

# Keller Partners

## TOOLS FOR ACTIVE INVESTMENT MANAGEMENT

August 2023



# Inputs

## Financial Market Data Series

Price | Short Interest | Trading Volume  
Options Data | COT Stats | Volatility

# Outputs

- (1) Investment Selections
- (2) Analysis of Market Trends



KP-120 Mega-Cap 120  
Keller Partners 10x10 Portfolio  
as of 9/13/2023  
Wednesday  
Close

Version 9.0.1 - 9/21/2022 - 510-Days  
Stock Universe as of 4/14/2023

| Volume Factor A | A1 Velocity | A1 Status | A2 Accel | Accel Positive # Days | Price Factor |
|-----------------|-------------|-----------|----------|-----------------------|--------------|
| > 0.60          |             | > 0.00    | > 0.00   |                       | > 0.         |
|                 |             |           | 0.211    | 3                     | 0.4          |
|                 |             |           | 0.521    | 9                     | 0.           |
|                 |             |           | 0.198    | 6                     | 0.           |
|                 |             |           | 0.100    | 10                    | 0.           |
|                 |             |           | 0.245    | 11                    | 0.           |
|                 |             |           | -0.267   | Neg                   |              |
|                 |             |           | -0.323   | Neg                   |              |
|                 |             |           | 0.597    | 7                     |              |
|                 |             |           | 0.204    | 7                     |              |
|                 |             |           | 0.649    | 11                    |              |
|                 |             |           | 0.182    | 16                    |              |
|                 |             |           | -0.053   | Neg                   |              |
|                 |             |           | 0.426    | 9                     |              |
|                 |             |           | 0.578    | 16                    |              |
|                 |             |           | 0.198    | 16                    |              |
|                 |             |           | 0.381    | 11                    |              |
|                 |             |           | 0.737    | 17                    |              |
|                 |             |           | 0.461    | 8                     |              |
|                 |             |           | 0.343    | 8                     |              |
|                 |             |           | 0.395    | 9                     |              |
|                 |             |           | 0.273    | 8                     |              |
|                 |             |           | 0.222    | 15                    |              |
|                 |             |           | 0.142    | 7                     |              |
|                 |             |           | 0.045    | 15                    |              |
|                 |             |           | 0.335    | 11                    |              |
|                 |             |           | 0.533    | 8                     |              |

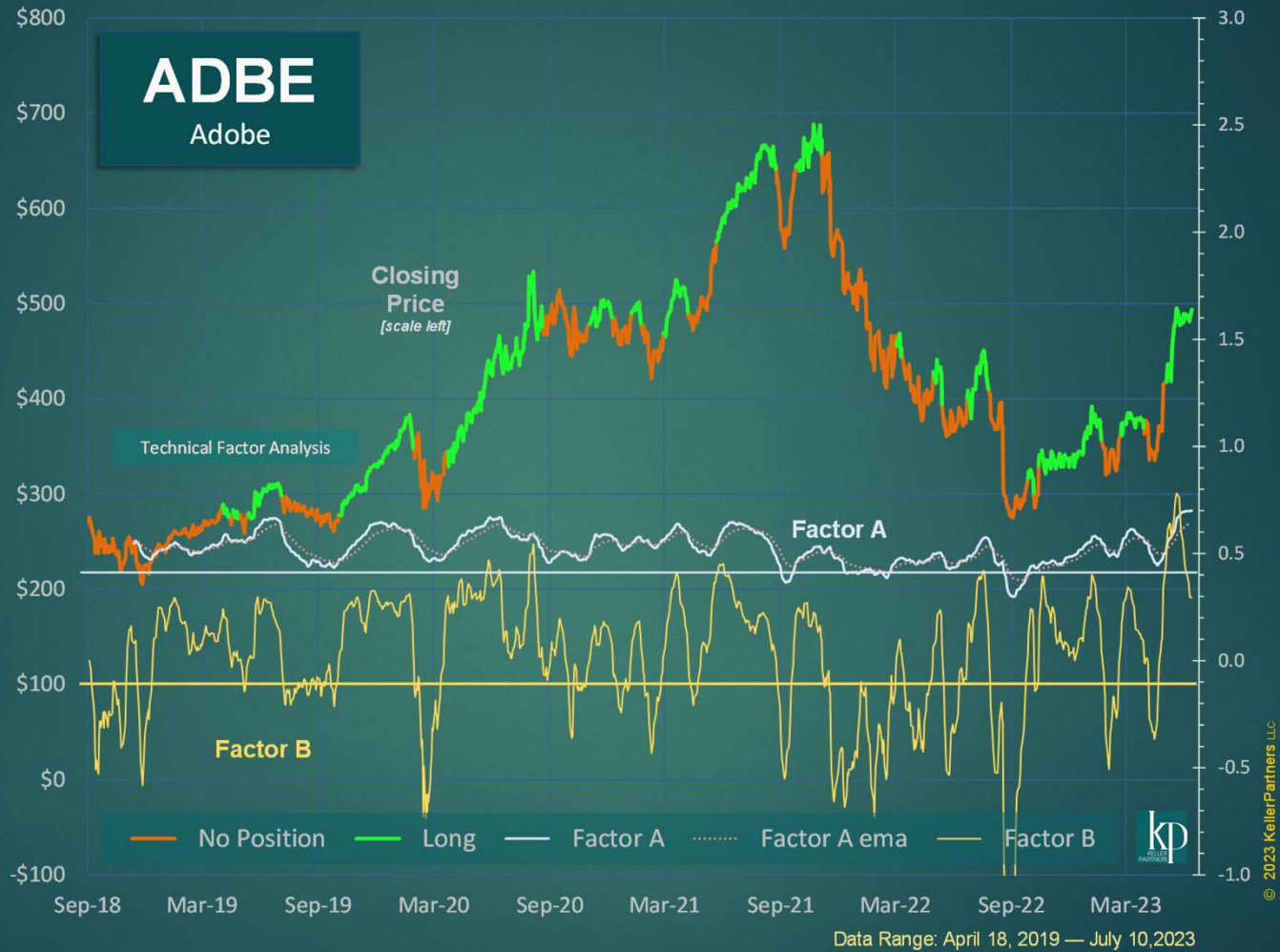
# (1) Investment Selection

Screening for —

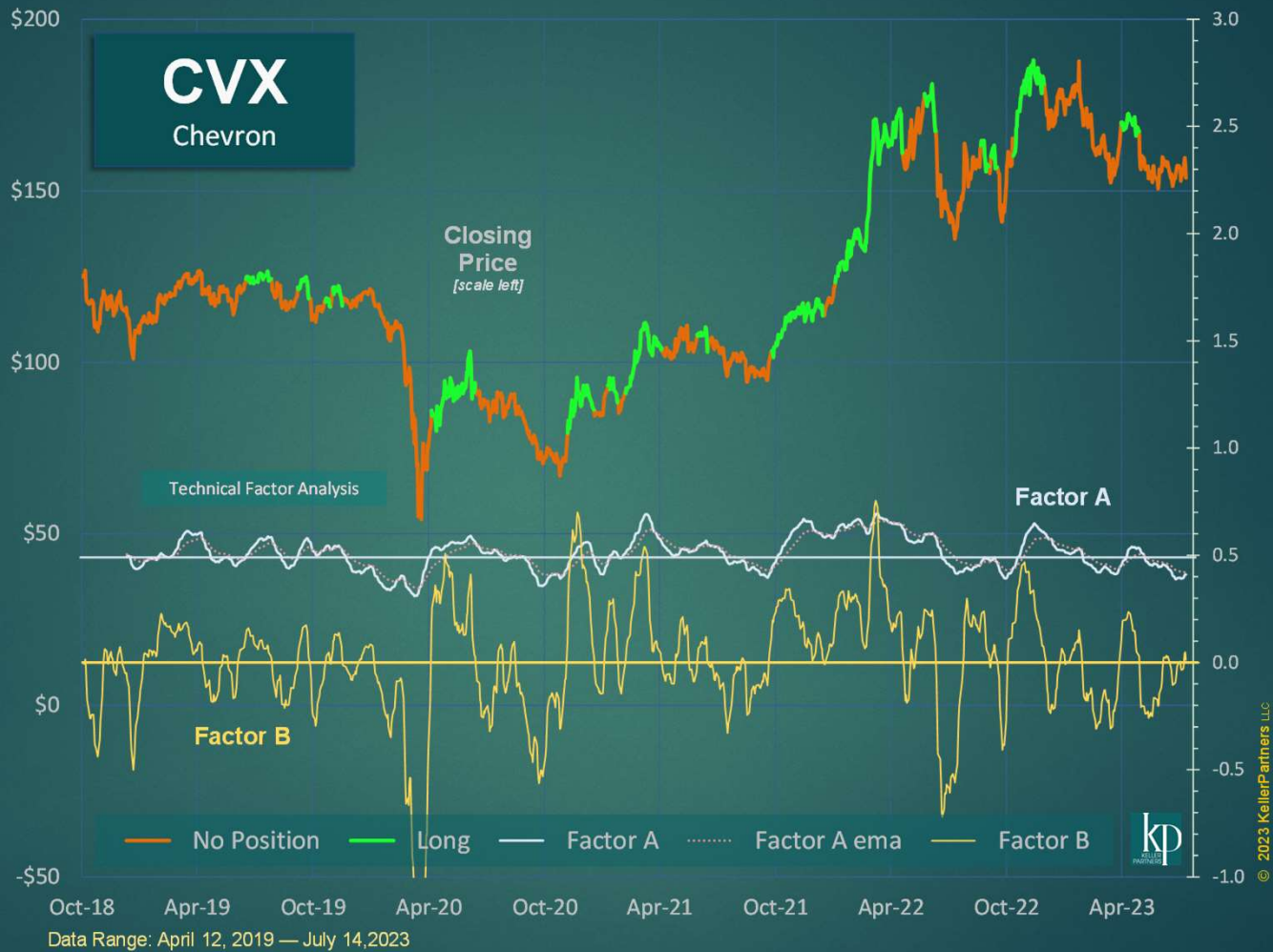
- ◆ Activity of Informed Participants
- ◆ “Repricing Episodes”

| Symbol | Company Name           | Last Price | Today's Change | Daily Transaction Liquidity (\$ mil) | 90-day Annualized Volatility (pct.) |
|--------|------------------------|------------|----------------|--------------------------------------|-------------------------------------|
| LLY    | Eli Lilly              | 598.88     | -0.07%         | 783                                  | 39%                                 |
| INTC   | Intel                  | 38.75      | -0.28%         | 1,408                                | 25%                                 |
| XOM    | Exxon Mobil            | 115.44     | -0.89%         | 1,859                                | 15%                                 |
| IBM    | International Bus Mach | 136.72     | 1.02%          | 622                                  | 27%                                 |
| GOOGL  | Alphabet A             | 271.88     | 0.20%          | 3,710                                | 18%                                 |
| CRM    | Cisco Systems          | 55.55      | 0.17%          | 826                                  | 19%                                 |
| HD     | Home Depot             | 559.76     | 0.17%          | 1,601                                | 31%                                 |
| COST   | Costco Wholesale       | 56.20      | -0.20%         | 1,277                                | 15%                                 |
| OXY    | Occidental Petroleum   | 92.92      | 0.60%          | 1,176                                | 15%                                 |
| BX     | Blackstone Group       | 244.50     | -1.13%         | 668                                  | 28%                                 |
| TJX    | TJX Cos.               | 122.29     | -0.64%         | 754                                  | 31%                                 |
| V      | Visa                   | 591.30     | 0.43%          | 710                                  | 41%                                 |
| CPH    | ConocoPhillips         | 245.40     | 0.27%          | 283                                  | 55%                                 |
| NOW    | ServiceNow             | 208.89     | -1.10%         | 1,012                                | 23%                                 |
| PANW   | Palo Alto Networks     | 218.80     | -1.29%         | 1,285                                | 22%                                 |
| TEAM   | Atlassian Plc.         | 166.20     | -0.37%         | 7,096                                | 31%                                 |
| CRM    | Salesforce             | 145.26     | 2.85%          | 645                                  | 29%                                 |
| CVX    | Chevron                | 541.95     | -0.74%         | 534                                  | 27%                                 |
| AMZN   | Amazon                 | 285.21     | -0.46%         | 852                                  | 16%                                 |
|        |                        |            | 0.01%          |                                      | 29%                                 |

# Four-Year Mixed Trend

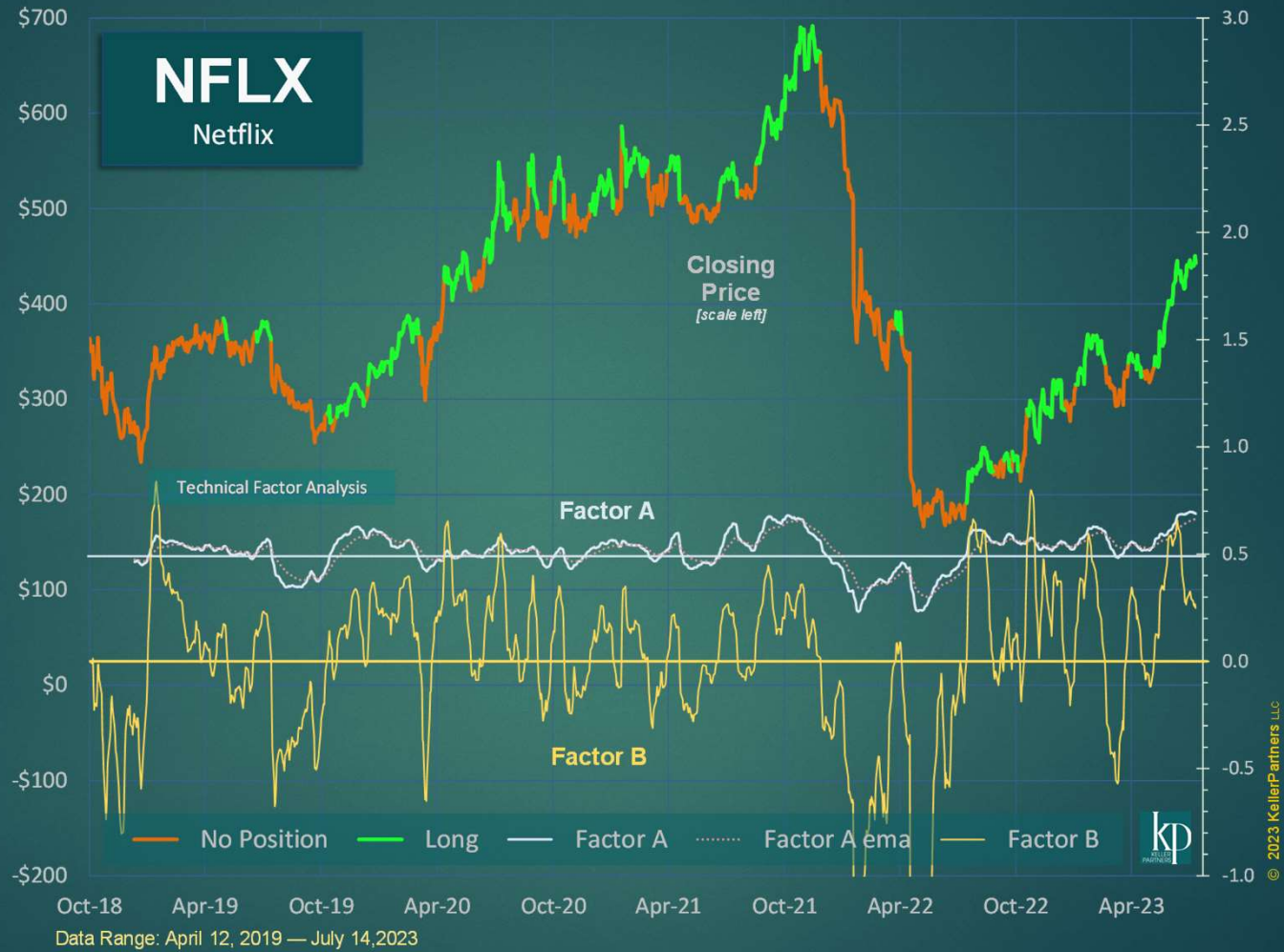


# Positive Trend

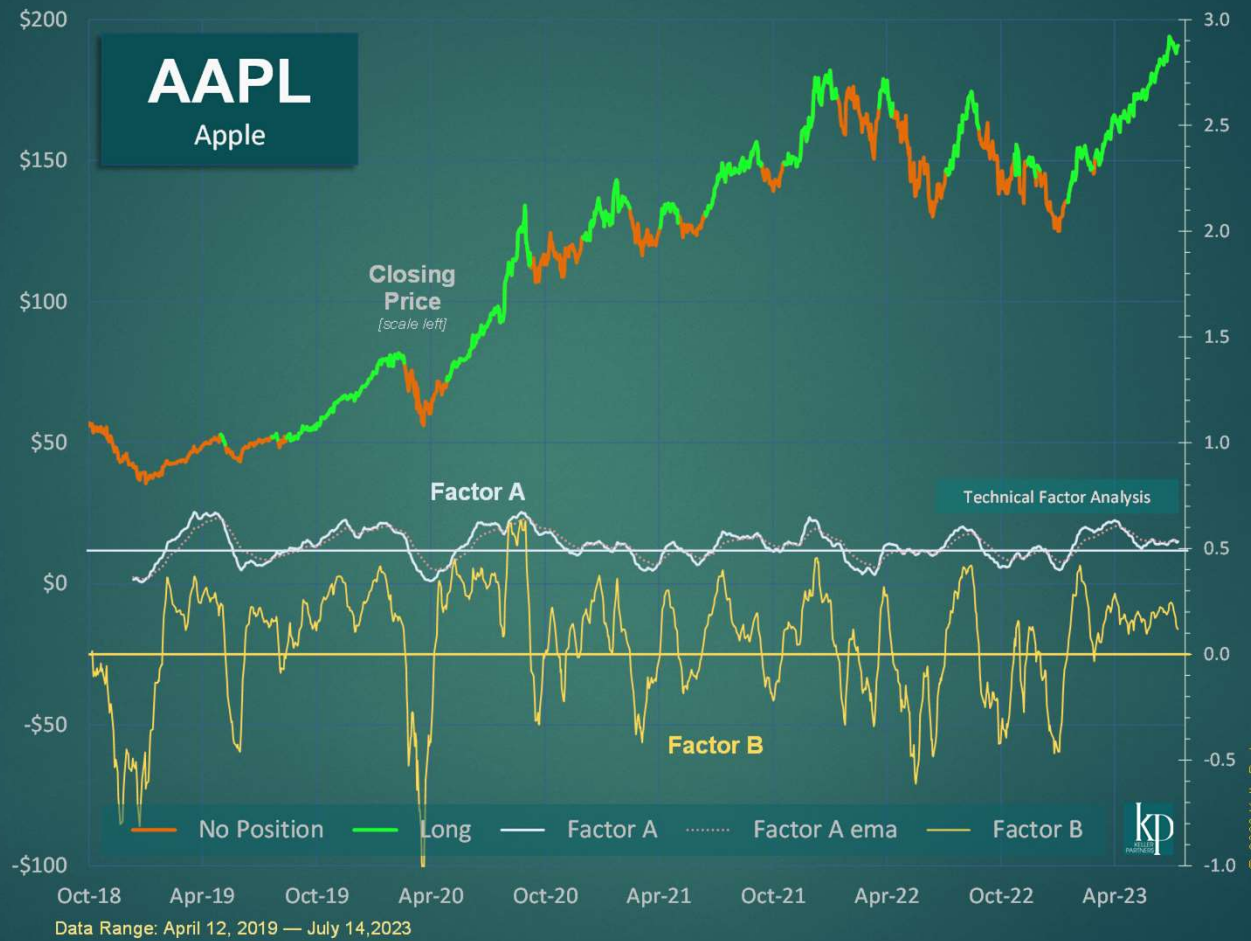




# Negative Trend



# Positive Trend



## Notes on the Charts

**Factor A** – Non-price market data series help evaluate performance potential of individual securities.

**Factor B** – Price-based trend evaluates time-series momentum of individual securities.

Under our approach, both factors need to agree for a security to be eligible for purchase.



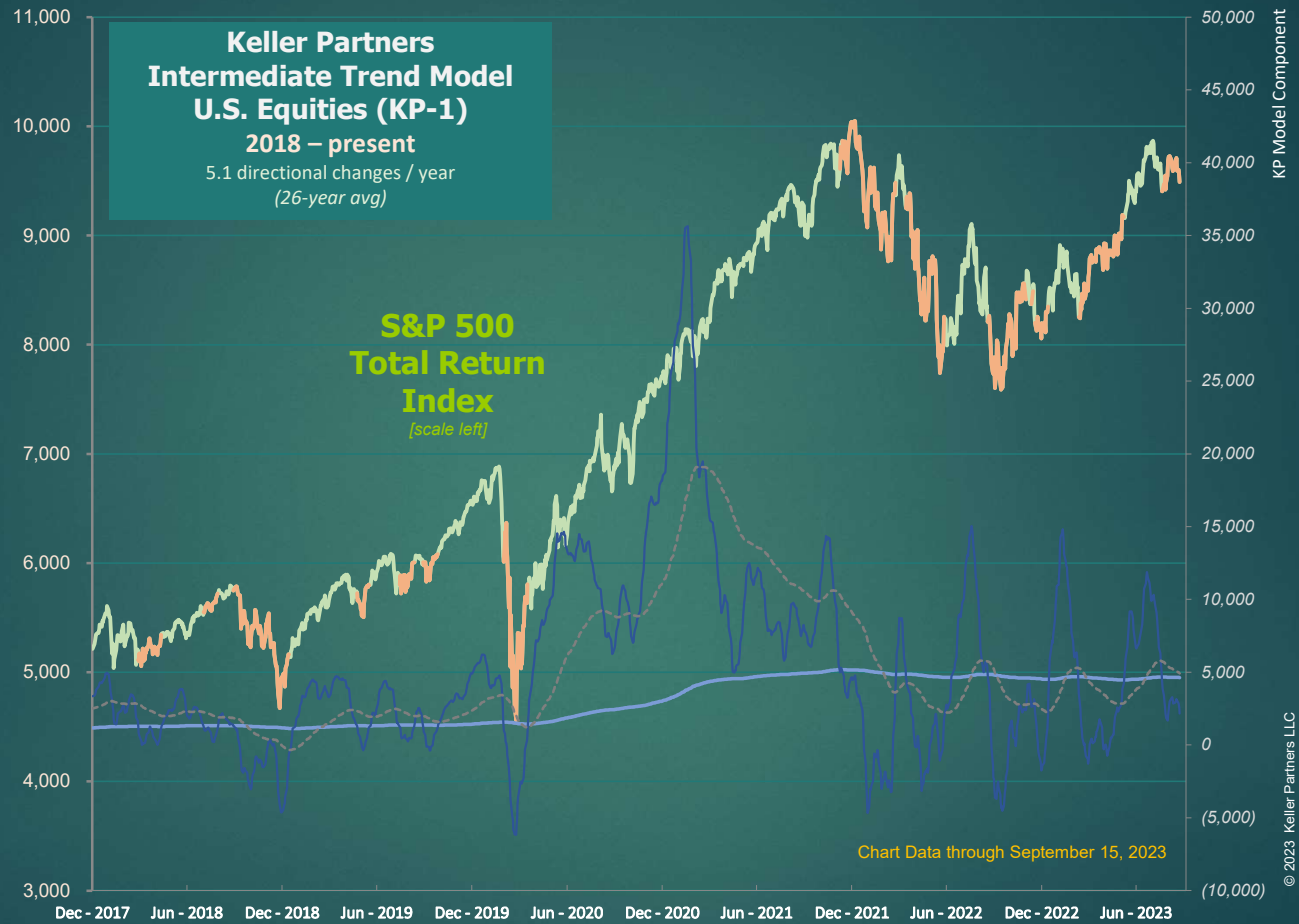
## (2) Analysis of Market Trends

### Managing Index Investments

- Target: Meaningful Improvement in Sharpe and Sortino Ratios
- Target: Meaningful Reduction of Portfolio Volatility and Drawdown

# US Equity Trend Analysis

## Long / Cash Signals for the S&P 500



# Improving Risk-Adjusted Returns

| Passive                                  |        | Price-Based Study   |         | Volume-Based Study  |        |
|--|--------|---|---------|---|--------|
| S&P 500 Total Return                     |        | S&P 500 Total Return  |         | S&P 500 Total Return  |        |
| 24 years ended Dec. 30, 2022             |        | 24 years ended Dec. 30, 2022  |         | 24 years ended Dec. 30, 2022                                  |        |
| CAGR                                     | 6.84%  | CAGR  | 6.62%   | CAGR  | 8.22%  |
| Ann. Std. Deviation                      | 15.4%  | Ann. Std. Deviation   | 11.35%  | Ann. Std. Deviation   | 10.6%  |
| Maximun Drawdown                         | -50.9% | Maximun Drawdown  | -27.52% | Maximun Drawdown  | -24.4% |
| Sharpe Ratio                             | 0.44   | Sharpe Ratio  | 0.58    | Sharpe Ratio  | 0.77   |
| Sortino Ratio                            | 0.21   | Sortino Ratio   | 0.26    | Sortino Ratio   | 0.40   |
| Beta (SPX-TR)                            | 1.00   | Beta (SPX-TR)   | 0.50    | Beta (SPX-TR)   | 0.49   |
| Alpha (SPX-TR)                           | 0.00%  | Alpha (SPX-TR)  | 3.2%    | Alpha (SPX-TR)  | 5.5%   |
| <i>S&amp;P Returns include Dividends</i> |        | <i>24.6% of all Trading Days in Cash<br/>No Interest on Cash Balances</i> |         | <i>35.5% of all Trading Days in Cash<br/>RFR and MAR = 0%</i> |        |

... Meaningfully

Thank You

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# Appendix

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# Werner Keller CFA



- ▶ Centurion Capital Mgt. 1990 – 2002
  - ▶ Founder / Chairman
  - ▶ \$2.3 Billion AUM
  - ▶ Sold to GE Capital (Genworth) in 2003
- ▶ Guggenheim Investments 2005 – 2018
  - ▶ Independent Trustee, Rydex Funds Board
  - ▶ Chairman 2014 - 2018

## Relative strength does persist!

*A meticulous set of tests proves the point beyond chance.*

*Charles A. Akemann and Werner E. Keller*

38  
FALL 1977

**T**he assumption that the historical sequence of securities prices does not contain any useful information for predicting future prices is one of the cornerstones of the efficient market hypothesis. The literature is filled with reports by investigators who have tested a wide range of possible correlations and trading strategies to the point that there remains little doubt within the academic community that successive price changes are essentially random. It is therefore not surprising that the validity of technical analysis, which presupposes the existence of trends in price behavior, is, in the words of a recent article, "no longer

domestic oils, and so on. Their interest in such comparisons is based on the belief that such trends in relative movement may persist for some time into the future. Even though the literature on the question of trends has generally identified only very minor and non-exploitable dependencies, it is remarkable how widely the general notion of strength persistence is held within the financial community. Catering to this belief is a diverse group of mostly high-priced services that rank, smooth, chart, and otherwise interpret the movements of industry groups.

TECHNIQUE OF ANALYSIS

# Early Research on Momentum

Journal of Portfolio Management / Fall 1977

# Risk-Adjusted Metrics for Charts

|                          | Adobe             |                 |                 |              |
|--------------------------|-------------------|-----------------|-----------------|--------------|
|                          | ADBE              | 8-Apr-19        | to              | 10-Jul-23    |
|                          | <b>Buy / Hold</b> | <b>Factor A</b> | <b>Factor B</b> | <b>10x10</b> |
| <b>CAGR</b>              | 15.5%             | 10.0%           | 19.5%           | 12.3%        |
| <b>% Days Invested</b>   | 100%              | 53.8%           | 58.6%           | 52.9%        |
| <b>Proj. Annualized*</b> | 15.5%             | 18.7%           | 33.3%           | 23.1%        |
| <b>MDD</b>               | -60.0%            | -44.1%          | -33.0%          | -33.0%       |
| <b>Signals / Year</b>    | 0.0               | 7.5             | 9.0             | 8.2          |
| <b>Std. Dev. (annl)</b>  | 38.3%             | 21.5%           | 22.7%           | 24.3%        |
| <b>Sharpe Ratio</b>      | 0.41              | 0.41            | 0.86            | 0.57         |

4.25 Years Ended July 10, 2023

# Risk-Adjusted Metrics for Charts

|                          | <b>CVX</b>        | <b>Chevron</b>  |                 |              |
|--------------------------|-------------------|-----------------|-----------------|--------------|
|                          |                   | 12-Apr-19       | to              | 14-Jul-23    |
|                          | <b>Buy / Hold</b> | <b>Factor A</b> | <b>Factor B</b> | <b>10x10</b> |
| <b>CAGR</b>              | 4.8%              | 15.2%           | 4.2%            | 7.8%         |
| <b>% Days Invested</b>   | 100%              | 42.7%           | 54.2%           | 38.9%        |
| <b>Proj. Annualized*</b> | 4.8%              | 35.6%           | 7.8%            | 20.0%        |
| <b>MDD</b>               | -57.2%            | -26.1%          | -23.4%          | -22.5%       |
| <b>Signals / Year</b>    | 0.0               | 8.0             | 13.0            | 7.5          |
| <b>Std. Dev. (annl)</b>  | 37.5%             | 19.2%           | 22.2%           | 25.3%        |
| <b>Sharpe Ratio</b>      | 0.13              | 0.60            | 0.19            | 0.41         |

4.25 Years Ended July 14, 2023

# Risk-Adjusted Metrics for Charts

|                          | <b>NFLX</b>       | <b>Netflix</b>  |                 |              |
|--------------------------|-------------------|-----------------|-----------------|--------------|
|                          |                   | 12-Apr-19       | to              | 14-Jul-23    |
|                          | <b>Buy / Hold</b> | <b>Factor A</b> | <b>Factor B</b> | <b>10x10</b> |
| <b>CAGR</b>              | 4.5%              | -4.1%           | 9.7%            | 0.5%         |
| <b>% Days Invested</b>   | 100%              | 52.0%           | 55.3%           | 50.7%        |
| <b>Proj. Annualized*</b> | 4.5%              | -7.9%           | 17.5%           | 1.1%         |
| <b>MDD</b>               | -75.9%            | -47.5%          | -35.7%          | -38.6%       |
| <b>Signals / Year</b>    | 0.0               | 11.1            | 11.5            | 10.1         |
| <b>Std. Dev. (annl)</b>  | 47.4%             | 26.9%           | 29.9%           | 33.9%        |
| <b>Sharpe Ratio</b>      | 0.09              | -0.12           | 0.32            | 0.02         |

4.25 Years Ended July 14, 2023



# Risk-Adjusted Metrics for Charts

| <b>AAPL</b>              |                   | <b>Apple</b>    |                 |              |
|--------------------------|-------------------|-----------------|-----------------|--------------|
|                          |                   | 12-Apr-19       | to              | 14-Jul-23    |
|                          | <b>Buy / Hold</b> | <b>Factor A</b> | <b>Factor B</b> | <b>10x10</b> |
| <b>CAGR</b>              | 37.2%             | 21.8%           | 34.0%           | 29.7%        |
| <b>% Days Invested</b>   | 100%              | 55.8%           | 65.3%           | 58.5%        |
| <b>Proj. Annualized*</b> | 37.2%             | 39.2%           | 52.2%           | 50.7%        |
| <b>MDD</b>               | -31.4%            | -27.2%          | -24.8%          | -24.8%       |
| <b>Signals / Year</b>    | 0.0               | 9.9             | 8.5             | 6.8          |
| <b>Std. Dev. (annl)</b>  | 33.4%             | 21.0%           | 22.6%           | 20.9%        |
| <b>Sharpe Ratio</b>      | 1.12              | 1.05            | 1.51            | 1.41         |

4.25 Years Ended July 14, 2023