Empowering Investors Using Proven Quantitative Strategies

*Model portfolios, stock & ETF analysis and idea generation tools using the time-tested strategies of great investors, including Buffett, Lynch, Graham and other demonstrable investing methods & investment factors.*

Validea's Stock Research suite is a web-based investment research tool that analyzes stocks using a series of systematic, fundamentally-oriented investing models that are based on the strategies of Wall Street legends and other demonstratable investing methods. The service consists of 22 "guru"-inspired models and time-tested investment strategies that are used in individual stock analysis, new investment idea generation, model portfolios, stock ratings and additional features like our ETF models portfolios and the ETF Screener, Market Valuation tool and Trend Following system.

All of Validea's individual guru models were selected based on their track records of long-term market outperformance. The "guru" models are all fundamental-based strategies that utilize financial, valuation, and price-based criteria to analyze stocks. The models will select small-, mid- and large-cap stocks and their styles, while primarily value-based, also incorporate aspects of growth, momentum, and income stock-selection approaches. The models, which are outlined in detail below, are based on the stock-picking approaches of well-known investors such as Warren Buffett, Ben Graham, Martin Zweig, John Neff and many others. They sit at the foundation of our investing system. Stocks in the investment universe are filtered through each "guru" model and obtain a final score (on a scale of 0% to 100%) based on how closely they match each model's strict selection criteria and factor scoring.

This product paper was developed to help give investors a more thorough understanding of both the tools and research available on Validea and the strategies that sit at the heart of our investing system. Below the product overview you will find a summary of the stock selection methodologies captured on Validea, the book or academic paper utilized in extracting the specific methodology, and an outline of the most important fundamental factors utilized in each model.
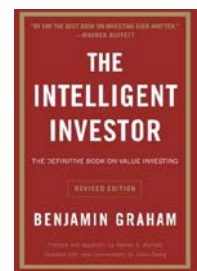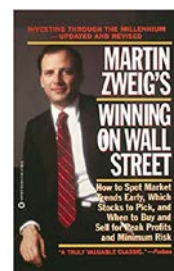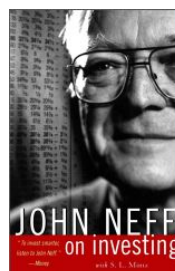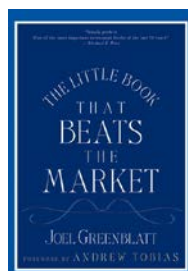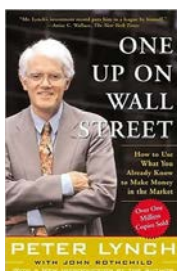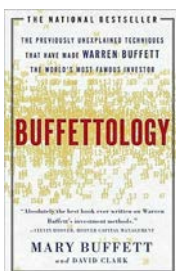

*Computerizing 22 Investment Approaches
Modeled after History's Greatest Investors & Other
Demonstrable & Proven Strategies*

Product/Feature Overview

Guru Analysis

Validea's Guru Analysis offers a step by step fundamental analysis of any stock using our interpretation of the strategies of Wall Street Legends like Warren Buffett, Peter Lynch and Benjamin Graham. Users can analyze over 6,000 stocks across 22 distinct models to see why a stock passes or fails a particular methodology. Strategies consist of as few as two factors to upwards of 20. To view a full set of guru strategies and the tiers between Validea Standard and Validea Pro plans, see the below. Scores are rendered daily based on previous day pricing and most current fundamentals.
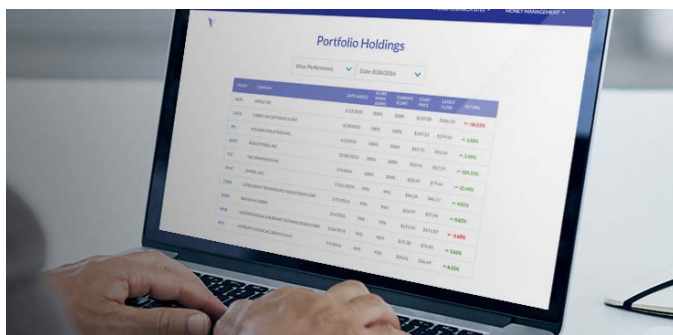
Model Portfolios
### (Guru, Consensus, Country, Industry Portfolios)

We've developed portfolios based on the investment strategies of history's most successful stock pickers, including Peter Lynch, Warren Buffett, Benjamin Graham, Martin Zweig, Ken Fisher and Joel Greenblatt. Validea's industry and country portfolios contain the highest scoring stocks according to our system in each industry or country/region.

Users have the ability to view 10 and 20 stock model portfolios that are changed monthly, quarterly, annually and tax efficiently. Changes are made on set dates, making the portfolios changes easy to view and follow. Each portfolio contains the historical and year-by-year performance record, a full set of historical holdings, portfolio positions and changes. Model portfolio inception range from mid-2003 to late 2008.

In addition to the guru-centric model portfolios, there are two consensus-based models and a number of country and industry based portfolios consisting of the stocks that get the highest scores from multiple strategies simultaneously.

Stock Screener

Screen for stocks passing the proven strategies of Wall Street Legends like Warren Buffett, Peter Lynch and Benjamin Graham. The screening application also allows for strategies to be combined (i.e. different models to seek stocks that score highly by more than one approach) and allows for users to add in their own fundamental filters to further refine the list of investment ideas.
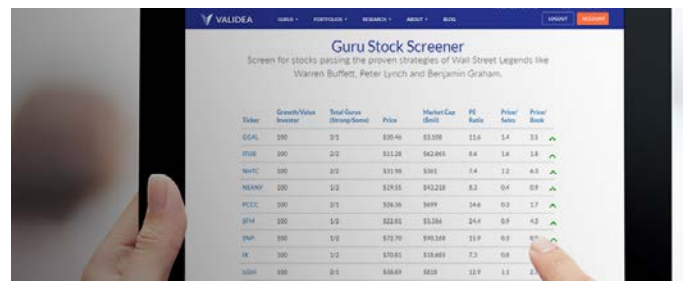
ETF Factor Report & Screener

Validea's ETF Factor report provides factor exposures and other fundamental data for US equity ETFs. Using the report, investors can find unique and valuable data such as active share, fee for active share, concentration analysis and view exposures across factors, sectors and industries. The ETF Factor screener enables investors to find new ETF ideas by screening on exposures, fees, sector exposures and other fundamental criteria.

ETF Model Portfolios

In addition to active stock selection models based on gurus, users can also access our ETF model portfolios. Validea has extensively studied the academic research and the work of some of the most successful investing firms and have identified ETF selection strategies that have stood the test of time. These models are used to select the ETFs for our portfolios and vary across the risk and return spectrum. Validea's ETF model portfolios have performance statistics back to late 2006.

- **Factor & Factor Rotation ETF Portfolios**: These portfolios look at valuation, momentum, and macroeconomic factors to determine the best factors to invest in today. These portfolios cover all the major factors, including size, value, momentum, quality, and low volatility.

- **Sector & Sector Rotation ETF Portfolios:** Our sector portfolios use the same factor timing system to select the sectors that are the most likely to outperform the market going forward and then combines them into multi-sector portfolios.

- **Risk-Managed ETF Portfolios**: These portfolios invest in a variety of asset classes, including bonds, stocks, commodities, and real estate. They use time-tested systems to invest in the asset classes with the best risk and return trade-off at any given time. They are a valuable tool for investors who want to manage risk and limit large drawdowns.

ETF Model Portfolio Line-Up

Risk-Managed ETF Models	Factor/Sector ETF Models
Protective Asset Allocation	Factor Rotation - Composite
Modified Permanent Portfolio	Factor Rotation - Momentum
Modified All Weather Portfolio	Factor Rotation - Macro
All Weather Portfolio	Factor Rotation – Value
Permanent Portfolio	
Generalized Protective Momentum	Sector Rotation - Value
Robust Asset Allocation	Sector Rotation - Momentum
	Sector Rotation - Macro
	Sector Rotation – Composite

Note: All Factor & Sector ETF Portfolios are in Validea Pro only and are also run with a trend following overlay for down risk control.

Trend Following

Trend Following is a technical system that is used to move into and out of stocks and other asset classes when technical conditions deteriorate and re-enter the position when positive technical signs emerge. Validea's Trend Following is run on all major asset classes, investment styles, sectors and even on our Guru Model Portfolios.

Trend Following on 45 Unique Asset, Investment Classes and Guru Portfolios

S&P 500	MSCI EAFE	EM Bonds	Energy	Validea's
R2K	Gold	Retail	Financials	22 Guru
Dev. Intl	REITs	Healthcare	Technology	Models
EM	Commodities	Industrials	Homebuilders	
NASDAQ 100	Preferred Stock	High Yield Bonds	Consumer Staples	All Style/
Dow Jones	Private Equity	Int Term Bonds	Basic Materials	Sizes

And More ...

- **Real-time email alerting system on stock, strategy and portfolio changes:** Follow your favorite stocks, guru strategies and model portfolios and receive an email notification when anything changes.

- **Guru Stock reports with Buy-Sell ratings:** Validea's professional stock reports provide a detailed analysis of any given stock and combine the hundreds of data points that we analyze together to create a simple letter grade ranging from A to F for each stock. Our research has indicated that A rated stocks produce significant market outperformance over time.

- **Valuation metrics on overall market and segments of the market using widely followed ratios:** View the current market valuation in a historical context using a variety of valuation metrics.

- **Individual equity Upgrades and Downgrades based on the guru strategies.** Daily stock rating changes keep you updated on the stocks that are moving the most in fundamental score across our guru model set. This is a good way to tabs on those stocks that are shifting from being more or less attractive based on the fundamentals, valuations and price momentum.

Bringing It All Together In One Tool

Validea's Stock & ETF Research suite offers active investors a unique set of stock analysis and investment idea generation tools based on proven fundamental strategies of investing greats and other time-tested investing methods. Some investors may utilize the tools as a way to validate a new or existing investment from a fundamental standpoint, while others may seek out new investment ideas using the stock screener, guru or ETF model portfolios. For investors who believe fundamentals and discipline matter, who admire great investors like Buffett and Lynch and who are looking for a competitive and differentiating edge in today's market,

Pricing / Feature Matrix:

Package:	Validea Standard			Validea Professional		
Term:	Monthly	Quarterly	Annual	Monthly	Quarterly	Annual
Price:	**$29.95**	**$74.95**	**$269.95**	**$99.95**	**$269.95**	**$899.95**
Guru Analysis (original 12 guru models)	✔			✔		
Guru Stock Screener (original 12 guru models)	✔			✔		
Guru Model Portfolios (original 12 guru models)	✔			✔		
Trend Following (Stocks, Asset, Gurus)	✔			✔		
ETF Model Portfolios (Asset Allocation models)	✔			✔		
Market Valuation	✔			✔		
Hot List Newsletter	✔			✔		
Guru Rating Changes	✔			✔		
My Validea Email Alerts	✔			✔		
Stock Factor Report	✔			✔		
ETF Factor Report	✔			✔		
ETF Screener	✔			✔		
Enhanced Guru Analysis (all 22 guru models)				✔		
Enhanced Guru Screener (all 22 guru models)				✔		
Enhanced Guru Portfolios (all 22 guru models)				✔		
Tax Efficient Guru Model Portfolios (all)				✔		
ETF Model Portfolios (all 23 models)				✔		
Industry and Country Portfolios				✔		
Trend Following (Stocks, Asset, All Gurus, Styles, Sectors)				✔		
Guru Stock Reports				✔		
My Validea Pro Email Alerts				✔		
Validea Guru Investor Blog	✔			✔		
Phone, Chat & Email Support	✔			✔		

Multi-Media & Top Investing Commentary

Below you'll find a series of links to interviews, webinars and some of our most popular investing articles. These may be helpful as you look to learn about Validea, our investing system, the background of those who work here and what we believe contributes to successful long term investing.

The Meb Faber Show Podcast: There Is No Strategy That Outperformed the Stock Market Every Single Year. **Listen**.

The Acquirer's Podcast: Justin Carbonneau – Guru Stocks, How To Replicate The Strategies Of Value Gurus. **Listen**.

Webinar - Our Newly Launched Models: An overview of the 10 new models we recently added to the site. **Watch Now**.

Webinar - Modeling the Strategies of Buffett, Graham and Other Investing Greats (presented to Interactive Brokers): John Reese walks investors through the systematic stock selection approaches of history's greatest investors: Warren Buffett, Ben Graham and others. **Watch Now**.

Article Supplements
- Wide Moats and Validea's Buffett-based Investment Model. **Watch now**
- Twin Momentum: A Combination of Fundamental and Price Momentum in Stock Selection. **Watch now**.

Original Validea Articles

The Case Against Value Stocks

10 Reasons Why It's Tough to be a True "Intelligent Investor"

Finding Deep Value Stocks with the Acquirer's Multiple

The Double Edged Sword of Avoiding Value Traps

The Most Hated (And Most Loved) Investing Factor

Lessons From Over a Decade of Managing Money Using Quant Strategies

The Underappreciated Role of Luck in Investing

If You Take Risk, Get Compensated for It

Never Say Never

Trying to Put the Struggles of Value Investing in Context

Twin Momentum: A Combination of Fundamental & Price Momentum

The Balance Between Simple and Complex in Investing

The Losing Battle to Consistently Beat the Market

How Active is Buffett's Portfolio?

Momentum Investing - the What, the Why, the How and the Risks

Validea.com Quantitative Guru Model Matrix
A breakdown of what models are included in Validea Standard & Validea Professional

Model Name	Guru	Source (book or academic paper)	Standard	Pro
Patient Investor	Warren Buffett	*Buffettology*	☑	☑
Value Investor	Benjamin Graham	*The Intelligent Investor*	☑	☑
P/E/Growth Investor	Peter Lynch	*One Up on Wall Street*	☑	☑
Price/Sales Investor	Ken Fisher	*Super Stocks*	☑	☑
Growth Investor	Martin Zweig	*Winning on Wall Street*	☑	☑
Earnings Yield Investor	Joel Greenblatt	*The Little Book that Beats the Market*	☑	☑
Growth/Value Investor	James O'Shaughnessy	*What Works on Wall Street (1st Ed)*	☑	☑
Low P/E Investor	John Neff	*John Neff on Investing*	☑	☑
Contrarian Investor	David Dreman	*Contrarian Investment Strategies*	☑	☑
Small Cap Growth Investor	The Motley Fool	*The Motley Fool Investment Guide*	☑	☑
Book/Market Investor	Joseph Piotroski	*Value Investing: The Use Of Historical Financial Statement Information*	☑	☑
Momentum Investor	Validea	*Validea Internal*	☑	☑
P/B Growth Investor	Partha Mohanram	*Separating Winners from Losers among Low Book-to-Market Stocks*		☑
Multi-Factor Investor	Pim van Vliet	*The Conservative Formula*		☑
Quant Momentum Investor	Wesley Gray	*Quantitative Momentum*		☑
Acquirer's Multiple Investor	Tobias Carlisle	*The Acquirer's Multiple*		☑
Earnings Revision Investor	Wayne Thorp	*How to Profit From Revisions in Analysts' Earnings Estimates*		☑
Millennial Investor	Patrick O'Shaughnessy	*Millennial Money*		☑
Twin Momentum Investor	Dashan Huang	*Twin Momentum: Fundamental Trends Matter*		☑
Shareholder Yield Investor	Meb Faber	*Shareholder Yield*		☑
Value Composite Investor	James O'Shaughnessy	*What Works on Wall Street (4th Ed)*		☑
Private Equity Investor	Validea	*Leveraged Small Value Equities*		☑