Fundamental Factors

Size
Value
Profitability
Investment
Quality

Technical Factors are data series, such as those listed to the right, that are generated internally within financial markets. They are institutionally underfollowed and thus bring value to investment selection.

Technical factors have shown robust *trend anticipation* characteristics. Their signals are typically uncorrelated, and offer more information content than the widely-applied *fundamental factors* to the left.

Charts below illustrate our analysis process as it looks to identify issues likely to undergo significant price changes among the 120 issues of our Large-Cap Universe.

Technical Factors

COT Data
Momentum
Options Data
Trading Volume
Short Interest
Volatility
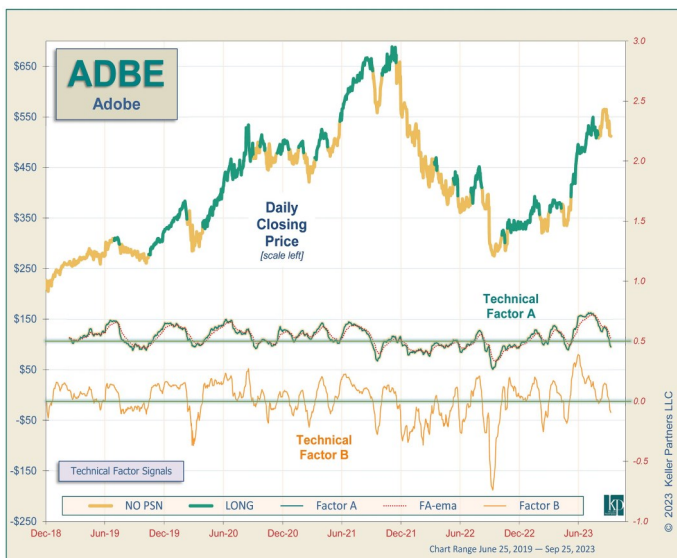
Positive Repricing Events. Technical Factors help us identify securities with the potential for unusual price movements, in either direction — what we term *repricing episodes*. The typical timeframe for these events is 12-18 months.

On this four-year chart of *Adobe* (left), *Factor A* enhances the effectiveness of the more conventional price-based trend signal (*Factor B*).

Typical household-name, large-cap stocks experience roughly 5-10 signal shifts a year (changes of color on the price chart).

Here are links to recent four-year histories for Adobe, Chevron, and Tesla, identifying intervals when these securities were scored as attractive by our analysis process (PDF charts with performance metrics).

Negative Repricing Events. Technical factors also add significant value when they identify securities that may be technically vulnerable to *negative repricing episodes* such as *Boeing* experienced in 2018-22.

Since active managers hope to avoid issues with the potential for significant price losses, this defensive priority, hard-wired into our daily process, is critical. Upcoming price weakness is often signaled by a combination of low *Factor A* scores and weak price momentum signals (*Factor B*).

The following links access full-page charts and four-year performance metrics for Boeing, Overstock.com, and Transocean — all issues that experienced significant *negative price episodes* over the past four years.
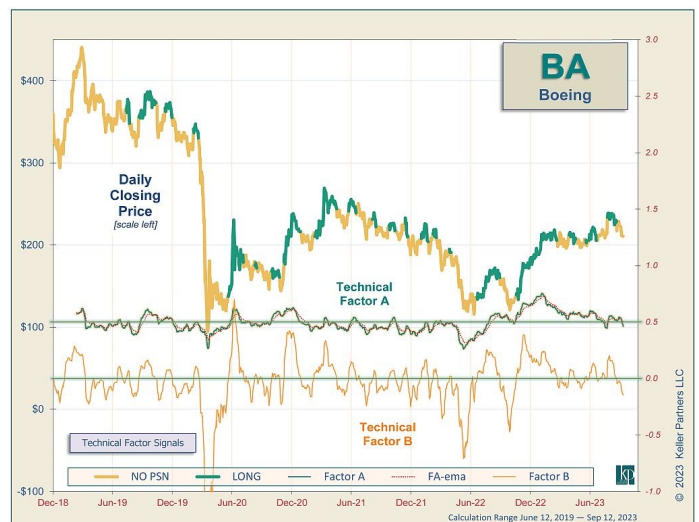
Click on graphics to view / download images

Technical Performance Evaluation

The Keller Partners *10x10* analytical engine attempts to identify securities in the early stages of important *repricing episodes* – in both directions. When these repricing events do occur, they can persist for 12-18 months and they are often signaled by technical factors, especially *non-price technical factors*.

High performance potential (Factor A) scores are statistically associated with accumulation by informed participants, while low scores tend to be similarly associated with liquidation by informed investors, usually followed by below average

future performance. Certainly not in every case, but often.

The analytical process is 100% mathematical and incorporates market data only — there are no fundamental inputs.

The 10x10 analysis can be generated in real time whenever markets are open. It begins with a client-specified list of securities, such as the components of a market index, a specific industry sector, or the investment manager's approved investments list.

Recent 10x10 Performance Analysis (pdf)

Keller Partners is a financial research firm focused exclusively on market-based, as opposed to fundamentally-based, investment factors. Our portfolio management systems are 100% rules-based and can operate autonomously.

Using these similar and analagous technical inputs, we also maintain a suite of market trend analysis models designed to manage systematic risk in US equity portfolios and to improve the risk-adjusted performance of passive index portfolios. These models have been in existence for almost two decades (see *Model Fact Sheet*).

Keller Partners is a research and consulting organization. It does not offer investment management services.