# NDR U.S. Large-Cap Multi-Factor Stock Focus List
*Fact Sheet as of 01/31/2025*

To learn more about NDR's turnkey portfolios please contact investmentsolutions@ndr.com

## Objective and Strategy

Identify long-term capital appreciation opportunities through undervalued and high quality large cap stocks.

A multi-factor model ranks stocks across a broad universe. Some factors the model accounts for include valuation, profitability and price momentum.

## Key Facts

- First Published: 09/01/2023
- Active stock selection
- Monthly rebalancing
- Last rebalance: 01/31/2025
- Approx. 40 holdings, equally weighted
- Domestic equity universe
- Large market cap range
- Sector allocation unconstrained
- Annual fees: 0.40% of assets
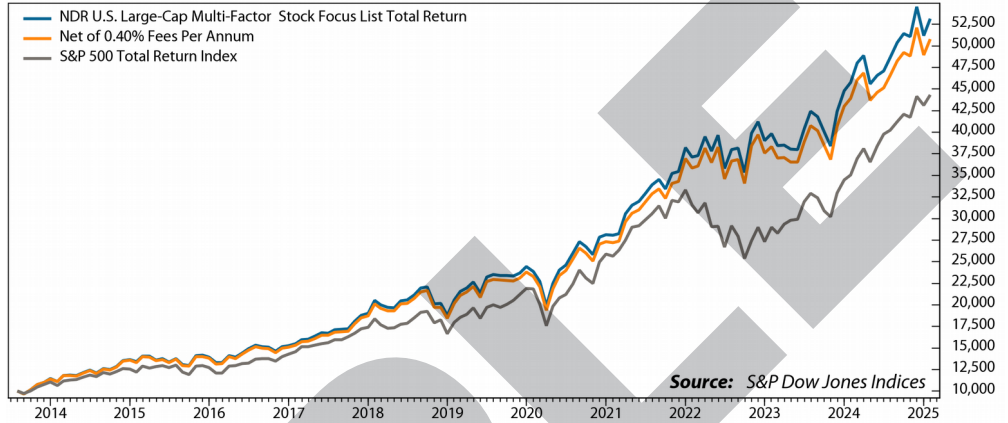  (see FEES detail below)

## Profile

- Turnover: 273%
- Median Forward P/E: 23.3x
- Median Market Cap: $70.8 billion
- Average Dividend Yield: 1.57%
- % Long-Term Gains: 15.18%

## Top 10 Holdings by Market Cap

1. Apple Inc
2. Wal-Mart Inc
3. Exxon Mobil Corp
4. Salesforce Inc
5. T-Mobile US Inc
6. ServiceNow Inc
7. AT&T Inc
8. Booking Holdings Inc
9. Charles Schwab Corporation
10. Lowes Cos Inc

## Hypothetical Growth of $10,000 Investment



Legend:
- NDR U.S. Large-Cap Multi-Factor Stock Focus List Total Return
- Net of 0.40% Fees Per Annum
- S&P 500 Total Return Index

*Source:* S&P Dow Jones Indices

### Annualized Performance (%)    (Download Monthly Returns)

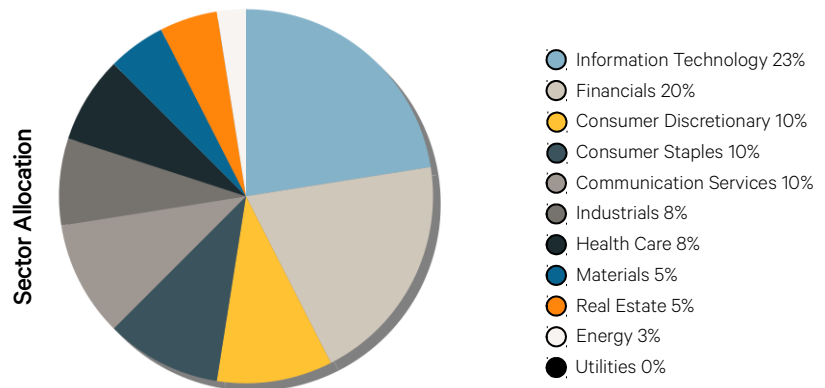| | 1 Yr | 3 Yr | 5 Yr | 10 Yr |
|---|---|---|---|---|
| NDR U.S. Large-Cap Multi-Factor Focus List Total Return | 16.07 | 12.74 | 17.34 | 14.76 |
| Net of 0.40% Fees Per Annum | 15.61 | 12.29 | 16.87 | 14.30 |
| S&P 500 Total Return Index | 26.30 | 11.90 | 15.15 | 13.74 |

*All presented performance represents hypothetical model results; NDR does not have any assets trading this model. Results prior to the first published date are a backtest. As such, these results have limitations, including, but not limited to: results do not reflect actual trading by specific clients; net returns reflect an estimated fee; hypothetical performance is no guarantee of future results; model performance may not reflect an adviser's decision making for individual clients.*

### Selected Risk Statistics

| | Beta | Upside Capture | Downside Capture | Maximum Drawdown |
|---|---|---|---|---|
| NDR U.S. Large-Cap Multi-Factor Focus List Total Return | 0.92 | 98.63 | 87.37 | -18.73% (12/31/2019-04/01/2020) |
| Net of 0.40% Fees Per Annum | 0.92 | 97.46 | 88.18 | -18.81% (12/31/2019-04/01/2020) |
| S&P 500 Total Return Index | 1.00 | 100.00 | 100.00 | -23.87% (12/31/2021-10/01/2022) |

### Portfolio Composition %    (Download Historical Sector Composition)



Sector Allocation

- Information Technology 23%
- Financials 20%
- Consumer Discretionary 10%
- Consumer Staples 10%
- Communication Services 10%
- Industrials 8%
- Health Care 8%
- Materials 5%
- Real Estate 5%
- Energy 3%
- Utilities 0%

### Style Box

| | Value | Blend | Growth |
|---|---|---|---|
| Large | 42.5% | 30.0% | 27.5% |
| Mid | 0.0% | 0.0% | 0.0% |
| Small | 0.0% | 0.0% | 0.0% |

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## Current Focus List   [(Download Holdings Table)](#)

| Ticker | Company Name | Sector | Industry | Score | Price | Mkt Cap (bil$) | Div Yield | New |
|--------|--------------|--------|----------|-------|-------|---------------|-----------|-----|
| BKNG | Booking Holdings Inc | Consumer Discretionary | Hotels, Restaurants & Leisure | 81.8 | 4738 | 157 | 0.74 | |
| AAPL | Apple Inc | Information Technology | Hardware, Storage, Peripherals | 78.7 | 236 | 3545 | 0.42 | |
| GILD | Gilead Sciences Inc | Health Care | Biotechnology | 78.0 | 97 | 121 | 3.17 | |
| MO | Altria Group Inc | Consumer Staples | Tobacco | 77.8 | 52 | 89 | 7.81 | |
| SCHW | Charles Schwab Corporation | Financials | Capital Markets | 77.0 | 83 | 147 | 1.31 | |
| FIS | Fidelity Natl Info Svcs Inc | Financials | Financial Services | 77.0 | 81 | 44 | 1.96 | |
| FICO | Fair Isaac Corporation | Information Technology | Software | 76.8 | 1874 | 46 | 0.00 | |
| EA | Electronic Arts Inc | Communication Services | Entertainment | 75.8 | 123 | 32 | 0.62 | |
| LOW | Lowes Cos Inc | Consumer Discretionary | Specialty Retail | 75.7 | 260 | 147 | 1.77 | |
| PYPL | PayPal Holdings Inc | Financials | Financial Services | 75.5 | 89 | 89 | 0.00 | |
| T | AT&T Inc | Communication Services | Diversified Telecom Services | 75.4 | 24 | 170 | 4.68 | |
| RMD | ResMed Inc | Health Care | Health Care Equipment & Supplies | 75.2 | 236 | 35 | 0.90 | ✓ |
| TEAM | Atlassian Corp CL A | Information Technology | Software | 74.7 | 307 | 50 | 0.00 | |
| PH | Parker Hannifin Corporation | Industrials | Machinery | 74.4 | 707 | 91 | 0.92 | |
| CL | Colgate Palmolive Company | Consumer Staples | Household Products | 74.4 | 87 | 71 | 2.31 | |
| MSI | Motorola Solutions Inc | Information Technology | Communications Equipment | 74.4 | 469 | 78 | 0.93 | |
| AMP | Ameriprise Financial Inc | Financials | Capital Markets | 74.1 | 543 | 53 | 1.09 | |
| CRM | Salesforce Inc | Information Technology | Software | 74.0 | 342 | 327 | 0.47 | ✓ |
| KMB | Kimberly-Clark Corp | Consumer Staples | Household Products | 73.9 | 130 | 43 | 3.88 | |
| HPQ | HP Inc | Information Technology | Hardware, Storage, Peripherals | 73.9 | 33 | 30 | 3.56 | ✓ |
| DASH | DoorDash Inc -Cl A | Consumer Discretionary | Hotels, Restaurants & Leisure | 73.7 | 189 | 73 | 0.00 | |
| VRSK | Verisk Analytics Inc | Industrials | Professional Services | 73.1 | 287 | 41 | 0.54 | |
| GWW | WW Grainger Inc | Industrials | Trading Companies & Distributors | 73.1 | 1063 | 52 | 0.77 | |
| TMUS | T-Mobile US Inc | Communication Services | Wireless Telecommunication Services | 73.0 | 233 | 270 | 1.51 | |
| SPG | Simon Property Group Inc | Real Estate | Retail REITs | 72.5 | 174 | 57 | 4.83 | |
| WMT | Wal-Mart Inc | Consumer Staples | Consumer Staples Dist & Retail | 72.4 | 98 | 789 | 0.85 | |
| MSCI | MSCI Inc | Financials | Capital Markets | 72.0 | 597 | 47 | 1.21 | ✓ |
| ECL | Ecolab Inc | Materials | Chemicals | 72.0 | 250 | 71 | 1.04 | |
| NOW | ServiceNow Inc | Information Technology | Software | 71.7 | 1018 | 210 | 0.00 | ✓ |
| MET | MetLife Inc COM | Financials | Insurance | 71.4 | 87 | 60 | 2.52 | |
| XOM | Exxon Mobil Corp | Energy | Oil, Gas & Consumable Fuels | 71.3 | 107 | 470 | 3.71 | |
| FI | Fiserv Inc | Financials | Financial Services | 71.1 | 216 | 123 | 0.00 | |
| MCK | McKesson Corporation | Health Care | Health Care Providers & Services | 71.1 | 595 | 75 | 0.48 | |
| IT | Gartner Inc | Information Technology | IT Services | 70.7 | 543 | 42 | 0.00 | |
| MRVL | Marvell Technology Inc | Information Technology | Semiconductors & Semi Equip | 70.4 | 113 | 98 | 0.21 | |
| PSA | Public Storage | Real Estate | Specialized REITs | 70.0 | 298 | 52 | 4.02 | ✓ |
| HLT | Hilton Worldwide Holdings Inc | Consumer Discretionary | Hotels, Restaurants & Leisure | 69.5 | 256 | 62 | 0.23 | ✓ |
| AIG | American International Group | Financials | Insurance | 69.4 | 74 | 46 | 2.17 | |
| TTD | Trade Desk Inc -CL A | Communication Services | Media | 69.3 | 119 | 53 | 0.00 | ✓ |
| DD | DuPont de Nemours Inc | Materials | Chemicals | 69.2 | 77 | 32 | 1.98 | ✓ |

Deletions: Cencora Inc (COR), Valero Energy Corporation (VLO), Verizon Communications Inc (VZ), Chevron Corporation (CVX), Marathon Petroleum Corporation (MPC) RTX Corp (RTX), Caterpillar Inc (CAT), Mastercard Incorporated -CL A (MA), Procter & Gamble Co (PG)

*Stocks without scores are no longer in the universe and will be removed at the next portfolio rebalance. The New column reflects newly included stocks relative to the last rebalance date.

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## Risk Measure Definitions

- **Alpha:** A relative measure of a strategy's return compared to the S&P 1500 Total Return Index. An alpha greater than zero means the strategy's return has been above the S&P 1500 Total Return Index, an alpha of zero indicates that the strategy's return has been in line with the S&P 1500 Total Return Index, and an alpha less than zero implies that the strategy's return has been below the S&P 1500 Total Return Index

- **Beta:** A relative measure of a strategy's risk against the S&P 1500 Total Return Index. A beta greater than one means the strategy is theoretically more volatile than the S&P 1500 Total Return Index, a beta of one indicates that the strategy moves equally with the S&P 1500 Total Return Index, and a beta less than one implies that the strategy theoretically is less volatile than the S&P 1500 Total Return Index.

- **Downside Capture:** measures whether the strategy has outperformed the benchmark during periods of benchmark weakness. The ratio takes the strategy's monthly return during months when the benchmark had a negative return and divides it by the benchmark return during that same month. A downside capture ratio under 100 indicates that a strategy has generally outperformed the benchmark during periods of negative returns for the benchmark.

- **Downside Deviation:** A statistical measure of dispersion focused on downside risk. Like standard deviation, only using negative returns.

- **Information Ratio:** measures the expected active return of the portfolio divided by the amount of portfolio risk relative to the benchmark. The higher the information ratio, the higher the active return of the portfolio, given the amount of portfolio risk.

- **Maximum Drawdown:** The largest peak to trough percentage decline for a strategy.

- **Sharpe Ratio:** A risk-adjusted performance measure for a unit of risk. It is calculated by dividing the difference between a strategy's return and the risk-free rate (measured as 3-month U.S. Treasury bills) by the standard deviation of the strategy's return.

- **Standard Deviation:** A statistical measure of dispersion about an average, which depicts how widely returns varied over a certain period of time. When a strategy has a high standard deviation, the predicted range of performance is wide, implying greater volatility.

- **Upside Capture:** measures whether the strategy has outperformed the benchmark during periods of benchmark strength. The ratio takes the strategy's monthly return during months when the benchmark had a positive return and divides it by the benchmark return during that same month. An upside capture ratio over 100 indicates that a strategy has generally outperformed the benchmark during periods of positive returns for the benchmark.

- **% Long-Term Gains:** measures the number of closed positions with positive returns held for more than one year relative to the total number of closed positions with positive returns from inception. This number can help with determining the tax implications from applying the strategy to taxable accounts.

### Risk Measures (%)

| Last 5 Years | Gross | Net of 0.4% Fees Per Annum | S&P 500 Total Return Index |
|---|---|---|---|
| Alpha | 2.77 | 2.33 | 0.00 |
| Beta | 0.92 | 0.92 | 1.00 |
| Downside Capture | 87.37 | 88.18 | 100.00 |
| Downside Deviation | 8.48 | 8.54 | 9.05 |
| Information Ratio | 0.29 | 0.22 | N/A |
| Sharpe Ratio | 0.95 | 0.92 | 0.84 |
| Standard Deviation | 14.81 | 14.80 | 14.62 |
| Upside Capture | 98.63 | 97.46 | 100.00 |
| Max Drawdown | -18.7 (12/31/2019-02/28/2020) | -18.8 (12/31/2019-02/28/2020) | -23.9 (12/31/2021-08/31/2022) |

## Stock Selection Factors

- **Free Cash Flow / Enterprise Value:** Operating cash flow less cash dividends plus capital expenditures divided by market value of equity plus debt plus preferred stock minus cash and cash equivalents. A higher number is typically a sign of undervaluation.

- **Accruals Ratio:** Net income minus (cash flow from operating activities plus cash flow from investing activities) divided by total assets. The accruals ratio measures the non-cash portion of the earnings. Lower levels have historically been positive for a stock.

- **Operating Cash Flow / Assets:** A higher ratio indicates that the company is more efficient in using its assets, which tends to lead to higher returns.

- **52-Week - 4-Week Momentum:** The difference between the 52- and four-week price rates of change. As a technical factor, it can be used in either a trend-following or a contrarian way depending on the universe and macro environment..

- **Shareholder Yield:** Trailing 12-month net stock repurchases, cash dividends, and net debt reduction divided by market cap. A higher number indicates greater shareholder value per share, which normally leads to higher stock returns.

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