

MARKET BEATERS LLC 



CAN WE REALLY BEAT THE MARKET?

ZACH POLLATSEK



AGENDA



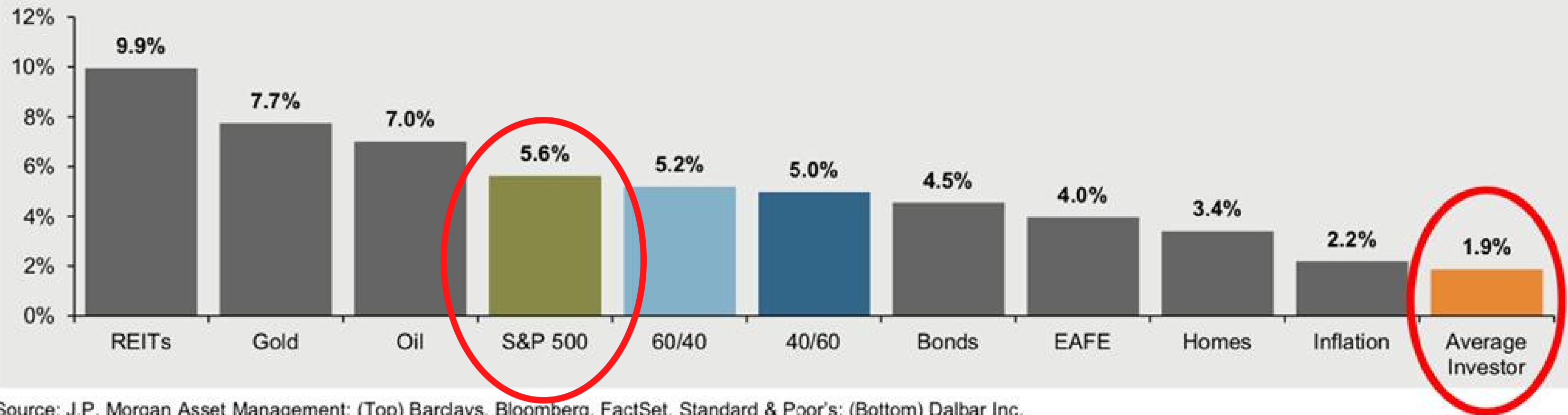
- BACKGROUND
- DATA

- MODEL
PERFORMANCE

- CONCLUSIONS
- NEXT STEPS

BACKGROUND

20-year annualized returns by asset class (1999 – 2018)



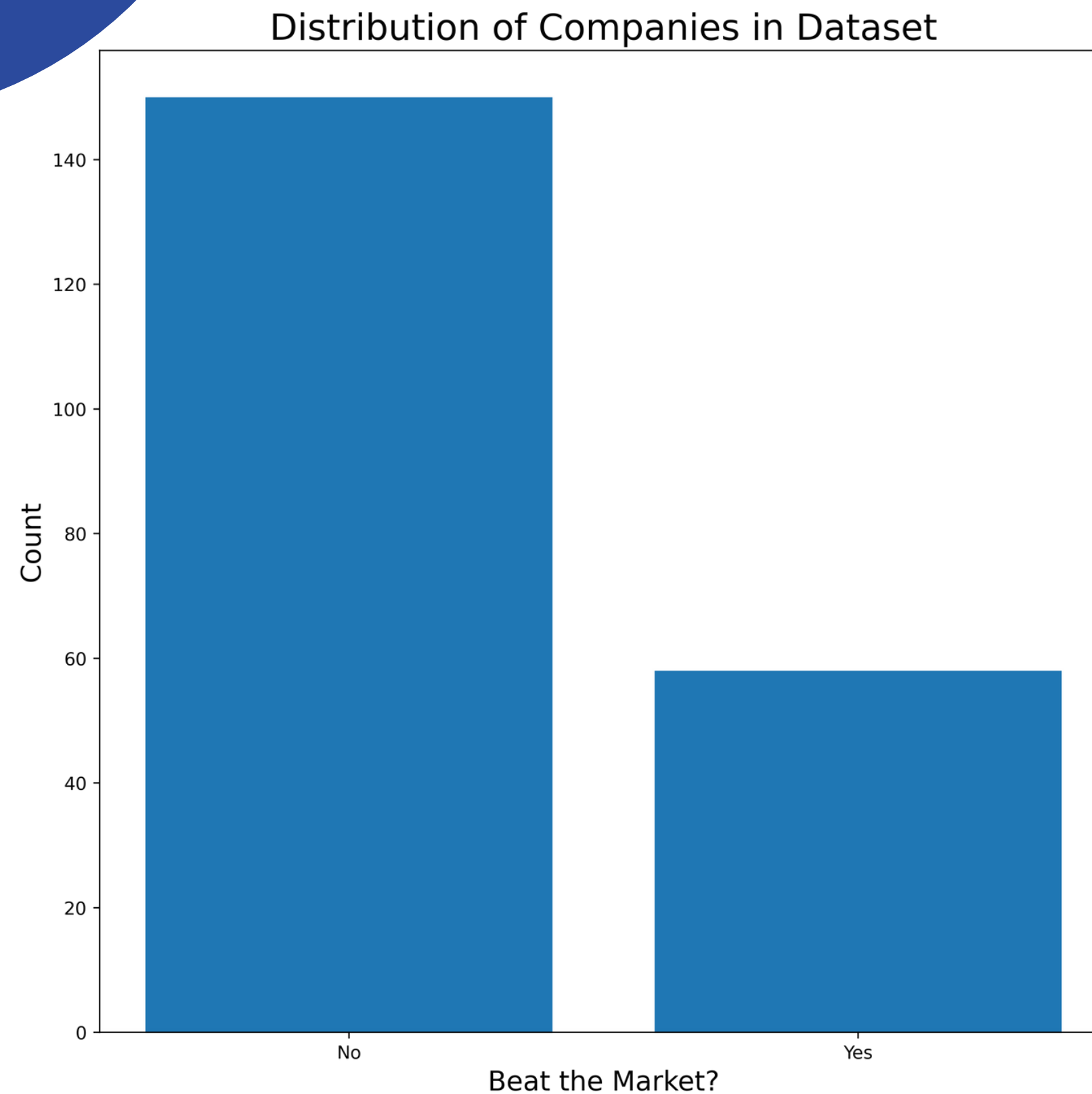
Source: J.P. Morgan Asset Management; (Top) Barclays, Bloomberg, FactSet, Standard & Poor's; (Bottom) Dalbar Inc.
Indices used are as follows: REITS: NAREIT Equity REIT Index, EAFE: MSCI EAFE, Oil: WTI Index, Bonds: Bloomberg Barclays U.S. Aggregate Index, Homes: median sale price of existing single-family homes, Gold: USD/troy oz., Inflation: CPI. 60/40: A balanced portfolio with 60% invested in S&P 500 Index and 40% invested in high-quality U.S. fixed income, represented by the Bloomberg Barclays U.S. Aggregate Index. The portfolio is rebalanced annually. Average asset allocation investor return is based on an analysis by Dalbar Inc., which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior. Returns are annualized (and total return where applicable) and represent the 20-year period ending 12/31/18 to match Dalbar's most recent analysis.
Guide to the Markets – U.S. Data are as of March 31, 2019.

J.P.Morgan
Asset Management

PROBLEM

- 1 REFRAME PREDICTING THE MARKET
- 2 IDENTIFY COMPANIES THAT WIN IN THE LONG RUN
- 3 PORTFOLIO ALLOCATION



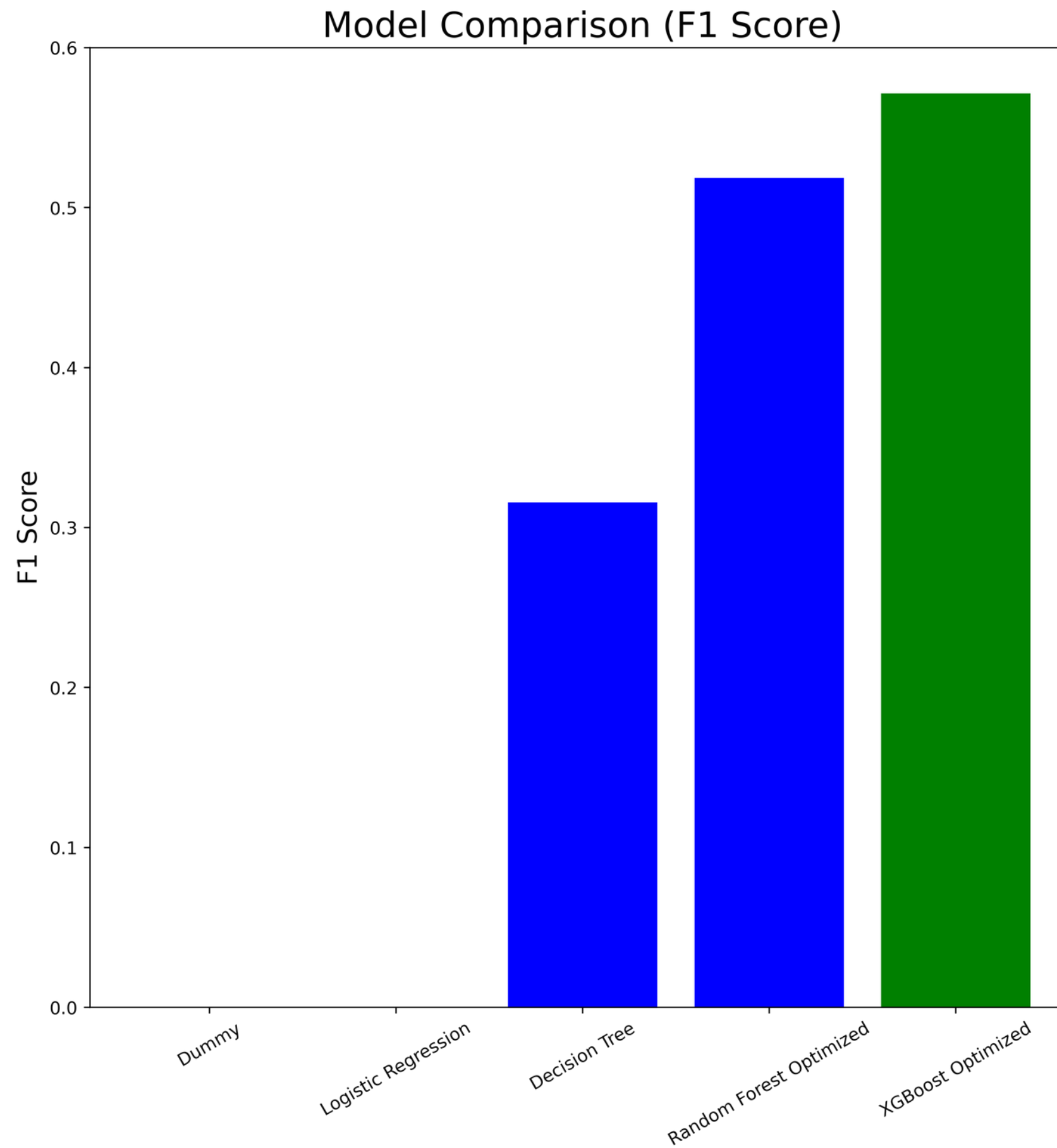
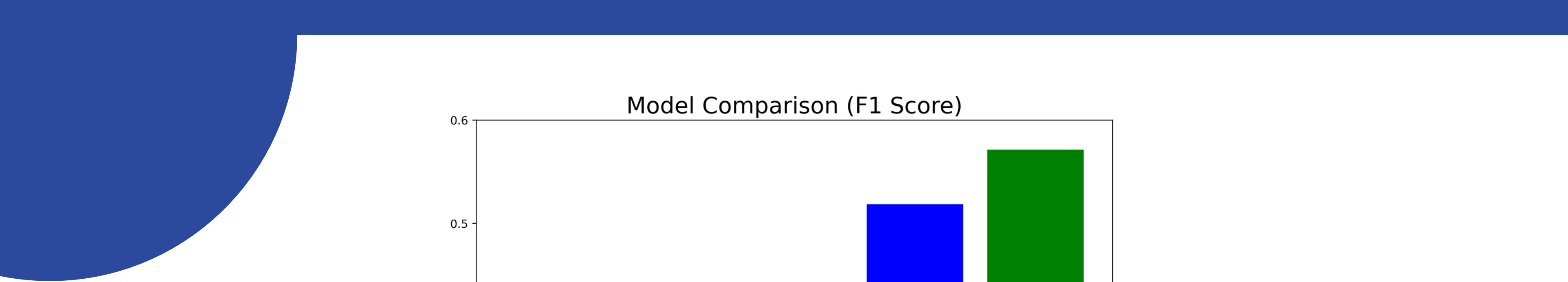


DATA

ANNUAL FILINGS FOR PUBLIC
COMPANIES FROM 2009-2012

MODELING



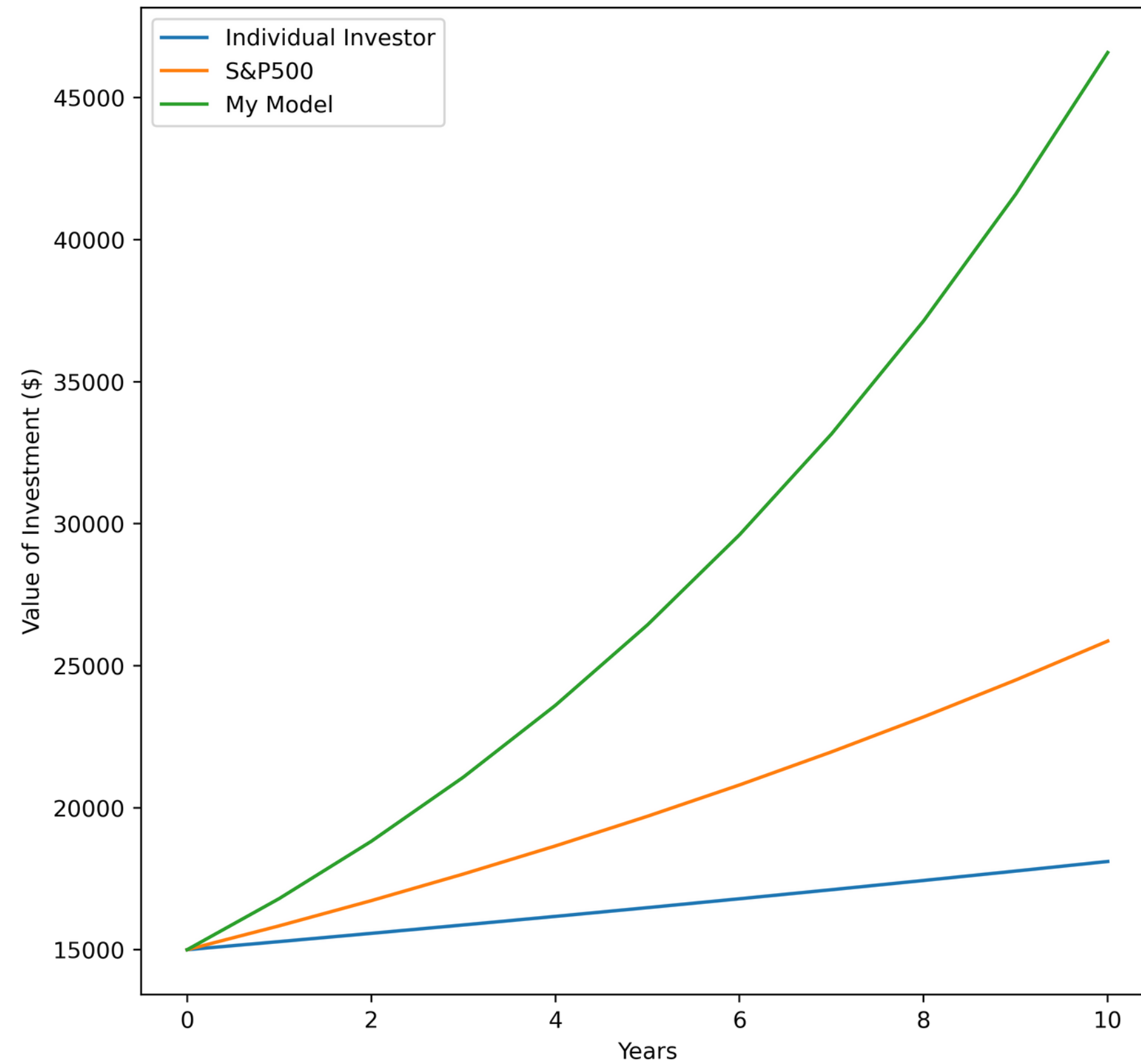


RESULTS

- 1 40% F1 SCORE ON UNSEEN DATA
- 2 15 COMPANIES FROM TEST SET IDENTIFIED AS MARKET BEATERS
- 3 CREATED A WINNING PORTFOLIO OF 15 COMPANIES



PORTFOLIO PERFORMANCE



CONCLUSION

INITIAL MODEL SHOWS PROMISING RESULTS

A PORTFOLIO CREATED FROM THE TEST DATA SET RETURNED ~12% CAGR

MODEL IS BEST USED FOR CONSTRUCTING A PORTFOLIO

NEXT STEPS

1 MORE STANDARDIZED DATA

2 FURTHER TUNE MODEL

3 DEPLOY AN APP



THANK YOU



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