

The background of the slide is a blurred image of a financial newspaper page. It features various stock market data, including a list of 'HIGHEST MOVING' stocks, a line graph showing a stock's price movement over time, and a table with columns for 'Price', 'Change', 'High', 'Low', 'Vol', and 'Pre 100s Stock'. A semi-transparent red rectangle is overlaid on the center of the image, serving as a background for the text.

Reinvest in Yourself

Alpha Bet

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Summary

Idea – *Invest in high R&D, low dividend yield companies to reflect reinvesting in the company to promote profitability within the tech sector*

Origin – *Factor Investing in the Technology Sector (Glimne, Fayad)*

Strategy – *Using R&D and Dividend Yield factors to find companies focused on expanding growth*

Historical Performance – Total return **3yr: 149.54%, 10yr: 724.58%** (CAGR: 18.26)

Recommendation – *Buy \$48k, In School Fund, Sell Strategy NVDA*

What to Sell – *Sell NVDA due to too much concentration and overallocation in position*

Effect on Portfolio – *Increase Volatility, but increases Sharpe*



Strategy Details

The strategy is simple:

- High R&D
- Low dividend per share
- Performs best in tech sector

12 Positions

Average mkt cap with MSFT: \$387B | w/o MSFT: \$104B

Average dividend yield: 1.59%



Backtesting Implementation Details

# OF STOCKS	12
MARKET CAP	NO REQUIREMENT
WEIGHTING SCHEME	EQUAL
REBALANCING FREQUENCY	QUARTERLY
TIME FRAME	10 YEARS
CURRENCY	USD



Backtesting Results - Characteristics

<u>10-Year Analysis</u>	Mean (M)	Min	25%	Median	75%	Max
Market Cap (\$Millions)	387,835	14,415	42,827	86,185	184,747	3,500,000
P/E Ratio	24.7	13.6	20.95	24.2	28.5	43.2
Monthly Trading Volume (\$Millions)	3,907	.102	.819	1,241	4,814	22,340
Share Price	413.16	159.4	191.57	267.47	615.39	1,097.12



Filtering Criteria

Security Universe	1598113
Trading Status: Active	576370
Security Attributes: Show Primary Security of company only	83319
Exchanges: United States	14883
Sectors (BICS): Technology	1313
Top 25 Sequential Percentile Rank - Higher is Better(T12M R&D Expense Adjusted)	134
Bottom 10 Sequential Percentile Rank - Lower is Better(T12M Dividend Per Share)	12



Backtesting Results – 10yr Performance

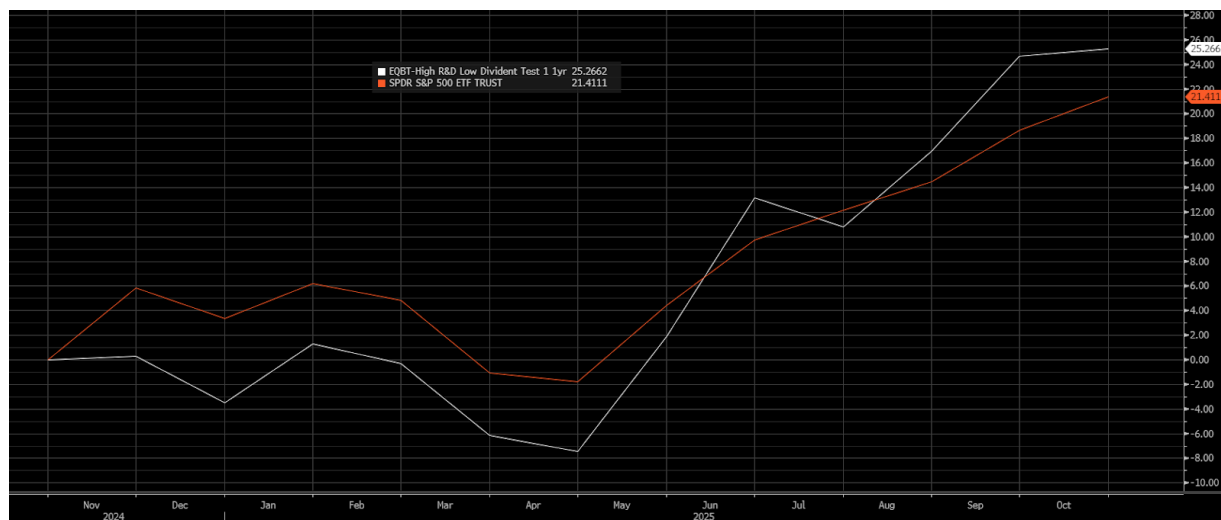


<u>Annualized</u>	Return	α^*	β^*	σ	Sharpe	Treynor	Max DD	Info Ratio*	Idio. Risk
10 Year	26.30%	7.55	1.26	26.13	0.98	.16	-36.34%	0.71	.20
10 Year SPY	14.24%	-	1	13.28	0.87	.17	-14.62%	-	-

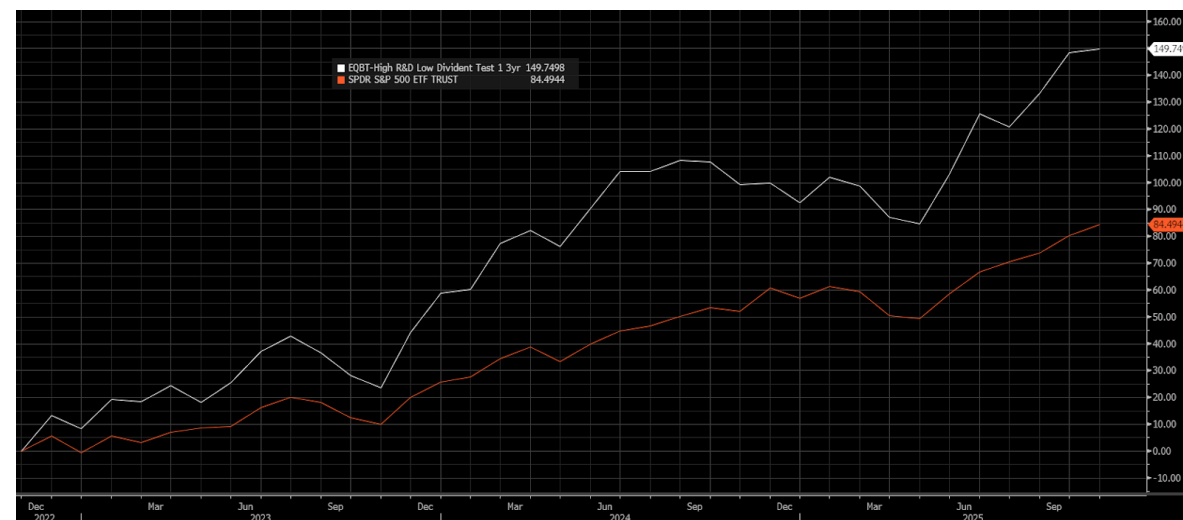


Backtesting Results – 1yr & 3yr Performance

1 year



3 year



<u>Annualized</u>	Return	α^*	β^*	σ	Sharpe	Treynor	Max DD	Info Ratio*	Idio. Risk
1 Year	25.27%	0.22	1.34	28.37	0.93	.16	-24.70%	0.38	.17
1 Year SPY	16.8%	0	1	17.09	0.63	.29	-2.91%	-	-
3 Year	35.68%	8.01	1.36	26.36	1.36	.23	-27.39%	0.86	.19
3 Year SPY	20.74%	0	1	13.61	1.37	.19	-8.25%	-	-



Recommended Purchases

	Ticker	P/E Ratio	Monthly Trading Volume (\$M)	Market Cap (\$M)	Share Price	# of Shares	Total Value
Seagate Technology	STX	20.6	2,272,442	51,742	237.49	217.87M	\$4,000
KLA Corp	KLAC	30.5	951,973	14,415	1,097.12	132.03M	\$4,000
Monolithic Power Systems	MPWR	43.2	819,166	41,070	872.35	47.91M	\$4,000
IBM	IBM	23.9	819,166	279,300	297.44	933.9M	\$4,000
Microsoft	MSFT	29	22,340,405	3,500,000	472.12	7.433B	\$4,000
Analog Devices	ADI	24.5	2,747,848	110,790	232.32	491.96M	\$4,000
Qualcomm	QCOM	13.6	8,042,101	186,330	173.98	1.07B	\$4,000
Intuit	INTU	27	1,252,601	180,000	663.15	278.8M	\$4,000
Garmin	GRMN	22	804,629	36,000	192.23	192.3M	\$4,000
NXP	NXPI	13.9	102,682	48,100	191.35	252.17M	\$4,000
Texas Instruments	TXN	25.4	5,502,812	144,700	159.40	908.6M	\$4,000
Motorola	MSI	23.1	1,231,328	61,580	368.99	166.55M	\$4,000



Sell Proposal

- Sell NVDA
- The fund currently has ~\$105,000 invested in NVDA
- This represents roughly 5% of our total portfolio

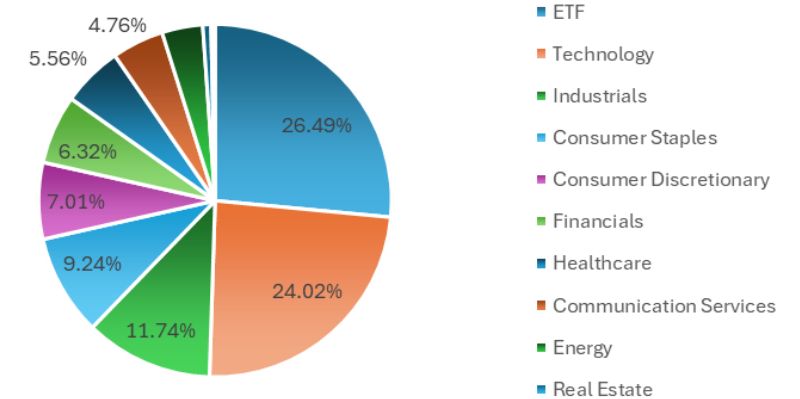
	NVDA	Strategy
Sharpe	1.87	0.98
σ	49.86%	26.13%
β	1.8	1.26
CAGR	68.7%	18.26%



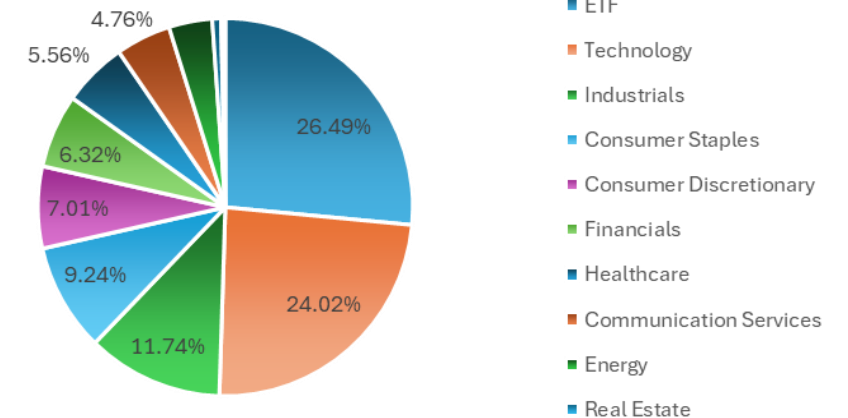
Effect on the Portfolio

	Existing Portfolio	New Portfolio
Beta	1.02	1.03
Sharpe	.89	.895
Alpha	-.14%	.02%
Standard Deviation	17.28%	17.7%
Expected Return	13.40%	14%

Old Portfolio



New Portfolio



Recap

Idea – Invest in high R&D, low dividend yield companies to reflect reinvesting in the company to promote profitability within the tech sector

Strategy – Using R&D and Dividend Yield factors to find companies focused on expanding growth

*Historical Performance – Total return **3yr: 149.54%, 10yr: 724.58%** (CAGR: 18.26)*

Recommendation – Buy \$48k, In School Fund, Sell NVDA

What to Sell – Sell NVDA due to over allocation in position

Effect on Portfolio – Reallocation within the tech sector, diversification, lower Beta,

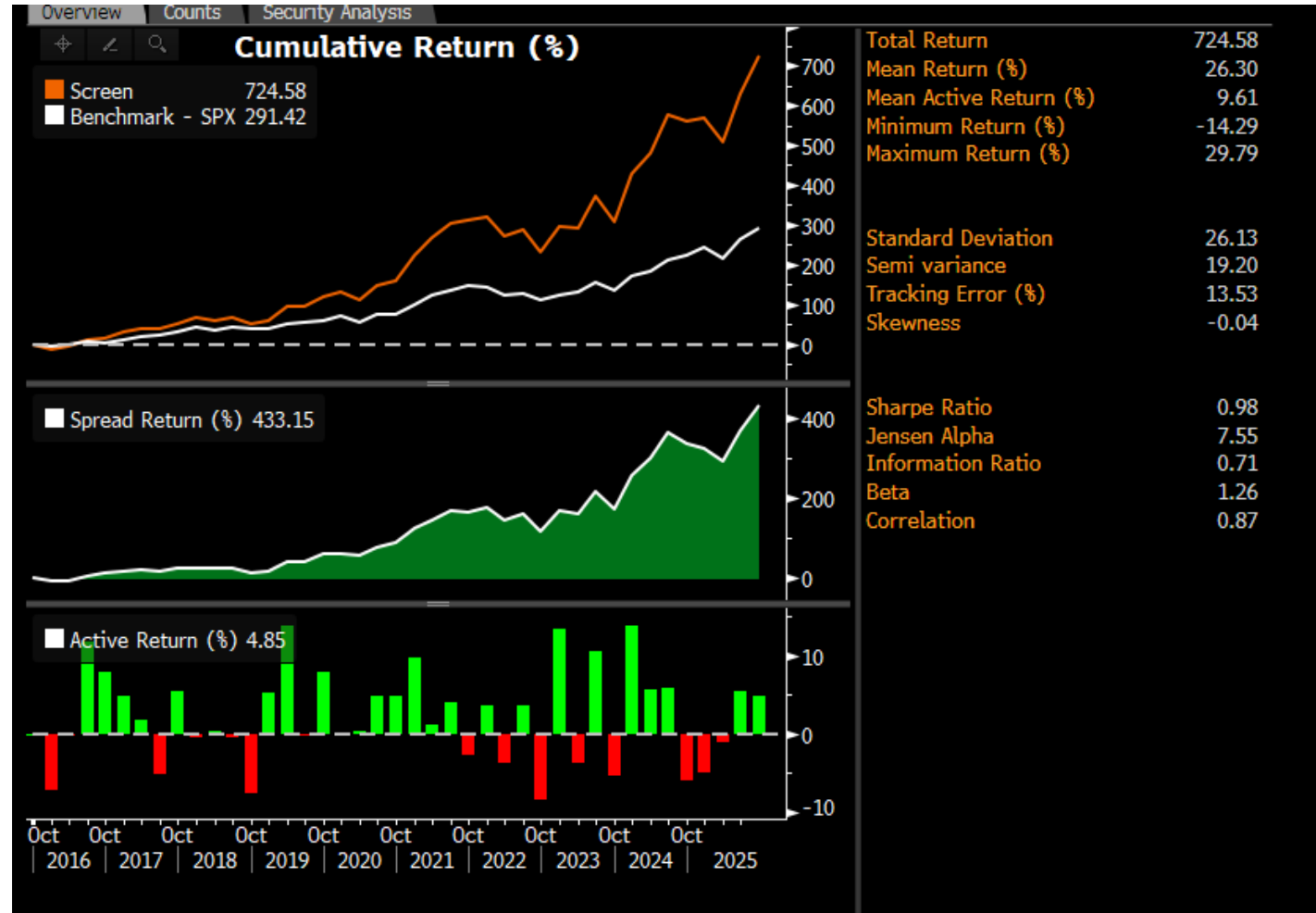




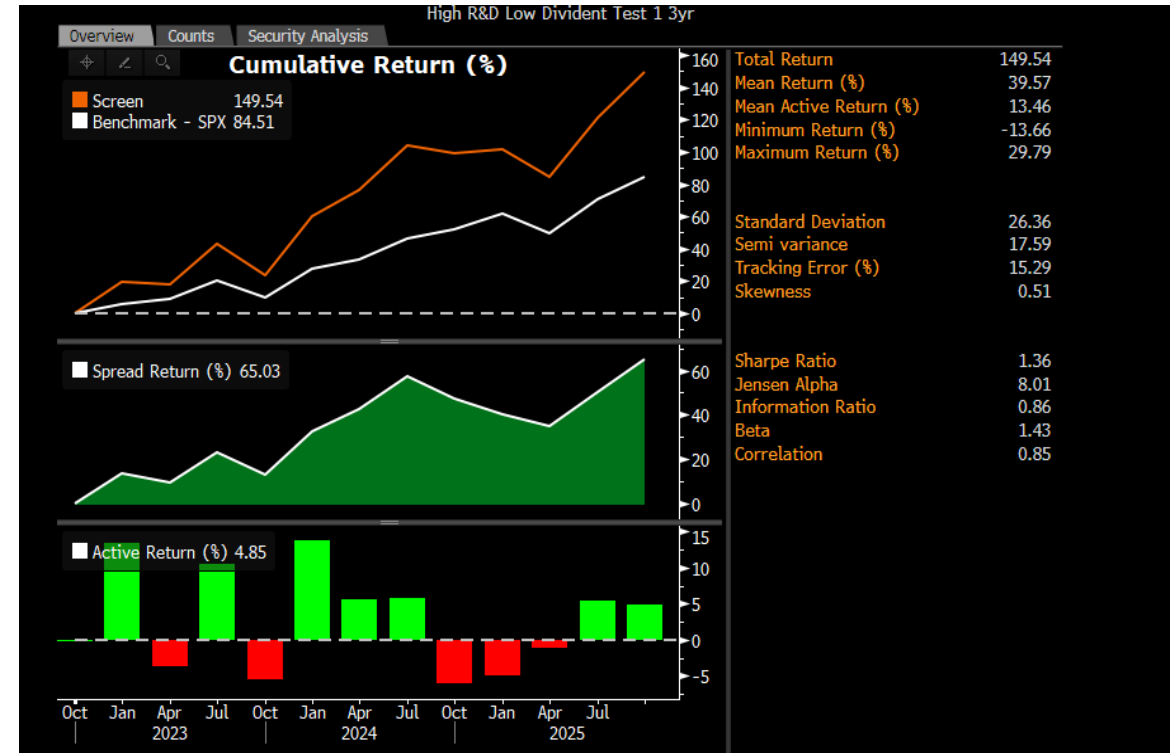
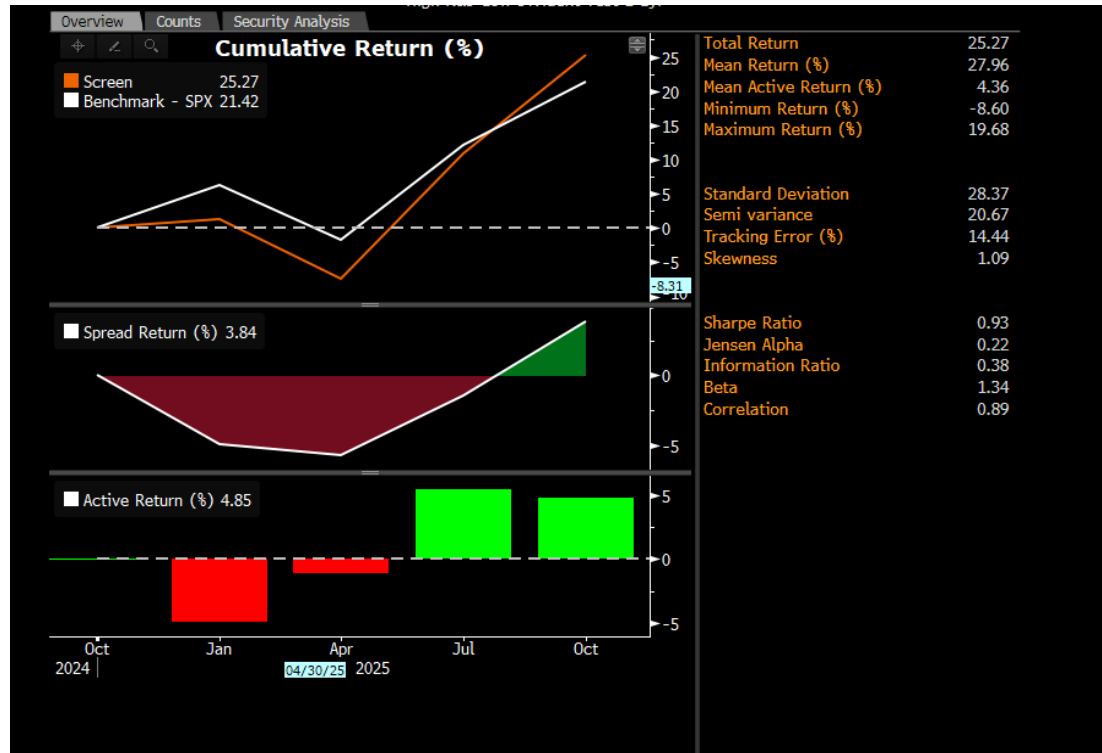
The background is a blurred image of a financial newspaper page. A semi-transparent red rectangle is overlaid on the page. In the center of this red rectangle, the word "Exhibits" is written in a white, bold, italicized serif font. The newspaper text visible through the red overlay includes stock market data, such as "HIGHEST MOVERS", "ImgnTech Share Price", and various stock price changes.

Exhibits

10yr Performance

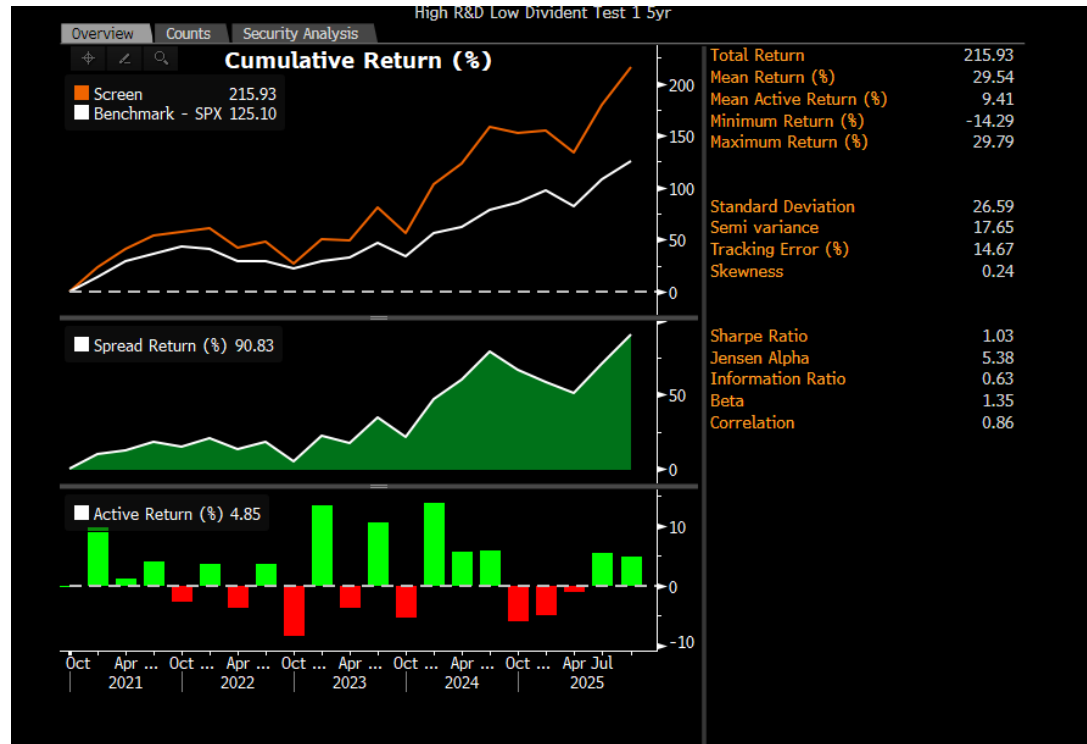


1yr & 3yr Performance

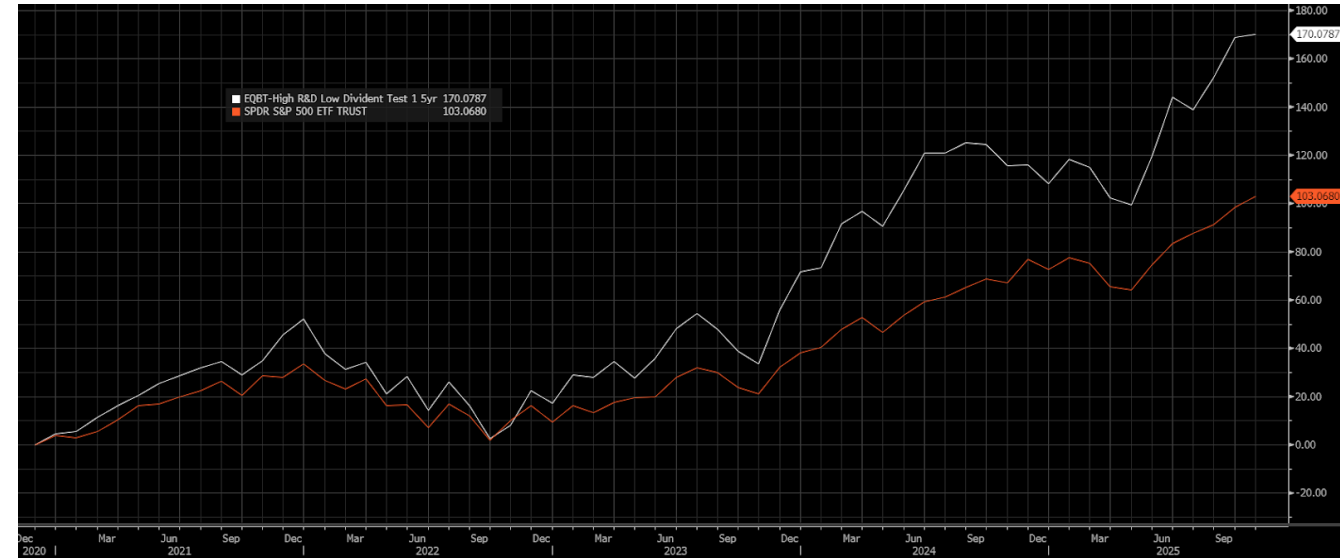


5yr Performance

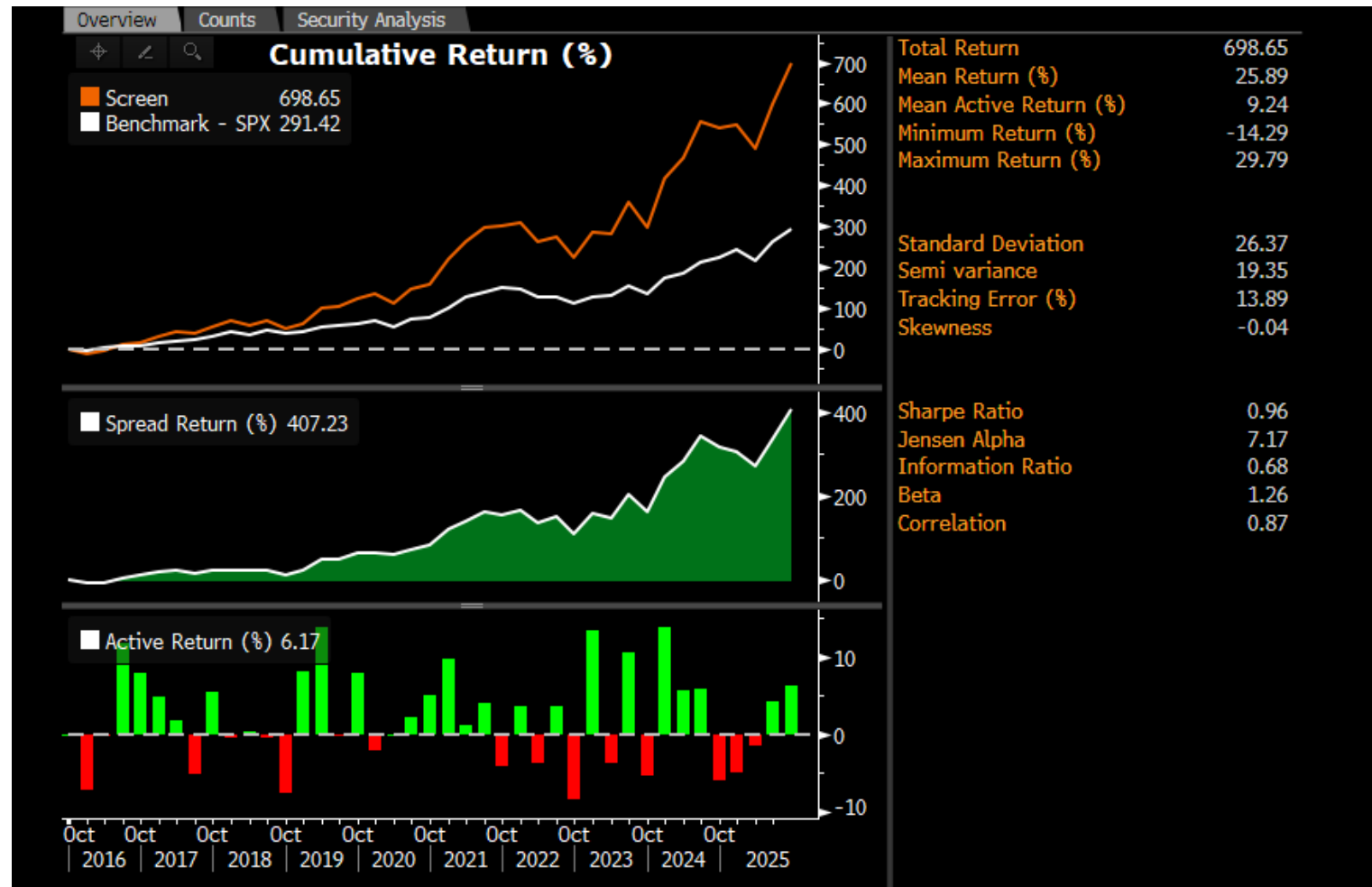
Quarterly Rebalancing



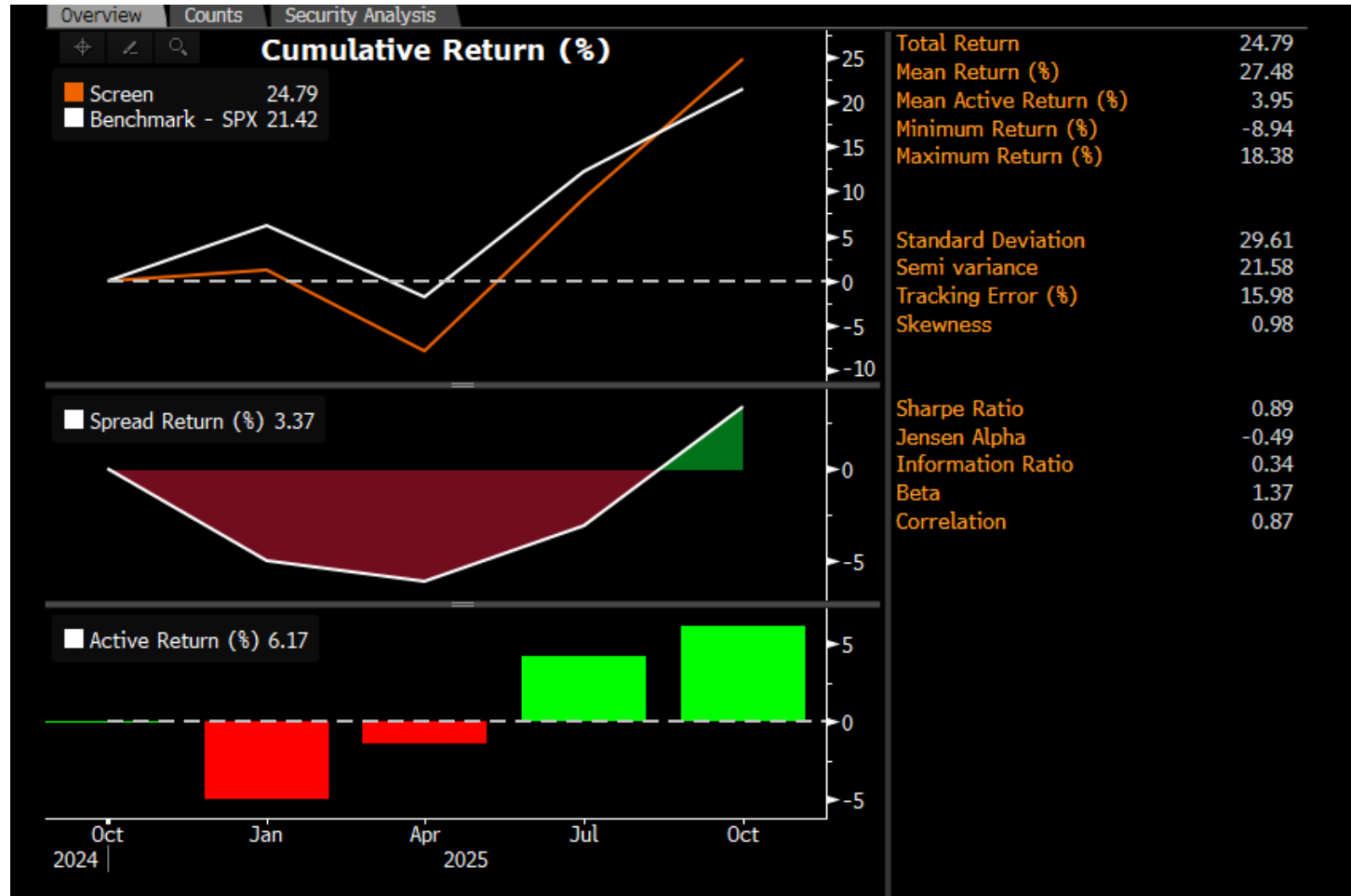
Quarterly Rebalancing, Monthly Returns



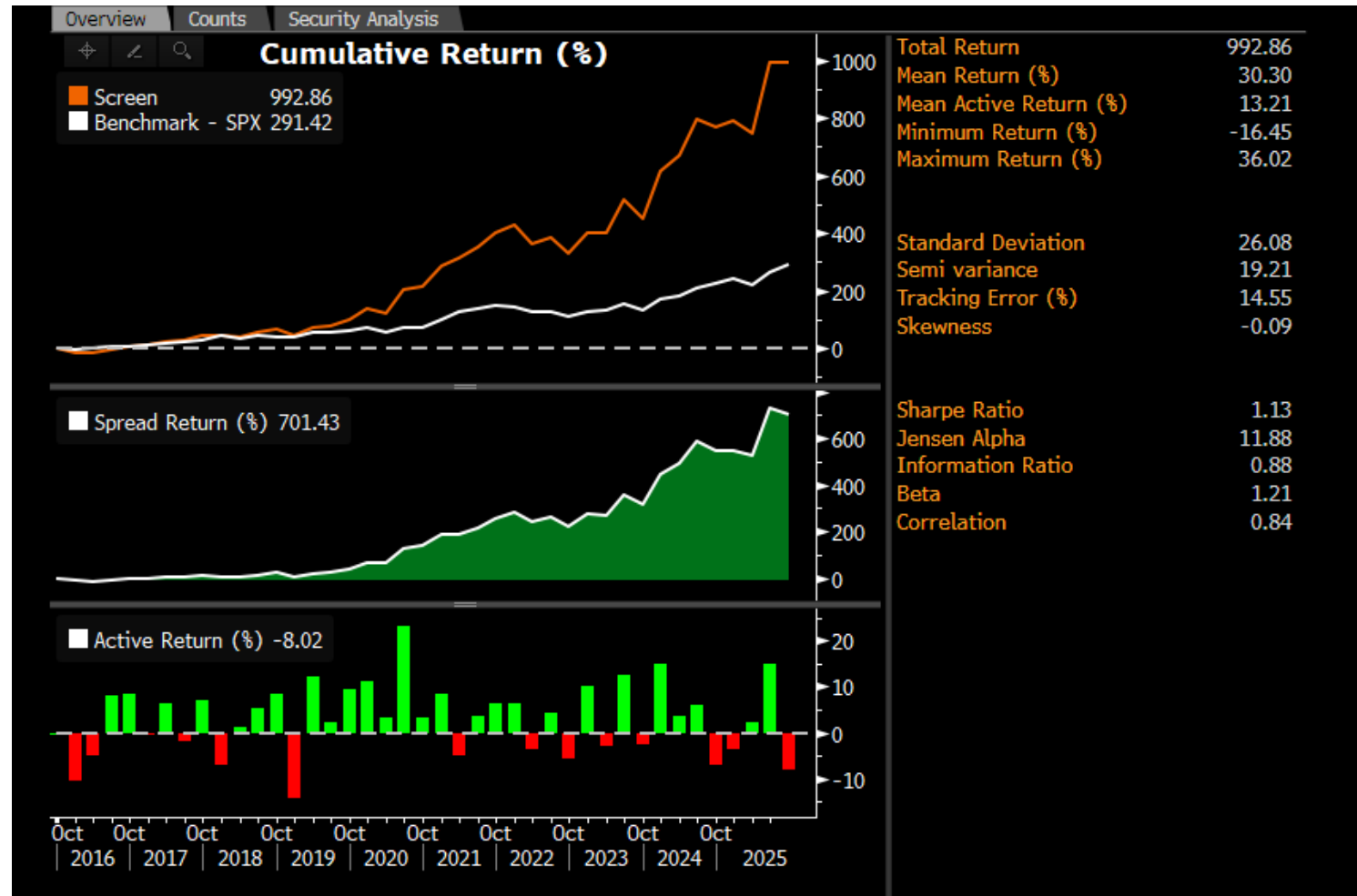
10yr Performance, excluding mega caps



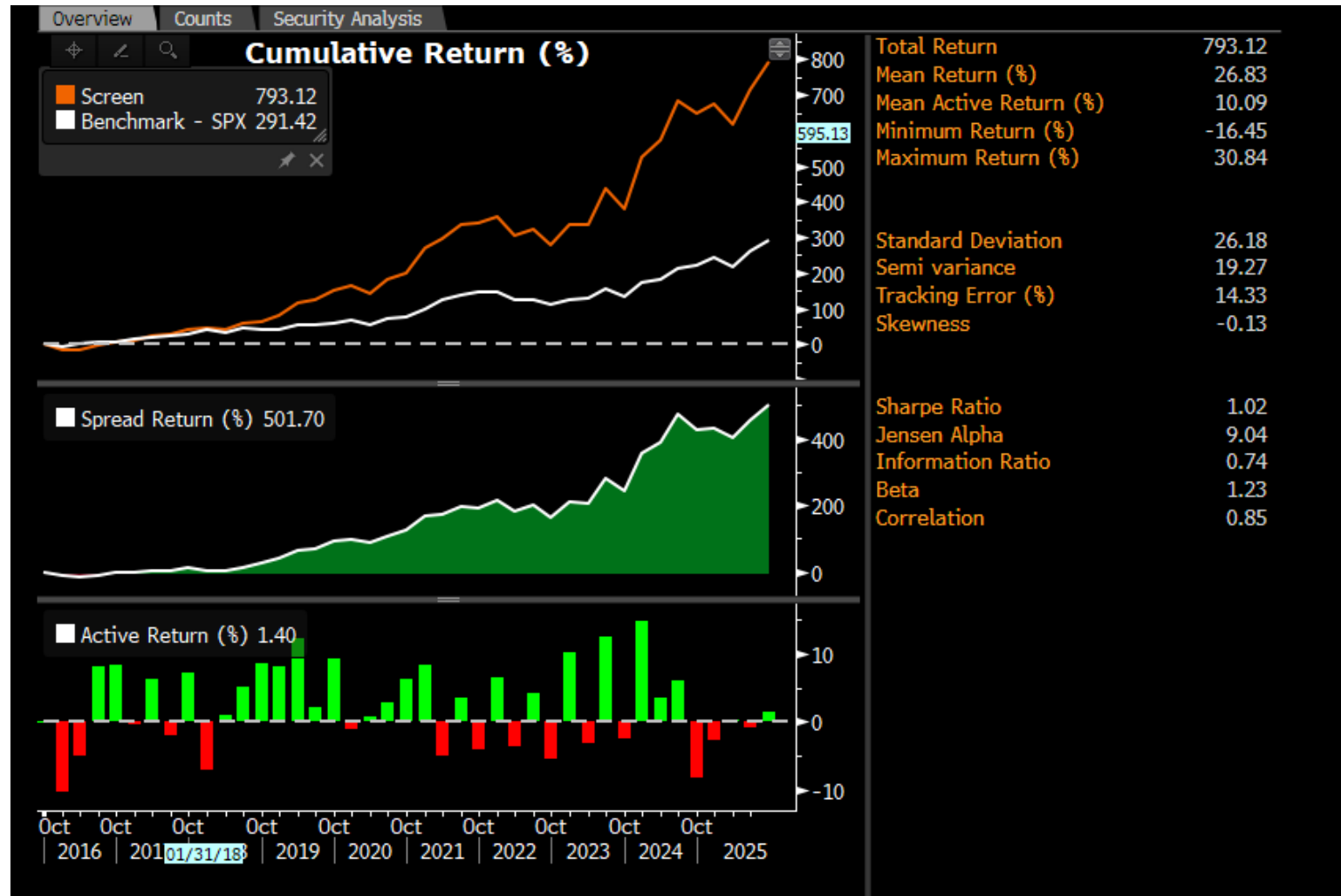
1yr Performance, excluding mega caps



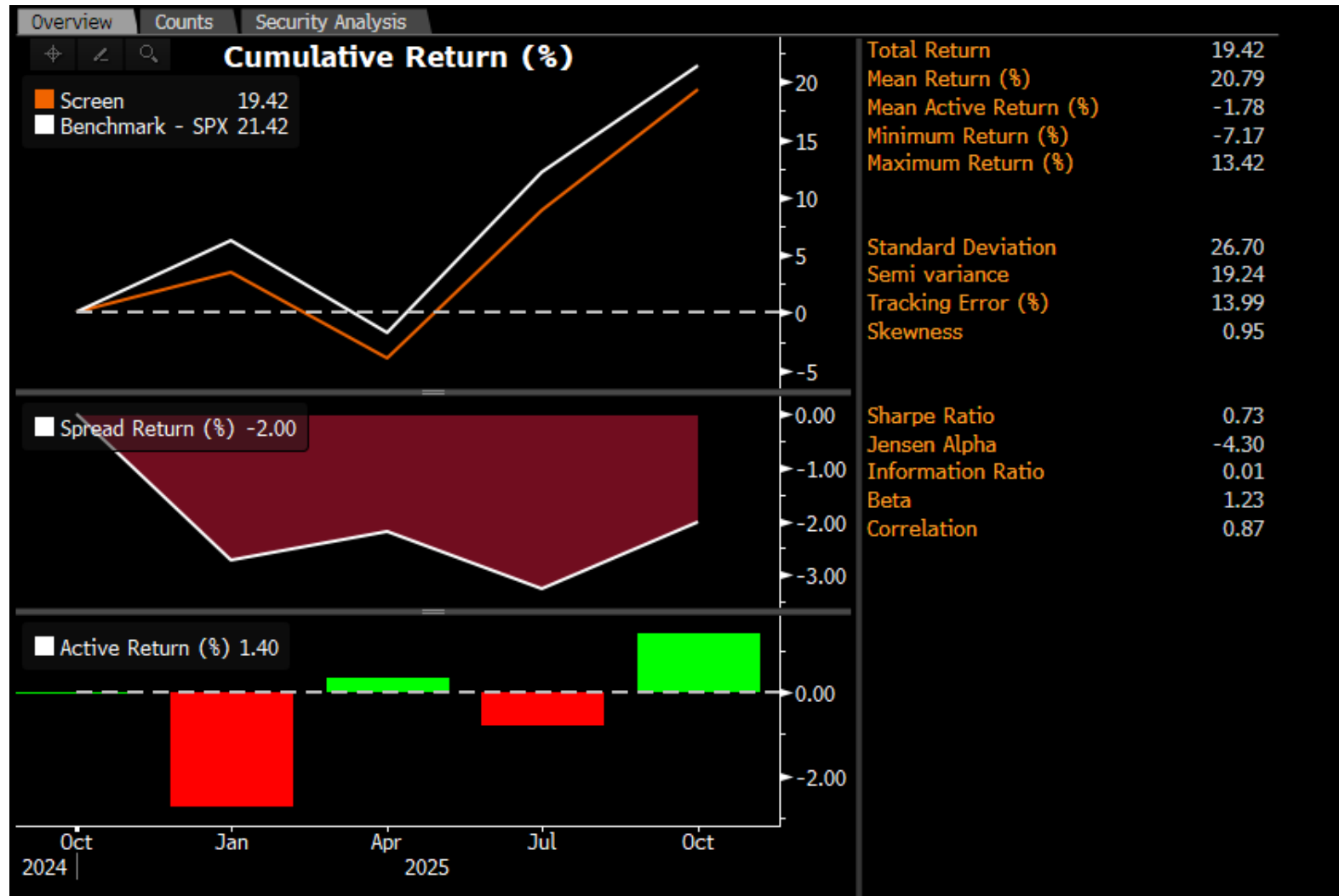
10yr Performance, weighted by market cap



10yr Performance, weighted by market cap, excluding mega caps



1yr Performance, weighted by market cap, excluding mega caps



3yr Performance, weighted by market cap, excluding mega caps

