



## Model Goals

- Seek growth primarily through capital appreciation by capturing short-, mid-, or long-term trends
- Seek to reduce investment risk through the use of risk control measures

The Equity Growth Model is intended for investors who:

- Wish to employ an active approach to portfolio management
- Are comfortable with portfolio turnover resulting from active management
- Are comfortable with investments in common stock in domestic and / or global markets

**Minimum Account Size: \$100,000**

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Note: This Factsheet is intended to be viewed in conjunction with **WDC Advised Portfolios – An Introduction** brochure.

## Model Thesis

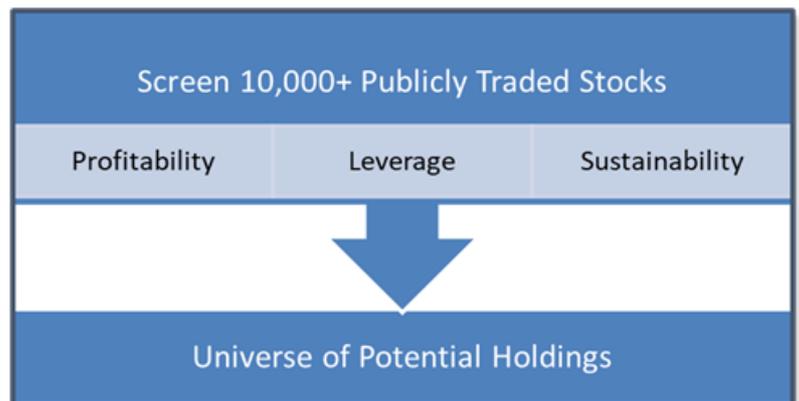
- Stocks of businesses that experience higher sales revenues, better profitability, and lower debt than their peers tend to attract investor's capital over time.
- Owning the stocks with these characteristics when those stocks are exhibiting positive Relative Strength Trends potentially positions a portfolio for compelling growth over time.

## Model Strategy

1	<b>Develop an Inventory of Investment Possibilities</b>
2	<b>Rank each Investment Possibility by Relative Strength</b>
3	<b>Buy or Hold Investment Possibilities which have high relative strength at time of purchase</b>
4	<b>Maintain Risk Controls</b>
5	<b>Monitor and Reallocate as needed</b>

## An Inventory of Investment Possibilities

**1** Our process begins with screening a broad universe of common stocks in an effort to identify companies with sustainable business models, high Return on Assets relative to their peers, increasing revenues and net margins, low debt ratios, and strong capital positions. Those stocks that are identified through this screening are added to an Inventory of Investment Possibilities. We describe this inventory as the Universe of Potential Holdings.



# Equity Growth Model

An investment model based on Fundamentals, Relative Strength, and Market Trends

## Relative Strength Journal Sample

	6/30/2016	6/29/2016
1	Kellogg Co. +1	Emerson Electric -4
2	ASML Holding NV +1	Kellogg Co. -2
3	Vornado Realty Trust +4	ASML Holding NV 0
4	Emerson Electric -3	Norfolk Southern +2
5	S&P 500 Equal Weight 0	S&P 500 Equal Weight 0
6	Norfolk Southern -2	Infosys Technologies -2
7	First Trust Technology +2	Vornado Realty Trust +3
8	Infosys Technologies -2	Mondelez International -1
9	National Grid Group +2	First Trust Technology -1

## Picking Investment Possibilities

**2** **3** Universe of Potential Holdings constituents are ranked according to Relative Strength vs. all other constituents and vs. multiple benchmark indices.

The model seeks to purchase and hold candidates that are in positive Relative Strength Trends and sell candidates that are in negative Relative Strength Trends.

By combining robust financial screens with Relative Strength assessments, the Equity Growth model seeks to hold a portfolio of fundamentally sound companies which are exhibiting high Relative Strength and positive trends at the time of purchase.

## Active Management

**4** **5** Model holdings are reviewed and monitored on an ongoing basis. As securities rise in value, positions may be trimmed to harvest gains. Once a company's Relative Strength begins to weaken, the model will typically begin to sell shares of that company to reduce exposure to that position.

Model diversification is achieved through effective position sizing. Strategic stop and limit orders may be utilized to further reduce risk.

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