



Cynthia McLaughlin

Investment Editor

VMQ Stocks Annual Portfolio Review January 9, 2025

Agenda

- VMQ Stocks Methodology Overview
- Model Portfolio Characteristics
- 2024 Review
- 2025 Outlook
- VMQ Subscriber Resources
- Q&A

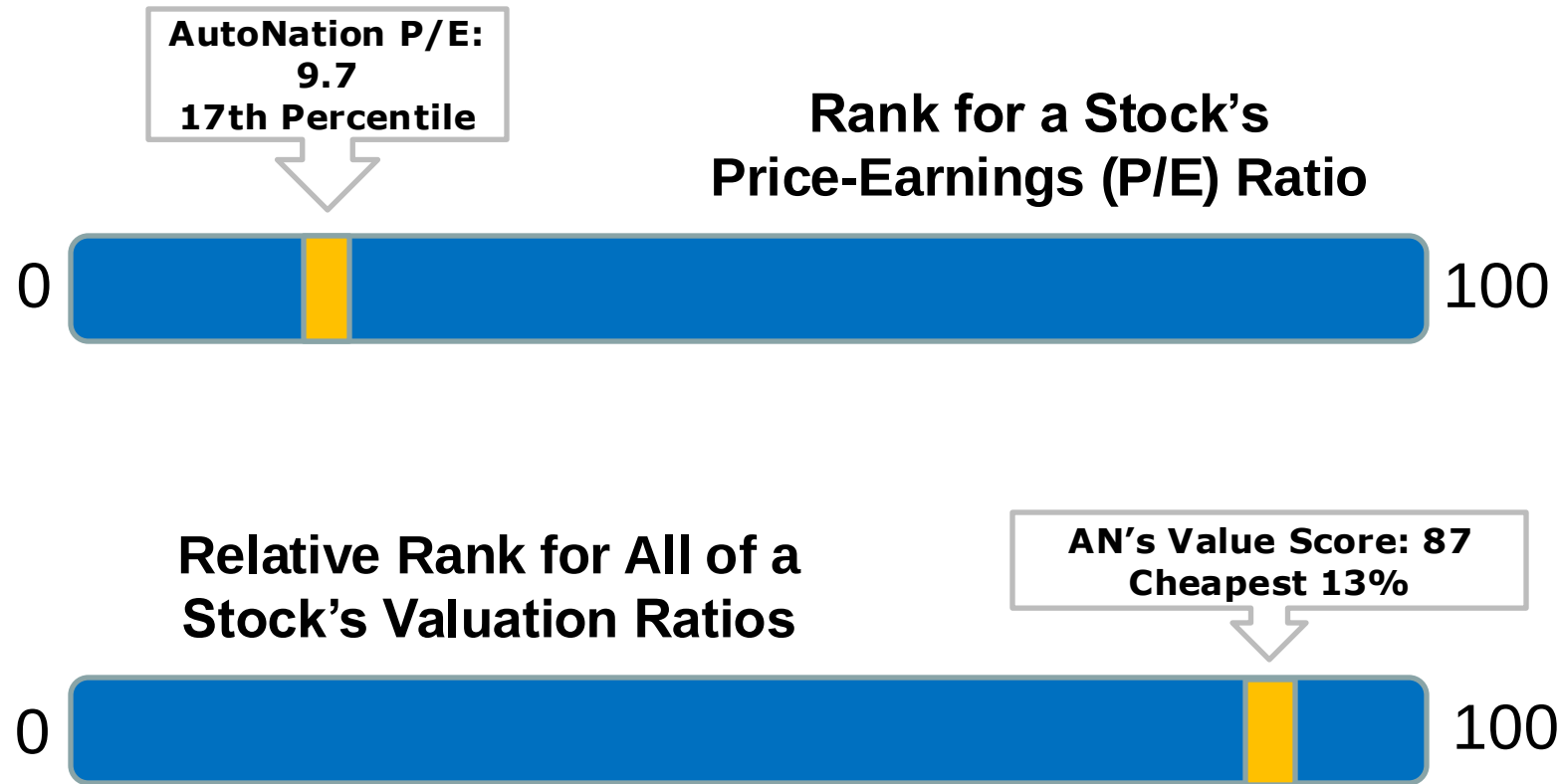
VMQ Stocks Methodology Overview

VMQ Is a Factor-Based Approach

- Low Valuations: Value Grade of A or B
- Strong Relative Price Strength: Momentum Grade of A or B
- Good Quality: Quality Grade of A or B

VMQ Value Score Example

Two-Step Process



Source: AAI. Data for AutoNation, Inc. (AN) as of 1/3/2025.

VMQ Momentum Score Based on Four Quarterly Periods

Quarter 4
20% Weight

Quarter 3
20% Weight

Quarter 2
20% Weight

Quarter 1
40% Weight

? MOMENTUM SCORE: 93

MOMENTUM GRADE

A

VERY STRONG

A

81-100
Very Strong

B

61-80
Strong

C

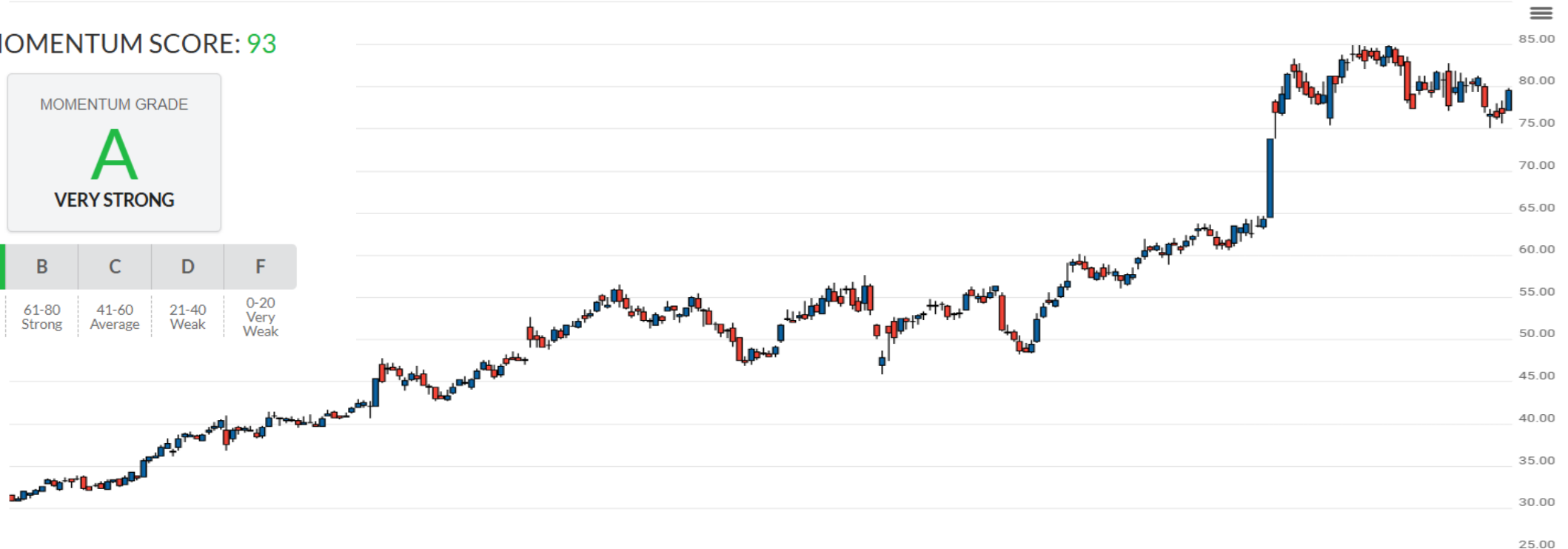
41-60
Average

D

21-40
Weak

F

0-20
Very Weak



Source: AAI.com and QuoteMedia. Data for Primoris Services Corp. (PRIM) as of 1/3/2025.

Breakdown of Primoris Services' Momentum Score

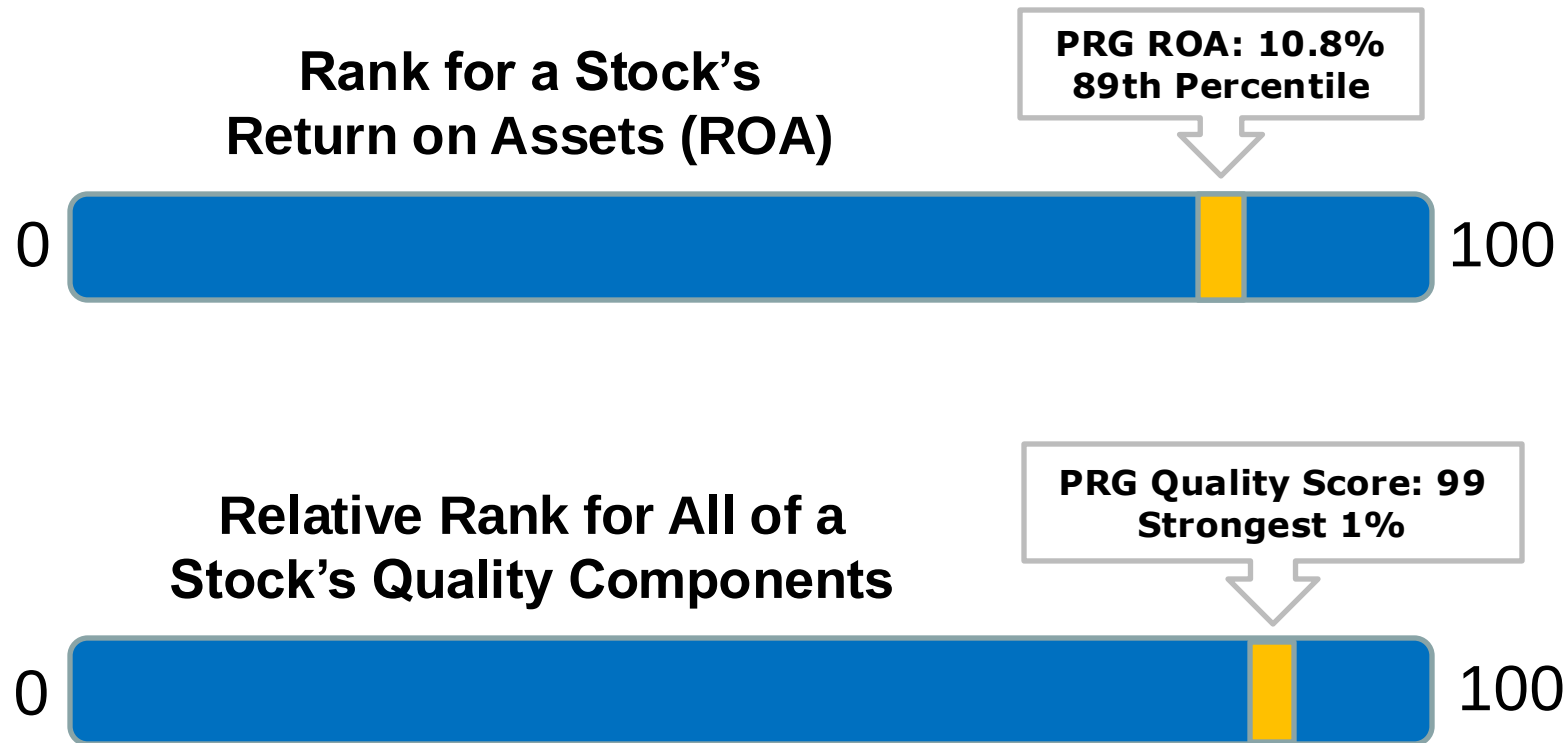
Metric	Score	PRIM	Weight
Relative Price Strength - weighted 4 qtr	93	22.0%	
Relative Price Strength Q1 - most recent	88	29.1%	40%
Relative Price Strength Q2	82	19.5%	20%
Relative Price Strength Q3	69	(3.3%)	20%
Relative Price Strength Q4	94	35.6%	20%

Relative price strength changes used as the basis for determining the Momentum Score for Primoris Services.

Source: VMQ.AAII.com. Data as of 1/3/2025.

VMQ Quality Score Example

Two-Step Process

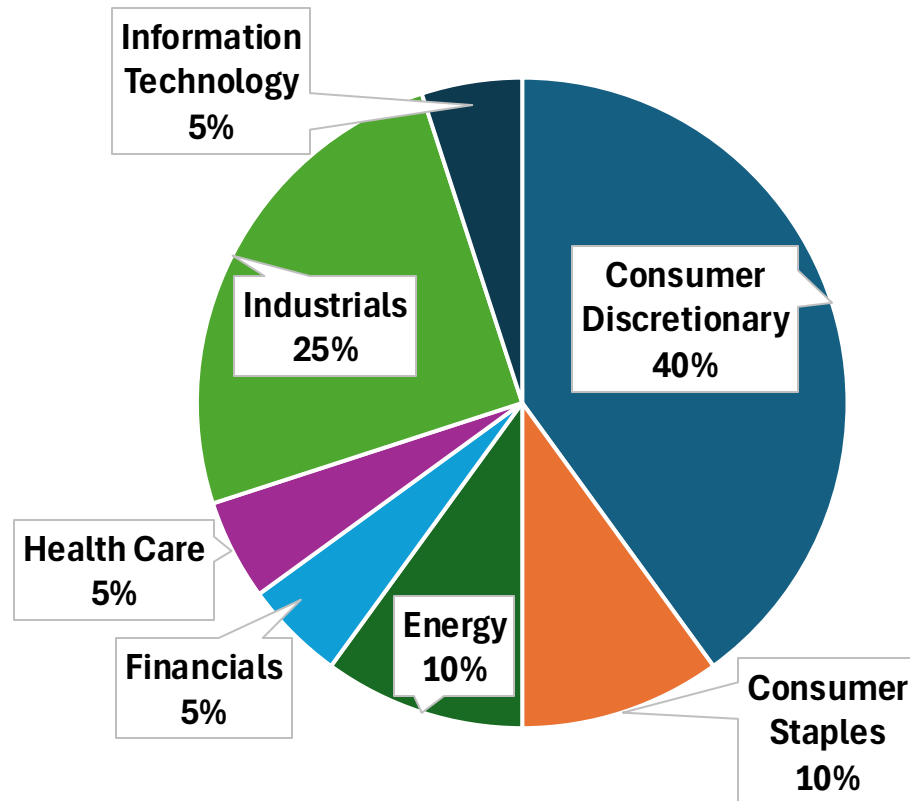


Source: AAI. Data for PROG Holdings, Inc. (PRG) as of 1/3/2025.

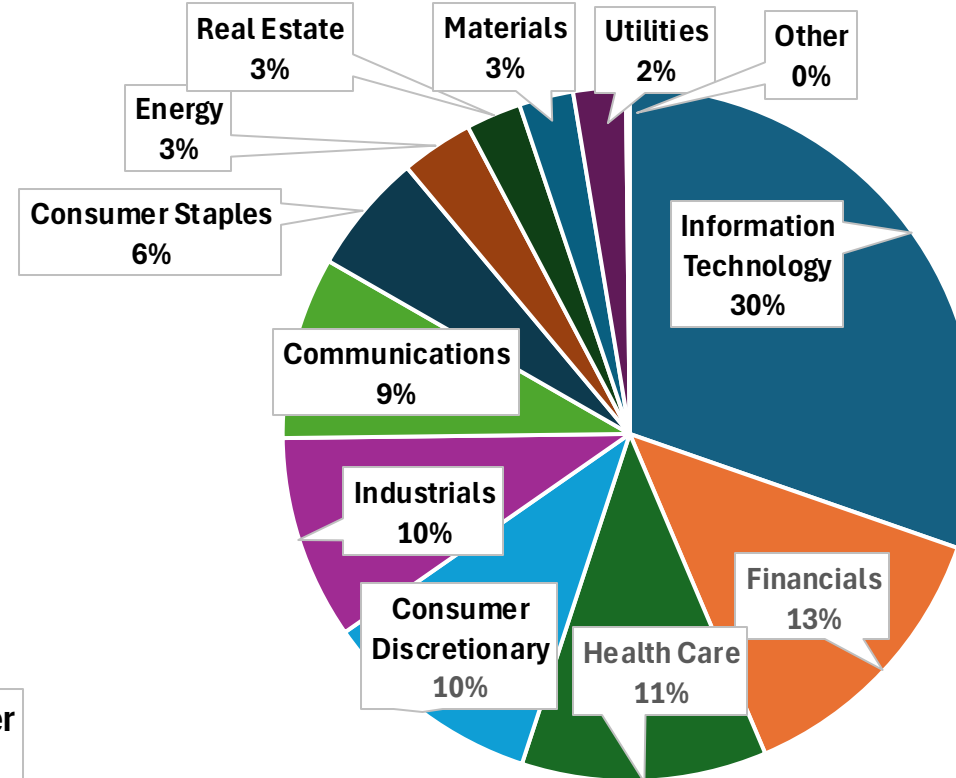
Model Portfolio Characteristics

VMQ's Allocation Versus the Market

VMQ Stocks



iShares Dow Jones U.S. ETF (IYY)



Source: AAI.com and BlackRock. AAI.com data as of 1/03/2025. BlackRock data as of 9/30/2024.

Market-Capitalization Breakdown

Name	Ticker	Market Cap (\$ Mil)	Market Cap Size*
AutoNation, Inc.	AN	6,813	S&P MidCap 400
BJ's Wholesale Club Holdings Inc.	BJ	11,836	S&P MidCap 400
Caleres Inc.	CAL	788	S&P SmallCap 600
Consensus Cloud Solutions, Inc.	CCSI	458	Small-Cap
Consol Energy Inc.	CEIX	3,115	S&P MidCap 400
G-III Apparel Group, Ltd.	GIII	1,425	S&P SmallCap 600
General Motors Co.	GM	59,004	S&P 500
Group 1 Automotive, Inc.	GPI	5,448	S&P SmallCap 600
Jacobs Solutions Inc.	J	16,550	S&P 500
Patrick Industries, Inc.	PATK	2,779	S&P SmallCap 600
Pilgrim's Pride Corp.	PPC	10,765	S&P MidCap 400
Primoris Services Corp.	PRIM	4,126	S&P SmallCap 600
PROG Holdings, Inc.	PRG	1,744	S&P SmallCap 600
Ranger Energy Services, Inc.	RNGR	339	Micro -Cap
SkyWest, Inc.	SKYW	4,063	S&P SmallCap 600
Taylor Morrison Home Corp.	TMHC	6,323	S&P MidCap 400
Tenet Healthcare Corp.	THC	11,927	S&P MidCap 400
Tri Pointe Homes Inc.	TPH	3,395	S&P SmallCap 600
United Rentals, Inc.	URI	46,329	S&P 500
Virco Manufacturing Corp.	VIRC	166	Micro -Cap

**Characterized by index inclusion, where applicable, and otherwise by market cap.*

Source: VMQ.AAII.com and AAII Stock Investor Pro. Data as of 12/31/2024.

Dividend and Shareholder Yields

Name	Ticker	Dividend Yield	Shareholder Yield	Sector: Industry
AutoNation, Inc.	AN	0.00%	8.50%	Consumer Discretionary: Specialty Retail
BJ's Wholesale Club Holdings Inc.	BJ	0.00%	0.70%	Consumer Staples: Consumer Staples Distribution & Retail
Caleres Inc.	CAL	1.20%	2.70%	Consumer Discretionary: Specialty Retail
Consensus Cloud Solutions, Inc.	CCSI	0.00%	1.70%	Information Technology: Software
Consol Energy Inc.	CEIX	0.90%	8.30%	Energy: Oil, Gas & Consumable Fuels
G-III Apparel Group, Ltd.	GIII	0.00%	4.00%	Consumer Discretionary: Textiles, Apparel & Luxury Goods
General Motors Co.	GM	0.90%	19.60%	Consumer Discretionary: Automobiles
Group 1 Automotive, Inc.	GPI	0.40%	4.20%	Consumer Discretionary: Specialty Retail
Jacobs Solutions Inc.	J	0.90%	2.30%	Industrials: Professional Services
Patrick Industries, Inc.	PATK	1.90%	0.80%	Consumer Discretionary: Automobile Components
Pilgrim's Pride Corp.	PPC	0.00%	-0.10%	Consumer Staples: Food Products
Primoris Services Corp.	PRIM	0.40%	-0.30%	Industrials: Construction & Engineering
PROG Holdings, Inc.	PRG	1.10%	8.20%	Financials: Consumer Finance
Ranger Energy Services, Inc.	RNGR	1.30%	10.50%	Energy: Energy Equipment & Services
SkyWest, Inc.	SKYW	0.00%	3.80%	Industrials: Passenger Airlines
Taylor Morrison Home Corp.	TMHC	0.00%	4.30%	Consumer Discretionary: Household Durables
Tenet Healthcare Corp.	THC	0.00%	5.80%	Health Care: Health Care Providers & Services
Tri Pointe Homes Inc.	TPH	0.00%	4.50%	Consumer Discretionary: Household Durables
United Rentals, Inc.	URI	0.90%	4.00%	Industrials: Trading Companies & Distributors
Virco Manufacturing Corp.	VIRC	1.00%	1.40%	Industrials: Commercial Services & Supplies

Source: VMQ.AAII.com and AAII Stock Investor Pro. Data as of 12/31/2024.

2024 Recap

Concentration in the S&P 500 Remains High

Weight of the top 10 stocks in the S&P 500

% of market capitalization of the S&P 500



Source: J.P. Morgan Guide to the Markets. Data as of 12/31/2024.

Apple Inc. (AAPL)

+ Add to My Portfolio

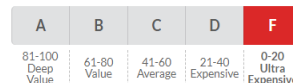
Nasdaq Global Select

VALUE SCORE: 13

VALUE GRADE

F

ULTRA EXPENSIVE

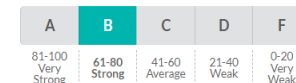


MOMENTUM SCORE: 73

MOMENTUM GRADE

B

STRONG

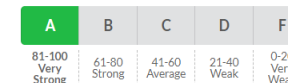


QUALITY GRADE: 97

QUALITY GRADE

A

VERY STRONG



NVIDIA Corporation (NVDA)

+ Add to My Portfolio

Nasdaq Global Select

VALUE SCORE: 7

VALUE GRADE

F

ULTRA EXPENSIVE

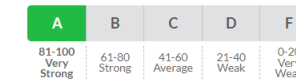


MOMENTUM SCORE: 93

MOMENTUM GRADE

A

VERY STRONG



QUALITY GRADE: 94

QUALITY GRADE

A

VERY STRONG

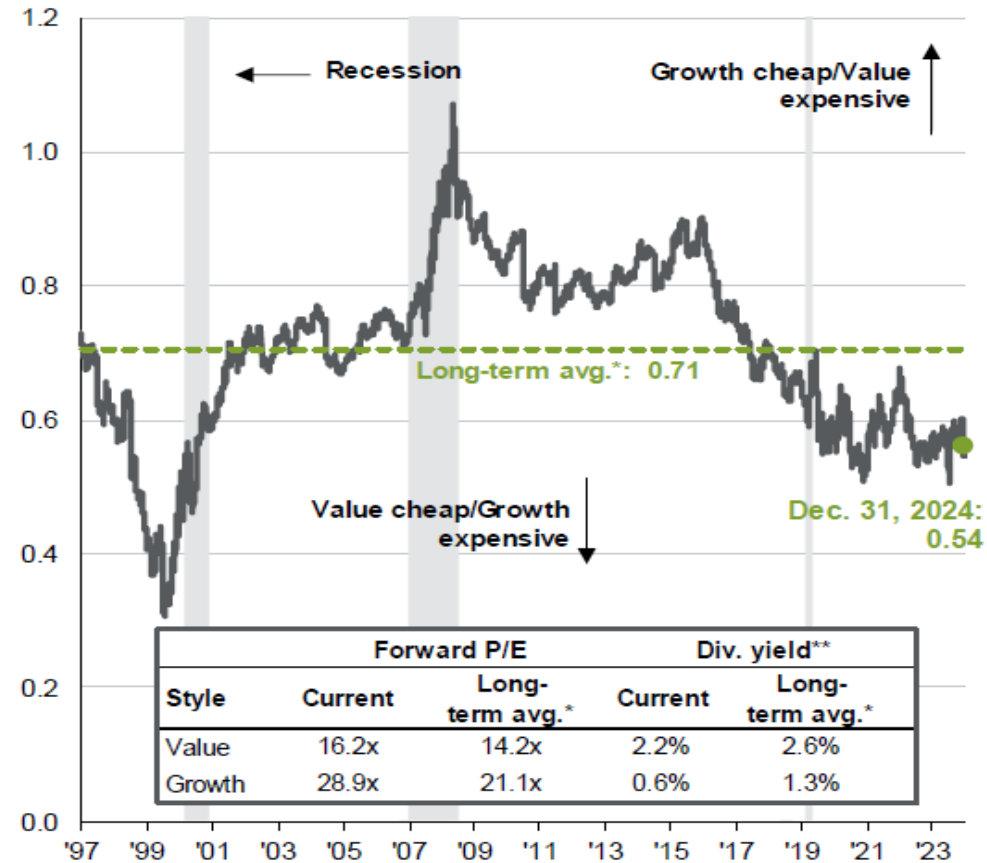


Source: VMQ.AAII.com. Data as of 1/3/2025.

Is Value Poised for a Comeback?

Value vs. Growth relative valuations

Rel. fwd. P/E ratio of Value vs. Growth, 1997 - present



Source: J.P. Morgan Guide to the Markets. Data as of 12/31/2024.

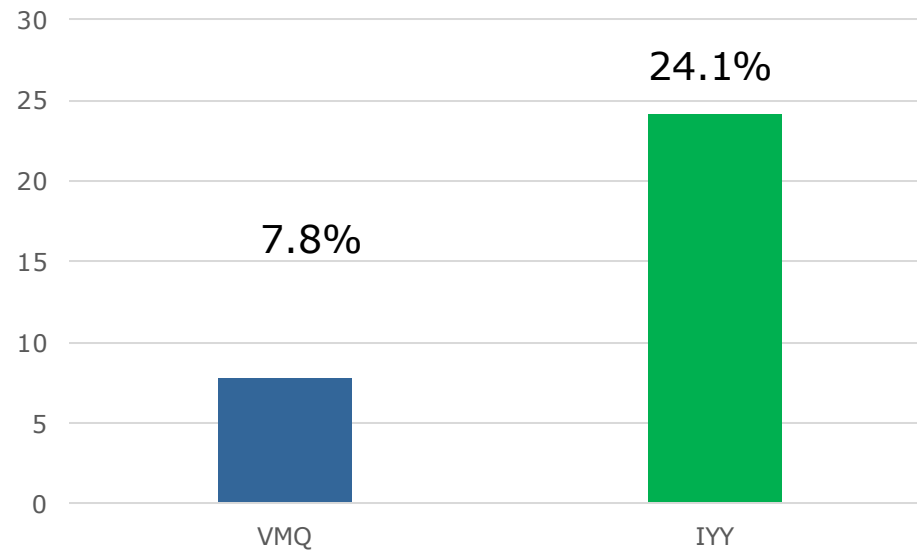
S&P 500, S&P MidCap 400 and S&P SmallCap 600 Index Performance



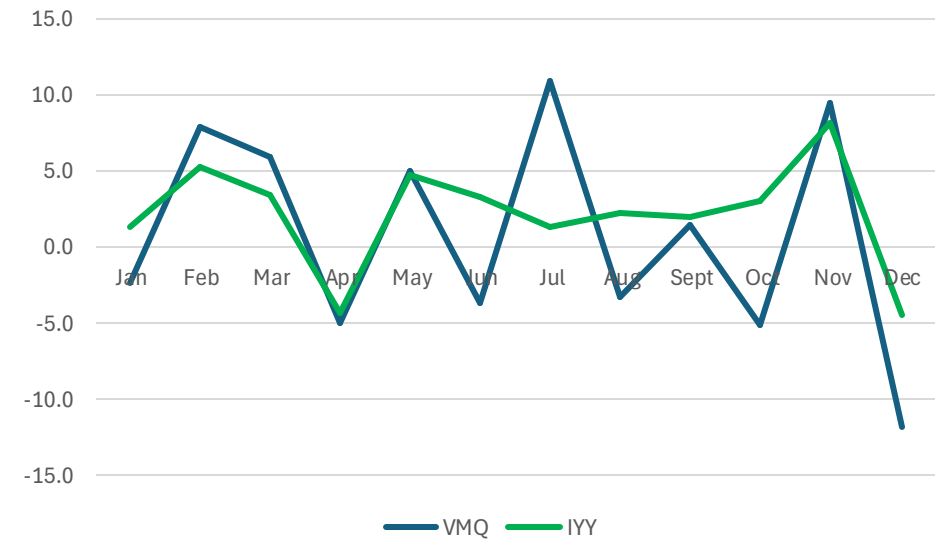
Source: Yahoo Finance. Data as of 1/5/2025.

VMQ's Performance for 2024

VMQ vs. iShares Dow Jones U.S. ETF (IYY)



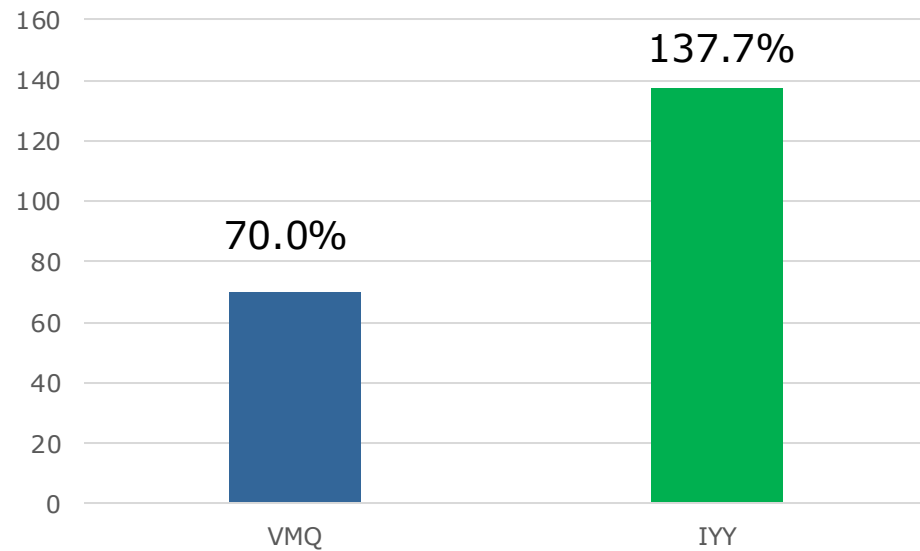
Monthly Performance



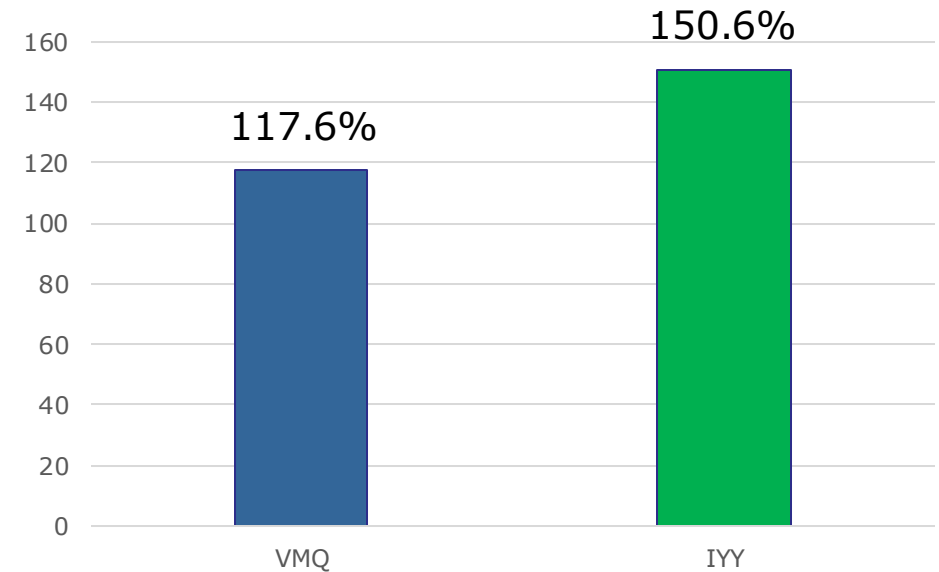
Source: AAI. Data as of 12/31/2024.

The Impact of 2018 on VMQ

Since Inception (2018–2024)



Ex-2018



Source: AAI. Data as of 12/31/2024.

2024 Winners and Losers

Winners

- Primoris Services Corp. (PRIM) at 131.3%
- Group 1 Automotive Inc. (GPI) at 39.1%
- PROG Holdings Inc. (PRG) at 38.4%

Losers

- Virco Manufacturing Corp. (VIRC) at -38.6%
- Caleres Inc. (CAL) at -24.0%
- Tenet Healthcare Corp. (THC) at -18.3%

Ten out of the 11 stocks held in the portfolio for the entire year had positive returns.

Source: VMQ.AAII.com. Data as of 12/31/2024.

Holdings Qualifying at Year-End 2024

- General Motors Co. (GM)
- Pilgrim's Pride Corp. (PPC)
- PROG Holdings (PRG)
- Ranger Energy Services Inc. (RNGR)
- SkyWest Inc. (SKYW)
- Tenet Healthcare (THC)

Source: VMQ.AAII.com. Data as of 12/31/2024.

2024 Portfolio Changes

- AGCO Corp. (AGCO) and Danaos Corp. (DAC) were replaced due to three-year rule.
- Eight holdings were replaced due to very weak momentum.
- Hibbett Inc. (HIBB) was replaced due to being acquired by JD Sports Fashion plc, and SilverBow Resources, Inc. (SBOW) was replaced when it was acquired by Crescent Energy Co. (CRGY).
- Jacobs Solutions Inc. (J) received 80 shares of Amentum Holdings Inc. (AMTM) in a Reverse Morris Trust transaction.

2024 Portfolio Turnover Statistics

- Turnover ratio was 37%.
- Annualized holding period was 2.67 years.
- 11 buys and 13 sells
 - Shares of Amentum Holdings Inc. (AMTM) and Crescent Energy Co. (CRGY) were sold.

Source: VMQ.AAII.com. Data as of 12/31/2024.

Best and Worst Additions

Best

- Consensus Cloud Solutions Inc. (CCSI) versus APA Corp. (APA), 5.2% vs. -8.2%

Worst

- Tenet Healthcare (THC) versus Danaos (DAC), -18.4% vs. 6.2%

Source: VMQ.AAII.com. Data as of 12/31/2024.

S&P 500 Fourth-Quarter 2024 Earnings Versus Expectations

Sector	Above %	Match %	Below %	Surprise	Reported	Index
				Factor %	Total #	Total #
Consumer Discretionary	66.7%	-	33.3%	8.6%	6	50
Consumer Staples	75.0%	-	25.0%	6.1%	4	38
Energy	-	-	-	-	0	22
Financials	100.0%	-	-	2.5%	1	73
Health Care	-	-	-	-	0	61
Industrials	100.0%	-	-	4.1%	3	78
Materials	-	-	-	-	0	28
Real Estate	-	-	-	-	0	31
Information Technology	80.0%	-	20.0%	2.8%	5	69
Communication Services	-	-	-	-	0	19
Utilities	-	-	-	-	0	31
S&P 500	78.9%	-	21.1%	4.5%	19	500

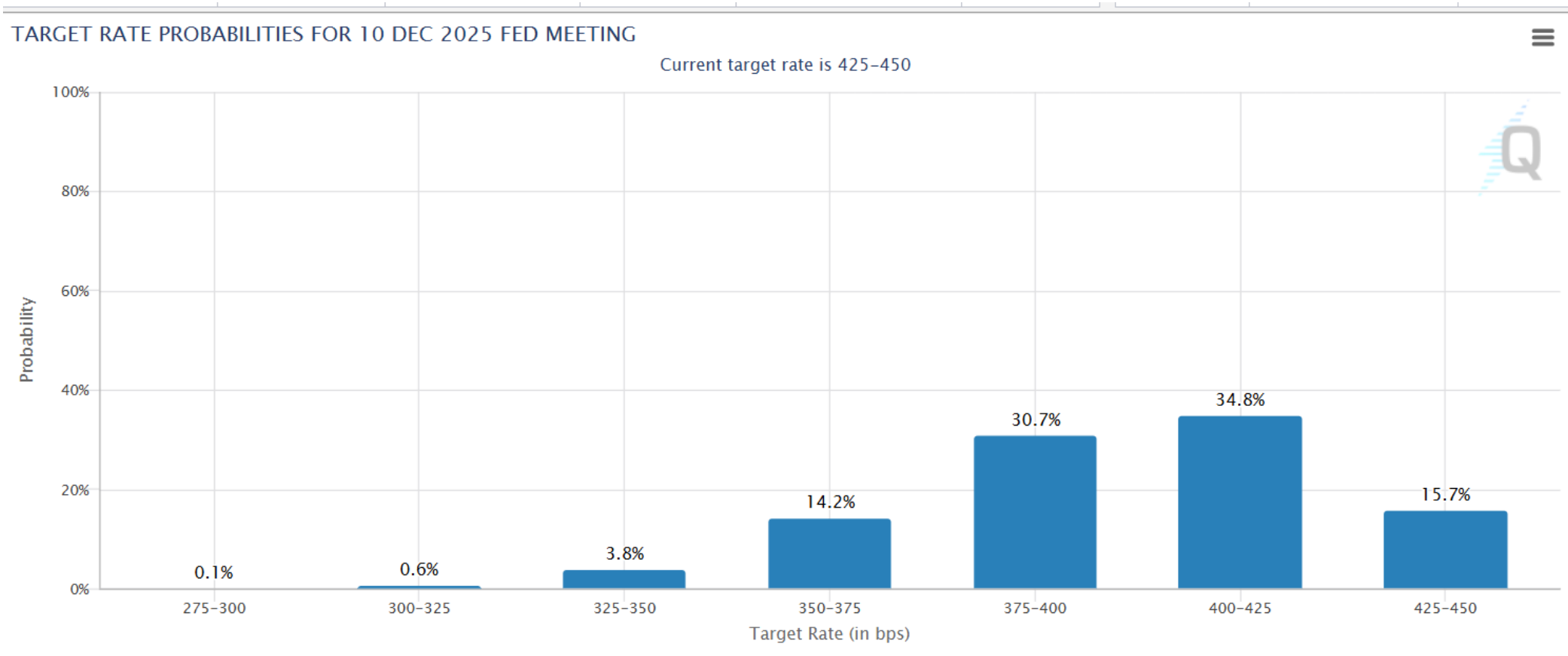
Source: LSEG Data & Analytics and I/B/E/S. Data as of 1/3/2025.

VMQ Stocks Trading Update

- Shifted to paper-trading model portfolio on October 1
 - Hold one share of each holding to track buy and sell prices
 - Paper trade based on portfolio holdings and cash balance as of 9/30/2024
 - Dividend income recorded and held as cash using theoretical share count

2025 Outlook

2025 Interest Rate Outlook



Source: CME FedWatch Tool. Data as of 1/3/2025.

S&P 500 First-Quarter 2025 Earnings Growth Rates

	Earnings \$B	Earnings \$B	Growth \$B	Growth %
Sector	25Q1	24Q1	25Q1	25Q1
Consumer Discretionary	40.8	36.8	4.0	10.9%
Consumer Staples	30.8	30.7	0.0	0.1%
Energy	25.9	29.4	-3.5	-12.0%
Financials	99.3	93.6	5.7	6.1%
Health Care	72.0	50.7	21.3	42.0%
Industrials	40.5	36.1	4.4	12.3%
Materials	11.1	10.1	1.0	10.3%
Real Estate	12.4	12.2	0.2	1.8%
Information Technology	125.2	106.5	18.6	17.5%
Communication Services	54.8	49.9	4.9	9.8%
Utilities	17.3	16.2	1.1	6.5%
S&P 500	530.0	472.2	57.7	12.2%

Source: LSEG Data & Analytics and I/B/E/S. Data as of 1/3/2025.

Back-to-Back 20% Gains Are Uncommon

1927	37.5%
1928	43.6%
1929	-8.4%
1935	47.7%
1936	33.9%
1937	-35.0%
1942	20.3%
1943	25.9%
1944	19.8%

1950	31.7%
1951	24.0%
1952	18.4%
1954	52.6%
1955	31.6%
1956	6.6%
1975	37.2%
1976	23.9%
1977	-7.2%

1982	21.5%
1983	22.6%
1984	6.3%
1995	37.6%
1996	23.0%
1997	33.4%
1998	28.6%
1999	21.0%
2000	-9.1%
2023	26.3%
2024	25.0%
2025	??

Source: Morningstar Direct/SBBI; 2024 returns from S&P Dow Jones Indices for S&P 500.

What I'm Watching on the VMQ Ideas List

Name	Ticker	Current Price	Value Score	Value Grade	Momentum Score	Momentum Grade	Quality Score	Quality Grade	Sector: Industry
CPI Card Group Inc.	PMTS	\$32.05	75	B	89	A	80	B	Information Technology: Technology Hardware, Storage & Peripherals
Karooooo Ltd.	KARO	\$48.02	61	B	88	A	89	A	Information Technology: Software
Benchmark Electronics, Inc.	BHE	\$46.18	61	B	82	A	73	B	Information Technology: Electronic Equipment, Instruments & Components
Flex Ltd.	FLEX	\$40.06	67	B	85	A	77	B	Information Technology: Electronic Equipment, Instruments & Components
Sanmina Corp.	SANM	\$76.30	75	B	80	B	78	B	Information Technology: Electronic Equipment, Instruments & Components
ScanSource, Inc.	SCSC	\$47.61	88	A	63	B	92	A	Information Technology: Electronic Equipment, Instruments & Components
Ituran Location and Control Ltd.	ITRN	\$32.73	69	B	77	B	98	A	Information Technology: Communications Equipment
Cardinal Health, Inc.	CAH	\$119.30	63	B	61	B	82	A	Health Care: Health Care Providers & Services
DaVita Inc.	DVA	\$152.82	73	B	70	B	77	B	Health Care: Health Care Providers & Services
DocGo Inc.	DCGO	\$4.34	82	A	68	B	89	A	Health Care: Health Care Providers & Services
Delta Air Lines, Inc.	DAL	\$59.00	66	B	81	A	71	B	Industrials: Passenger Airlines
Sun Country Airlines Holdings, Inc.	SNCY	\$14.33	86	A	78	B ▼	77	B	Industrials: Passenger Airlines

Source: VMQ.AAII.com. Data as of 1/5/2025.

Potential Future Portfolio Changes

- Caleres Inc. (CAL) is at risk of being deleted — Very Weak Momentum Score
- Virco Manufacturing Corp. (VIRC) — Very Weak Momentum Score but on probation until 2/15/2025
- BJ's Wholesale Club Holding Inc. (BJ), Jacobs Solutions Inc. (J) and United Rentals Inc. (URI) all have Value Grades of D, indicating that they have become "expensive"

VMQ Subscriber Resources

Help and Resources

- The VMQ Stocks How-To is an excellent resource for everything VMQ!



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Questions?



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