

The background of the slide is a blurred image of a financial document, likely a stock market report or a financial chart. It features various data points, including stock prices, percentages, and dates. A prominent red semi-transparent rectangle is overlaid on the center of the image, serving as a background for the text. The text is white and bold, making it stand out against the red background. The overall aesthetic is professional and financial.

Earnings Growth Strategy

Aaron DelGrande, Isaac Lee, Maddie Osborn, Noah White

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Investment Thesis

We screened for companies in Financial and Energy because of the indication of potential rising interest rates, increase lending, and favorable regulatory environment. From there we found industry standard metrics surrounding financially resilient and high-growth companies that demonstrate strong revenue and earnings expansion, efficient capital allocation, and disciplined reinvestment strategies. Our goal was to identify companies positioned for sustained outperformance by focusing on firms that balance growth with profitability while reinvesting capital efficiently to generate shareholder value.



Summary

Idea – *Earnings Growth Strategy*

Strategy – *We are targeting financially resilient, high-growth Financials and Energy companies with strong revenue and earnings expansion, efficient capital allocation, and disciplined reinvestment to drive sustained outperformance and shareholder value.*

Historical 10 year Performance – *532.02% Return, 0.9 Sharpe, 1.01 Beta*

Recommendation – *Buy \$70k, In Milner Fund (10,000 per selected stock, 100k limit)*

What to Sell – *Cash (Milner fund currently has \$152,590.55)*

Effect on Portfolio – *Total fund beta from 0.92 to 0.93, Sharpe from 1.41 to 1.35*



Strategy Details

Backtesting Method: Bloomberg

Rebalance frequency: Quarterly

Number of positions: 7

Number of years backtested: 10, 5, 3, 1

Minimum stock market cap: 10B

Weighting: Equal



Backtesting Screen

Selected Screening Criteria		Matches		
51)	:: Trading Status: Active	552744		⊗
52)	:: Exchanges: United States	26652		⊗
53)	:: Sectors (BICS): Energy; Financials	4594		⊗
54)	:: Security Attributes: Show Primary Security of company only	2477		⊗
55)	:: Current Market Cap [USD] > 10000 Million	158	i	⊗
56)	:: Latest Quarterly Revenue Growth Year over Year > 10	64	i	⊗
57)	:: Latest Quarterly EBIT Growth Year over Year > 12	44	i	⊗
58)	:: LF Return on Invested Capital > 10	28	i	⊗
59)	:: LF Total Capital Expenditures - 1 Yr Growth > 9	15	i	⊗
60)	:: Latest Quarterly EPS - 1 Yr Growth > 2	13	i	⊗
61)	:: Top 50 Sequential Percentile Rank - Higher is Better(T12M Basic Earnings per Share [USD])	7	i	⊗



Backtesting Implementation Details

Sectors: Financials; Energy	Navigating inflation control and rate cuts, the Financials industry is positioned to benefit from this. The energy sector will continue to capitalize on increased demand for energy from AI and data centers.
Minimum Market Cap: >10B	\$10B threshold ensures we focus on well-established companies with stable cash flows, institutional investor support, and liquidity, while avoiding excessive volatility found in smaller-cap stocks.
Latest Quarterly Rev Growth % YOY: >10	A 10% revenue growth rate is a strong indicator of demand and market share expansion, indicating strong revenue growth in the financial sector and steady growth for energy.
Latest Quarterly EBIT Growth % YOY: >12	Ensures that revenue growth translates into profitability, chose 10% to reflect companies with strong operating leverage and cost discipline.

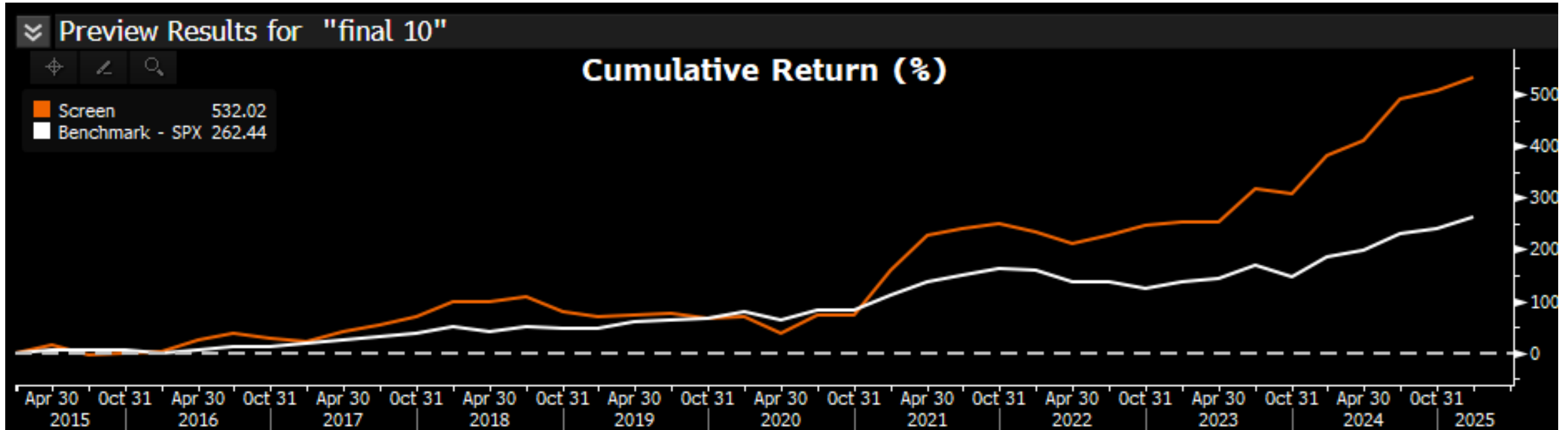


Backtesting Implementation Details

LF ROIC %: >10	ROIC Indicates a company is generating returns above its cost of capital, a key sign of capital efficiency and sustainable competitive advantage, as firms with ROIC >10% are seen as strong in both the energy and financials sectors.
LF Total CapEx - 1 Yr Growth %: >9	Suggests reinvestment in future growth while avoiding excessive spending, chose 9% as a lower end of the two sectors as strong companies in financials and energy.
Latest Quarterly EPS - 1 Yr Growth %: >2	Ensures companies are maintaining profitability momentum with their earnings increasing in relation to their shares.
Top 50 Sequential Percentile Rank - Higher is Better (T12 Basic EPS USD)	Ensures we focus on companies with strong and sustained earnings momentum relative to peers, a key driver of stock outperformance.



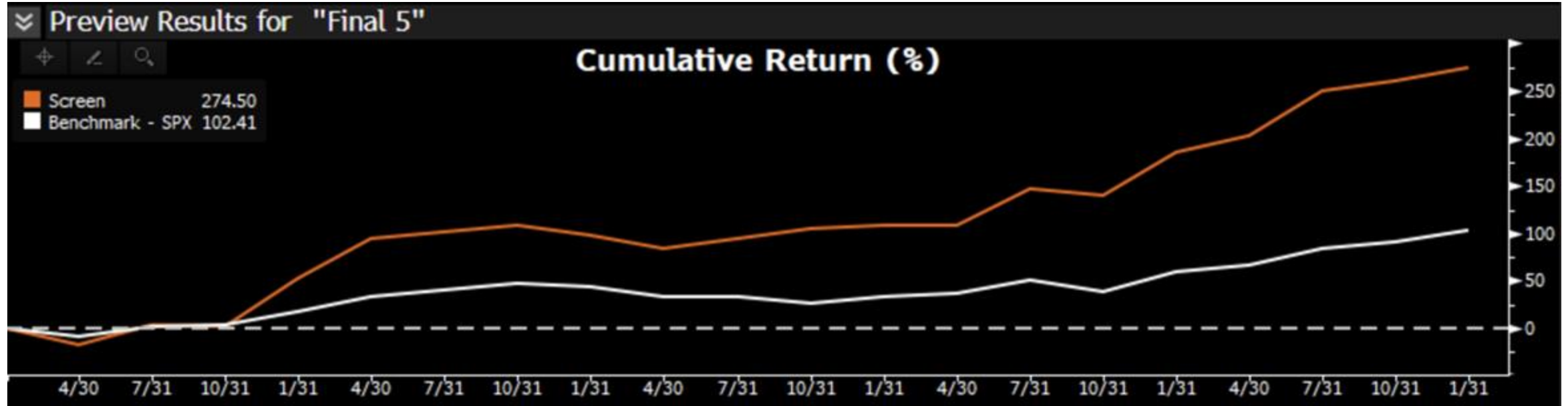
Backtesting Results (10 Year) - Performance



<u>Annualized</u>	Return	α	β	σ	Sharpe	Treynor	Max DD	Info Ratio
10 Year	532.02%	8.37	1.01	24.86%	0.90	0.16	-17.47%	0.43
1 Year	31.64%	14.54	0.62	15.96%	1.78	0.44	2.99%	0.32
10 Year SPY	262.44%	n/a	1	18.39%	0.59	0.10	-16.09%	n/a
1 Year SPY	26.35%	n/a	1	11.54%	1.20	0.22	3.12%	n/a



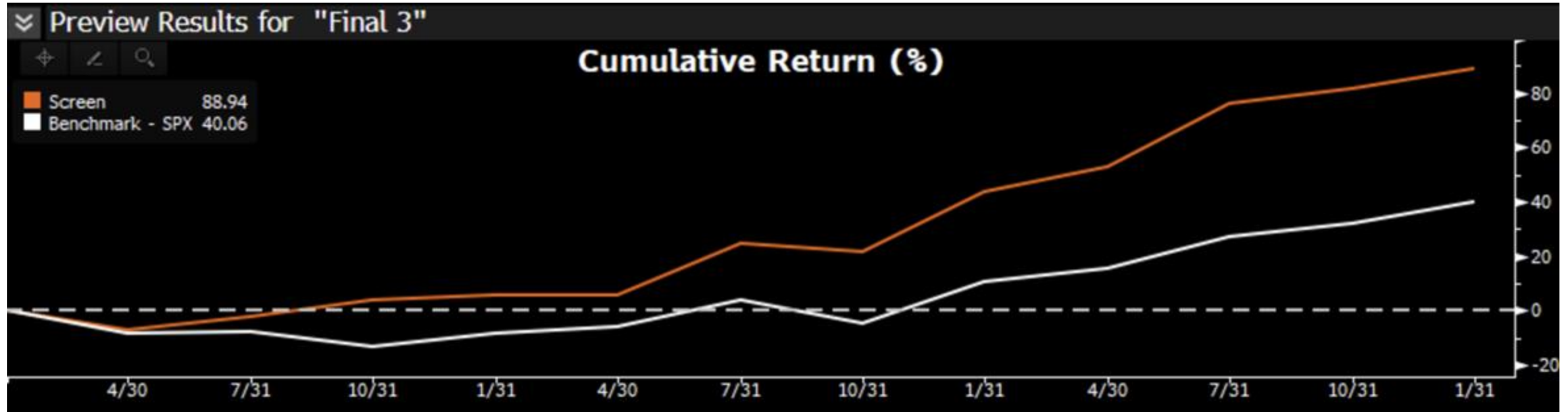
Backtesting Results (5 Year) - Performance



<u>Annualized</u>	Return	α	β	σ	Sharpe	Treynor	Max DD	Info Ratio
5 Year	274.50%	18.03	0.98	28.18%	1.17	0.27	-17.47%	0.80
1 Year	31.64%	14.54	0.62	15.96%	1.78	0.44	2.99%	0.32
5 Year SPY	102.41%	n/a	1	22.31	0.54	0.11	-16.09%	n/a
1 Year SPY	26.35%	n/a	1	11.54%	1.20	0.22	3.12%	n/a



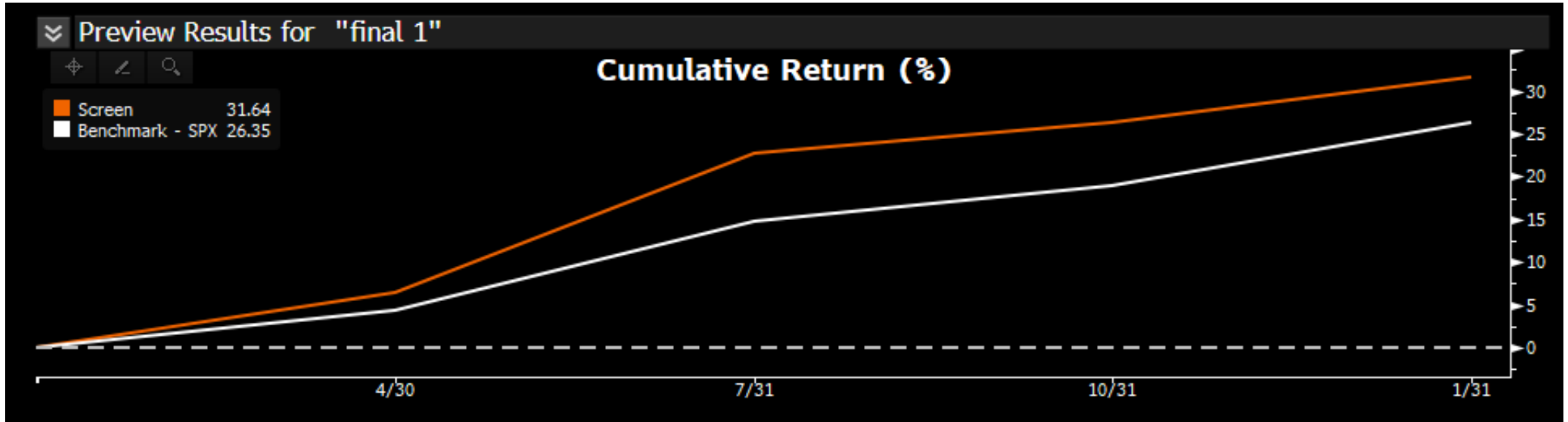
Backtesting Results (3 Year) - Performance



<u>Annualized</u>	Return	α	β	σ	Sharpe	Treynor	Max DD	Info Ratio
3 Year	88.94%	14.49	0.86	22.31%	1.02	0.23	-7.09%	0.70
1 Year	31.64%	14.54	0.62	15.96%	1.78	0.44	2.99%	0.32
3 Year SPY	40.06%	n/a	1	16.91%	0.30	0.08	-11.49%	n/a
1 Year SPY	26.35%	n/a	1	11.54%	1.20	0.22	3.12%	n/a



Backtesting Results (1 Year) - Performance



Annualized	Return	α	β	σ	Sharpe	Treynor	Max DD	Info Ratio
1 Year	31.64%	14.54	0.62	15.96%	1.78	0.44	2.99%	0.32
1 Year SPY	26.35%	n/a	1	11.54%	1.20	0.22	3.12%	n/a



Backtesting Results - Characteristics

<u>10-Year Analysis</u>	Mean	Min	25%	Median	75%	Max
Market Cap (\$Millions)	128,445	12,834	22,196	84,145	124,230	509,286
P/E Ratio	29.12	13.39	22.50	31.16	35.86	42.56
Monthly Trading Volume (\$Millions)	5.4	1.2	3.6	5.0	7.4	9.7
Share Price	325.51	155.29	244.50	322.58	380.85	557.05



Count



Date	In	Same	New	Dropped	Turnover (%)
01/31/2025	7	3	4	2	57.142857
10/31/2024	5	0	5	5	100
07/31/2024	5	1	4	5	83.333333
04/30/2024	6	1	5	2	83.333333
01/31/2024	3	1	2	2	66.666667
10/31/2023	3	1	2	6	85.714286
07/31/2023	7	1	6	5	85.714286
04/30/2023	6	4	2	5	55.555556
01/31/2023	9	6	3	3	33.333333
10/31/2022	9	4	5	3	55.555556
07/31/2022	7	3	4	3	57.142857
04/30/2022	6	2	4	1	66.666667
01/31/2022	3	3	0	2	40
10/31/2021	5	1	4	2	80
07/31/2021	3	0	3	5	100
04/30/2021	5	1	4	0	80
01/31/2021	1	0	1	1	100
10/31/2020	1	0	1	2	100
07/31/2020	2	0	2	1	100
04/30/2020	1	0	1	3	100
01/31/2020	3	1	2	1	66.666667
10/31/2019	2	0	2	2	100
07/31/2019	2	0	2	3	100
04/30/2019	3	0	3	4	100
01/31/2019	4	4	0	0	0
10/31/2018	4	2	2	4	66.666667
07/31/2018	6	2	4	2	66.666667
04/30/2018	4	0	4	2	100
01/31/2018	2	1	1	1	50
10/31/2017	2	0	2	1	100
07/31/2017	1	0	1	2	100
04/30/2017	2	0	2	1	100
01/31/2017	1	1	0	0	0
10/31/2016	1	1	0	0	0
07/31/2016	1	1	0	0	0
04/30/2016	1	0	1	2	100
01/31/2016	2	0	2	1	100
10/31/2015	1	0	1	1	100



Recommended Purchases

Name	Ticker	Current Beta	Current P/E Ratio	Market Cap (\$M)	Share Price	# of Shares	Total Value
LPL Financial Holdings Inc.	LPLA	0.87	26.52	27.751 B	372.13	26	\$9,675.38
Aon plc	AON	0.93	31.16	84.145 B	389.56	25	\$9,735.00
Progressive Corporation	PGR	0.42	18.49	156.041 B	270.00	37	\$9,990.00
Interactive Brokers Group, Inc.	IBKR	0.89	31.56	92.418 B	218.99	46	\$9,854.55
Mastercard Incorporated	MA	1.10	40.17	508.286 B	557.05	18	\$9,469.85
First Solar, Inc.	FSLR	1.47	13.39	16.641 B	155.29	64	\$9,938.56
Morningstar, Inc.	MORN	1.20	42.56	13.834 B	322.58	31	\$9,999.98



Effect on the Portfolio

	Existing Portfolio	New Portfolio
Beta	0.92	0.93
Sharpe	1.41	1.35
Standard Deviation	13.39%	13.73%
Expected Return	24.02%	24.34%



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Recommendation – *Buy \$70k, In Milner Fund (10,000 per selected stock, 100k limit)*

What to Sell – *Cash (Milner fund currently has \$152,590.55)*

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Exhibits

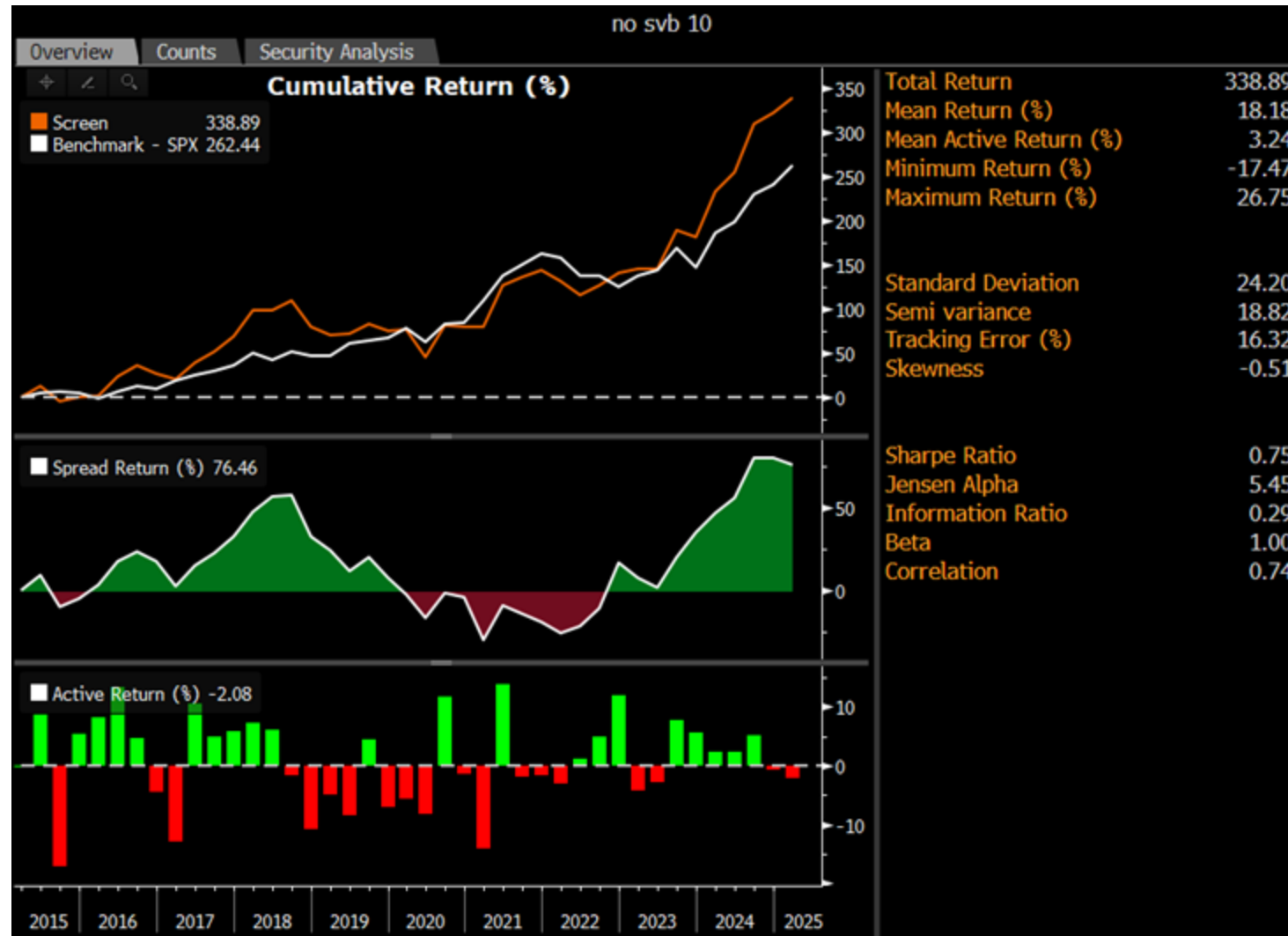


Backtesting Sensitivity Analysis

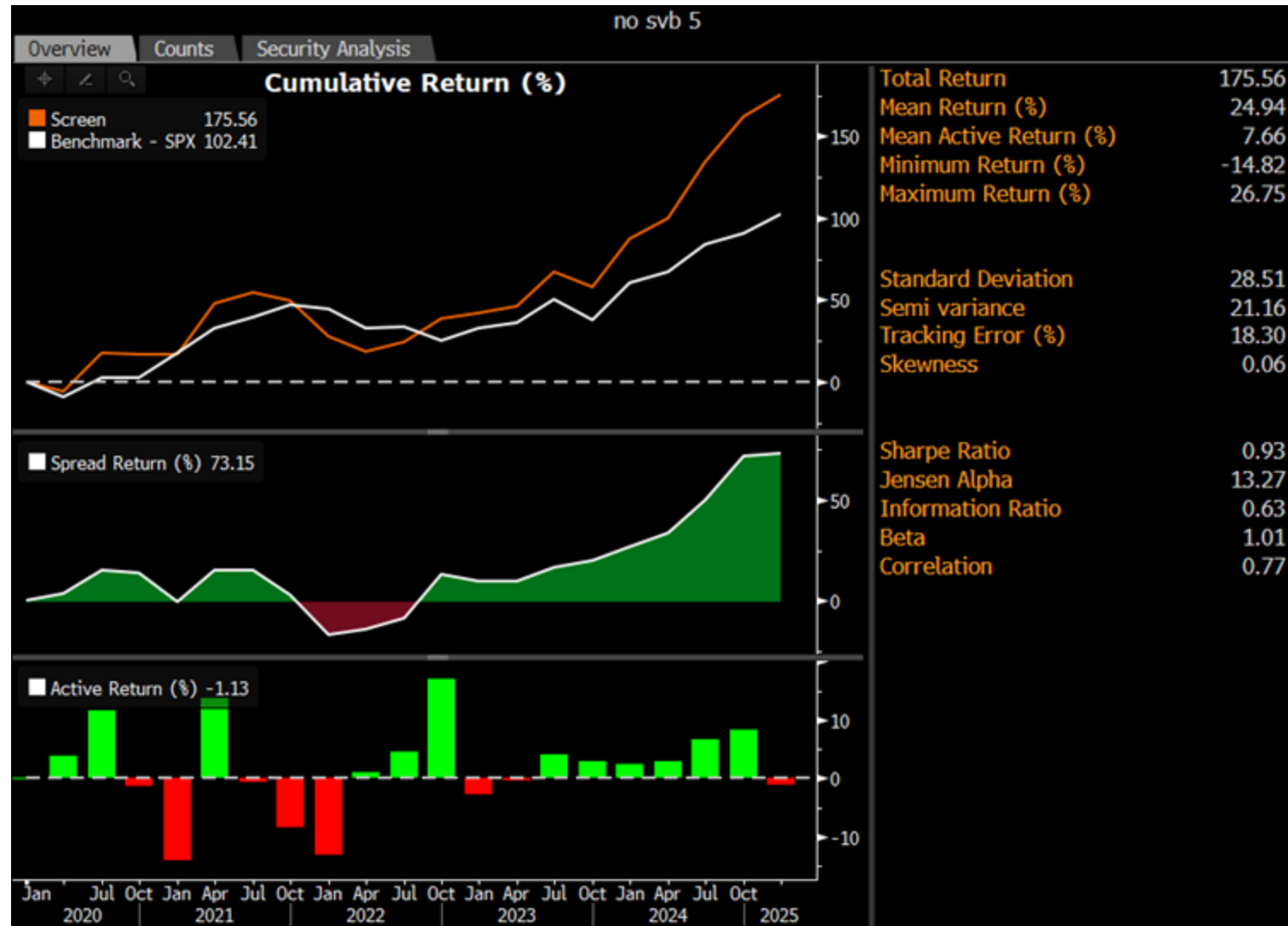
Sectors: No Limit - Financials, Energy, Industrials, Utilities
Minimum Market Cap: No Limit - 20B
Latest Quarterly Rev Growth % YOY: 13 - 7
Latest Quarterly EBIT Growth % YOY: 11, 13
LF ROIC: 11, 9
LF Total CapEx - 1 Yr Growth %: 10, 8
Latest Quarterly EPS - 1 Yr Growth: 3,1
Top Sequential Percentile Rank - Higher is Better (T12 Basic EPS USD): None, 30, 70, 100



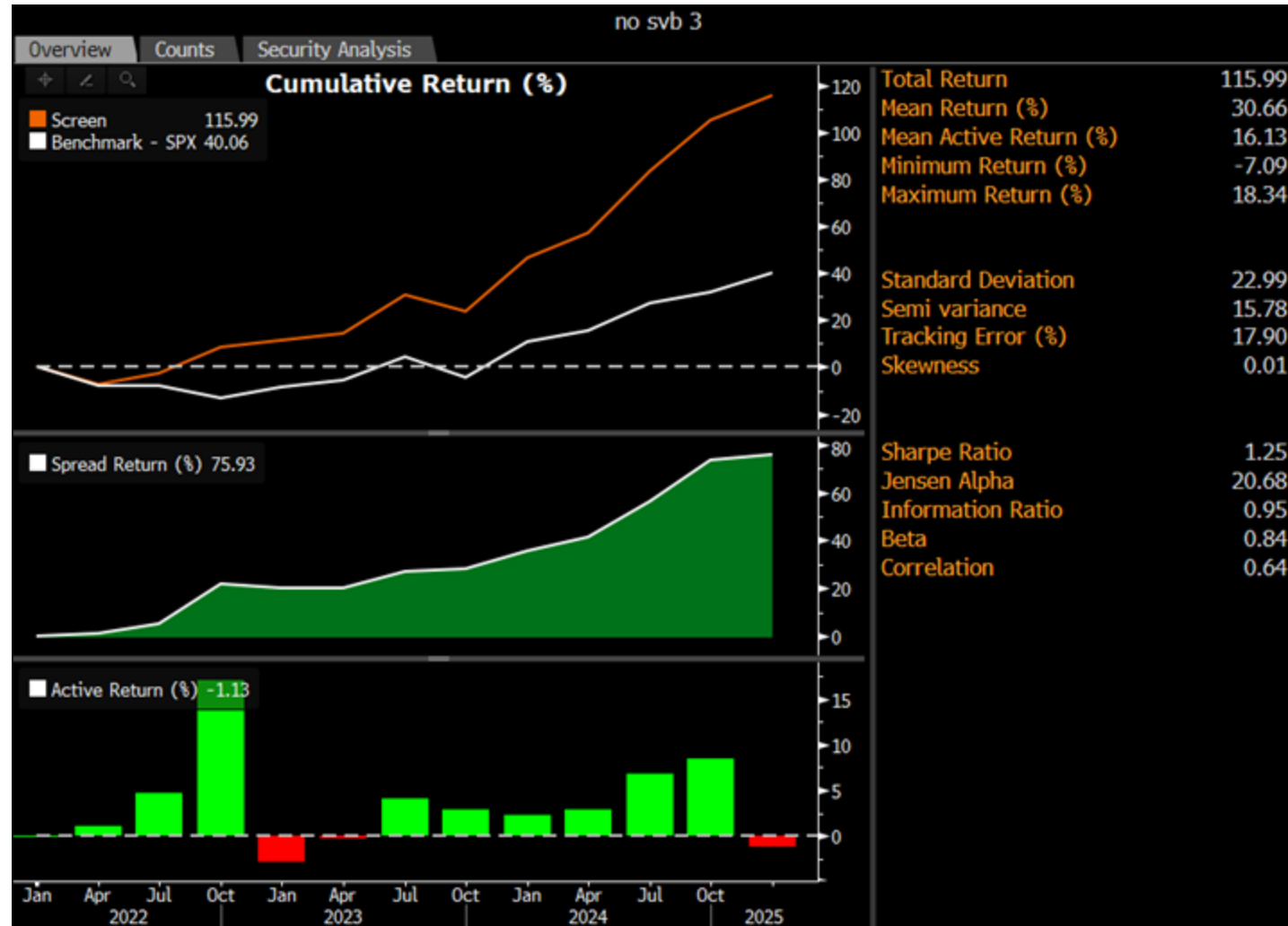
Backtesting Results (10 Year) - Performance (W/o SVB)



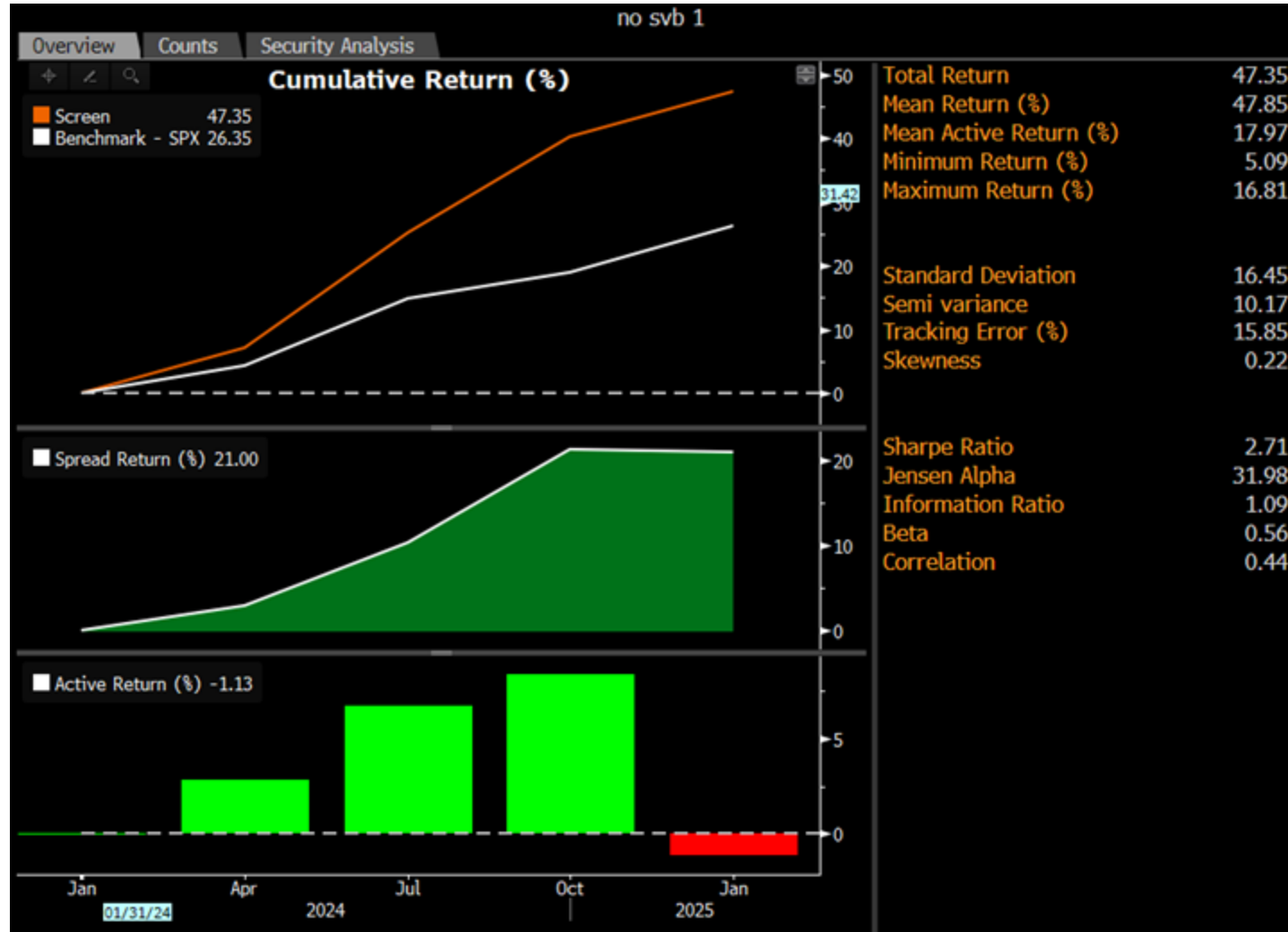
Backtesting Results (5 Year) - Performance (W/o SVB)



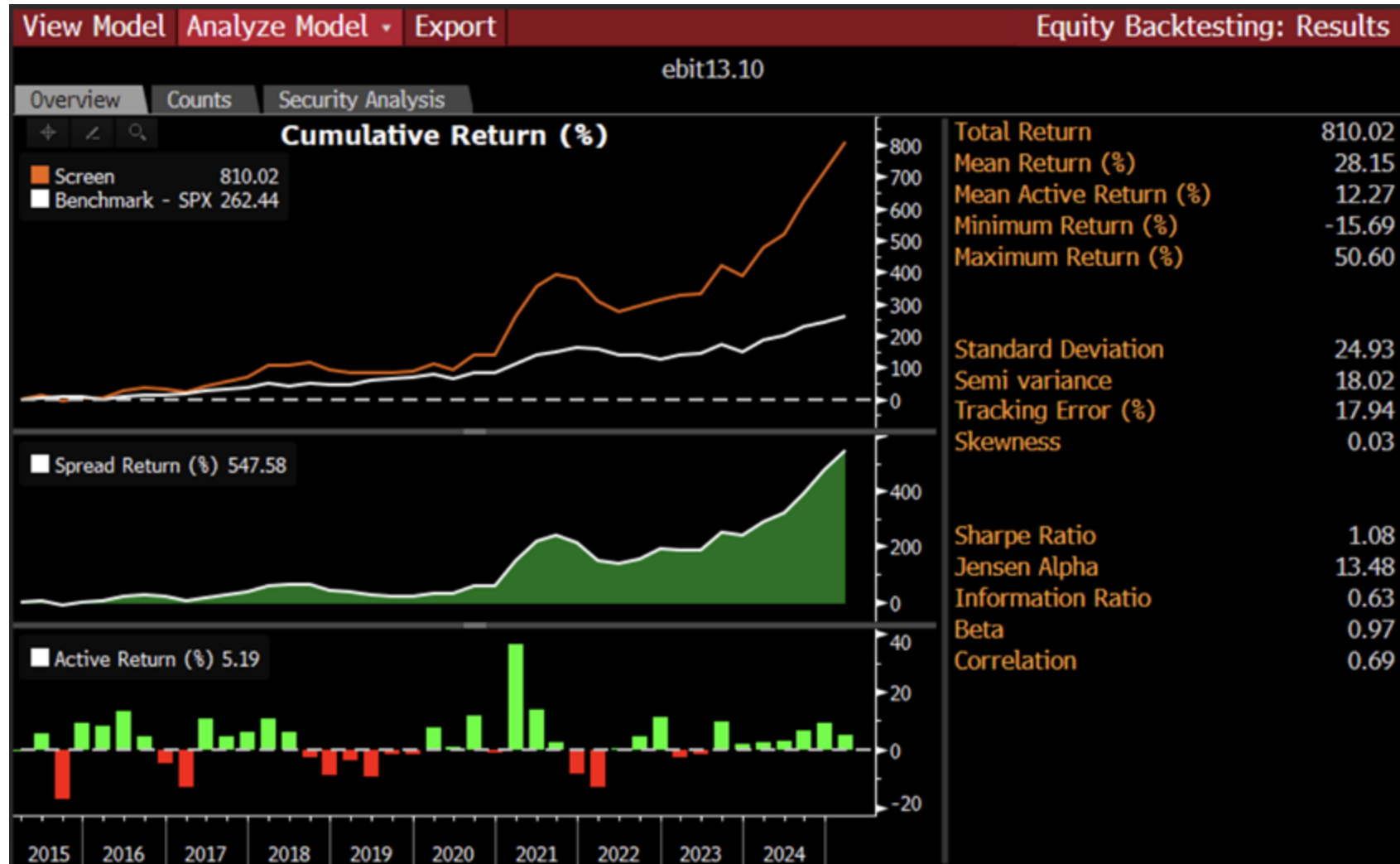
Backtesting Results (3 Year) - Performance (W/o SVB)



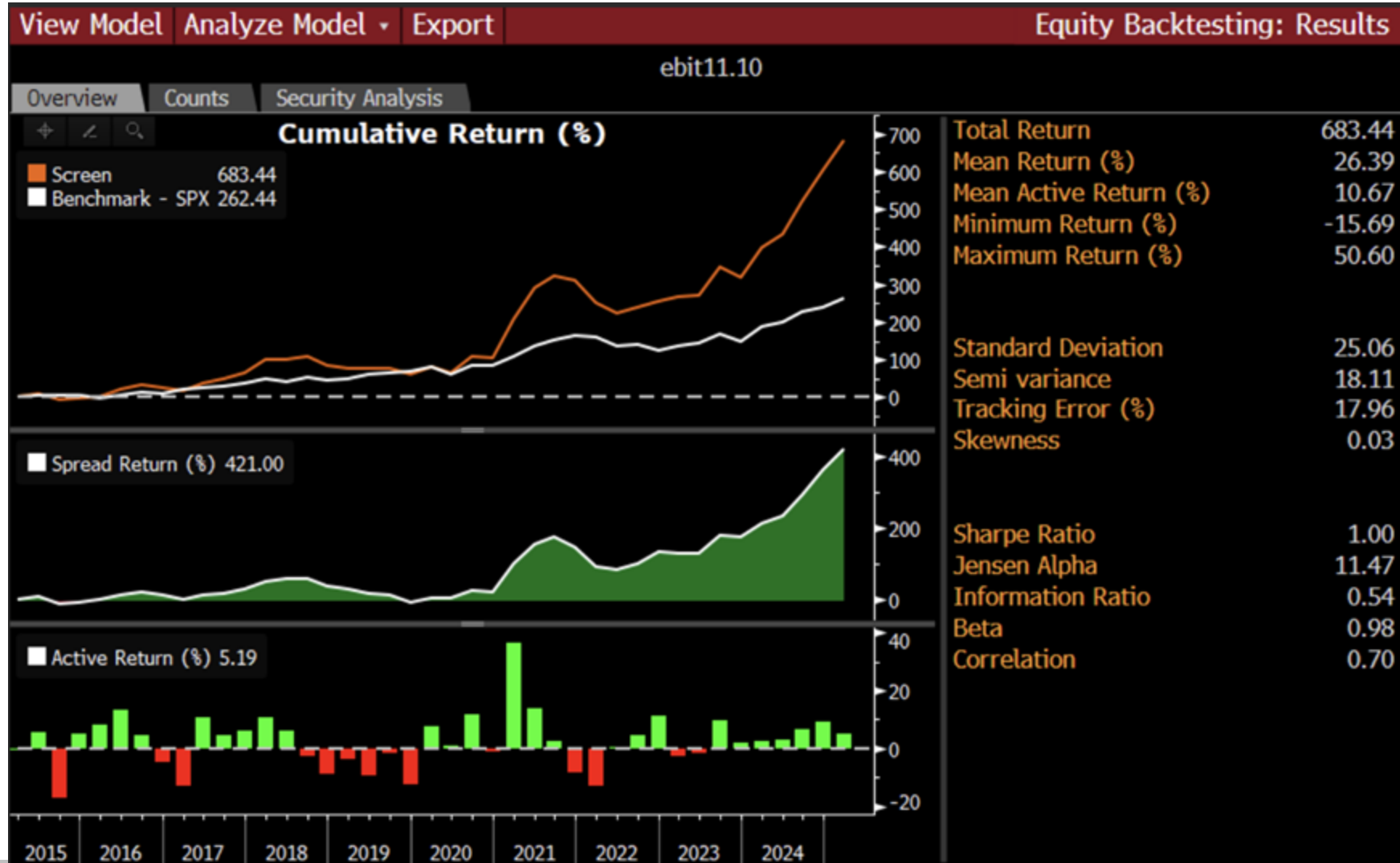
Backtesting Results (1 Year) - Performance (W/o SVB)



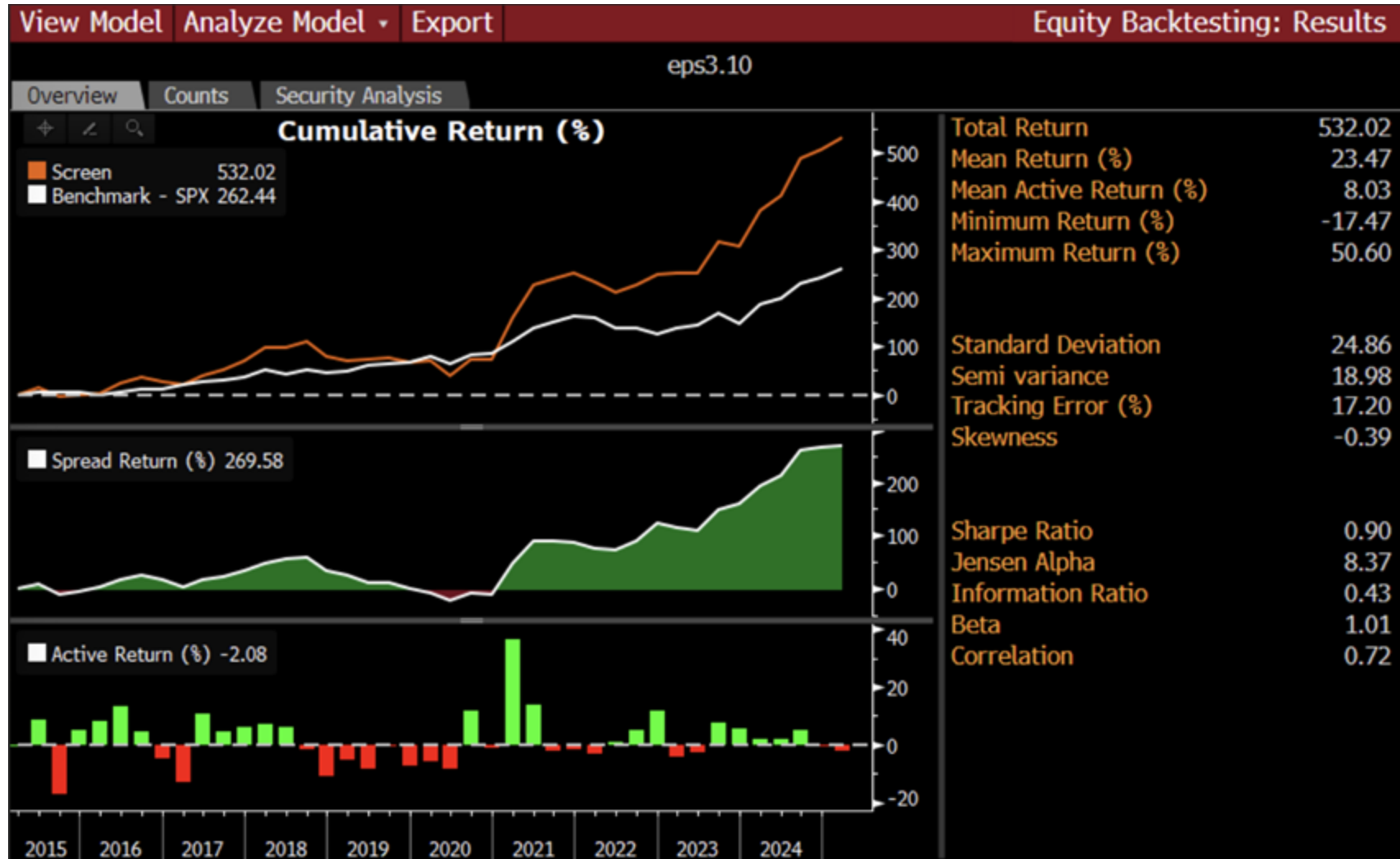
Backtesting Results (10 Year) - Performance (EBIT 13%)



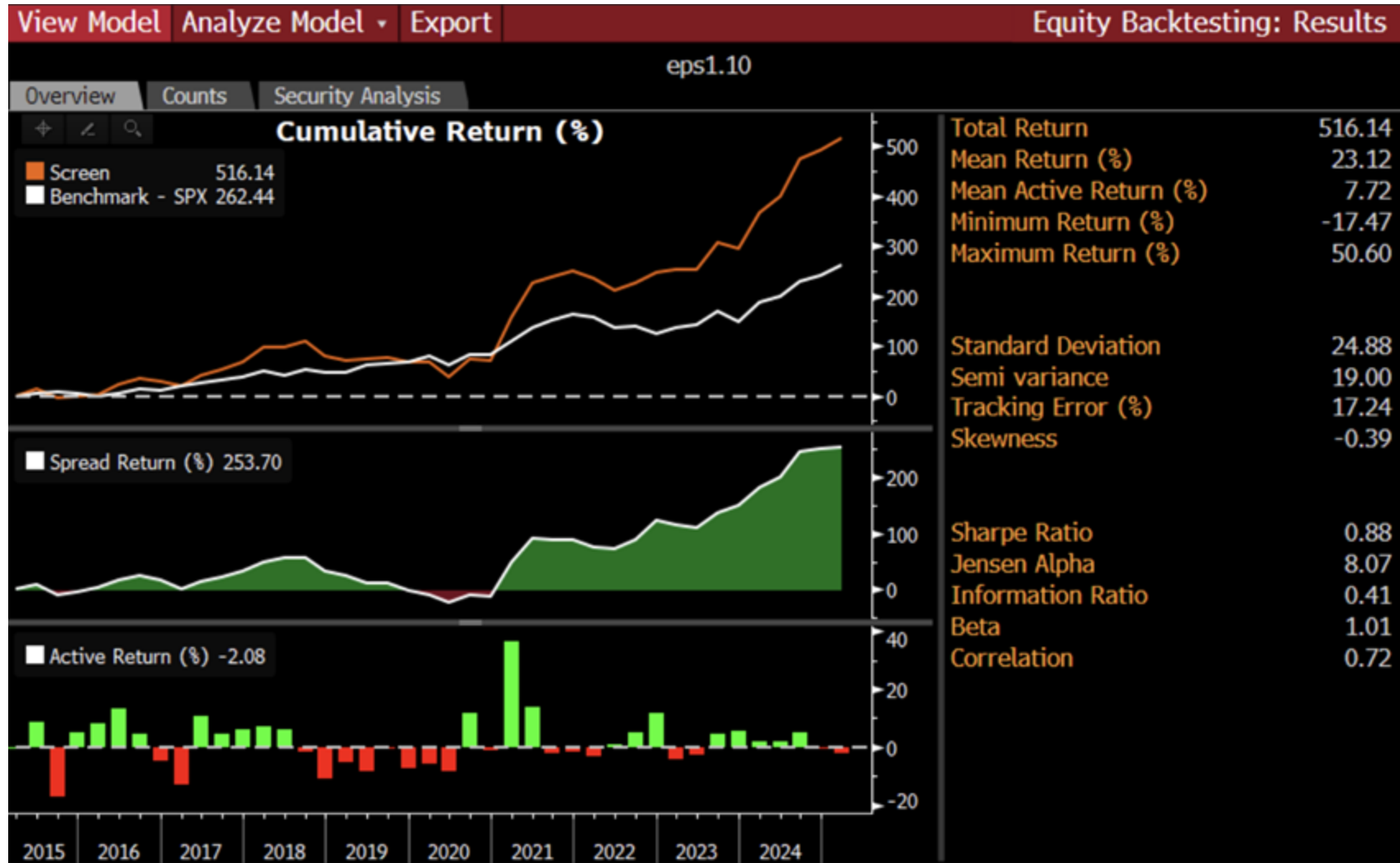
Backtesting Results (10 Year) - Performance (EBIT 11%)



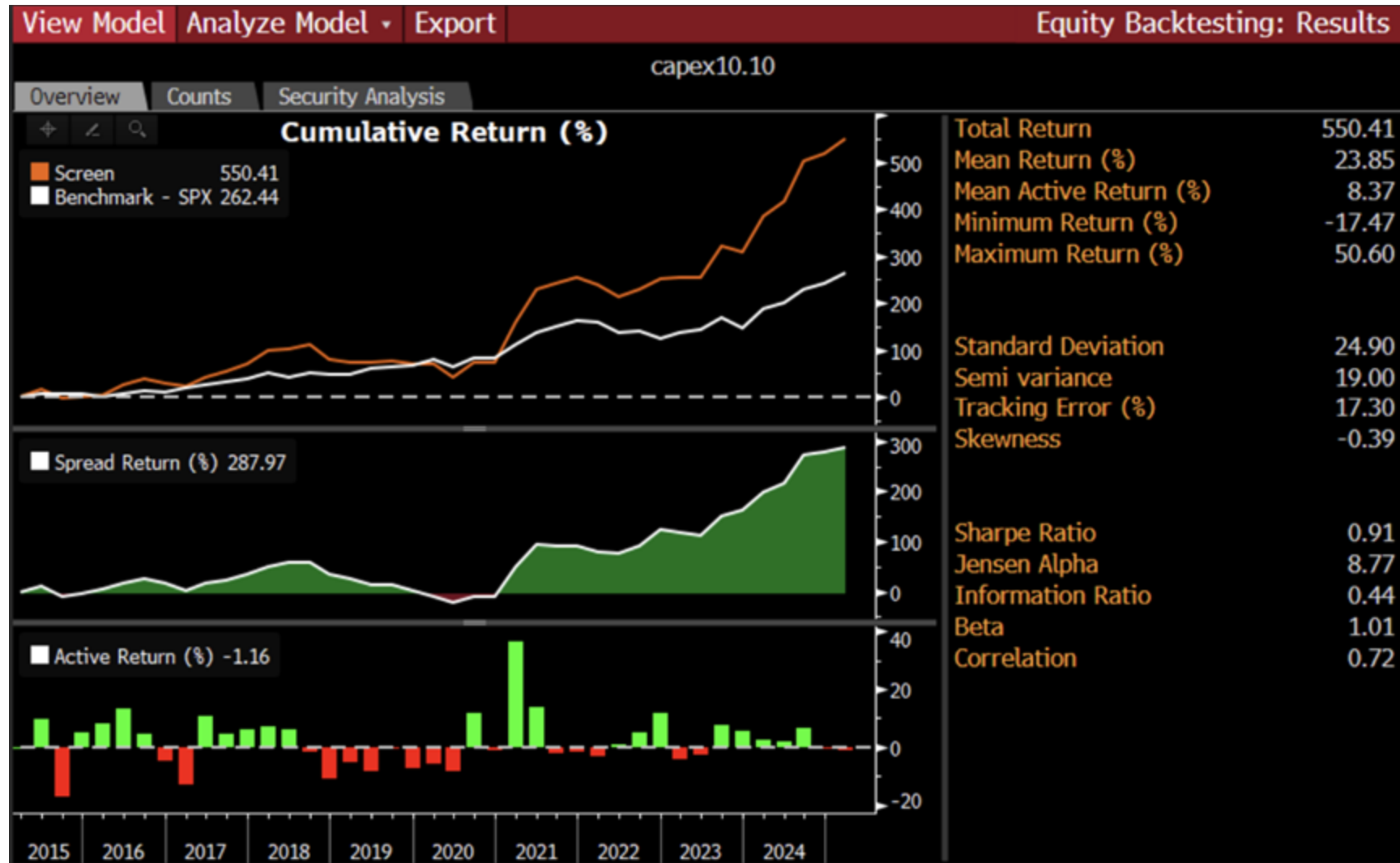
Backtesting Results (10 Year) - Performance (EPS 3%)



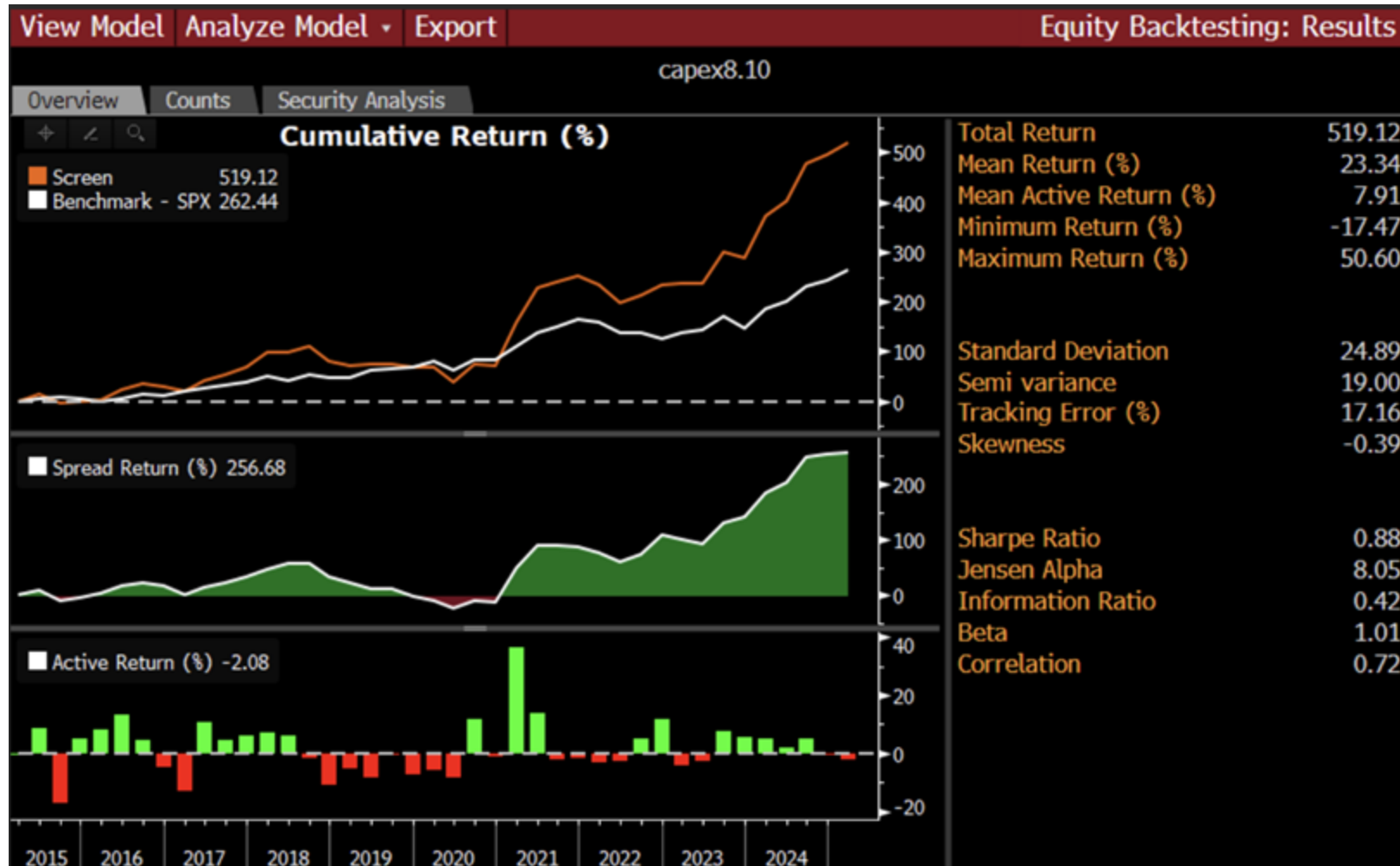
Backtesting Results (10 Year) - Performance (EPS 1%)



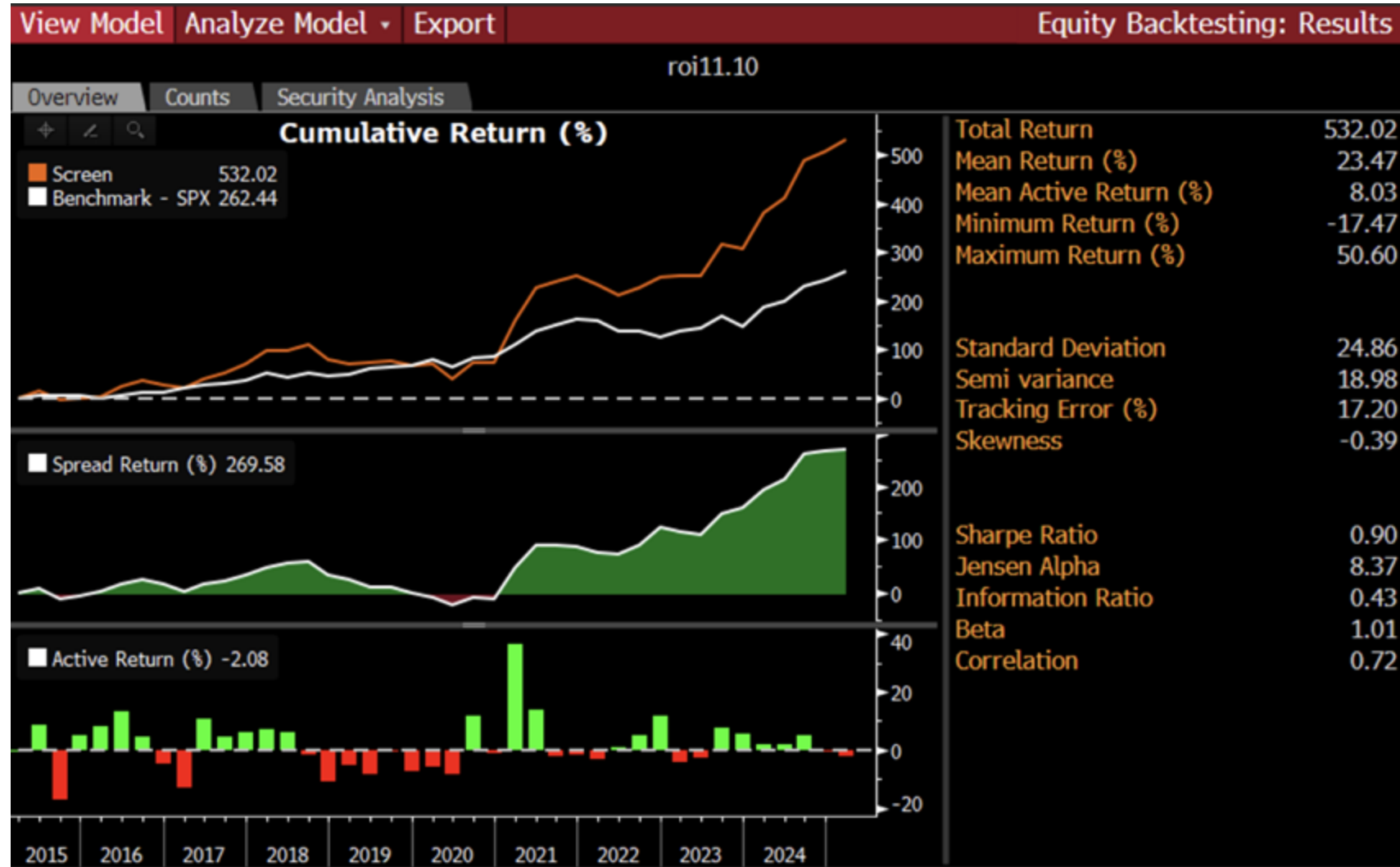
Backtesting Results (10 Year) - Performance (CAPEX 10%)



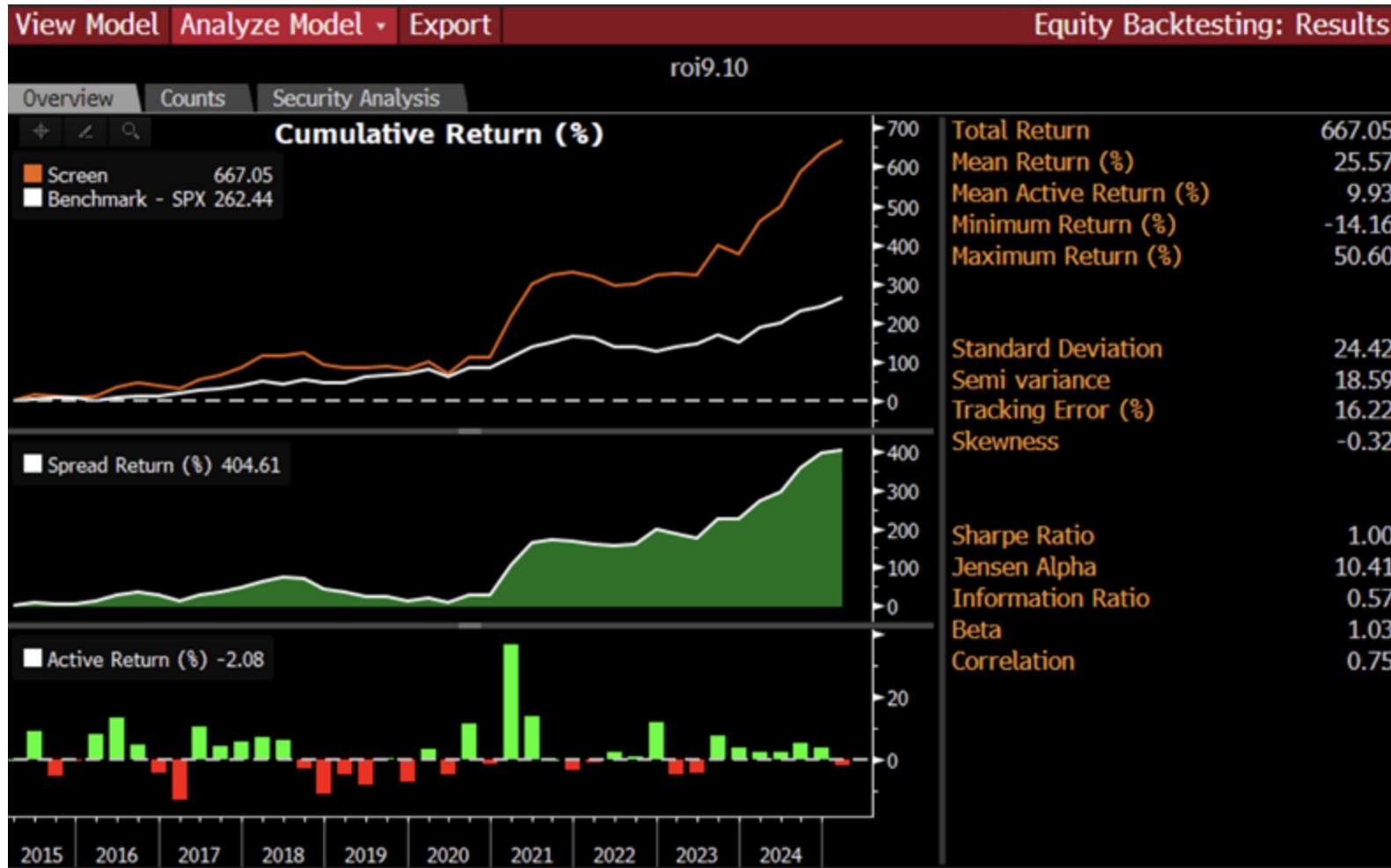
Backtesting Results (10 Year) - Performance (CAPEX 8%)



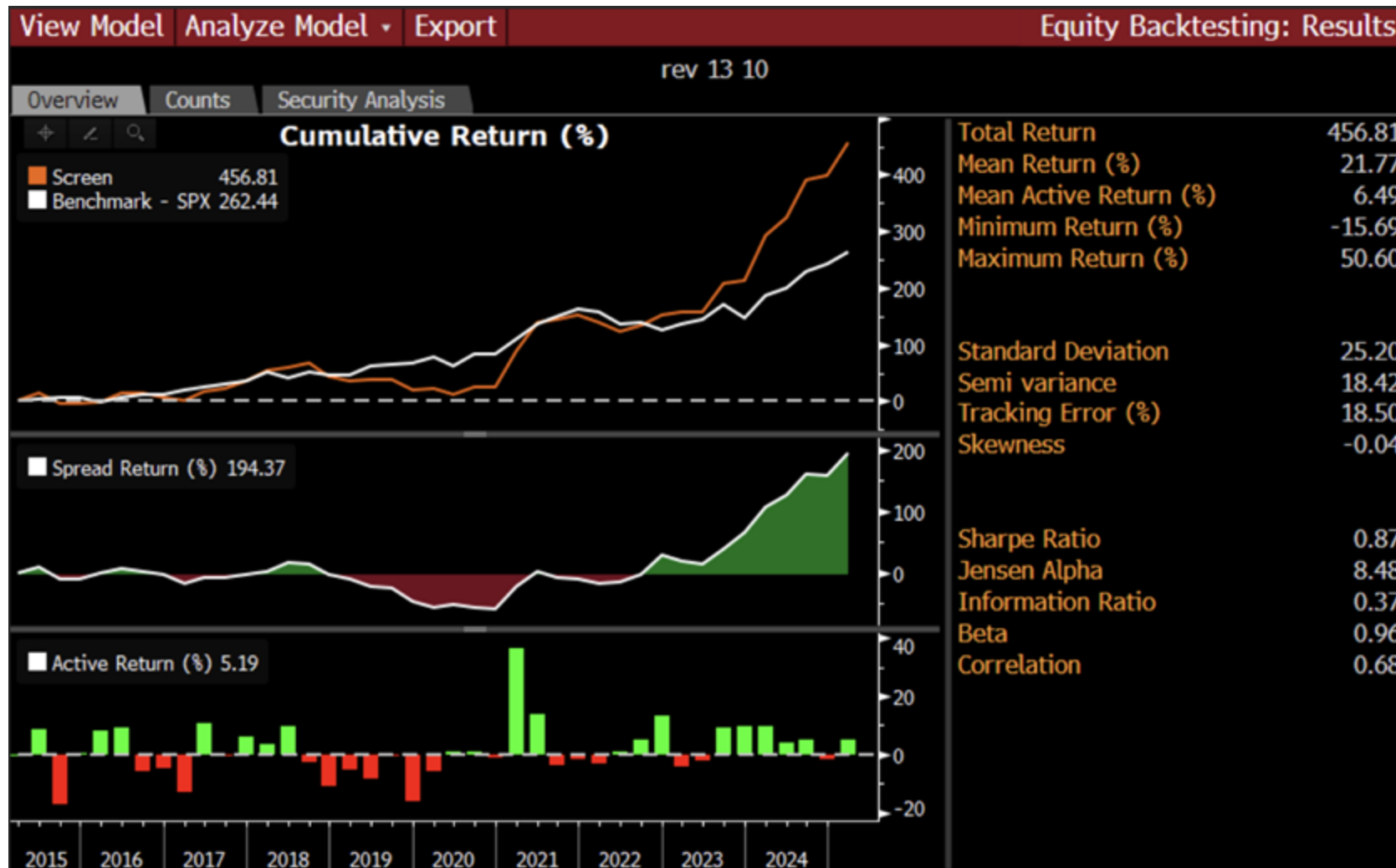
Backtesting Results (10 Year) - Performance (ROI 11%)



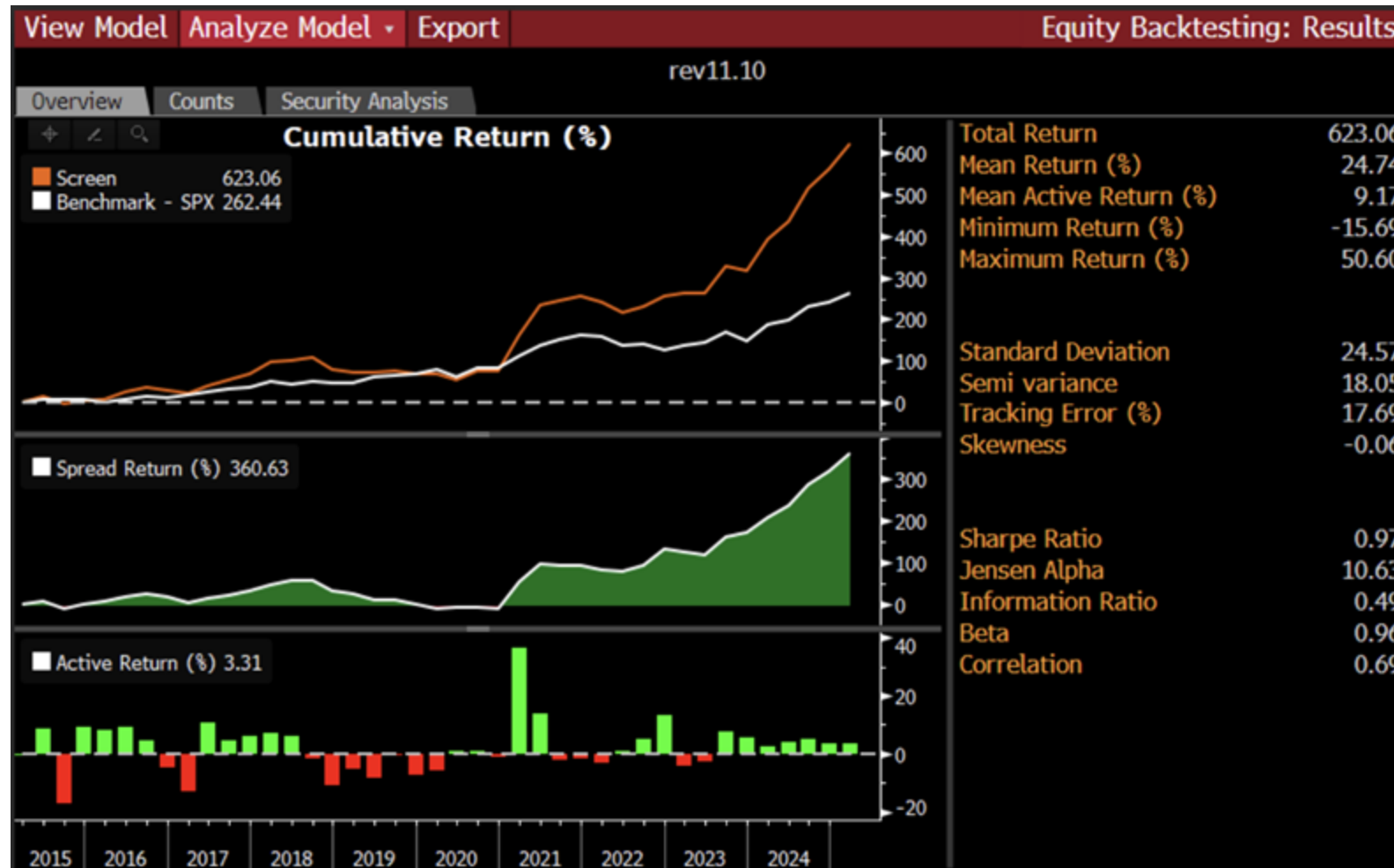
Backtesting Results (10 Year) - Performance (ROI 9%)



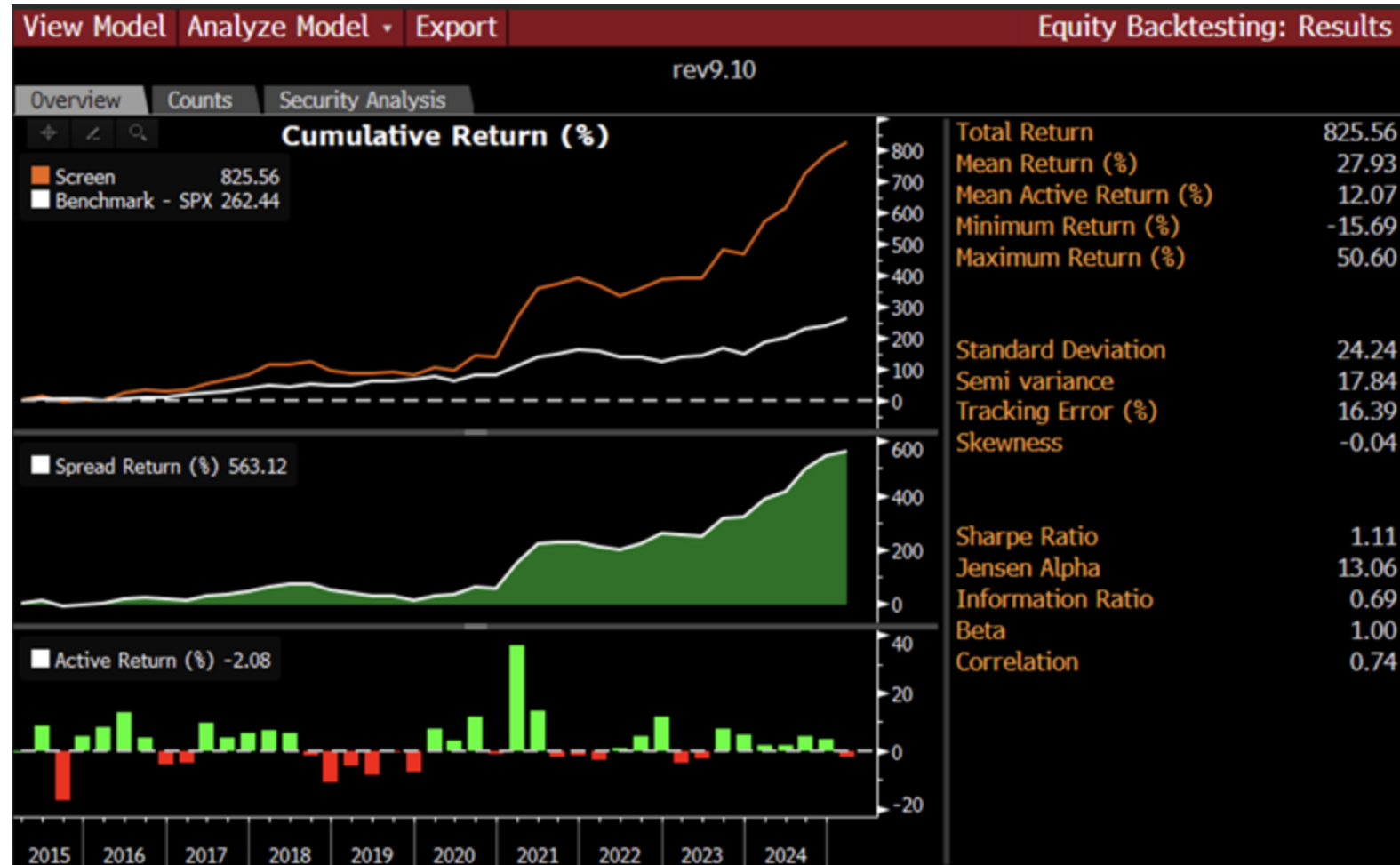
Backtesting Results (10 Year) - Performance (REV 13%)



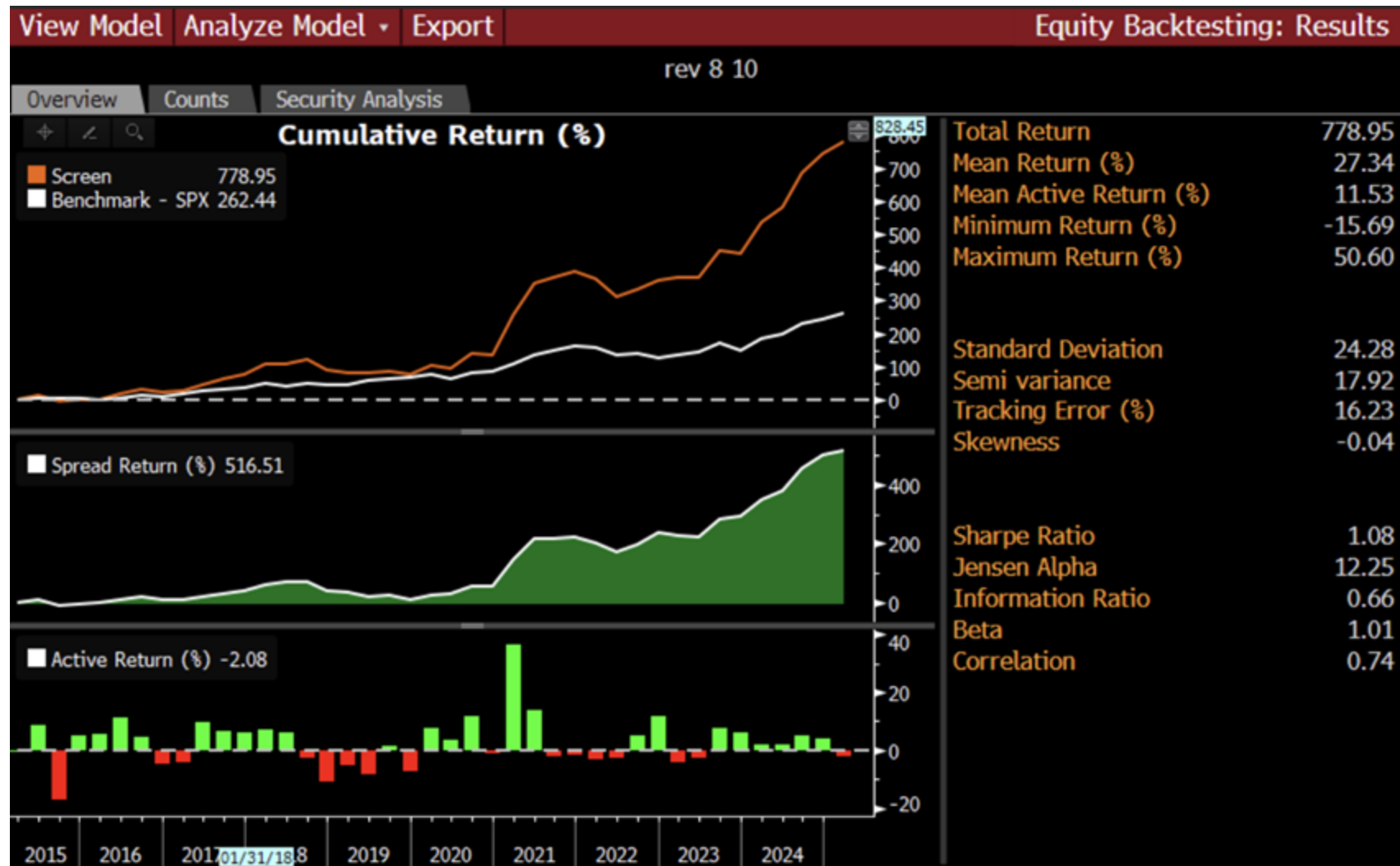
Backtesting Results (10 Year) - Performance (REV 11%)



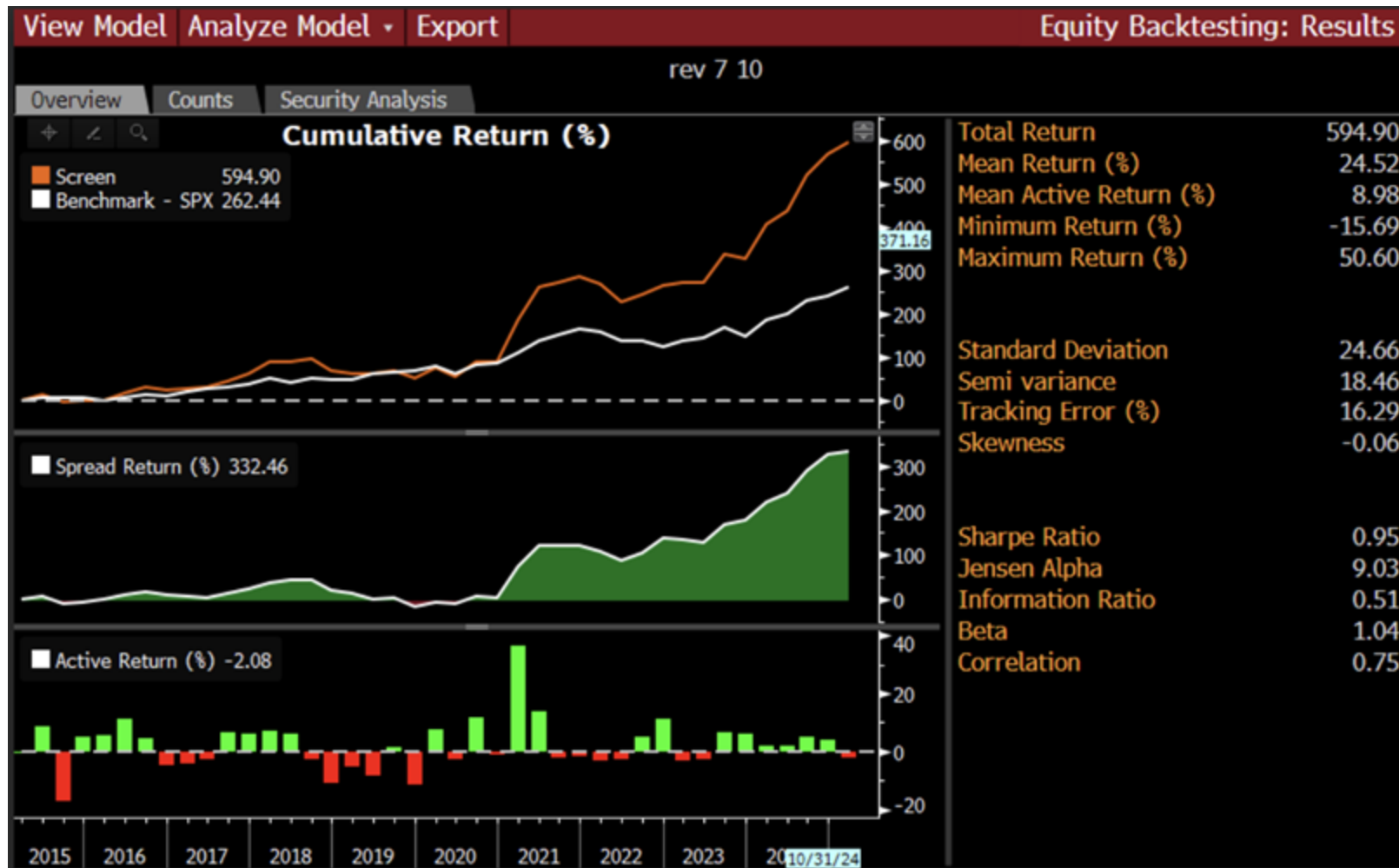
Backtesting Results (10 Year) - Performance (REV 9%)



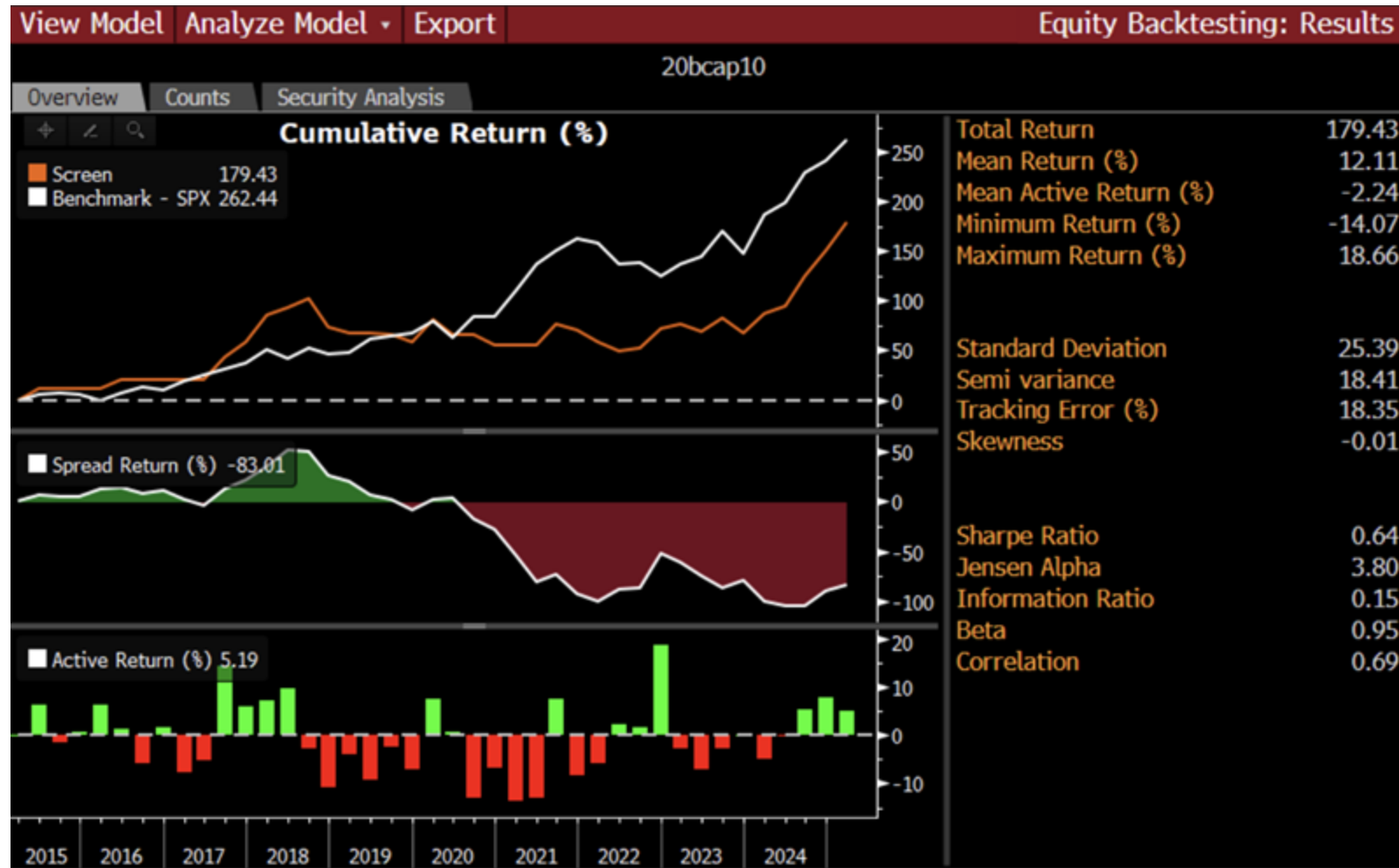
Backtesting Results (10 Year) - Performance (REV 8%)



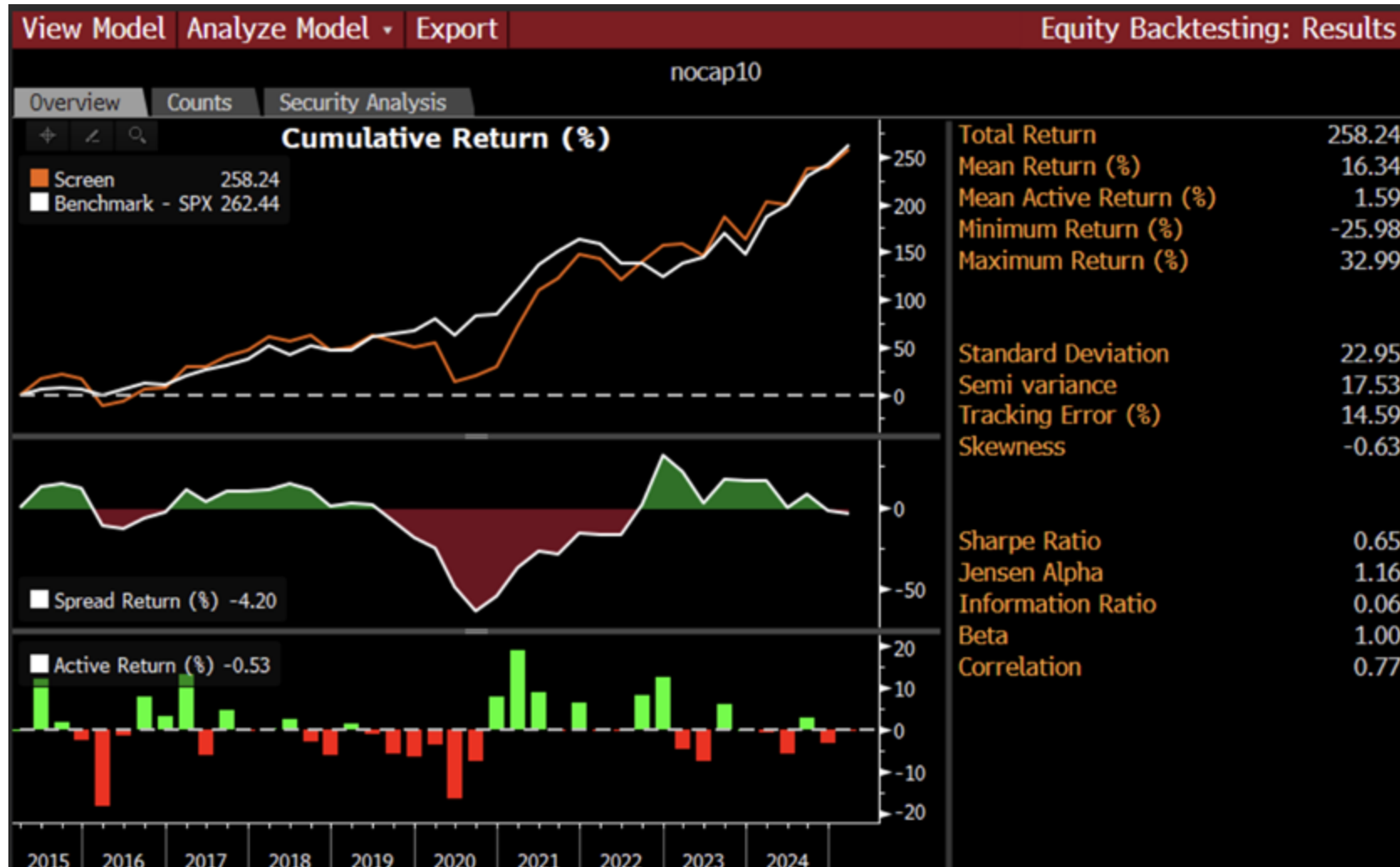
Backtesting Results (10 Year) - Performance (REV 7%)



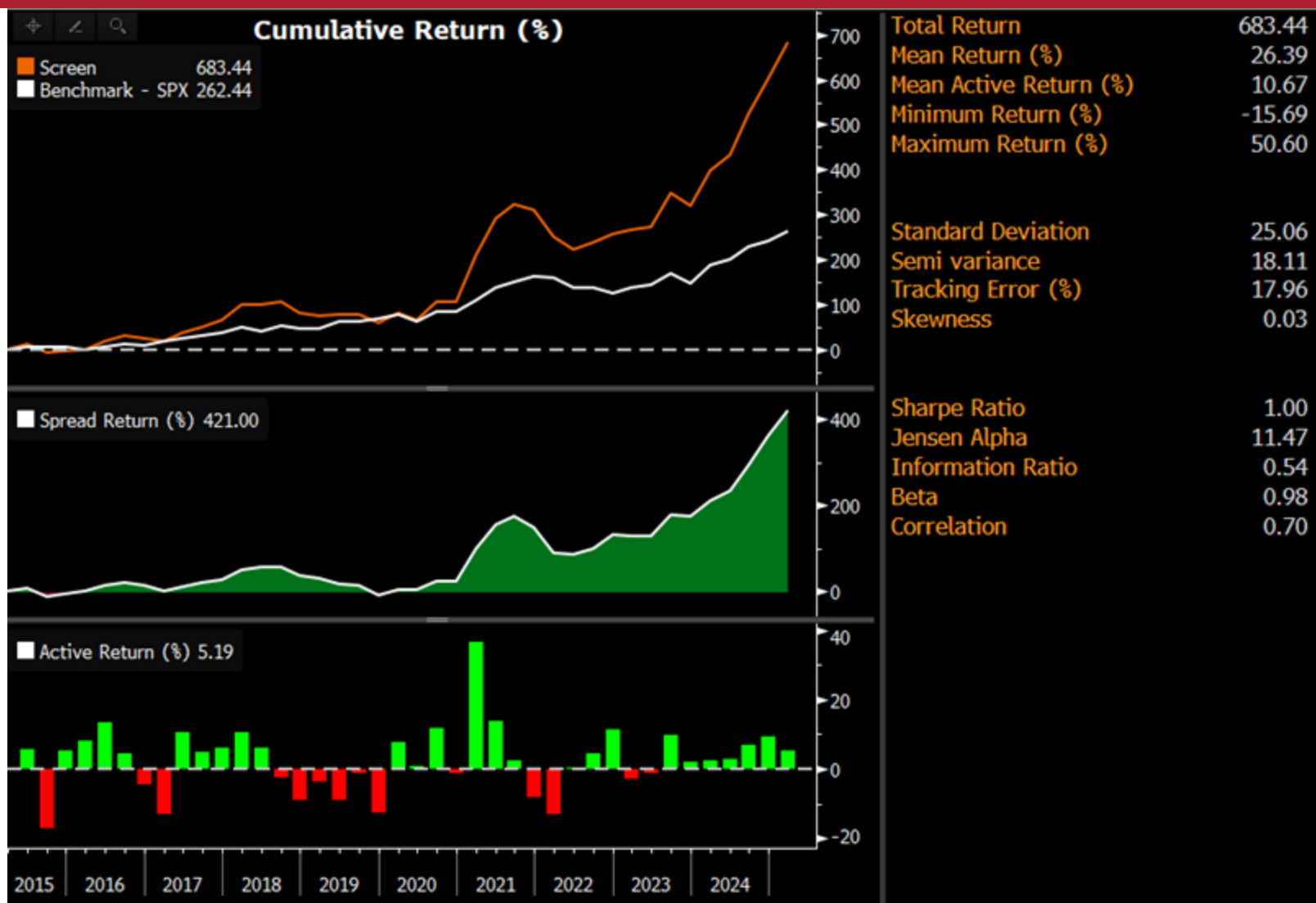
Backtesting Results (10 Year) - Performance (MCAP 20B)



Backtesting Results (10 Year) - Performance (NO MCAP)



Backtesting Results (10 Year) - Performance (30%)



Backtesting Results (Counts) - Performance (30%)

