Eight is Enough

The most valuable feature of the *Max Profits* and *Microcap Millions* newsletters is access to my *Forensic Accounting Stock Tracker (FAST).*

I developed the *FAST Model* nearly 15 years ago.

It helped me launch my own business.

Two prior employers immediately hired me as a consultant, and I generally named my own price.

It's funny how that works.

You work for someone else, and they hem and haw about this, that, and the other. Then you quit, and they throw money at you to access your services.

Anyway…

At one point, a large European bank approached me to offer the *FAST Model* to their clients.

The head of U.S. business development at the bank came from a well-regarded trading firm with a similar quantitative model.

And he loved my work.

He bought copies of *my* first book, *What's Behind the Numbers?*, to give to prospects for *his* software product.

This wasn't low-brow stuff.

And here's where it gets interesting.

Fourteen clients each paid $500,000 a year to the trading firm for a list of the top 25 ranked stocks in their Model.

Fourteen is a particular number.

It has something to do with compliance rules.

That's over my head.

He wanted to recreate that business with my *FAST Model* when he left the trading firm.

I was charging between $20,000 and $300,000 and carved out a very nice business.

Today, I'd rather have my eye poked out with a dull spoon than work directly with institutional investors.

You get the ratings for the subscription price to *Max Profits* or *Microcap Millions*.

I know that most people do not use FAST because there is a lack of inquiry on a week-to-week basis.

And that's OK. To each his own.

In real-time, the *FAST Model* continues to kick ass and take names.

The top *FAST* stocks have destroyed the market.

Consistently.

For about 15 years.

The worst-ranked stocks in the *FAST Model* have lagged badly.

Consistently.

For about 15 years.

Not to pat myself on the back, but identifying the laggards ahead of time in one of the most powerful bull markets of all time is my best professional achievement.

It's the clunkers you own that set you back in your investments.

Monster stocks with significant gains take care of themselves.

Now, you don't need to own 100 stocks.

Or 25 stocks like those fourteen clients.

Eight is enough.

I picked eight stocks at random.

There's *nothing magical* about the number eight.

"Eight is Enough" is the name of a popular T.V. show from the 1970s and '80s, and it made the wittiest headline for this week's newsletter issue.

That's precisely why I picked eight stocks to illustrate the power of the *FAST Model* and forensic accounting.

Eight stocks also provide some diversification.

On the other hand, it doesn't water down the results either.
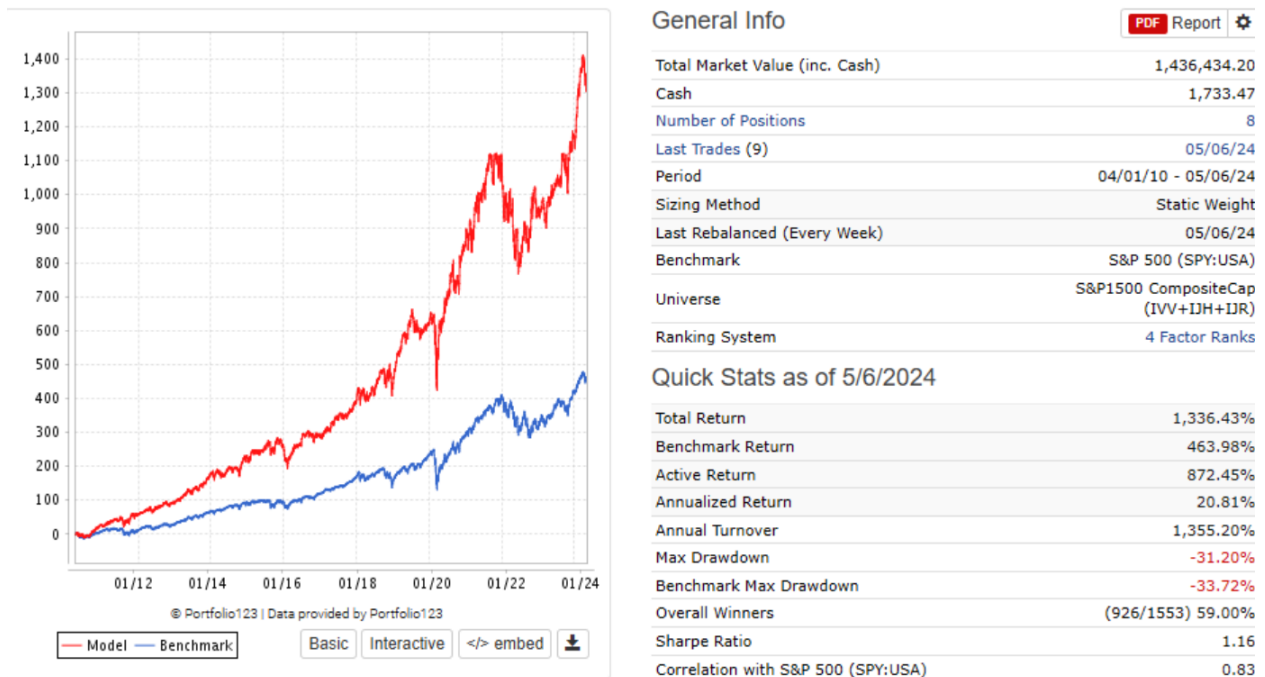
Ten stocks would work well, too.

Or nine.

Are you feeling lucky?

Go with seven!

Again, there's no magic here.

Let's look at the results:

General Info		PDF Report ⚙
Total Market Value (inc. Cash)		1,436,434.20
Cash		1,733.47
Number of Positions		8
Last Trades (9)		05/06/24
Period		04/01/10 - 05/06/24
Sizing Method		Static Weight
Last Rebalanced (Every Week)		05/06/24
Benchmark		S&P 500 (SPY:USA)
Universe		S&P1500 CompositeCap (IVV+IJH+IJR)
Ranking System		4 Factor Ranks

Quick Stats as of 5/6/2024

Total Return	1,336.43%
Benchmark Return	463.98%
Active Return	872.45%
Annualized Return	20.81%
Annual Turnover	1,355.20%
Max Drawdown	-31.20%
Benchmark Max Drawdown	-33.72%
Overall Winners	(926/1553) 59.00%
Sharpe Ratio	1.16
Correlation with S&P 500 (SPY:USA)	0.83

The *FAST Eight* has outperformed the S&P 500 by nearly 875% since April 2010, when I started my business and launched the Model.

The annualized return of nearly 21% blows away the active management universe.

You can look that up online rather than take my word for it.

The drawdown is about the same at a touch over 30%.

As a result, the FAST Eight's risk-adjusted returns are better than the market's (see Sharpe Ratio above).

An interesting statistic is that 59% of the stocks were winners.

How do you then generate massive returns with fewer winners?

You let winners run and cut losers short…quickly.

There's no big secret.

That is the secret.

Of course, most people want to "win" rather than make money.

That's why you see newsletter sales promotions with 90% winners.

Newsletters with 90% winners are for losers.

What good is it to "win" 90% of the time only to lose everything once in a while???

Stay away.

Like the plague.

Now, the *FAST Eight* didn't just kick the market in the pants in a single year.

Or two.

The outperformance was consistent.

Here's the performance year-to-year up to May 6, 2024, when I had this test conducted.

Performance by Calendar Year

Return (%)	2010*	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024**
Model	25.43	25.16	22.25	45.14	16.84	9.49	8.19	26.13	11.39	32.49	33.93	25.43	-12.41	20.57	12.82
Benchmark	8.40	1.89	15.99	32.31	13.46	1.23	12.00	21.71	-4.57	31.22	18.33	28.73	-18.18	26.18	7.90
Excess	17.04	23.26	6.26	12.83	3.38	8.25	-3.81	4.42	15.96	1.27	15.60	-3.30	5.77	-5.61	4.92

There are many other ways to use *FAST* beyond just focusing on the top eight, ten, or 25 stocks.

For example, *FAST* can be used for short-term options trades around quarterly earnings announcements.

Stocks move on earnings announcements.

If you have an edge on which companies will beat or miss expectations in a big way, you can do quite well for yourself.

Back to basics, though…if you can cull one big stinker out of your portfolio, the benefits to your financial wealth can be massive.
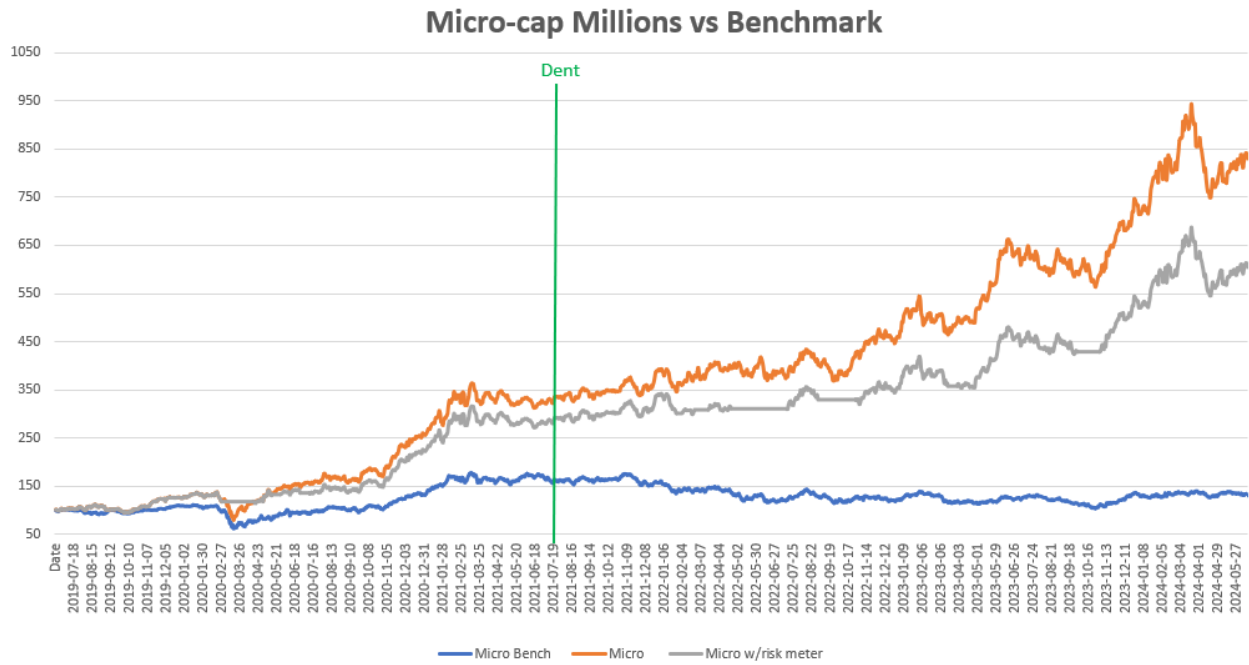
Use it or lose it.

As a reminder, I am out next week, and there will be no weekly commentary.

However, you will still receive a weekly newsletter with up-to-date portfolios!
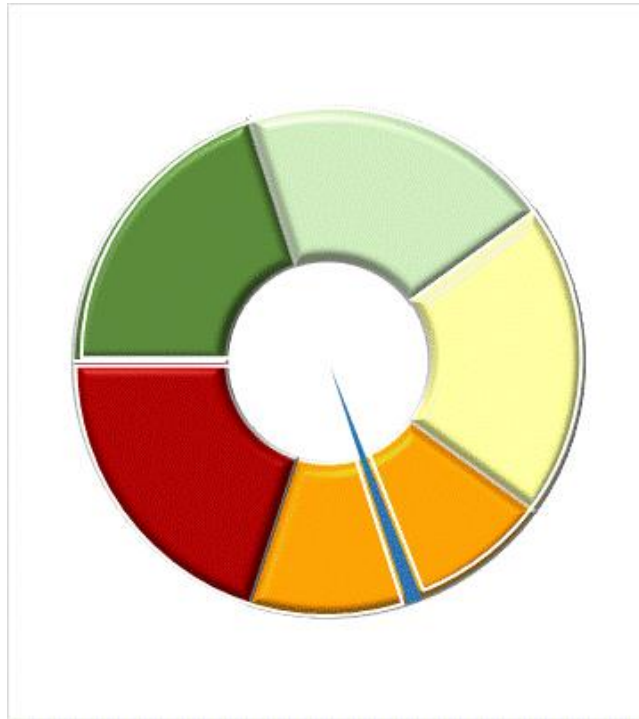
Micro-Cap Millions

There are no trades this week. Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ACTG	Acacia Research Corp.	-6.81%	11	Technology
ALOT	AstroNova, Inc.	-3.72%	53	Technology
BWAY	Brainsway Ltd.	5.95%	88	Healthcare
DDI	DoubleDown Interactive Co., Ltd.	-1.27%	115	Technology
DSP	Viant Technology, Inc.	89.00%	228	Technology
ELMD	Electromed, Inc.	5.68%	115	Healthcare
IMMR	Immersion Corp.	28.07%	32	Technology
MPTI	M-tron Industries, Inc.	23.00%	32	Technology
RDVT	Red Violet, Inc.	11.39%	32	Technology
WYY	WidePoint Corp.	12.27%	25	Technology

Mega-Tech Trends
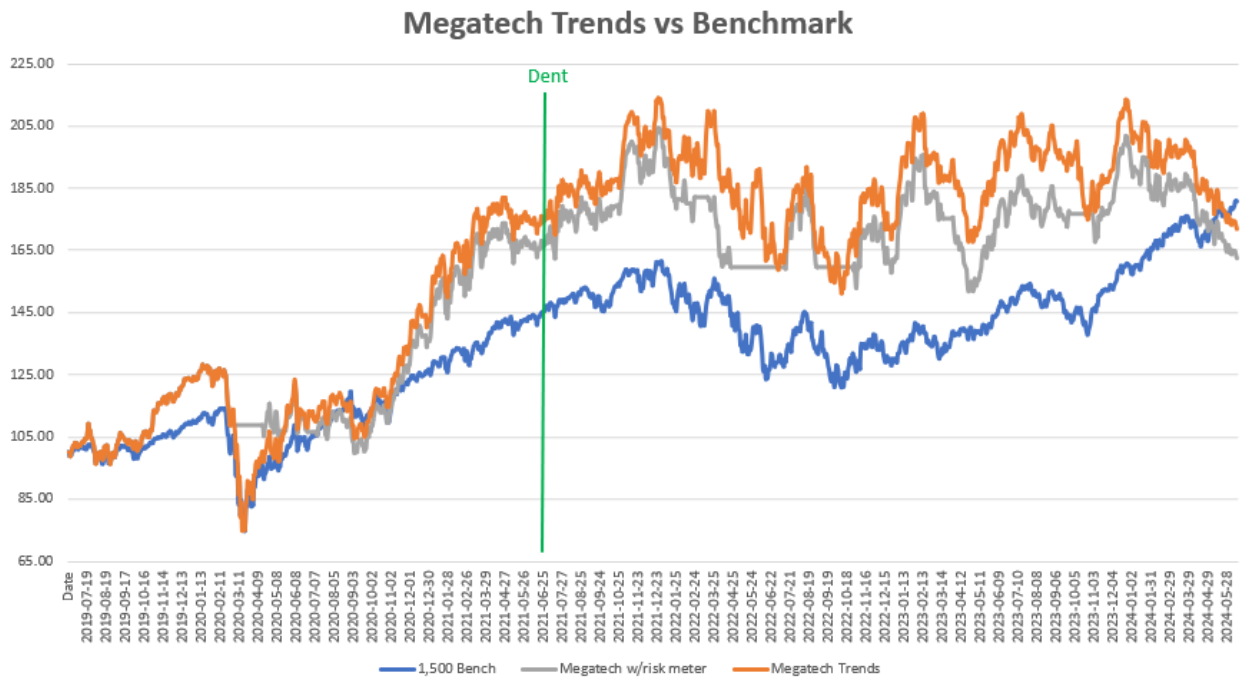
There are five trades this week.

Buy Axcelis Technologies (Nasdaq: ACLS), Belden (NYSE: BDC), MKS Instruments (Nasdaq: MKSI). And Qorvo (Nasdaq: QRVO)

Sell DropBox (Nasdaq: DBX) Bristol Myers (NYSE: BMY) Collegium Pharma (Nasdaq: COLL), OraSure (Nasdaq: OSUR), Pacira Biosciences (Nasdaq: PCRX)

Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
ACLS	Axcelis Technologies, Inc.	0.00%	new	Technology
ALKS	Alkermes Plc	1.45%	25	Healthcare
BDC	Belden, Inc.	0.00%	new	Technology
FN	Fabrinet	0.00%	new	Technology
INCY	Incyte Corp.	15.53%	39	Healthcare
MKSI	MKS Instruments, Inc.	0.00%	new	Technology
QRVO	Qorvo, Inc.	0.00%	new	Technology
SCSC	ScanSource, Inc.	10.72%	137	Technology
SNX	TD SYNNEX Corp.	10.71%	49	Technology
YELP	Yelp, Inc.	-18.70%	130	Technology

Large Cap Leaders
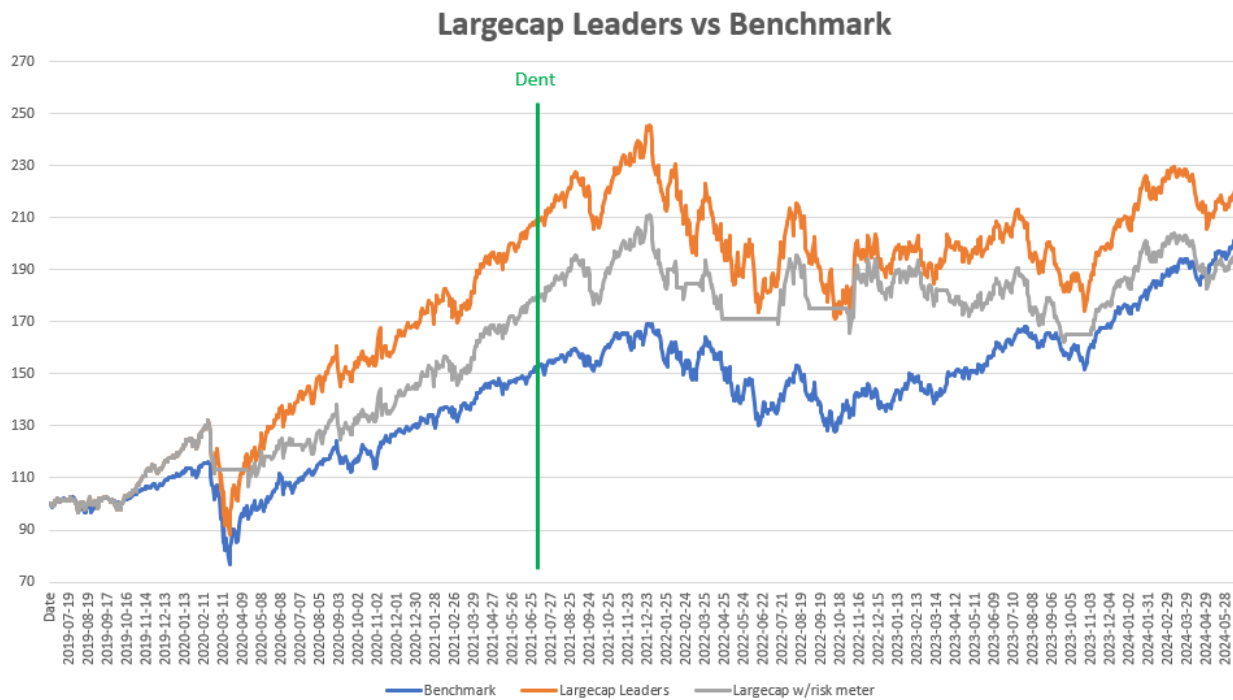
Largecap Leaders vs Benchmark

There are no trades this week. Here is the current portfolio:

Ticker	Name	Return	Days Held	Sector
AKAM	Akamai Technologies, Inc.	-18.24%	81	Technology
CDW	CDW Corp.	-5.34%	53	Technology
CMCSA	Comcast Corp.	-13.63%	144	Telecommunications
EPAM	EPAM Systems, Inc.	-5.44%	25	Technology
FFIV	F5, Inc.	-6.95%	144	Technology
HPE	Hewlett Packard Enterprise Co.	24.35%	81	Technology
INCY	Incyte Corp.	15.53%	39	Healthcare
MSCI	MSCI, Inc.	2.89%	39	Technology
MSFT	Microsoft Corp.	39.61%	263	Technology
TMUS	T-Mobile US, Inc.	7.31%	25	Telecommunications