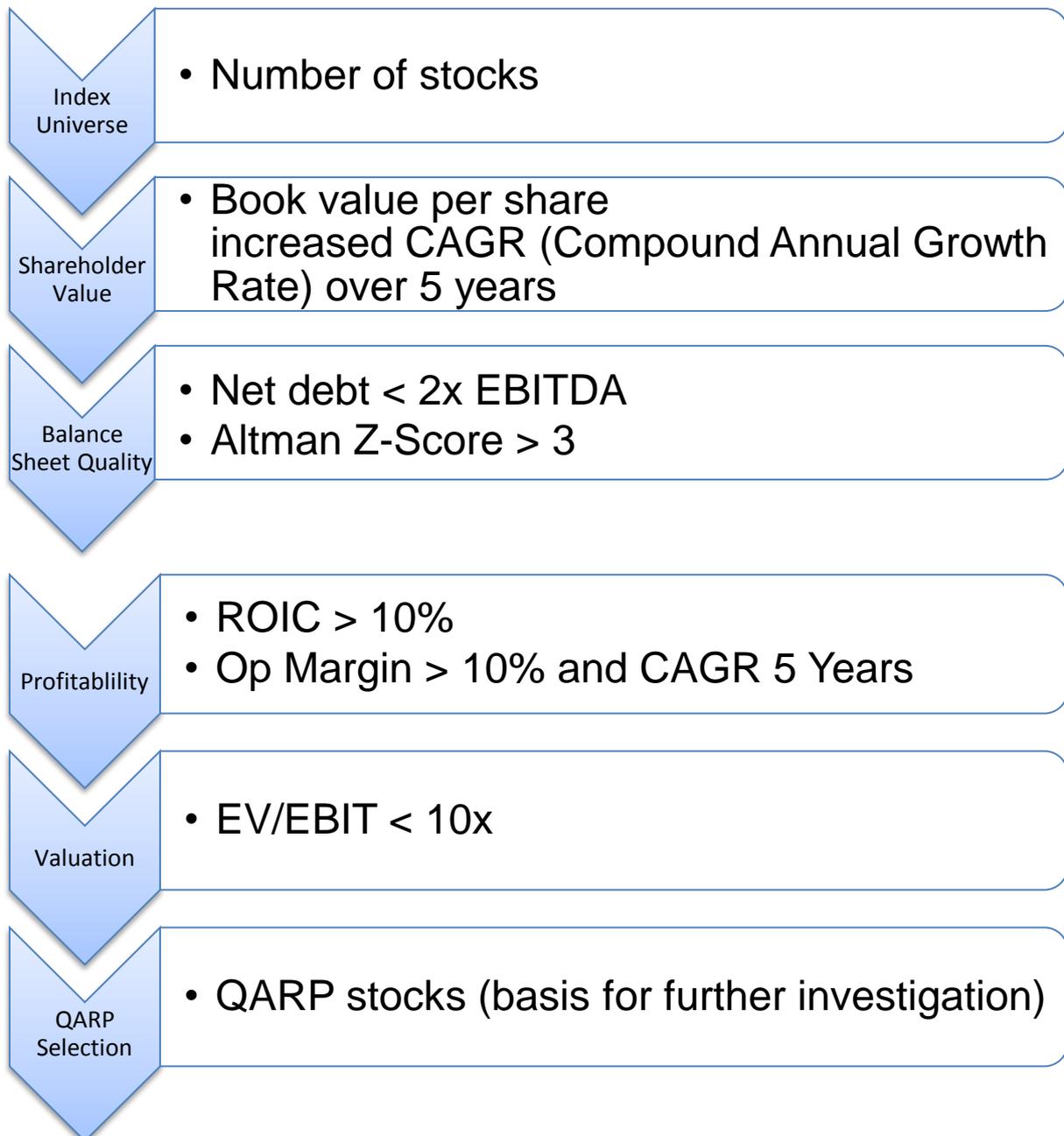


Screening Example of possible QARP stocks: QARP Selection Process with 6 Filter Criterias

(Quality at a Reasonable Price)



What you have to know:

A Screener is not a Rating System, that goes into Scoring and Backtesting in order to get to an efficient Investment Strategy !

(Expl. Combining Quality/Value/Growth Scores to a QVG Action Score)

A rating system may have stocks at the top of the list that **fail** certain criterias. That's why each variable is weighted in the final formula. Stocks outside of the ideal ranges are penalized.

The goal of a Screening Tool is to simply get stocks that pass specific numbers.

The more filters a stock has to pass, the bigger the drop in performance.

Just because stocks can pass a 8 point checklist, it doesn't mean it's a buy. It could be the total opposite where you are too strict and end up only allowing mediocre upside stocks to pass through.

When you create a ranking system (or even a screener) the higher the number of criteria, the worse the performance becomes.

When picking individual stocks, making sure a stock passes lots of checks is a good strategy because you allocate based on your conviction. However, when you try to employ any sort of quantitative strategy, it is not a good idea to list 20 different criteria that must be passed.

Of all the tests I've performed, a strategy with lots of checks consistently lose to the market by a wide margin.

And the results are pathetic.

It severely handcuffs the number of stocks that pass and the screen ultimately fails.

When you pick stocks individually, you have to be precise and picky.

For anything quant based, it needs to be looser as you are buying a bunch.

Use the power of combining Quality, Value and Growth all together!

Risk of just using one Ranking System with for expl. focus on Value:

If you focus too much on one strategy like Value, it's not an easy one to follow. There is a lot of volatility. If you can't stomach big moves and have faith in the process, you are doomed.

If you focus too much on beating the market each year instead of an absolute long term return, you are doomed also.

