How Does the LPAM Stock Selection Process Work?

The LifePro Asset Management investment process blends a top down macro-economic framework with a rigorous bottom up stock selection process, with the goal of targeting absolute long term returns over and above what can be generated in the market or a comparable low-cost index investment solution.

From capital deployment to sector and security selection, our investment process targets these core sources of investment returns to maximize the long-term potential growth rate across client portfolios.

As part of our capital deployment strategy, our tactical approach to investing helps navigate when and where your hard-earned savings should be deployed. We measure, track and review, on a daily basis, a series of qualitative and quantitative risk indicators across the credit and equity markets that have a statistically significant track record of identifying potential risks to client portfolios.

LPAM Tactical Investment Process

Healthy/Improving Credit and Macro Economic Environment

Identify Areas of Secular Growth

Companies Leading Positive Disruptive Change

Management Track Record

Attractive Relative Valuation

As stewards of your money, we prudently wait for our tactical risk indicators to give us the green light to deploy your money into the stock market. Upon seeing the green light, we quickly move to identify and invest in best of breed companies that are leading positive, disruptive change across their respective sectors and are positioned to realize a long and predictable runway of sales growth for years to come.

Our investment strategies invest across a wide array of companies that have distinct business models and are positioned across different sectors of the global economy. While the businesses and the sectors they reside in may be different, the companies we invest in often share many of the quantitative and operational traits that we screen for when investing in a business. Broadly speaking, we are looking for businesses that command the following;

1.) **Long-Term Secular Growth** – we invest in companies that are positioned to experience a rate of long-term sales growth that is over and above the economic and sector growth rate. More specifically, we are looking for companies that are the leading beneficiaries of persistent structural shifts taking place in the economy that will occur regardless of where the global economy is in the business cycle.

2.) **Operational Excellence** – companies that are led by management teams with a history of operational excellence. At the end of the day, a company is as good as the people leading the charge. We don't focus on what a management team says they're going to do, we focus on the numbers. We are looking for companies that have a history of consistent sales execution and prudent capital allocation.

3.) **Positive Forward Sales Revisions** – stocks move up and down based on an investors' evolving view of what will happen tomorrow. As a company realizes growth and its stock price moves higher, the potential investment return declines as the market prices in its current growth rate. As a result, we are looking for companies that are not only executing sales growth but are revising future sales upward, which offers our clients a chance to benefit from growth that hasn't been priced into the stock.

4.) **Attractive Valuation** – at the end of the day, a company can be the greatest of its kind of the world but if the price is too high, it represents an investment with low potential returns. As alluded to above, we look for companies with attractive growth adjusted valuations, a growing total addressable market that is not appreciated by the market and where the potential return relative to downside risks represents a more attractive investment vs. an index fund or an alternative asset class such as cash or bonds.

We actively deploy and invest client capital within a business cycle that can be defined as healthy, stable and is supported by falling credit risk alongside reasonable investor sentiment and portfolio positioning. We measure, review and assess the health of the market on a daily basis, along with a thorough inventory check on all our investment positions. When our market indicators signal a deterioration in market health, we immediately begin to raise cash by reducing our most economically sensitive positions first and then work our way down the risk spectrum. If, however, markets were to selloff while the underlying market conditions remain healthy, we will not hesitate to deploy excess cash back into the market.

While technology has changed the way we access and deploy our investments, the underlying principles to long term investing are the same today as they were when J.P Morgan himself was investing in the 1800's. A disciplined process of seeking high quality companies that are good, getting better, with simple business models, proven management teams and are available at a reasonable price to prospective investors is a process that has been tested by the most rigorous test that exists today, TIME.