

## Five for Friday: Factors For Success

Bonds have been an unusually poor hedge for the downturn in stocks this year. With the once reliable go-to hedge on the sidelines due to inflationary pressures and hawkish monetary policy, this week's screen aims to answer the following question. *Where should I put my money if we get another leg down in the market?*

To help answer this question, we screened for relative performance to the S&P 500 for several return factors from the beginning of this year to the market bottom in June.

Factors are specific attributes associated with stocks that can influence their returns. In this case, we use factor ETFs as a proxy for factor returns. As shown below, the high dividend yield factor outperformed the S&P 500 and the other factors during this year's sell-off.

Relative Performance to SPY	
Dates:	12/31/21 - 06/16/22
Small Caps	-3.52%
Mid Cap 400	0.57%
S&P 500	-0.26%
Small Cap Value	4.81%
Mid Cap Value	5.72%
S&P 500 Value	8.23%
Low Beta [Low Vol.]	8.36%
High Dividend Yield	11.88%
Buyback Achievers	1.55%
Small Cap Growth	-10.42%
Mid Cap Growth	-4.44%
S&P 500 Growth	-7.72%
Mega Cap Growth	-9.83%
Momentum	-4.56%
High Beta	-4.87%
Semiconductors	-12.18%
"Disruptive Tech"	-38.10%
Equal Weight S&P 500	3.20%
Emerging Markets	3.70%
Developed Markets	3.02%
EAFE	1.26%
Precious Metals	21.66%

## Screen Results

We chose the top five holdings from our proxy ETF, VYM, as our five stocks this week. As the top holdings in the factor ETF, they should benefit from passive-investing inflows into the ETF. All five

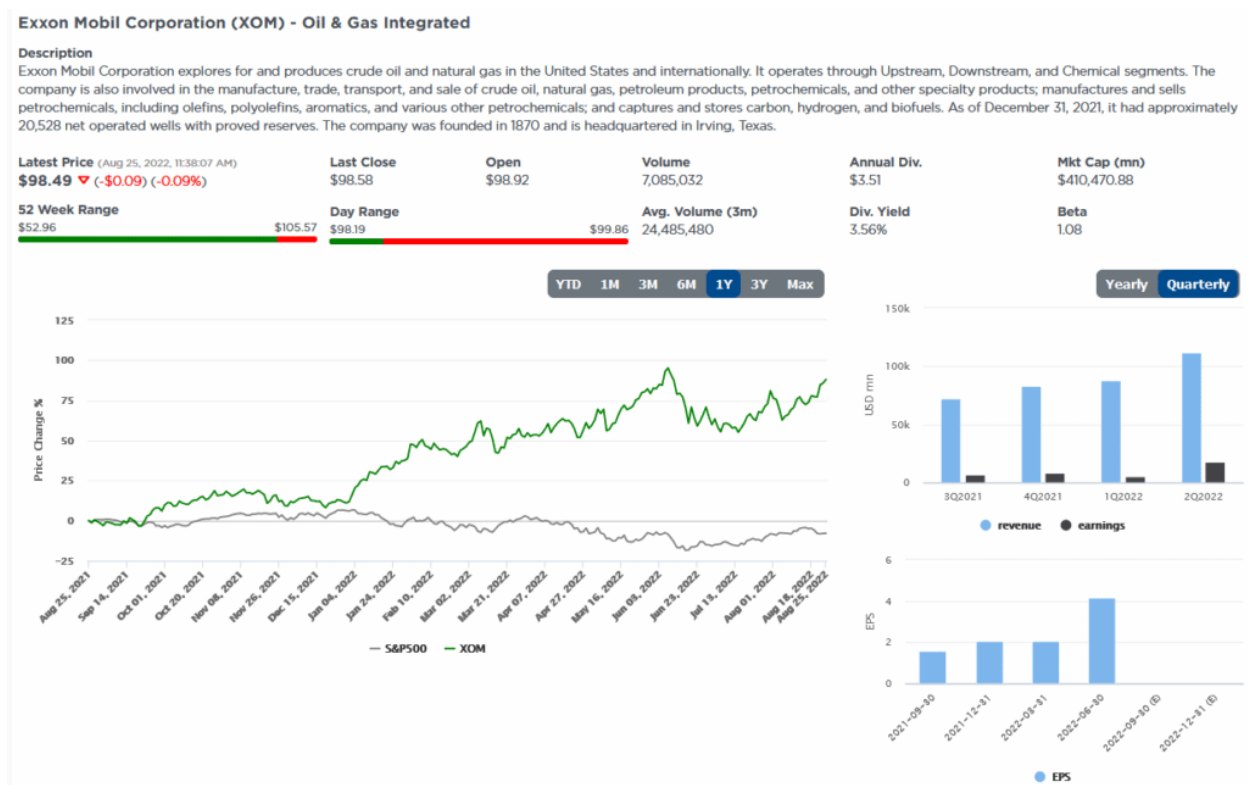
are well-known large-cap stocks, and three are trading comfortably in value territory. On average, they carry a higher dividend yield than VYM.

Unlike some of our other screens, we like the five stocks as a package. We understand that two stocks (JPM and PG) were down in the first half of the year. While they may decline further if the market takes another leg lower, the diversification and industry risk mitigation, they offer to make this package of five stocks likely to outperform the broader markets in a down market.

Ticker	Sector	Market Cap (\$B)	P/E	Forward P/E	Dividend Yield	Performance (YTD)
XOM	Energy	\$412.2	10.8	9.2	3.57%	61.10%
CVX	Energy	\$322.1	10.9	9.8	3.48%	39.06%
JPM	Financial	\$348.7	9.3	9.2	3.45%	-26.87%
JNJ	Healthcare	\$428.8	24.1	15.6	2.73%	-3.21%
PG	Consumer Defensive	\$348.5	25.1	22.8	2.51%	-10.86%

## Company Summaries (all descriptions courtesy SimpleVisor)

### Exxon (XOM)



### Chevron (CVX)

## Chevron Corporation (CVX) - Oil & Gas Integrated

### Description

Chevron Corporation, through its subsidiaries, engages in integrated energy and chemicals operations worldwide. The company operates in two segments, Upstream and Downstream. The Upstream segment is involved in the exploration, development, production, and transportation of crude oil and natural gas; processing, liquefaction, transportation, and regasification associated with liquefied natural gas; transportation of crude oil through pipelines; and transportation, storage, and marketing of natural gas, as well as operates a gas-to-liquids plant. The Downstream segment engages in refining crude oil into petroleum products; marketing crude oil, refined products, and lubricants; manufacturing and marketing of renewable fuels; transporting crude oil and refined products by pipeline, marine vessel, motor equipment, and rail car; and manufacturing and marketing of commodity petrochemicals, plastics for industrial uses, and fuel and lubricant additives. It is also involved in the cash management and debt financing activities; insurance operations; real estate activities; and technology businesses. The company was formerly known as ChevronTexaco Corporation and changed its name to Chevron Corporation in 2005. Chevron Corporation was founded in 1879 and is based in San Ramon, California.

**Latest Price** (Aug 25, 2022, 11:42:52 AM)  
**\$163.66** ▲ (\$0.47) (0.29%)

**Last Close**  
\$163.19

**Open**  
\$163.92

**Volume**  
3,042,841

**Annual Div.**  
\$5.52

**Mkt Cap (mn)**  
\$320,350.65

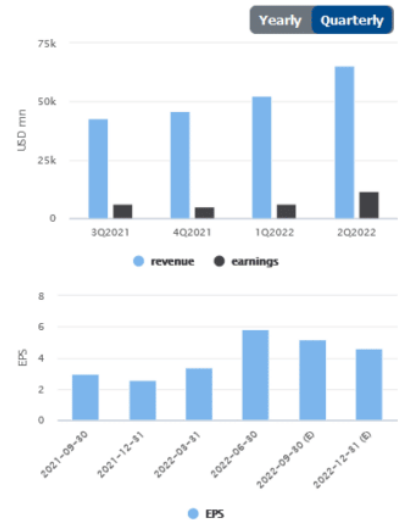
**52 Week Range**  
\$93.31 - \$182.40

**Day Range**  
\$162.61 - \$164.89

**Avg. Volume (3m)**  
9,794,930

**Div. Yield**  
3.38%

**Beta**  
1.15



## JP Morgan (JPM)

### JPMorgan Chase & Co. (JPM) - Banks—Diversified

#### Description

JPMorgan Chase & Co. operates as a financial services company worldwide. It operates through four segments: Consumer & Community Banking (CCB), Corporate & Investment Bank (CIB), Commercial Banking (CB), and Asset & Wealth Management (AWM). The CCB segment offers deposit, investment and lending products, payments, and services to consumers; lending, deposit, and cash management and payment solutions to small businesses; mortgage origination and servicing activities; residential mortgages and home equity loans; and credit card, auto loan, and leasing services. The CIB segment provides investment banking products and services, including corporate strategy and structure advisory, and equity and debt markets capital-raising services, as well as loan origination and syndication; payments and cross-border financing; and cash and derivative instruments, risk management solutions, prime brokerage, and research. This segment also offers securities services, including custody, fund accounting and administration, and securities lending products for asset managers, insurance companies, and public and private investment funds. The CB segment provides financial solutions, including lending, payments, investment banking, and asset management to small business, large and mid-sized companies, local governments, and nonprofit clients; and commercial real estate banking services to investors, developers, and owners of multifamily, office, retail, industrial, and affordable housing properties. The AWM segment offers multi-asset investment management solutions in equities, fixed income, alternatives, and money market funds to institutional clients and retail investors; and retirement products and services, brokerage, custody, trusts and estates, loans, mortgages, deposits, and investment management products. The company also provides ATM, online and mobile, and telephone banking services. JPMorgan Chase & Co. was founded in 1799 and is headquartered in New York, New York.

**Latest Price** (Aug 25, 2022, 11:42:30 AM)  
**\$117.72** ▲ (\$1.92) (1.66%)

**Last Close**  
\$115.80

**Open**  
\$116.16

**Volume**  
3,343,525

**Annual Div.**  
\$4.00

**Mkt Cap (mn)**  
\$345,222.15

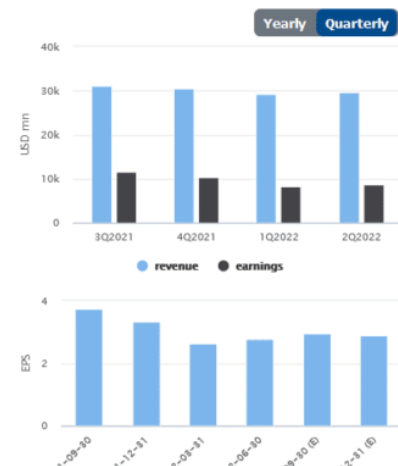
**52 Week Range**  
\$106.06 - \$172.96

**Day Range**  
\$115.69 - \$118.07

**Avg. Volume (3m)**  
12,238,591

**Div. Yield**  
3.45%

**Beta**  
1.10



## Johnson & Johnson (JNJ)

## Johnson & Johnson (JNJ) - Drug Manufacturers—General

### Description

Johnson & Johnson, together with its subsidiaries, researches and develops, manufactures, and sells various products in the healthcare field worldwide. The company's Consumer Health segment offers baby care products under the JOHNSON'S and AVEENO Baby brands; oral care products under the LISTERINE brand; skin health/beauty products under the AVEENO, CLEAN & CLEAR, DR. CI:LABO, NEUTROGENA, and OXG brands; TYLENOL acetaminophen products; SUDAFED cold, flu, and allergy products; BENADRYL and ZYRTEC allergy products; MOTRIN IB ibuprofen products; NICORETTE smoking cessation products; and PEPICID acid reflux products. It also offers STAYFREE and CAREFREE sanitary pads; o.b. tampons; adhesive bandages under the BAND-AID brand; and first aid products under the NEOSPORIN brand. It serves general public, retail outlets, and distributors. The company's Pharmaceutical segment offers products for rheumatoid arthritis, psoriatic arthritis, inflammatory bowel disease, and psoriasis; HIV/AIDS and COVID-19 infectious diseases; mood disorders, neurodegenerative disorders, and schizophrenia; prostate cancer, hematologic malignancies, lung cancer, and bladder cancer; thrombosis, diabetes and macular degeneration; and pulmonary arterial hypertension. This segment serves retailers, wholesalers, distributors, hospitals, and healthcare professionals directly for prescription use. Its MedTech segment provides electrophysiology products to treat cardiovascular diseases; neurovascular care products to treat hemorrhagic and ischemic stroke; orthopaedics products in support of hips, knees, trauma, spine, sports, and other; advanced and general surgery solutions that focus on breast aesthetics, ear, nose, and throat procedures; and disposable contact lenses and ophthalmic products related to cataract and laser refractive surgery under the ACUVUE brand. This segment serves wholesalers, hospitals, and retailers. The company was founded in 1886 and is based in New Brunswick, New Jersey.

**Latest Price** (Aug 25, 2022, 11:40:08 AM)  
**\$165.62** ▲ (\$0.04) (0.02%)

**Last Close**  
 \$165.58

**Open**  
 \$165.95

**Volume**  
 1,593,702

**Annual Div.**  
 \$4.31

**Mkt Cap (mn)**  
 \$436,890.63

**52 Week Range**  
 \$155.72 — \$186.69

**Day Range**  
 \$164.70 — \$166.04

**Avg. Volume (3m)**  
 6,903,311

**Div. Yield**  
 2.60%

**Beta**  
 0.59



## Procter and Gamble (PG)

### The Procter & Gamble Company (PG) - Household & Personal Products

#### Description

The Procter & Gamble Company provides branded consumer packaged goods worldwide. It operates through five segments: Beauty; Grooming; Health Care; Fabric & Home Care; and Baby, Feminine & Family Care. The Beauty segment offers conditioners, shampoos, styling aids, and treatments under the Head & Shoulders, Herbal Essences, Pantene, and Rejoice brands; and antiperspirants and deodorants, personal cleansing, and skin care products under the Olay, Old Spice, Safeguard, Secret, and SK-II brands. The Grooming segment provides shave care products and appliances under the Braun, Gillette, and Venus brand names. The Health Care segment offers toothbrushes, toothpastes, and other oral care products under the Crest and Oral-B brand names; and gastrointestinal, rapid diagnostics, respiratory, vitamins/minerals/supplements, pain relief, and other personal health care products under the Metamucil, Neurobion, Pepto-Bismol, and Vicks brands. The Fabric & Home Care segment provides fabric enhancers, laundry additives, and laundry detergents under the Ariel, Downy, Gain, and Tide brands; and air care, dish care, P&G professional, and surface care products under the Cascade, Dawn, Fairy, Febreze, Mr. Clean, and Swiffer brands. The Baby, Feminine & Family Care segment offers baby wipes, taped diapers, and pants under the Luvs and Pampers brands; adult incontinence and feminine care products under the Always, Always Discreet, and Tampax brands; and paper towels, tissues, and toilet papers under the Bounty, Charmin, and Puffs brands. The company sells its products primarily through mass merchandisers, e-commerce, grocery stores, membership club stores, drug stores, department stores, distributors, wholesalers, specialty beauty stores, high-frequency stores, pharmacies, electronics stores, and professional channels, as well as directly to consumers. The Procter & Gamble Company was founded in 1837 and is headquartered in Cincinnati, Ohio.

**Latest Price** (Aug 25, 2022, 11:41:20 AM)  
**\$145.32** ▼ (-\$0.50) (-0.34%)

**Last Close**  
 \$145.82

**Open**  
 \$146.61

**Volume**  
 1,569,512

**Annual Div.**  
 \$3.52

**Mkt Cap (mn)**  
 \$347,248.23

**52 Week Range**  
 \$129.50 — \$165.35

**Day Range**  
 \$144.62 — \$145.78

**Avg. Volume (3m)**  
 6,957,950

**Div. Yield**  
 2.42%

**Beta**  
 0.34



## Disclosure

This report is not a recommendation to buy or sell the named securities. We intend to elicit ideas about stocks meeting specific criteria and investment themes. Please read our [disclosures](#) carefully

and do your own research before investing.