumer Defensive	$69,394.62	2.82%
Consumer Cyclical	$257,319.71	10.46%
Technology	$487,836.18	19.84%
Communication Services	$99,172.21	4.03%
Healthcare	$108,518.00	4.41%
Industrials	$222,073.57	9.03%
Utilities	$28,532.11	1.16%
Basic Materials	$20,780.95	0.85%
Energy	$123,147.55	5.01%
Cash + Cash Equivalents	$ 809,321.70	32.91%
Portfolio Total	$2,459,180.16	100.00%

New Sector Allocation

Sector	Total Value	% of Portfolio
Financial Services	$233,444.45	9.49%
Real Estate	$28,071.13	1.14%
Consumer Defensive	$69,394.62	2.82%
Consumer Cyclical	$257,319.71	10.46%
Technology	$489,485.20	19.90%
Communication Services	$99,172.21	4.03%
Healthcare	$115,659.20	4.70%
Industrials	$222,073.57	9.03%
Utilities	$28,532.11	1.16%
Basic Materials	$20,780.95	0.85%
Energy	$123,147.55	5.01%
Cash + Cash Equivalents	$ 772,099.46	31.40%
Portfolio Total	$2,459,180.16	100.00%

Recap

Idea – *Congressional Stock Mirroring Strategy*

Strategy – *Select most purchased stocks by members of congress over 6-month span*

Historical Performance – *All backtesting exceeded S&P 500*

Recommendation – *Buy $50k, In Milner Fund, Sell NVDA and INTU*

Effect on Portfolio – *Increase beta towards target for fund, raise expected return*
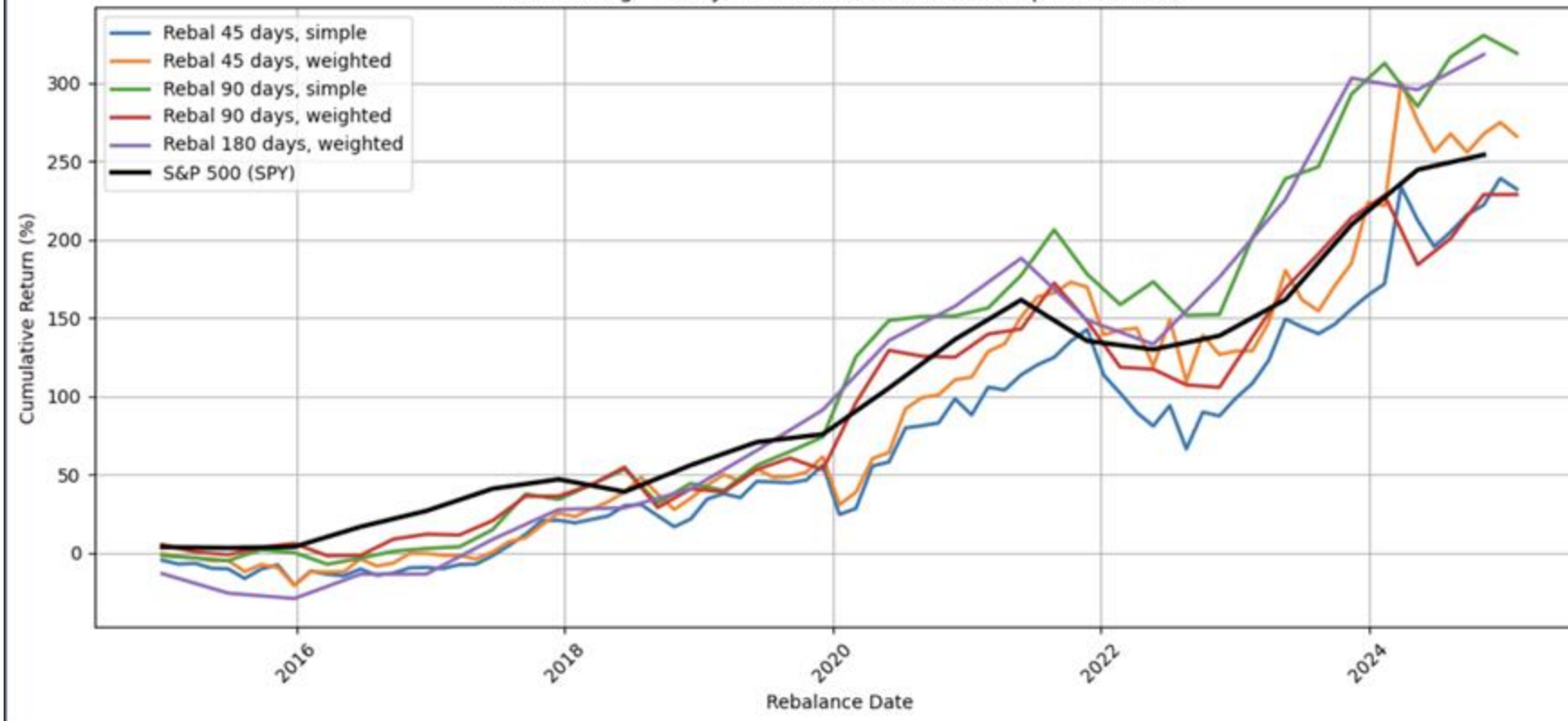
EXHIBITS

Backtest Results

10-Year Backtest: Top 7 Stocks (Weighted vs. Unweighted)
Rebalancing: 45 days, 3 months, 6 months (Simple excluded)

Trying different rebalancing times and different stock selection strategies consistently led to worse results than choosing the top 7 most frequently purchased stocks in a 6 - month timeframe (392.33%)

Backtest Results

10-Year Backtest: Strategy Comparison (Top N Buys) vs. SPY (Through 2025-02-20)
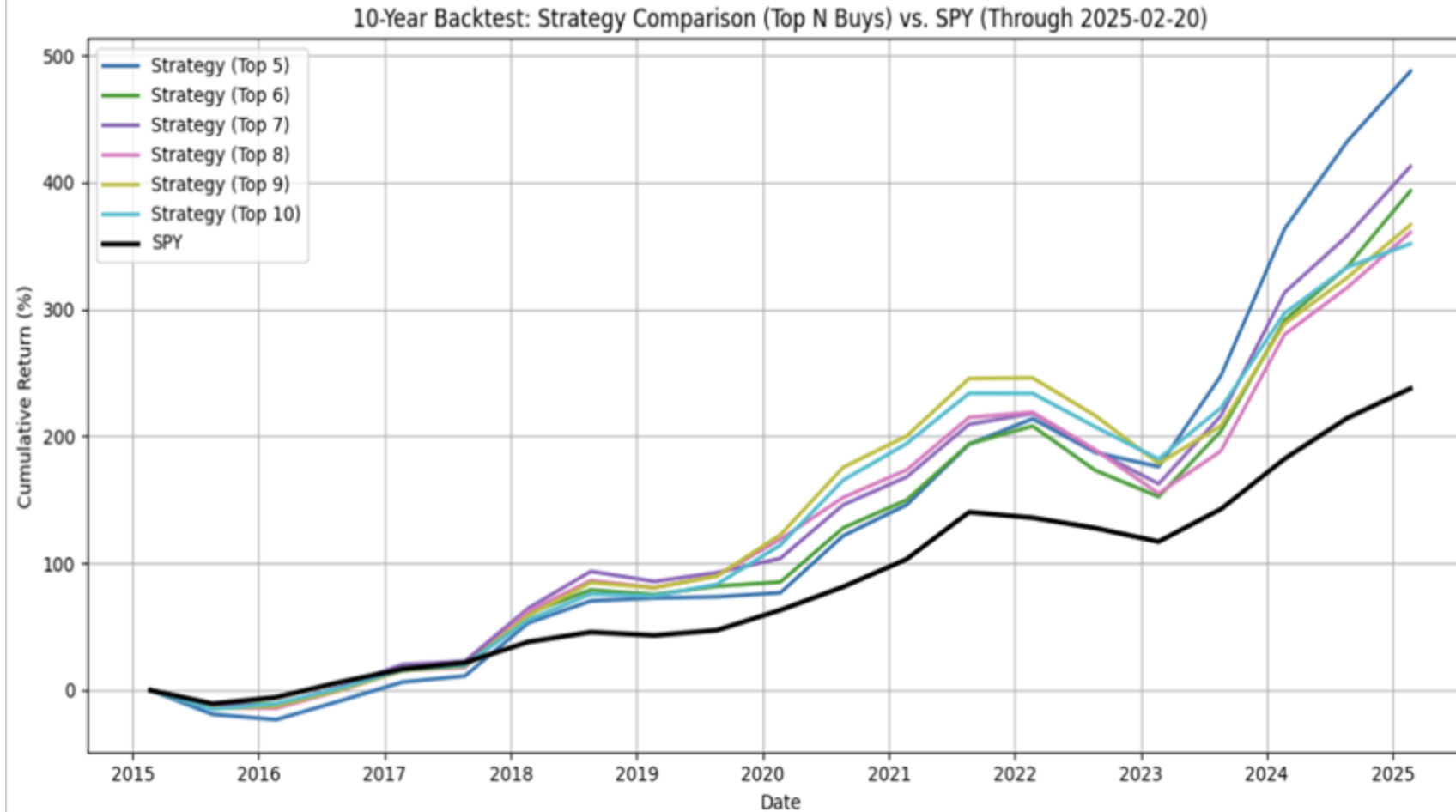
While the Top 5 stocks perform the best during the period of 10 years, the variability in outcomes with fewer stocks makes this a less appealing choice than the top 7 stocks

Sell Scenario – Just INTU

Sell – 25 Shares of INTU
Total: $14,136.75

Current	Technology	$487,836.18	19.84%
New	Technology	$488,075.56	19.85%

Current Beta	1.049790
New Beta	1.063210

Sell Scenario – Just NVDA

Sell – 100 Shares of NVDA
Total: $13,440.00

Current	Technology	$487,836.18	19.84%
New	Technology	$488,772.31	19.88%

Current Beta	1.049790
New Beta	1.061598