Companion document for

Quantitative Value Investing

10 Rules For Buying Stocks & Shares

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Narrated by: Becky White

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How To Get In Touch

I really enjoyed putting this audiobook together and hope that you enjoy listening to it. If you have any questions or feedback, you can contact me directly at joe@jbmarwood.com.

I also hope you can join me at the following websites where you will find more content and discussion. I set up both websites to help traders and investors navigate the markets and it's something I really enjoy doing. Make sure to check them out at: http://jbmarwood.com and http://profitsquawk.com.

Video Course

Also, please note that there is a video course to go along with this audiobook (and this book was created in response to a number of requests from students inside the course itself who wanted to see the strategy in book form). If you would like to join the course, watch the walkthrough videos and see the system tested in real time, simply use the link **http://jbmarwood.com/valuecourse** and claim the special audiobook discount. The video course is free to those who have purchased this audiobook.

CHAPTER 1: GETTING STARTED

Table 1

The 10 Ben Graham Rules:

1) An earnings-to-price yield of twice the triple-A bond. If the triple-A bond yield is, say 8%, then the required earnings yield is 16%. In reciprocal form, that's a price/earnings ratio of 6.25.

2) A P/E ratio down to four-tenth of the highest average P/E ratio the stock attained in the most recent five years. (Average P/E ratio was defined as average stock price for a given year divided by the earnings for that year.)

3) A dividend yield of two-thirds the triple-A bond yield.

4) A stock price down to two-thirds of tangible book value per share.

5) A stock price down to two-thirds of "net current asset value" or "net quick liquidation value." This figure is defined as current assets less total debt. Fixed assets are not included.

6) Total debt less than tangible book value.

7) Current ratio (current assets divided by current liabilities) of two or more.

8) Total debt equal or less than twice the net quick liquidation value as defined in No.5.

9) Earnings growth over the most recent ten years of 7% compounded - that is a doubling of earnings in a ten-year period.

10) Stability of growth in earnings, defined as no more then two declines of 5% or greater in year-end earnings (relative to the previous year) in the most recent ten years.

src: investmenttools.com

Table 2

Report 1: Percentage of U.S. Equity Funds Outperformed by Benchmarks					
Fund Category	Comparison Index	One-Year (%)	Three-Year (%)	Five-Year (%)	Ten-Year (%)
All Domestic Equity Funds	S&P Composite 1500®	87.23	76.77	80.82	76.54
All Large-Cap Funds	S&P 500	86.44	76.25	88.65	82.07
All Mid-Cap Funds	S&P MidCap 400	66.23	70.48	85.37	89.71
All Small-Cap Funds	S&P SmallCap 600	72.92	80.40	86.55	87.75
All Multi-Cap Funds	S&P Composite 1500	83.74	76.31	84.02	84.03

src: Standardandpoors.com SPIVA

Table 3

Report 2: Survivorship and Style Consistency of U.S. Equity Funds (cont.)			
Fund Category	No. of Funds at Start	Survivorship (%)	Style Consistency (%)
Five-Year			
All Domestic Funds	2972	75.98	51.68
All Large-Cap Funds	1066	73.36	56.10
All Mid-Cap Funds	458	75.33	43.45
All Small-Cap Funds	647	79.44	59.04
All Multi-Cap Funds	801	77.03	44.57

src: Standardandpoors.com SPIVA

Table 4 Introducing the 10 Rules	
The Buy Rules	**The Rules in Portfolio 123**
Rule Zero - Liquidity	PctAvgDailyTot(20) < 10
Rule 1 - Market cap	MktCap > 50
Rule 2 - Minimum price	Close(0) > 1
Rule 3 - Price-earning ratio	PEExclXorTTM < 10
Rule 4 - Forward price-earnings ratio	ProjPENextFY < 10
Rule 5 - Price-to-sales	Pr2SalesTTM < 10
Rule 6 - Price-to-book	Pr2BookQ < 10
Rule 7 - Price-to-free cash flow	Pr2FrCashFlQ < 10
Rule 8 - Current ratio	Curratiottm > 1
Rule 9 - 5-Year EPS growth	EPS5YCGr% > 5
Rule 10 - Momentum	Close(0) > (1-20/100)*HighVal(252,0,#high)
And here is the sell rule:	
Sell Rule - Momentum/Cut your losses	Close(0) > (1-30/100)*HighVal(252,0,#high)

Table 4 Introducing the 10 Rules

Rule Zero - Liquidity

Rule 1 - Market cap

Rule 2 - Minimum price

Rule 3 - Price-earning ratio

Rule 4 - Forward price-earnings ratio

Rule 5 - Price-to-sales

Rule 6 - Price-to-book

Rule 7 - Price-to-free cash flow

Rule 8 - Current ratio

Rule 9 - 5-Year EPS growth

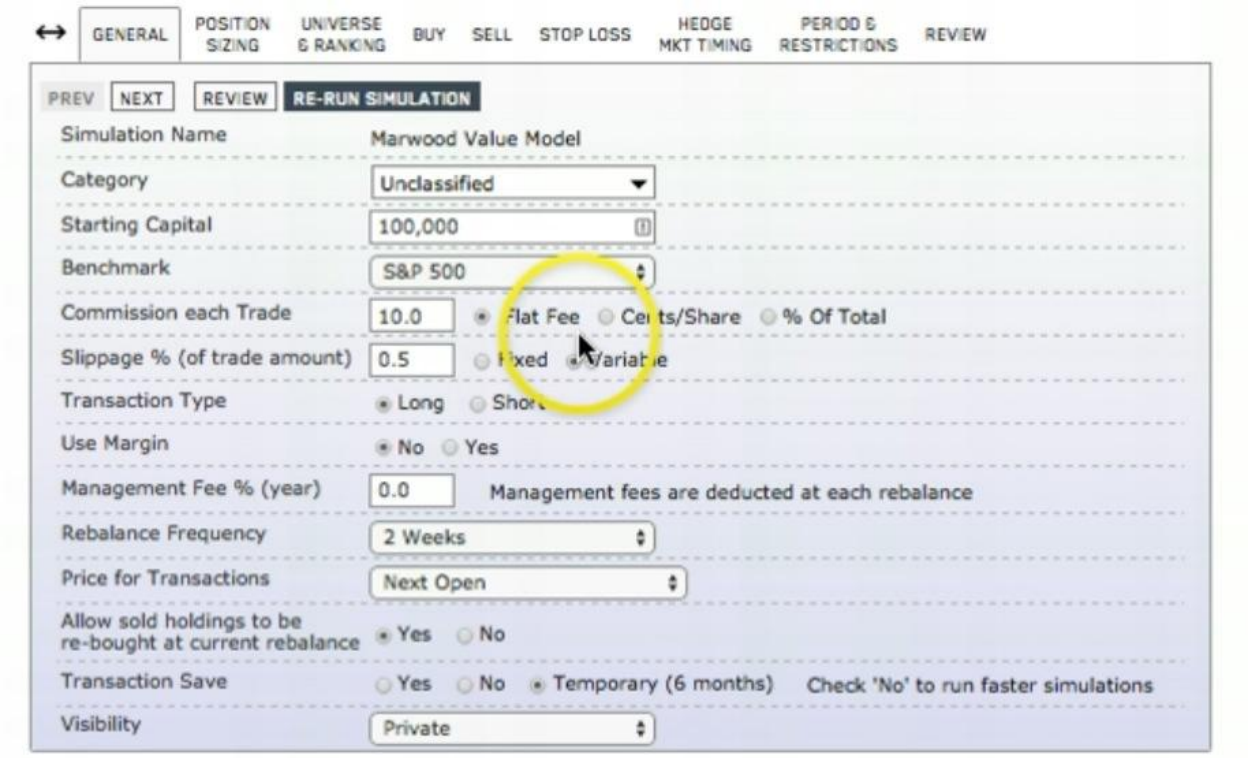
Rule 10 - Momentum

And here is the sell rule:

Sell Rule - Momentum/Cut your losses

CHAPTER 2: PREPARATION

Figure 1 Portfolio 123 General Settings Tab



CHAPTER 3: THE BUY RULES

Table 5 a PE ratio of 8.5 indicates a company where the market is pricing in zero growth.

PE Ratio	8.5	13.5	18.5	28.5	48.5
Expected Growth Per Year	0	2.50%	5%	10%	20%

Figure 2

CHAPTER 4: ADDITIONAL SETTINGS

No figures

CHAPTER 5: PUTTING THE RULES INTO ACTION

Figure 3.

Figure 4.

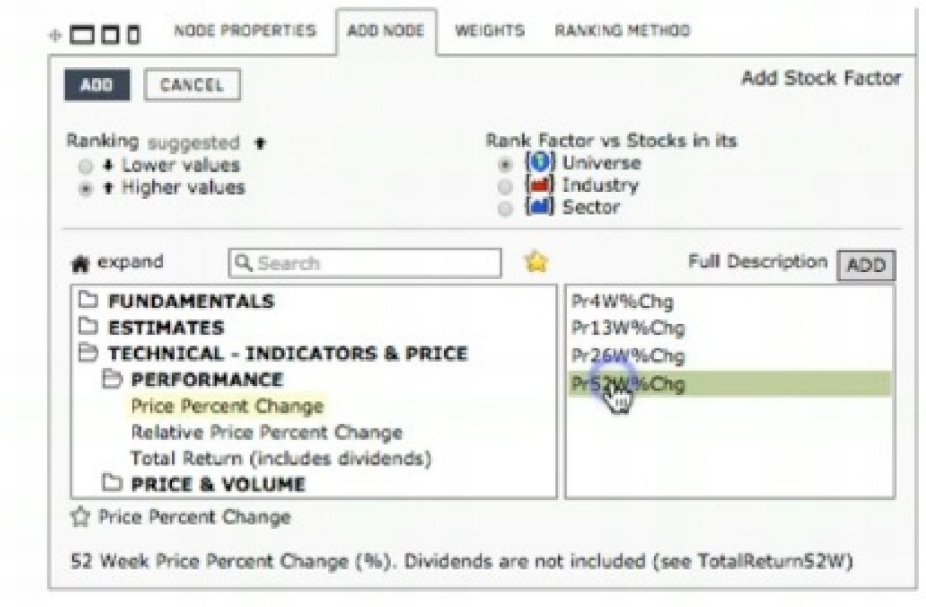


Figure 5. Simulator Settings

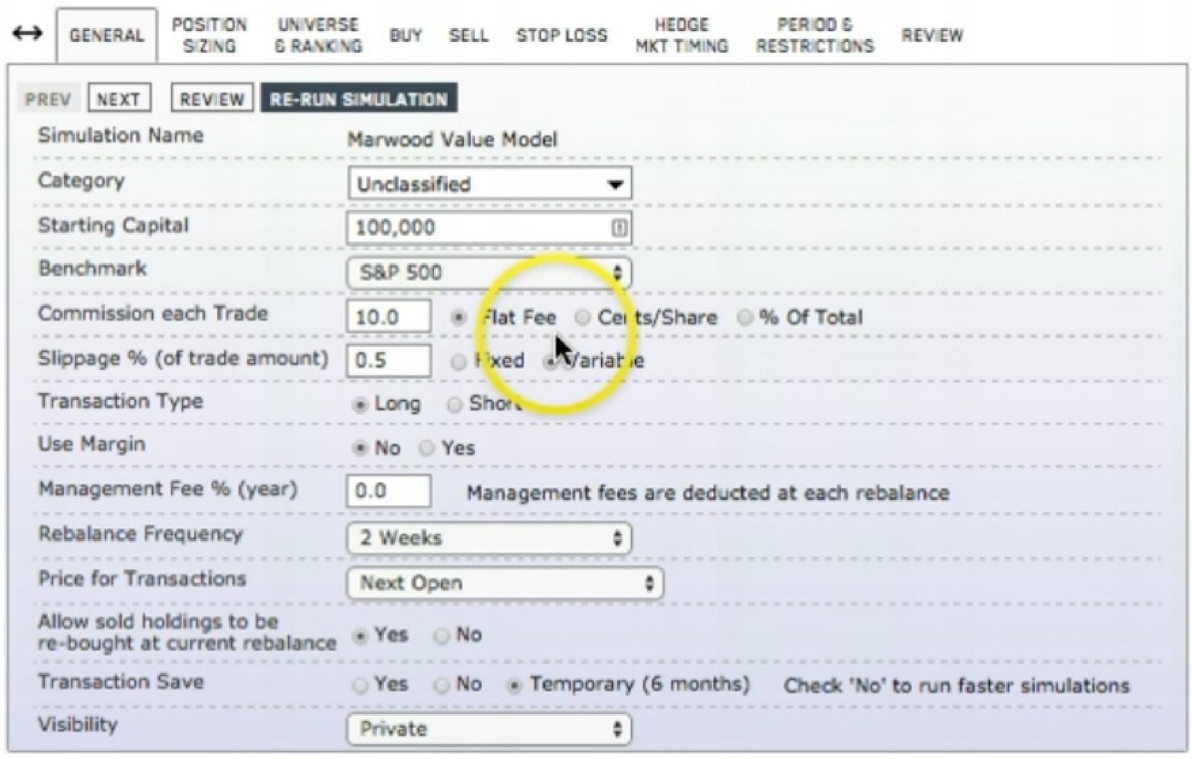


Figure 6. Position Sizing

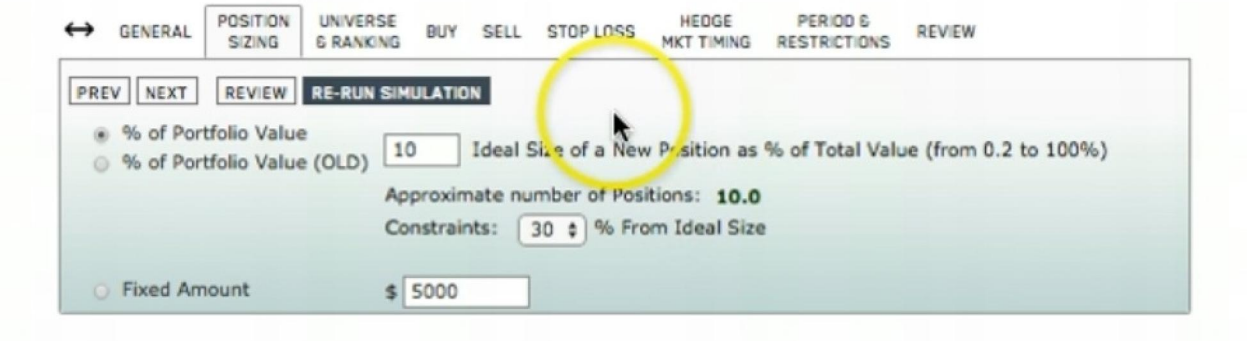


Figure 7. Universe & Ranking Tab

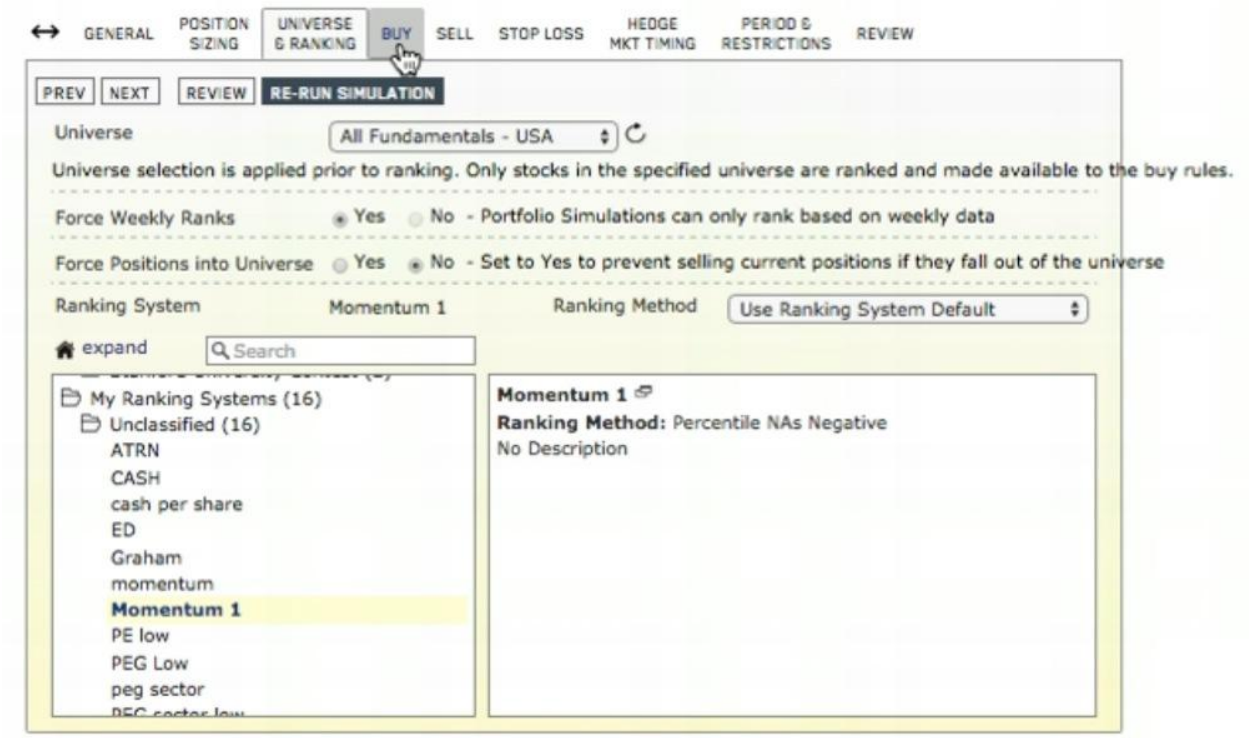


Figure 8. Buy Rules

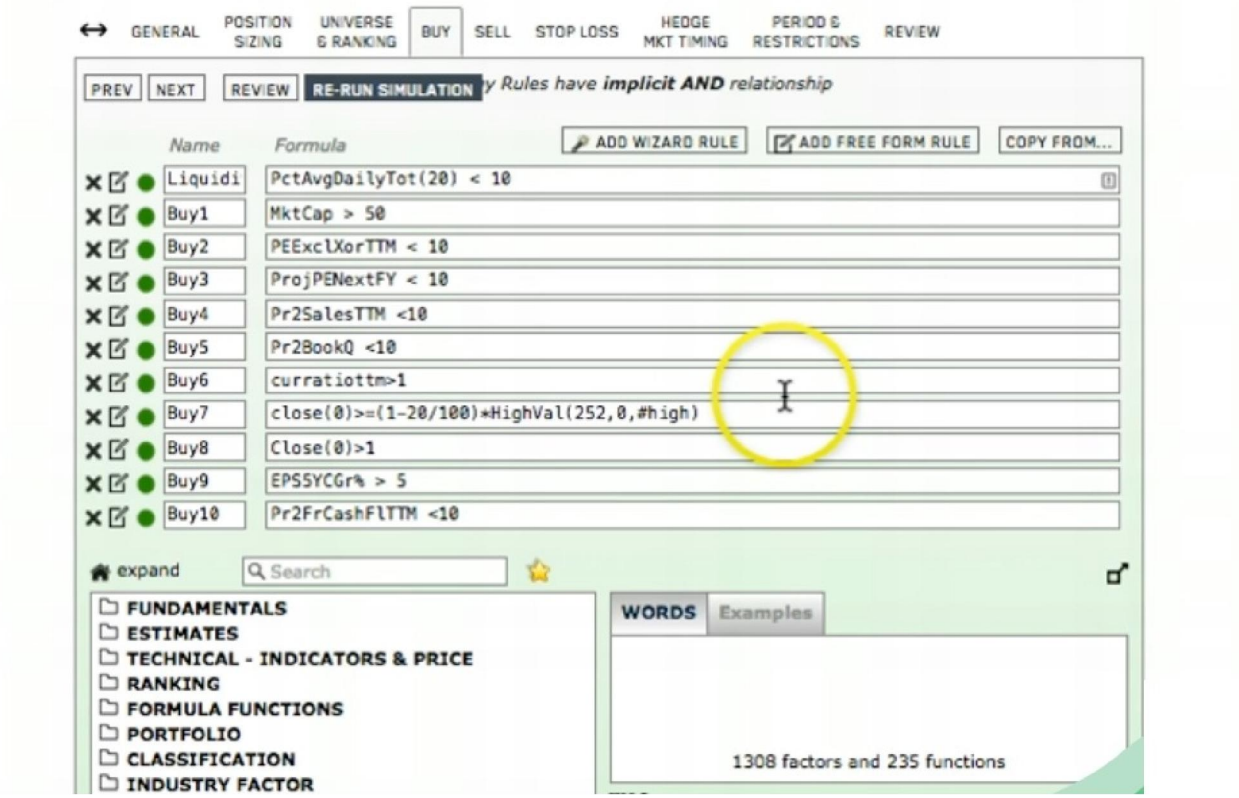


Figure 9. Sell Rules

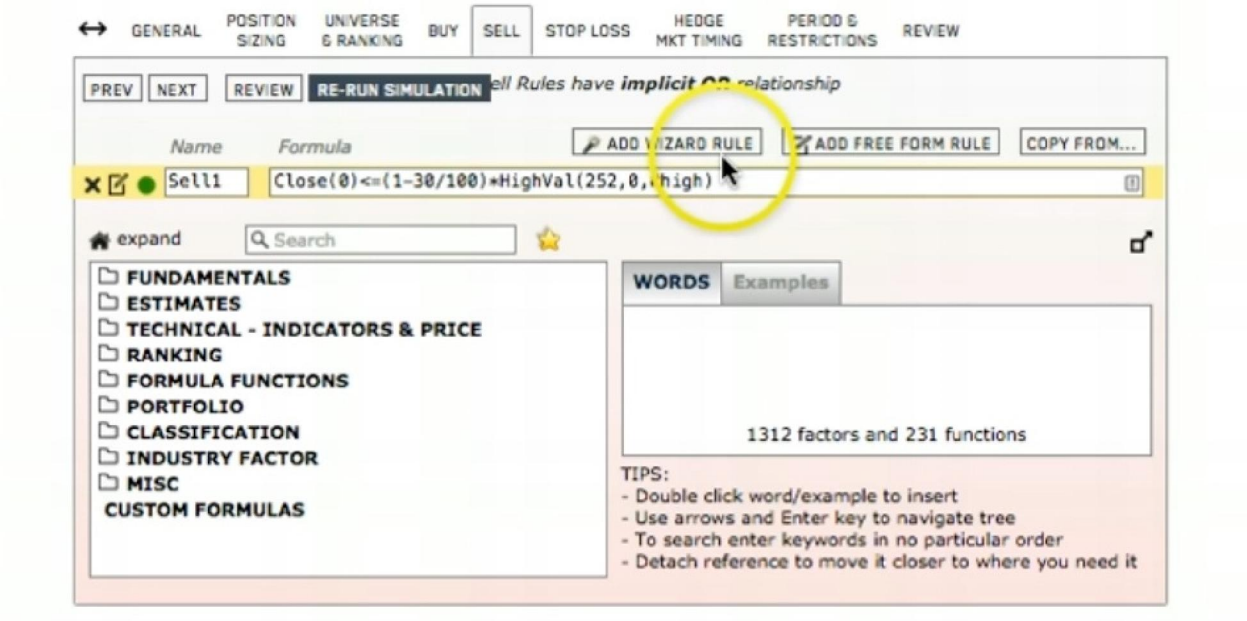


Figure 10. Stop losses and market timing hedges

CHAPTER 6: STRATEGY RESULTS

Figure 11.

Figure 12.

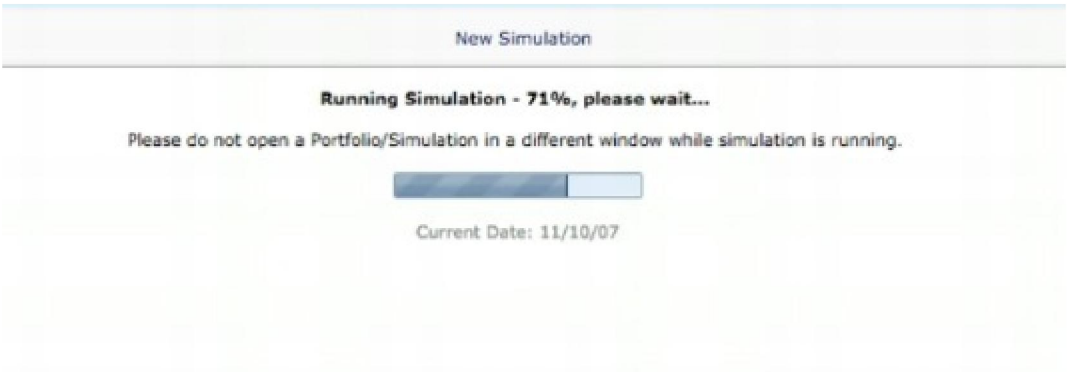


Figure 13. Summary of Key Results

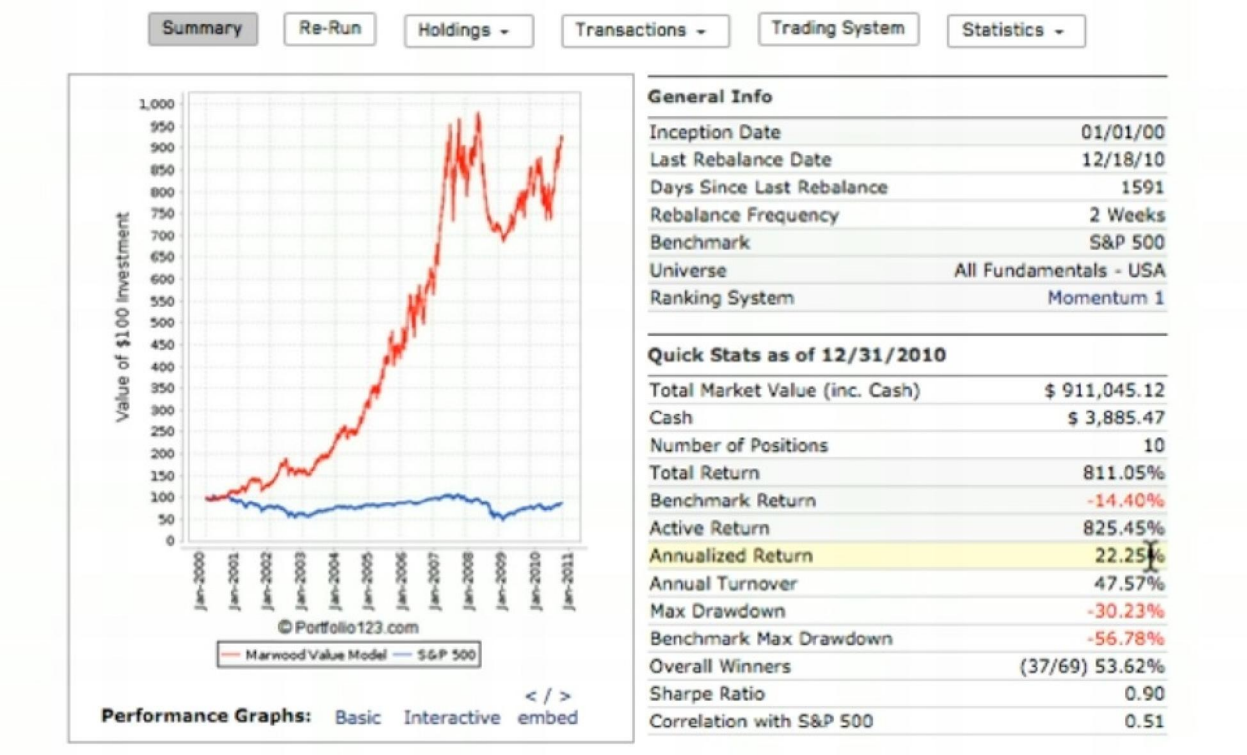


Figure 14.

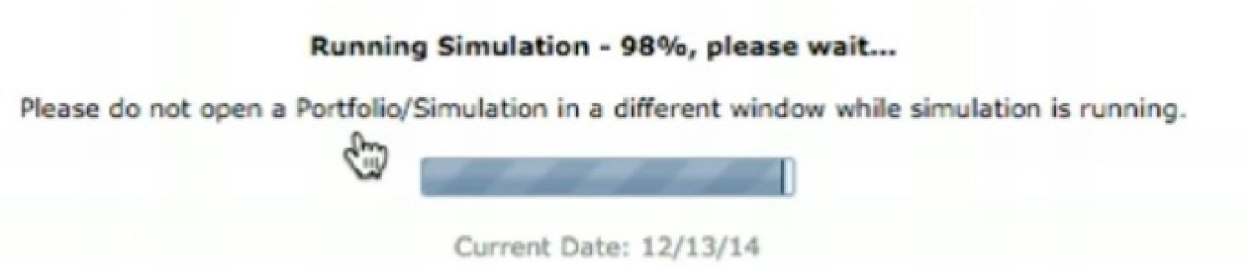
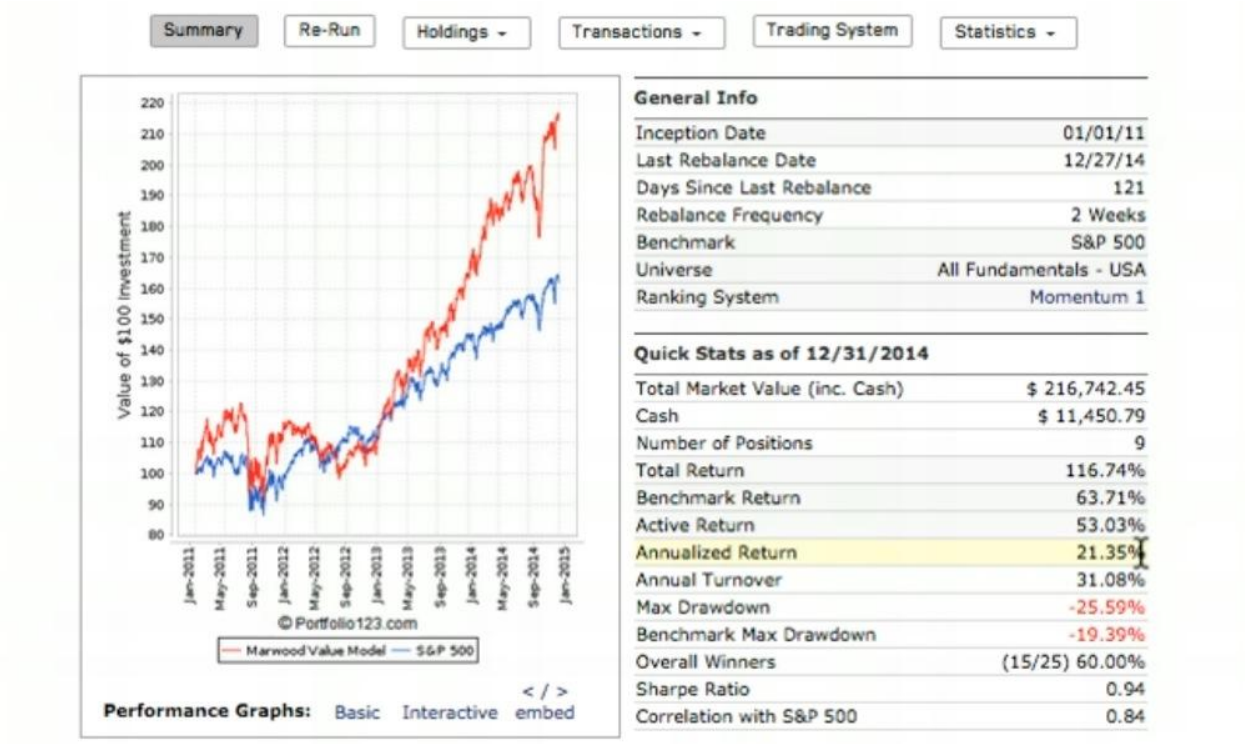


Figure 15.


Summary
Re-Run
Holdings
Transactions
Trading System
Statistics
Value of $100 Investment
220
210
200
190
180
170
160
150
140
130
120
110
100
90
80
Jan-2011
May-2011
Sep-2011
Jan-2012
May-2012
Sep-2012
Jan-2013
May-2013
Sep-2013
Jan-2014
May-2014
Sep-2014
Jan-2015
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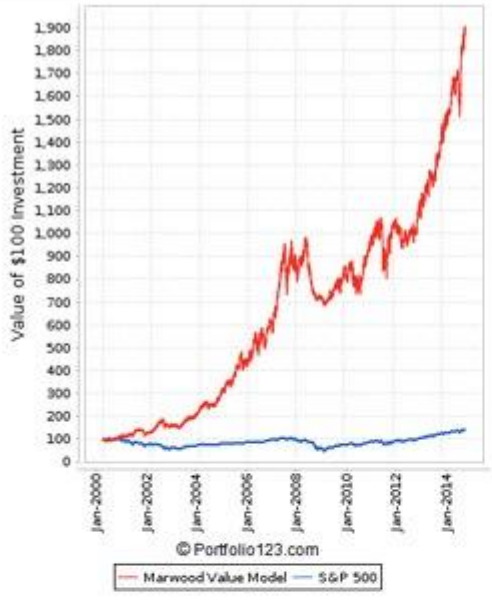
Marwood Value Model
S&P 500
Performance Graphs: Basic Interactive < / > embed
General Info
Inception Date 01/01/11
Last Rebalance Date 12/27/14
Days Since Last Rebalance 121
Rebalance Frequency 2 Weeks
Benchmark S&P 500
Universe All Fundamentals - USA
Ranking System Momentum 1
Quick Stats as of 12/31/2014
Total Market Value (inc. Cash) $ 216,742.45
Cash $ 11,450.79
Number of Positions 9
Total Return 116.74%
Benchmark Return 63.71%
Active Return 53.03%
Annualized Return 21.35%
Annual Turnover 31.08%
Max Drawdown -25.59%
Benchmark Max Drawdown -19.39%
Overall Winners (15/25) 60.00%
Sharpe Ratio 0.94
Correlation with S&P 500 0.84

Figure 16.



Performance Graphs: Basic Interactive < / > embed

General Info

Inception Date	01/01/00
Last Rebalance Date	12/27/14
Days Since Last Rebalance	121
Rebalance Frequency	2 Weeks
Benchmark	S&P 500
Universe	All Fundamentals - USA
Ranking System	momentum

Quick Stats as of 12/31/2014

Total Market Value (inc. Cash)	$ 1,859,330.62
Cash	$ 33,748.05
Number of Positions	10
Total Return	1,759.33%
Benchmark Return	40.13%
Active Return	1,719.20%
Annualized Return	21.52%
Annual Turnover	37.02%
Max Drawdown	-30.23%
Benchmark Max Drawdown	-56.78%
Overall Winners	(45/84) 53.57%
Sharpe Ratio	0.90
Correlation with S&P 500	0.57

Top Holdings

No	Ticker		Weight	Return	Shares	Value
1	CORE	[5D] [1Y]	16.01%	328.19%	4,800.0	$297,264.00
2	ALK	[5D] [1Y]	13.36%	304.27%	4,152.0	$248,123.52
3	WDC	[5D] [1Y]	11.32%	75.44%	1,899.0	$210,219.30
4	INT	[5D] [1Y]	11.28%	195.66%	4,464.0	$209,495.52
5	SANM	[5D] [1Y]	9.56%	69.22%	7,545.0	$177,533.86
6	UGI	[5D] [1Y]	9.07%	144.33%	4,432.5	$168,346.34
7	STX	[5D] [1Y]	7.98%	45.99%	2,228.0	$148,162.00
8	LLY	[5D] [1Y]	7.67%	95.33%	2,065.0	$142,464.34
9	GLT	[5D] [1Y]	7.39%	88.22%	5,369.0	$137,285.33
10	TECD	[5D] [1Y]	4.67%	41.32%	1,371.0	$86,688.33

view all

Last 10 Trades

Date	Type	Ticker		Shares	Price
12/31/14	DIV	WDC	[5D] [1Y]	0.0	$0.00
12/31/14	DIV	GLT	[5D] [1Y]	0.0	$0.00
12/31/14	DIV	INT	[5D] [1Y]	0.0	$0.00
12/31/14	DIV	UGI	[5D] [1Y]	0.0	$0.00
12/22/14	DIV	CORE	[5D] [1Y]	0.0	$0.00
12/10/14	DIV	LLY	[5D] [1Y]	0.0	$0.00
12/03/14	DIV	ALK	[5D] [1Y]	0.0	$0.00
11/25/14	DIV	STX	[5D] [1Y]	0.0	$0.00
11/03/14	DIV	GLT	[5D] [1Y]	0.0	$0.00
10/15/14	DIV	WDC	[5D] [1Y]	0.0	$0.00

view all

Figure 17.

Top Holdings

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1	CORE	[5D] [1Y]	16.01%	328.19%	4,800.0	$297,264.00
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view all

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12/10/14	DIV	LLY	[5D] [1Y]	0.0	$0.00
12/03/14	DIV	ALK	[5D] [1Y]	0.0	$0.00
11/25/14	DIV	STX	[5D] [1Y]	0.0	$0.00
11/03/14	DIV	GLT	[5D] [1Y]	0.0	$0.00
10/15/14	DIV	WDC	[5D] [1Y]	0.0	$0.00

view all

Figure 18.

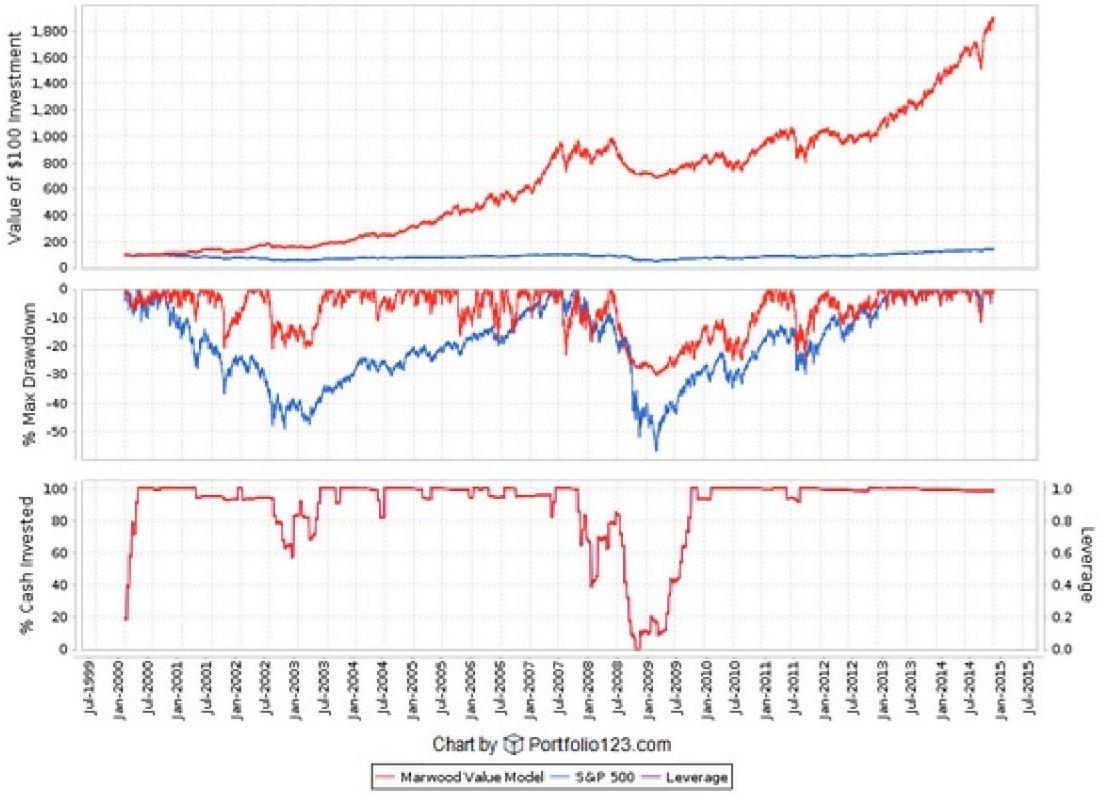


Figure 19. Monthly and yearly performance stats.

Annualized Performance by Calendar Year

Return (%)	1999*	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014**
Model	N/A	13.80	14.45	17.44	47.08	41.96	30.17	44.55	46.43	-18.13	15.08	9.75	11.19	-0.30	38.26	33.59
Benchmark	N/A	-10.14	-13.04	-23.37	26.38	8.99	3.00	13.62	3.53	-38.49	23.45	12.78	-0.00	13.41	29.60	11.47
Excess	**N/A**	**23.94**	**27.49**	**40.81**	**20.70**	**32.97**	**27.16**	**30.93**	**42.90**	**20.35**	**-8.38**	**-3.03**	**11.19**	**-13.71**	**8.66**	**22.12**

33% of annual data is required to calculate annualized return.

(*) Inception Date: 01/01/00 (**) End Date: 12/31/14

Figure 20.

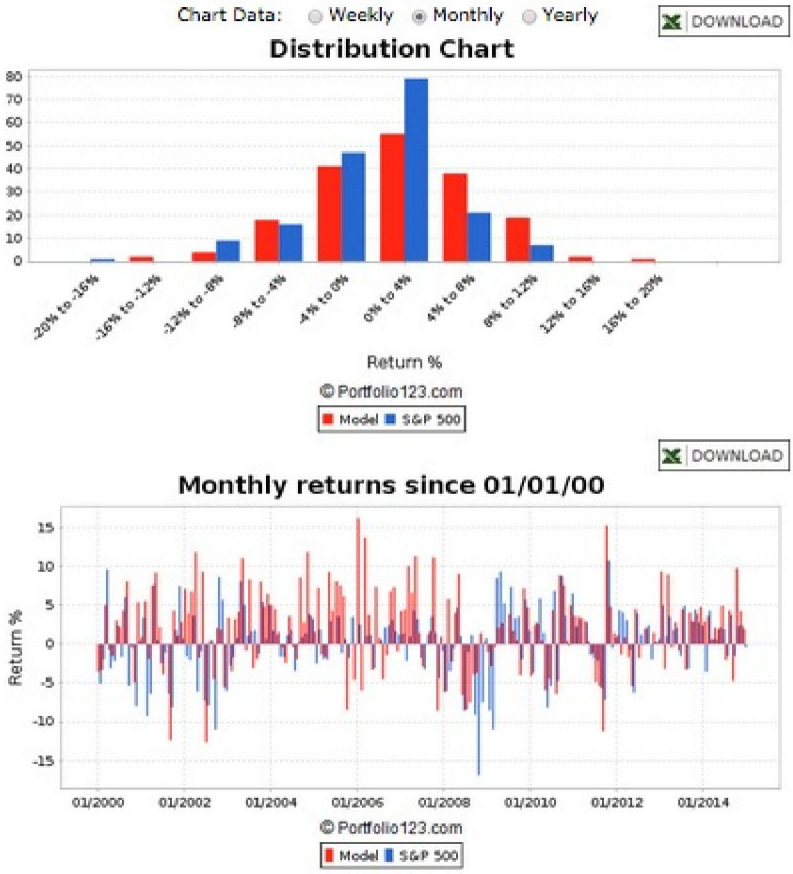
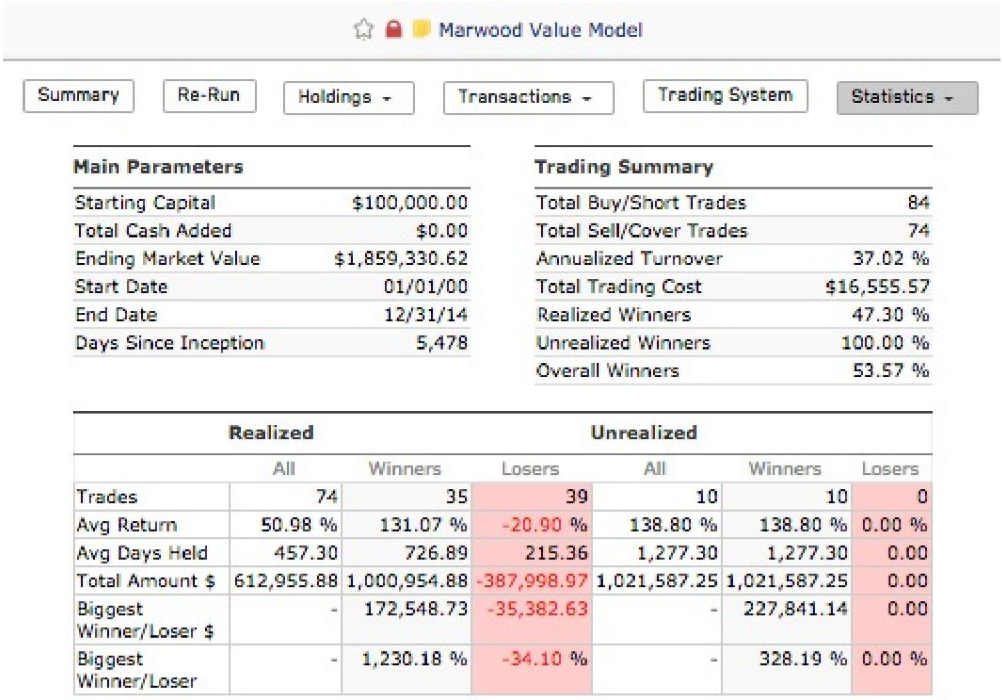


Figure 21.

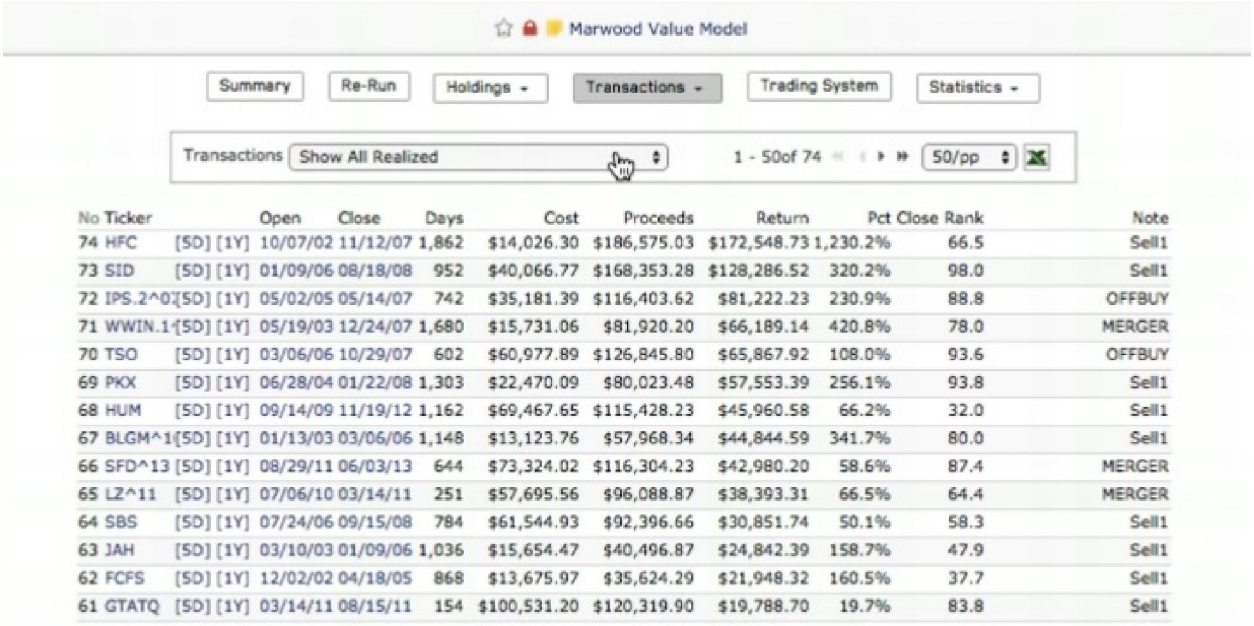


Main Parameters	
Starting Capital	$100,000.00
Total Cash Added	$0.00
Ending Market Value	$1,859,330.62
Start Date	01/01/00
End Date	12/31/14
Days Since Inception	5,478

Trading Summary	
Total Buy/Short Trades	84
Total Sell/Cover Trades	74
Annualized Turnover	37.02 %
Total Trading Cost	$16,555.57
Realized Winners	47.30 %
Unrealized Winners	100.00 %
Overall Winners	53.57 %

	Realized			Unrealized		
	All	Winners	Losers	All	Winners	Losers
Trades	74	35	39	10	10	0
Avg Return	50.98 %	131.07 %	-20.90 %	138.80 %	138.80 %	0.00 %
Avg Days Held	457.30	726.89	215.36	1,277.30	1,277.30	0.00
Total Amount $	612,955.88	1,000,954.88	-387,998.97	1,021,587.25	1,021,587.25	0.00
Biggest Winner/Loser $	-	172,548.73	-35,382.63	-	227,841.14	0.00
Biggest Winner/Loser	-	1,230.18 %	-34.10 %	-	328.19 %	0.00 %

Figure 22. Transactions Page



No	Ticker		Open	Close	Days	Cost	Proceeds	Return	Pct Close Rank	Note
74	HFC	[5D] [1Y]	10/07/02	11/12/07	1,862	$14,026.30	$186,575.03	$172,548.73	1,230.2% 66.5	Sell1
73	SID	[5D] [1Y]	01/09/06	08/18/08	952	$40,066.77	$168,353.28	$128,286.52	320.2% 98.0	Sell1
72	IPS.2^07	[5D] [1Y]	05/02/05	05/14/07	742	$35,181.39	$116,403.62	$81,222.23	230.9% 88.8	OFFBUY
71	WWIN.1^	[5D] [1Y]	05/19/03	12/24/07	1,680	$15,731.06	$81,920.20	$66,189.14	420.8% 78.0	MERGER
70	TSO	[5D] [1Y]	03/06/06	10/29/07	602	$60,977.89	$126,845.80	$65,867.92	108.0% 93.6	OFFBUY
69	PKX	[5D] [1Y]	06/28/04	01/22/08	1,303	$22,470.09	$80,023.48	$57,553.39	256.1% 93.8	Sell1
68	HUM	[5D] [1Y]	09/14/09	11/19/12	1,162	$69,467.65	$115,428.23	$45,960.58	66.2% 32.0	Sell1
67	BLGM^1	[5D] [1Y]	01/13/03	03/06/06	1,148	$13,123.76	$57,968.34	$44,844.59	341.7% 80.0	Sell1
66	SFD^13	[5D] [1Y]	08/29/11	06/03/13	644	$73,324.02	$116,304.23	$42,980.20	58.6% 87.4	MERGER
65	LZ^11	[5D] [1Y]	07/06/10	03/14/11	251	$57,695.56	$96,088.87	$38,393.31	66.5% 64.4	MERGER
64	SBS	[5D] [1Y]	07/24/06	09/15/08	784	$61,544.93	$92,396.66	$30,851.74	50.1% 58.3	Sell1
63	JAH	[5D] [1Y]	03/10/03	01/09/06	1,036	$15,654.47	$40,496.87	$24,842.39	158.7% 47.9	Sell1
62	FCFS	[5D] [1Y]	12/02/02	04/18/05	868	$13,675.97	$35,624.29	$21,948.32	160.5% 37.7	Sell1
61	GTATQ	[5D] [1Y]	03/14/11	08/15/11	154	$100,531.20	$120,319.90	$19,788.70	19.7% 83.8	Sell1

Figure 23. Allocation of Positions

CHAPTER 7: STRESS-TESTING

Figure 24.

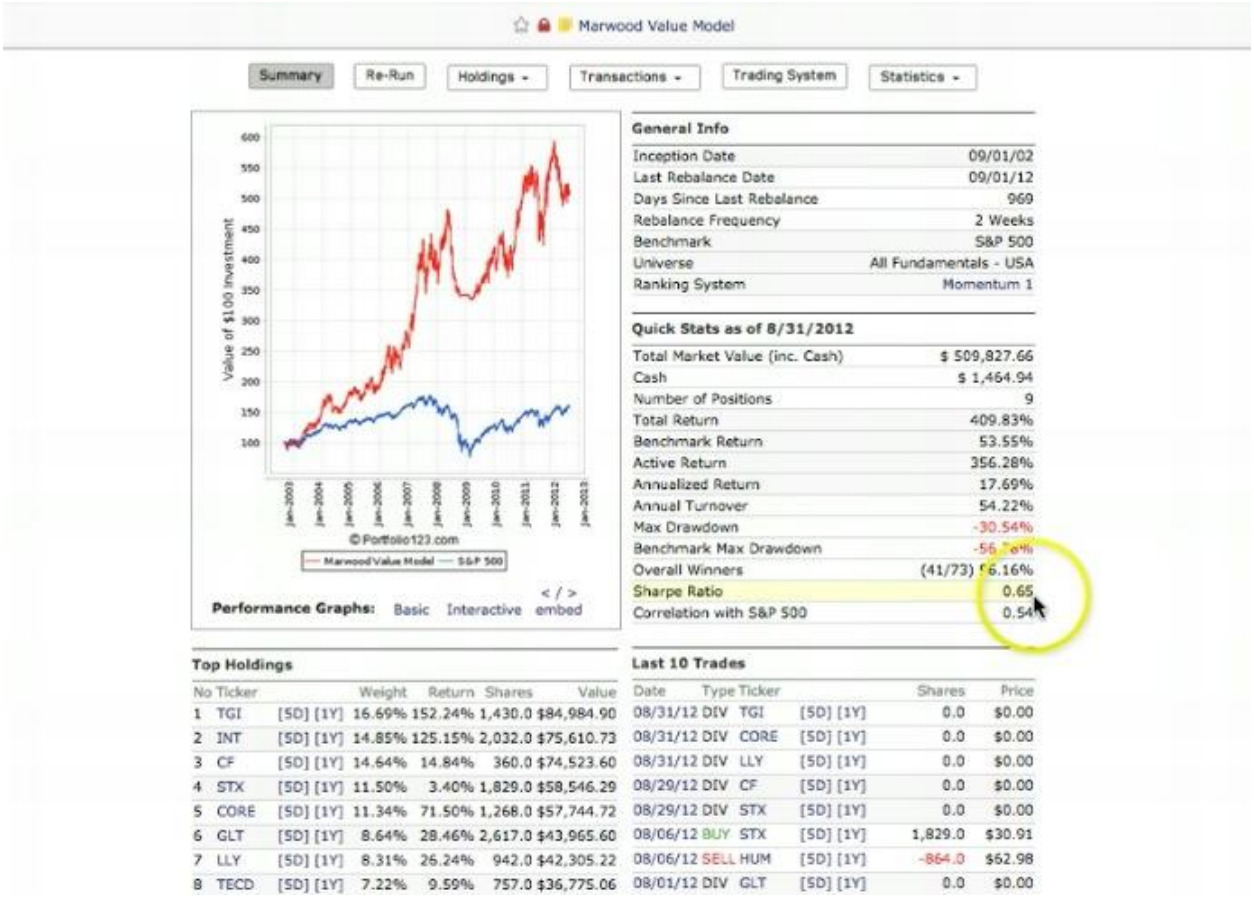


Figure 25.

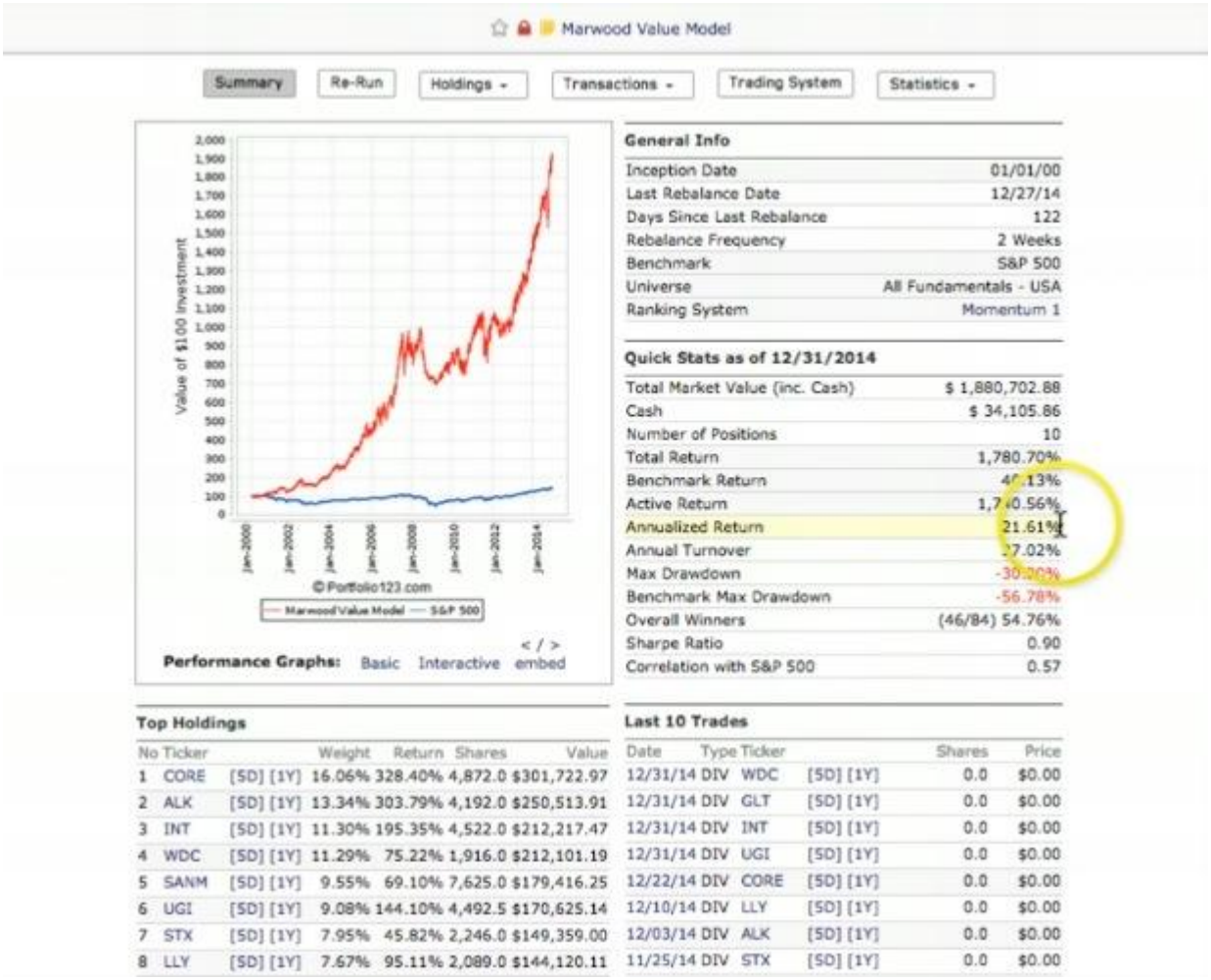

Marwood Value Model
Summary
Re-Run
Holdings
Transactions
Trading System
Statistics
Value of $100 Investment
© Portfolio123.com
Marwood Value Model
S&P 500
Performance Graphs: Basic Interactive embed
General Info
Inception Date 01/01/00
Last Rebalance Date 12/27/14
Days Since Last Rebalance 122
Rebalance Frequency 2 Weeks
Benchmark S&P 500
Universe All Fundamentals - USA
Ranking System Momentum 1
Quick Stats as of 12/31/2014
Total Market Value (inc. Cash) $ 1,880,702.88
Cash $ 34,105.86
Number of Positions 10
Total Return 1,780.70%
Benchmark Return
Active Return
Annualized Return 21.61%
Annual Turnover
Max Drawdown
Benchmark Max Drawdown -56.78%
Overall Winners (46/84) 54.76%
Sharpe Ratio 0.90
Correlation with S&P 500 0.57
Top Holdings
No Ticker Weight Return Shares Value
1 CORE [SD] [1Y] 16.06% 328.40% 4,872.0 $301,722.97
2 ALK [SD] [1Y] 13.34% 303.79% 4,192.0 $250,513.91
3 INT [SD] [1Y] 11.30% 195.35% 4,522.0 $212,217.47
4 WDC [SD] [1Y] 11.29% 75.22% 1,916.0 $212,101.19
5 SANM [SD] [1Y] 9.55% 69.10% 7,625.0 $179,416.25
6 UGI [SD] [1Y] 9.08% 144.10% 4,492.5 $170,625.14
7 STX [SD] [1Y] 7.95% 45.82% 2,246.0 $149,359.00
8 LLY [SD] [1Y] 7.67% 95.11% 2,089.0 $144,120.11
Last 10 Trades
Date Type Ticker Shares Price
12/31/14 DIV WDC [SD] [1Y] 0.0 $0.00
12/31/14 DIV GLT [SD] [1Y] 0.0 $0.00
12/31/14 DIV INT [SD] [1Y] 0.0 $0.00
12/31/14 DIV UGI [SD] [1Y] 0.0 $0.00
12/22/14 DIV CORE [SD] [1Y] 0.0 $0.00
12/10/14 DIV LLY [SD] [1Y] 0.0 $0.00
12/03/14 DIV ALK [SD] [1Y] 0.0 $0.00
11/25/14 DIV STX [SD] [1Y] 0.0 $0.00

Figure 26.

Marwood Value Model
Summary
Re-Run
Holdings
Transactions
Trading System
Statistics
Value of $100 investment
© Portfolio123.com
Marwood Value Model
S&P 500
Performance Graphs: Basic Interactive < / > embed
General Info
Inception Date 01/01/00
Last Rebalance Date 12/27/14
Days Since Last Rebalance 122
Rebalance Frequency 2 Weeks
Benchmark S&P 500
Universe All Fundamentals - USA
Ranking System Momentum 1
Quick Stats as of 12/31/2014
Total Market Value (inc. Cash) $ 163,530.94
Cash $ 551.45
Number of Positions 10
Total Return 1,535.31%
Benchmark Return 40.13%
Active Return 1,495.17%
Annualized Return 20.48%
Annual Turnover 39.45%
Max Drawdown -39.26%
Benchmark Max Drawdown -56.78%
Overall Winners (46/89) 51.69%
Sharpe Ratio 0.85
Correlation with S&P 500 0.57
Top Holdings
No Ticker Weight Return Shares Value
1 ALK [5D] [1Y] 18.00% 258.45% 492.0 $29,401.92
2 CORE [5D] [1Y] 14.18% 327.46% 374.0 $23,161.82
3 INT [5D] [1Y] 9.88% 195.16% 344.0 $16,143.92
4 ACCO [5D] [1Y] 9.40% 30.53% 1,704.0 $15,353.04
5 ANTM [5D] [1Y] 9.39% 87.04% 122.0 $15,331.74
6 WDC [5D] [1Y] 8.95% 71.15% 132.0 $14,612.40
7 SANM [5D] [1Y] 8.84% 69.04% 614.0 $14,447.42
8 UGI [5D] [1Y] 7.95% 143.91% 342.0 $12,989.16
Last 10 Trades
Date Type Ticker Shares Price
12/31/14 DIV WDC [5D] [1Y] 0.0 $0.00
12/31/14 DIV GLT [5D] [1Y] 0.0 $0.00
12/31/14 DIV INT [5D] [1Y] 0.0 $0.00
12/31/14 DIV UGI [5D] [1Y] 0.0 $0.00
12/22/14 DIV ANTM [5D] [1Y] 0.0 $0.00
12/22/14 DIV CORE [5D] [1Y] 0.0 $0.00
12/03/14 DIV ALK [5D] [1Y] 0.0 $0.00
11/25/14 DIV STX [5D] [1Y] 0.0 $0.00

Figure 27.

General Info

Inception Date	01/01/00
Last Rebalance Date	12/27/14
Days Since Last Rebalance	122
Rebalance Frequency	2 Weeks
Benchmark	S&P 500
Universe	S&P 1500 Index
Ranking System	Momentum 1

Quick Stats as of 12/31/2014

Total Market Value (inc. Cash)	$ 645,498.44
Cash	$ 6,457.55
Number of Positions	10
Total Return	545.50%
Benchmark Return	40.13%
Active Return	505.37%
Annualized Return	13.24%
Annual Turnover	32.33%
Max Drawdown	-34.04%
Benchmark Max Drawdown	-56.78%
Overall Winners	(37/69) 53.62%
Sharpe Ratio	0.55
Correlation with S&P 500	0.54

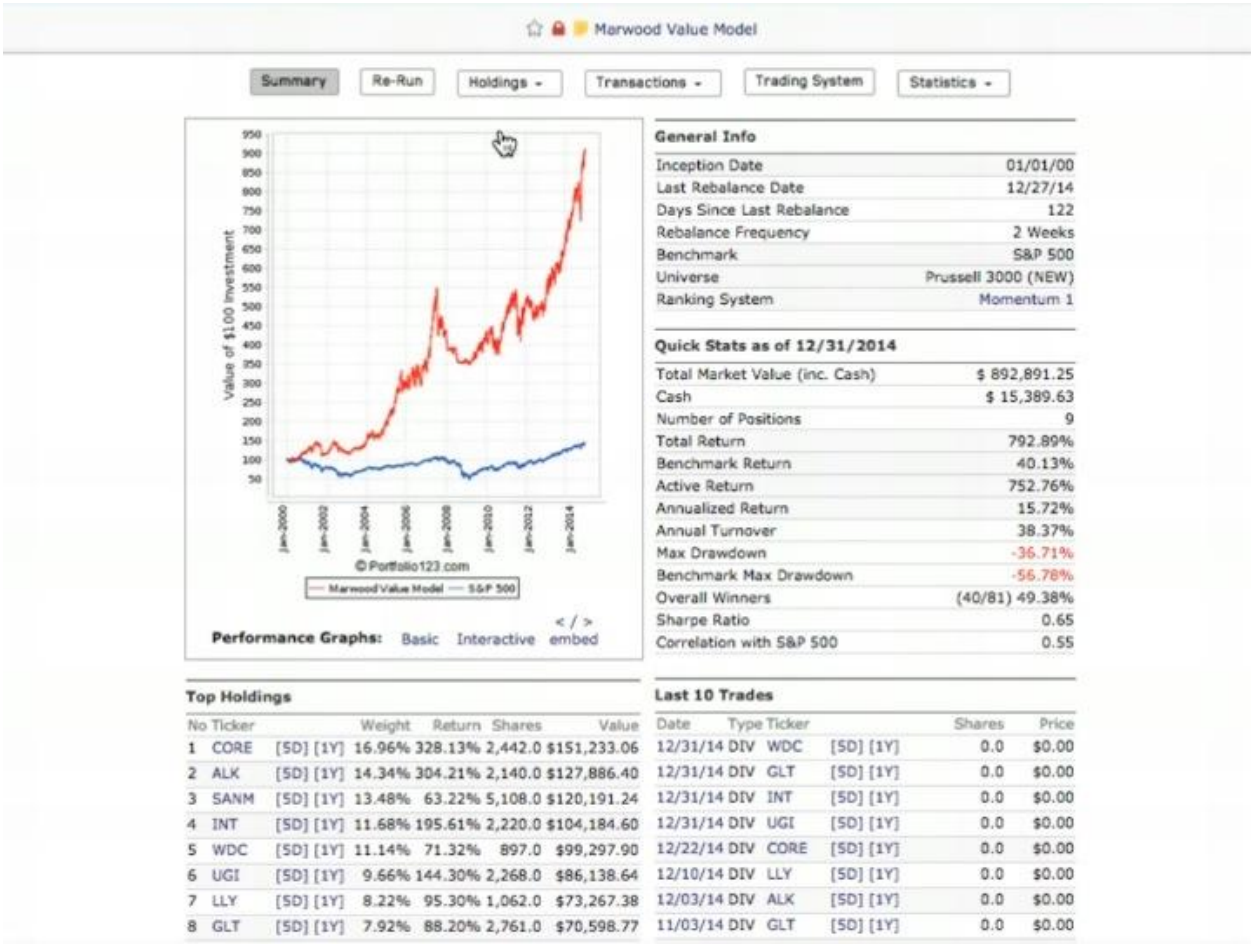
Top Holdings

No	Ticker		Weight	Return	Shares	Value
1	ALK	[5D] [1Y]	17.38%	304.26%	1,876.0	$112,109.76
2	ANTM	[5D] [1Y]	12.92%	87.23%	663.0	$83,319.21
3	WDC	[5D] [1Y]	11.00%	75.41%	641.0	$70,958.70
4	INT	[5D] [1Y]	10.12%	195.56%	1,390.0	$65,232.70
5	MU	[5D] [1Y]	9.67%	55.20%	1,782.0	$62,387.82
6	HRS	[5D] [1Y]	8.73%	53.17%	784.0	$56,306.88
7	CF	[5D] [1Y]	8.71%	65.84%	206.0	$56,143.24
8	UGI	[5D] [1Y]	8.36%	144.26%	1,419.0	$53,893.62

Last 10 Trades

Date	Type	Ticker		Shares	Price
12/31/14	DIV	WDC	[5D] [1Y]	0.0	$0.00
12/31/14	DIV	INT	[5D] [1Y]	0.0	$0.00
12/31/14	DIV	UGI	[5D] [1Y]	0.0	$0.00
12/22/14	DIV	ANTM	[5D] [1Y]	0.0	$0.00
12/10/14	DIV	LLY	[5D] [1Y]	0.0	$0.00
12/05/14	DIV	HRS	[5D] [1Y]	0.0	$0.00
12/03/14	DIV	ALK	[5D] [1Y]	0.0	$0.00
11/28/14	DIV	CF	[5D] [1Y]	0.0	$0.00

Figure 28.



General Info

Inception Date	01/01/00
Last Rebalance Date	12/27/14
Days Since Last Rebalance	122
Rebalance Frequency	2 Weeks
Benchmark	S&P 500
Universe	Prussell 3000 (NEW)
Ranking System	Momentum 1

Quick Stats as of 12/31/2014

Total Market Value (inc. Cash)	$ 892,891.25
Cash	$ 15,389.63
Number of Positions	9
Total Return	792.89%
Benchmark Return	40.13%
Active Return	752.76%
Annualized Return	15.72%
Annual Turnover	38.37%
Max Drawdown	-36.71%
Benchmark Max Drawdown	-56.78%
Overall Winners	(40/81) 49.38%
Sharpe Ratio	0.65
Correlation with S&P 500	0.55

Top Holdings

No	Ticker		Weight	Return	Shares	Value
1	CORE	[5D] [1Y]	16.96%	328.13%	2,442.0	$151,233.06
2	ALK	[5D] [1Y]	14.34%	304.21%	2,140.0	$127,886.40
3	SANM	[5D] [1Y]	13.48%	63.22%	5,108.0	$120,191.24
4	INT	[5D] [1Y]	11.68%	195.61%	2,220.0	$104,184.60
5	WDC	[5D] [1Y]	11.14%	71.32%	897.0	$99,297.90
6	UGI	[5D] [1Y]	9.66%	144.30%	2,268.0	$86,138.64
7	LLY	[5D] [1Y]	8.22%	95.30%	1,062.0	$73,267.38
8	GLT	[5D] [1Y]	7.92%	88.20%	2,761.0	$70,598.77

Last 10 Trades

Date	Type	Ticker		Shares	Price
12/31/14	DIV	WDC	[5D] [1Y]	0.0	$0.00
12/31/14	DIV	GLT	[5D] [1Y]	0.0	$0.00
12/31/14	DIV	INT	[5D] [1Y]	0.0	$0.00
12/31/14	DIV	UGI	[5D] [1Y]	0.0	$0.00
12/22/14	DIV	CORE	[5D] [1Y]	0.0	$0.00
12/10/14	DIV	LLY	[5D] [1Y]	0.0	$0.00
12/03/14	DIV	ALK	[5D] [1Y]	0.0	$0.00
11/03/14	DIV	GLT	[5D] [1Y]	0.0	$0.00

Figure 29.

Summary
Re-Run
Holdings
Transactions
Trading System
Statistics
Performance Chart Settings
DOWNLOAD
Compare With
S&P 500
1Y 2Y 3Y 5Y 10Y MAX
Additional (search)
Position
Behind
ADD
Toggle Log Scale
Interactive Graphs
Value of $100 Investment
% Max Drawdown
% Cash Invested
Leverage
Chart by Portfolio123.com
Marwood Value Model
S&P 500
Leverage
Share Image

CHAPTER 8: OBSTACLES AND VARIATIONS

Figure 30. Vanguard 500 exchange traded fund

Figure 31. iShares 7-10 Year Treasury Bond

Figure 32.

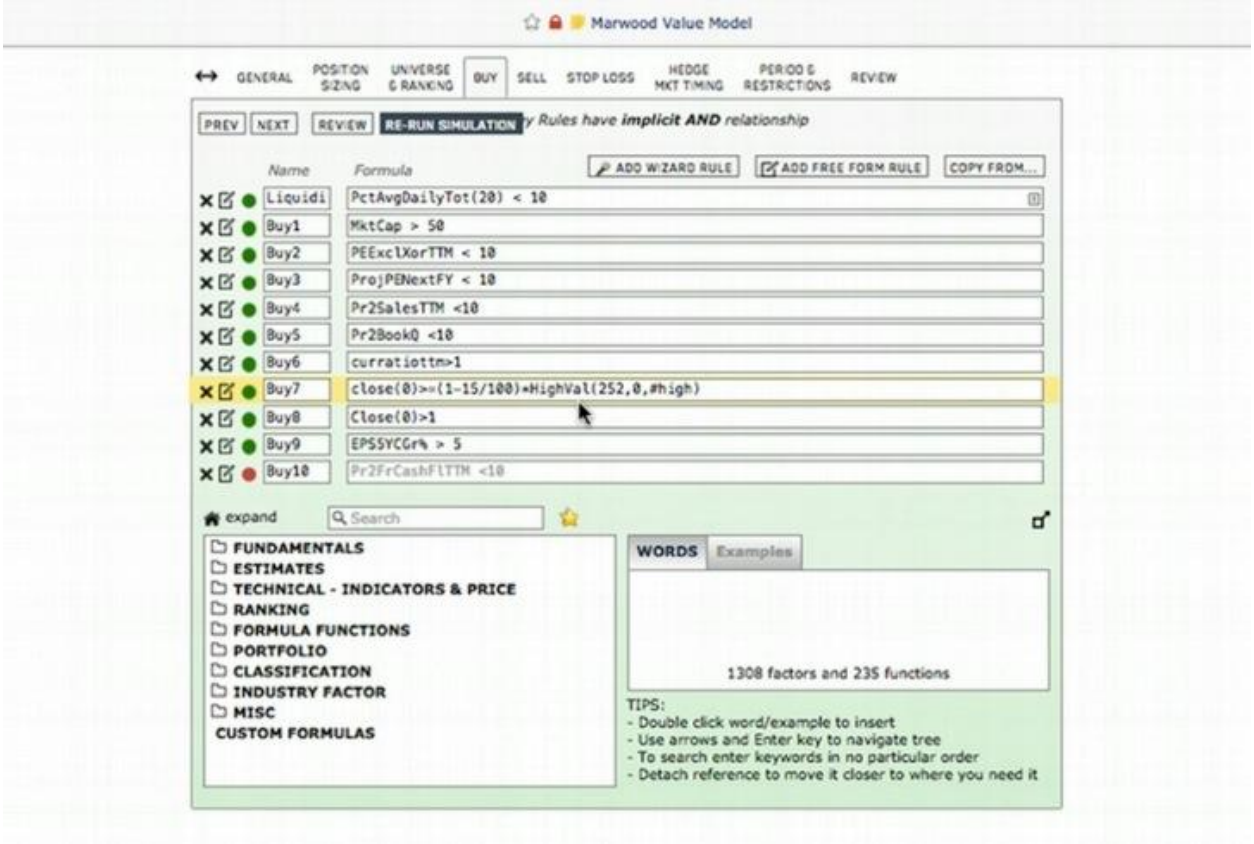
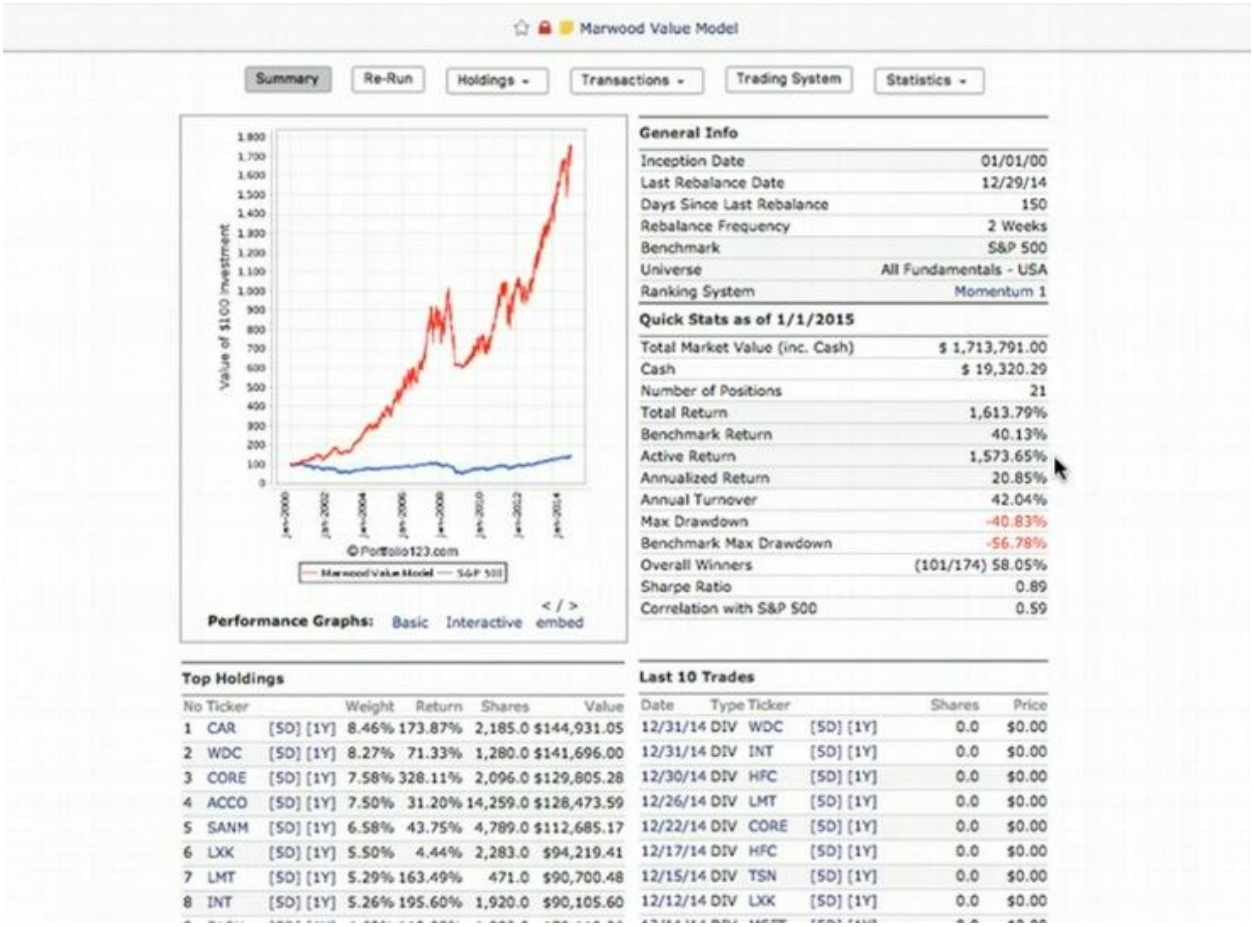

Marwood Value Model
GENERAL
POSITION SIZING
UNIVERSE & RANKING
BUY
SELL
STOP LOSS
HEDGE MKT TIMING
PERIOD & RESTRICTIONS
REVIEW
PREV
NEXT
REVIEW
RE-RUN SIMULATION
y Rules have implicit AND relationship
Name
Formula
ADD WIZARD RULE
ADD FREE FORM RULE
COPY FROM...
Liquidi
PctAvgDailyTot(20) < 10
Buy1
MktCap > 50
Buy2
PEExclXorTTM < 10
Buy3
ProjPENextFY < 10
Buy4
Pr2SalesTTM <10
Buy5
Pr2BookQ <10
Buy6
curratiottm>1
Buy7
close(0)>=(1-15/100)*HighVal(252,0,#high)
Buy8
Close(0)>1
Buy9
EPSSYCGr% > 5
Buy10
Pr2FrCashFlTTM <10
expand
Search
FUNDAMENTALS
ESTIMATES
TECHNICAL - INDICATORS & PRICE
RANKING
FORMULA FUNCTIONS
PORTFOLIO
CLASSIFICATION
INDUSTRY FACTOR
MISC
CUSTOM FORMULAS
WORDS
Examples
1308 factors and 235 functions
TIPS:
- Double click word/example to insert
- Use arrows and Enter key to navigate tree
- To search enter keywords in no particular order
- Detach reference to move it closer to where you need it

Figure 33.


Marwood Value Model
Summary
Re-Run
Holdings
Transactions
Trading System
Statistics
Value of $100 investment
©Portfolio123.com
Marwood Value Model
S&P 500
Performance Graphs: Basic Interactive < / > embed
General Info
Inception Date 01/01/00
Last Rebalance Date 12/29/14
Days Since Last Rebalance 150
Rebalance Frequency 2 Weeks
Benchmark S&P 500
Universe All Fundamentals - USA
Ranking System Momentum 1
Quick Stats as of 1/1/2015
Total Market Value (inc. Cash) $ 1,713,791.00
Cash $ 19,320.29
Number of Positions 21
Total Return 1,613.79%
Benchmark Return 40.13%
Active Return 1,573.65%
Annualized Return 20.85%
Annual Turnover 42.04%
Max Drawdown -40.83%
Benchmark Max Drawdown -56.78%
Overall Winners (101/174) 58.05%
Sharpe Ratio 0.89
Correlation with S&P 500 0.59
Top Holdings
No Ticker [SD] [1Y] Weight Return Shares Value
1 CAR [SD] [1Y] 8.46% 173.87% 2,185.0 $144,931.05
2 WDC [SD] [1Y] 8.27% 71.33% 1,280.0 $141,696.00
3 CORE [SD] [1Y] 7.58% 328.11% 2,096.0 $129,805.28
4 ACCO [SD] [1Y] 7.50% 31.20% 14,259.0 $128,473.59
5 SANM [SD] [1Y] 6.58% 43.75% 4,789.0 $112,685.17
6 LXK [SD] [1Y] 5.50% 4.44% 2,283.0 $94,219.41
7 LMT [SD] [1Y] 5.29% 163.49% 471.0 $90,700.48
8 INT [SD] [1Y] 5.26% 195.60% 1,920.0 $90,105.60
Last 10 Trades
Date Type Ticker [SD] [1Y] Shares Price
12/31/14 DIV WDC [SD] [1Y] 0.0 $0.00
12/31/14 DIV INT [SD] [1Y] 0.0 $0.00
12/30/14 DIV HFC [SD] [1Y] 0.0 $0.00
12/26/14 DIV LMT [SD] [1Y] 0.0 $0.00
12/22/14 DIV CORE [SD] [1Y] 0.0 $0.00
12/17/14 DIV HFC [SD] [1Y] 0.0 $0.00
12/15/14 DIV TSN [SD] [1Y] 0.0 $0.00
12/12/14 DIV LXK [SD] [1Y] 0.0 $0.00

CHAPTER 9: 10 MORE RULES FOR SUPER-SIZING RETURNS (QUALITATIVE)

Figure 34.

Alimera Sciences, Inc., a pharmaceutical company, engages in the research, development, and commercialization of prescription ophthalmic pharmaceuticals in the United States and internationally. The company focuses on diseases affecting the back of the eye or retina. The company offers ILUVIEN, an intravitreal implant for the treatment of diabetic macular edema (DME), which is a disease of the retina that affects individuals with diabetes could lead to severe vision loss and blindness. Its ILUVIEN is inserted in the back of the patient's eye to a placement site that uses the eye's natural fluid dynamics to deliver the corticosteroid fluocinolone acetonide (FAc). It license agreements with pSivida US, Inc. for the development and sale of ILUVIEN, and a delivery device to deliver other corticosteroids to the back of the eye for the treatment and prevention of eye diseases in humans (ot than uveitis) or to treat DME. Alimera Sciences, Inc. was founded in 2003 and is headquartered in Alpharetta, Georgia.

Insider Trading	Relationship	Date	Transaction	Cost	#Shares	Value ($)	#Shares Total	SEC Form 4
EISWIRTH RICHARD S JR	COO and CFO	Dec 16	Option Exercise	1.33	15,409	20,494	50,383	Dec 17 04:19 PM
Green Kenneth	SVP & Chief Scientific Officer	Dec 16	Option Exercise	1.33	44,118	58,677	92,353	Dec 17 04:18 PM
EISWIRTH RICHARD S JR	COO and CFO	Dec 16	Sale	2.30	15,409	35,399	34,974	Dec 17 04:19 PM
EISWIRTH RICHARD S JR	COO and CFO	Dec 15	Option Exercise	1.33	31,260	41,576	66,234	Dec 17 04:19 PM
EISWIRTH RICHARD S JR	COO and CFO	Dec 15	Sale	2.32	31,260	72,520	34,974	Dec 17 04:19 PM
Flynn James E	Possible Member of 10% Group	Dec 08	Buy	3.04	55,059	167,545	4,760,408	Dec 08 06:35 PM
Flynn James E	Possible Member of 10% Group	Dec 07	Buy	3.00	136,588	409,696	4,732,879	Dec 08 06:35 PM
Flynn James E	Possible Member of 10% Group	Dec 04	Buy	3.01	80,602	242,338	4,664,585	Dec 08 06:35 PM
Flynn James E	Possible Member of 10% Group	Dec 03	Buy	3.00	106,973	321,176	4,624,284	Dec 03 06:14 PM
Flynn James E	Possible Member of 10% Group	Dec 02	Buy	2.98	110,514	329,752	4,570,798	Dec 03 06:14 PM
Flynn James E	Possible Member of 10% Group	Dec 01	Buy	3.05	25,765	78,550	4,515,541	Dec 03 06:14 PM
Flynn James E	Possible Member of 10% Group	Nov 06	Buy	2.98	73,250	218,483	4,502,658	Nov 10 04:12 PM
Flynn James E	Possible Member of 10% Group	Oct 30	Buy	3.00	16,542	49,626	4,466,033	Nov 03 05:22 PM

Src: Finviz.com

Figure 35.

CHAPTER 10: GOING LIVE

Figure 36.

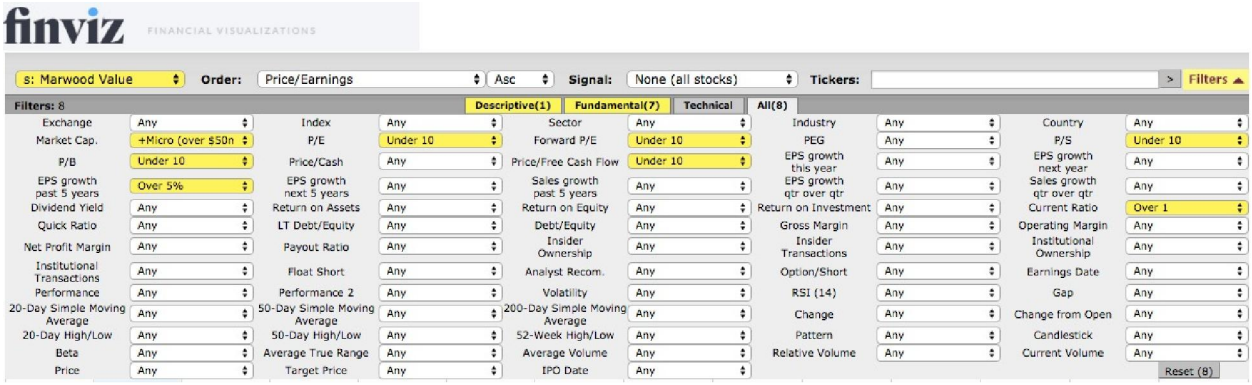
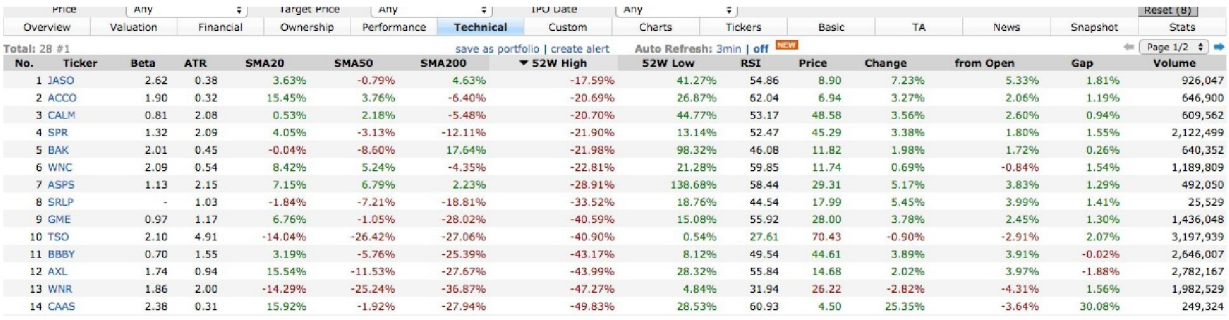


Figure 37.



CHAPTER 11: CONCLUSION

If you have any questions or feedback, feel free to email me directly at joe@jbmarwood.com and visit my blog at http://jbmarwood.com. Thank-you for listening.

BIBLIOGRAPHY & RECOMMENDED READING

Following are a list of the academic papers, articles and books that influenced this book.

PAPERS

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Books

What Works on Wall Street, James O' Shaugnessey

Security Analysis, Benjamin Graham

The Intelligent Investor, Benjamin Graham

Buffettology, Mary Anne Buffett

One Up on Wall Street, Peter Lynch

The Little Book That Still Beats The Market, Joel Greenblatt

Quantitative Investing, Fred Piard

4 and 20 Rules For Buying and Selling Shares, Nigel McCArter

A Random Walk Down Wall Street, Burton Malkiel

Screening the Market, Marc Gerstein (creator of Portfolio123)

The Inefficient Stock Market, Robert Haugen

Investment Valuation, Aswath Damodaran

Link to the video course

http://jbmarwood.com/valuecourse

CHAPTER 13: BONUS MATERIAL

Figure 38. VXX Chart

Figure 39.

XIV
Feb 10
O:19.91 H:20.48 L:16.52 C:17.01
Vol:259.25M
-0.14 (0.82%)
finviz.com
MONTHLY
55.00
50.00
45.00
40.00
35.00
30.00
25.00
20.00
17.01
15.00
10.00
5.00
0.00
1000M
800M
600M
400M
200M
2011
2012
2013
2014
2015
2016
XIV [NYSE]
VelocityShares Daily Inverse VIX ST ETN
Financial | Exchange Traded Fund | USA

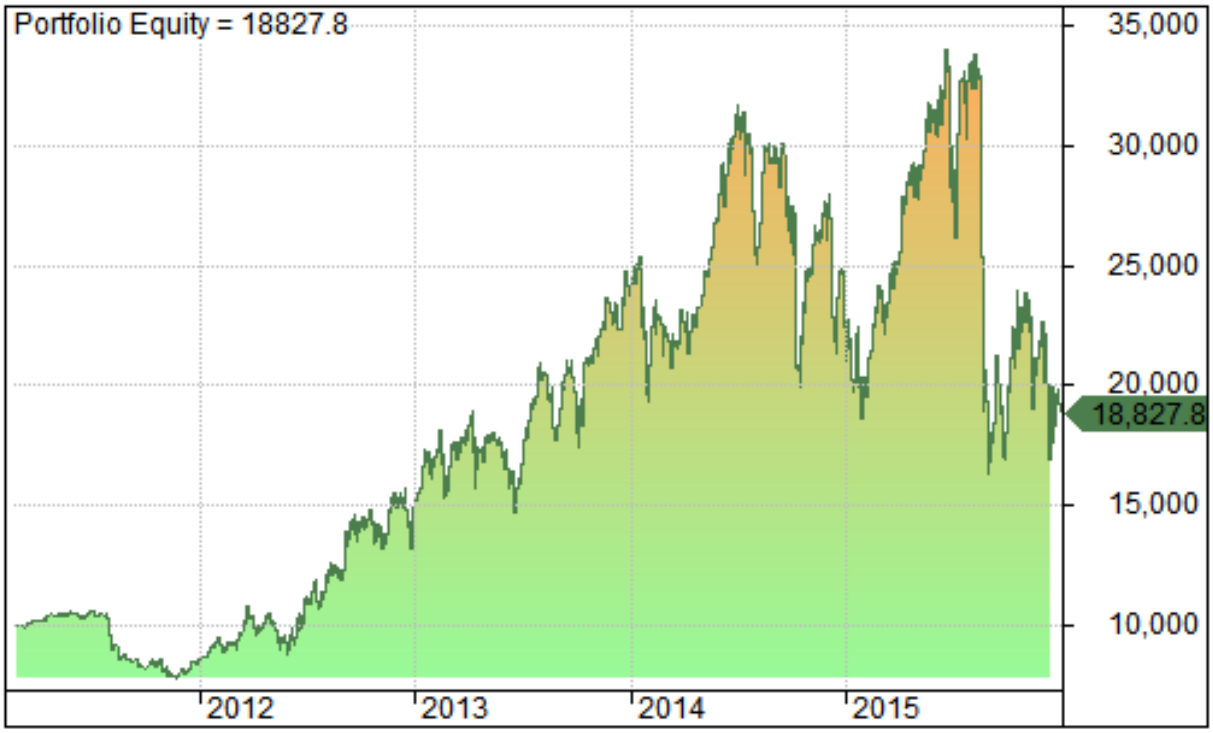
Figure 40.

Table 6.

	All trades
Initial capital	10000.00
Ending capital	18827.80
Net Profit	8827.80
Net Profit %	88.28 %
Exposure %	66.84 %
Net Risk Adjusted Return %	132.08 %
Annual Return %	13.97 %
Risk Adjusted Return %	20.90 %
Total transaction costs	0.00

Figure 41.

.


Portfolio Equity = 18827.8
35,000
30,000
25,000
20,000
18,827.8
15,000
10,000
2012
2013
2014
2015

About The Author

Joe Marwood is an independent trader and investor specialising in stock trading, stock investing and trading systems. He is a former professional futures trader and now operates through his own private company.

Marwood started his career trading the FTSE 100 future and German Bund for a trading firm in London, UK and he worked right through the financial crisis of 2008/2009. He has a passion for building mechanical trading strategies and uses a blend of fundamental and technical analysis to find low-risk investment opportunities. He was taught how to trade by the former head of trading at a leading German investment bank and is also an established financial writer, author of a number of books on stock trading, and a regular Seeking Alpha contributor. He is also the owner of http://jbmarwood.com and http://profitsquawk.com