



## Five for Friday: Factors for Success Part II – Buying TAAMG Stocks

On August 25, 2022, we published [Five for Friday: Factors for Success](#). The screen used our internal factor analysis tool to see which stock factors are most likely to hold up best in a market decline. As we wrote in the article:

*?Where should I put my money if we get another leg down in the market??*

From August 25<sup>th</sup> through September 16<sup>th</sup> the S&P 500 fell over 8%. How did our screen do?

For starters, the high dividend yield factor was the third best relative performer factor, beating the S&P 500 by 2.48%.

The screen was simple and selected the ETF's five largest holdings. The five stocks fell 2.5% on average, handily outperforming the S&P 500.

This week we take the opposite approach. With the market trading lower over the past month and many technical indicators pointing to oversold conditions, we select the top five holdings from the factor that has been the poorest relative performer year to date.

We chose not to select the two worst performing ?factors?- disruptive tech and semiconductors as they are more akin to industries and not factors. Mega Cap Growth, represented by Vanguard's Mega Cap Growth ETF -MGK lost 8.64% to the S&P 500 year-to-date and is the worst-performing factor on a relative basis.

Relative Performance to SPY	
Dates:	12/31/21 - 09/16/22
Small Caps	-0.71%
Mid Cap 400	2.51%
S&P 500	0.40%
Small Cap Value	6.31%
Mid Cap Value	7.56%
S&P 500 Value	8.01%
Low Beta [Low Vol.]	10.04%
High Dividend Yield	10.65%
Buyback Achievers	2.09%
Small Cap Growth	-6.22%
Mid Cap Growth	-1.67%
S&P 500 Growth	-6.42%
Mega Cap Growth	-8.64%
Momentum	-4.28%
High Beta	0.06%
Semiconductors	-15.87%
"Disruptive Tech"	-36.16%
Equal Weight S&P 500	4.08%
Emerging Markets	-3.82%
Developed Markets	-3.70%
EAFE	-4.41%
Precious Metals	10.43%

## Screen Results

We chose the top five holdings from our proxy ETF, MGK, 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 comprise four-fifths of the infamous FAANG acronym. The FAANG stocks are among the world's largest stocks and led the market higher last year. In our selection, Tesla is MGK's fourth largest holding and replaces the F in FAANG (Facebook/Meta) with a T. Netflix is also excluded, and Microsoft, widely considered a FAANG stock, is included. Below are our TAAMG stocks that should outperform if the market rallies.

## Company Summaries (all descriptions courtesy SimpleVisor)

### Apple (AAPL)

## Apple Inc. (AAPL) - Consumer Electronics

### Description

Apple Inc. designs, manufactures, and markets smartphones, personal computers, tablets, wearables, and accessories worldwide. It also sells various related services. In addition, the company offers iPhone, a line of smartphones; Mac, a line of personal computers; iPad, a line of multi-purpose tablets; AirPods Max, an over-ear wireless headphone; and wearables, home, and accessories comprising AirPods, Apple TV, Apple Watch, Beats products, HomePod, and iPod touch. Further, it provides AppleCare support services; cloud services (i.e. services); and operates various platforms, including the App Store that allow customers to discover and download applications and digital content, such as books, music, video games, and podcasts. Additionally, the company offers various services, such as Apple Arcade, a game subscription service; Apple Music, which offers users a curated listening experience with on-demand radio stations; Apple News+, a subscription news and magazine service; Apple TV+, which offers exclusive original content; Apple Card, a co-branded credit card; and Apple Pay, a cashless payment service, as well as licenses its intellectual property. The company serves consumers, and small and mid-sized businesses; and the education, enterprise, and government markets. It distributes third-party applications for its products through the App Store. The company also sells its products through its retail and online stores, and direct sales force; and third-party cellular network carriers, wholesalers, retailers, and resellers. Apple Inc. was incorporated in 1977 and is headquartered in Cupertino, California.

Last Price (Sep 25, 2023, 16:00:00 AM)  
**\$157.17** ▲ (\$0.27) (0.17%)

Last Close  
\$156.90

Open  
\$157.34

Volume  
33,796,953

Annual Div.  
\$0.89

Mkt Cap (mn)  
\$2,525,858.89

52 Week Range  
\$129.04

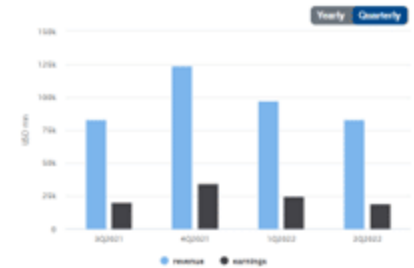
Day Range  
\$153.92

Day Range  
\$158.40

Avg. Volume (3m)  
74,677,969

Div. Yield  
0.57%

Beta  
1.23



## Microsoft (MSFT)

## Microsoft Corporation (MSFT) - Software—Infrastructure

### Description

Microsoft Corporation develops, licenses, and supports software, services, devices, and solutions worldwide. The company operates in three segments: Productivity and Business Processes, Intelligent Cloud, and More Personal Computing. The Productivity and Business Processes segment offers Office, Exchange, SharePoint, Microsoft Teams, Office 365 Security and Compliance, Microsoft Viva, and Skype for Business; Skype, Outlook.com, OneDrive, and LinkedIn; and Dynamics 365, a set of cloud-based and on-premises business solutions for organizations and enterprise divisions. The Intelligent Cloud segment licenses SQL, Windows Servers, Visual Studio, System Center, and related Client Access Licenses; GitHub that provides a collaboration platform and code hosting service for developers; Nuance provides healthcare and enterprise AI solutions; and Azure, a cloud platform. It also offers enterprise support, Microsoft consulting, and nuance professional services to assist customers in developing, deploying, and managing Microsoft server and desktop solutions; and training and certification on Microsoft products. The More Personal Computing segment provides Windows original equipment manufacturer (OEM) licensing and other non-volume licensing of the Windows operating system; Windows Commercial, such as volume licensing of the Windows operating system, Windows cloud services, and other Windows commercial offerings; patent licensing; and Windows Internet of Things. It also offers Surface, PC accessories, PCs, tablets, gaming and entertainment consoles, and other devices; Gaming, including Xbox hardware, and Xbox content and services; video games and third-party video game royalties; and Search, including Bing and Microsoft advertising. The company sells its products through OEMs, distributors, and resellers; and directly through digital marketplaces, online stores, and retail stores. Microsoft Corporation was founded in 1975 and is headquartered in Redmond, Washington.

Last Price (Sep 25, 2023, 16:00:00 AM)  
**\$245.28** ▲ (\$2.83) (1.17%)

Last Close  
\$242.45

Open  
\$244.27

Volume  
7,504,678

Annual Div.  
\$2.48

Mkt Cap (mn)  
\$1,829,270.45

52 Week Range  
\$239.04

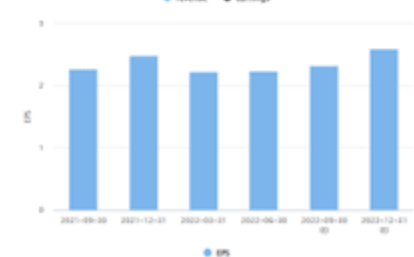
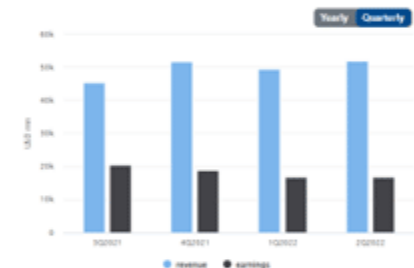
Day Range  
\$249.87

Day Range  
\$243.40

Avg. Volume (3m)  
24,584,176

Div. Yield  
1.02%

Beta  
0.94



## Amazon (AMZN)

## Amazon.com, Inc. (AMZN) - Internet Retail

### Description

Amazon.com, Inc. engages in the retail sale of consumer products and subscriptions in North America and internationally. The company operates through three segments: North America, International, and Amazon Web Services (AWS). It sells merchandise and content purchased for resale from third-party sellers through physical and online stores. The company also manufactures and sells electronic devices, including Kindle, Fire tablets, Fire TV, Rings, and Echo and other devices; provides Kindle Direct Publishing, an online service that allows independent authors and publishers to make their books available in the Kindle Store; and develops and produces media content. In addition, it offers programs that enable sellers to sell their products on its websites, as well as its stores, and programs that allow authors, musicians, filmmakers, Twitch streamers, skill and app developers, and others to publish and sell content. Further, the company provides compute, storage, database, analytics, machine learning, and other services, as well as fulfillment, advertising, publishing, and digital content subscriptions. Additionally, it offers Amazon Prime, a membership program, which provides free shipping of various items; access to streaming of movies and series; and other services. The company serves consumers, sellers, developers, enterprises, and content creators. Amazon.com, Inc. was incorporated in 1994 and is headquartered in Seattle, Washington.

**Latest Price** (Sep 26, 2023, 9:42:41 AM)  
**\$122.63** ▲ (\$0.44) (0.36%)

**52 Week Range**  
 \$102.26 - \$149.26

**Last Close**  
 \$122.63

**Day Range**  
 \$121.76 - \$123.50

**Open**  
 \$122.69

**Volume**  
 16,338,220

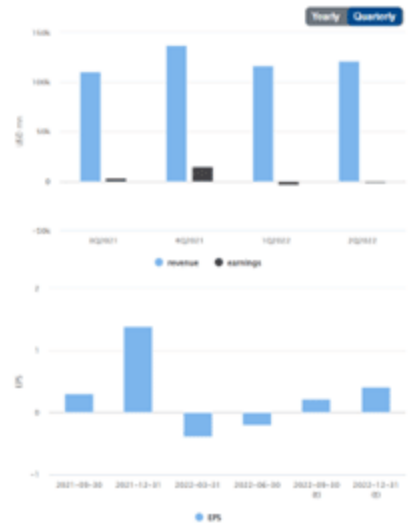
**Avg. Volume (3m)**  
 59,334,790

**Annual Div.**  
 \$0.00

**Div. Yield**  
 0.00%

**Mkt Cap (mm)**  
 \$1,249,306.35

**Beta**  
 1.33



## Tesla (TSLA)

### Tesla, Inc. (TSLA) - Auto Manufacturers

#### Description

Tesla, Inc. designs, develops, manufactures, leases, and sells electric vehicles, and energy generation and storage systems in the United States, China, and internationally. The company operates in two segments, Automotive, and Energy Generation and Storage. The Automotive segment offers electric vehicles, as well as sells automotive regulatory credits. It provides sedans and sport utility vehicles through direct and used vehicle sales, a network of Tesla Superchargers, and in-app upgrades, and purchase financing and leasing services. This segment is also involved in the provision of non-warranty after-sales vehicle services, sale of used vehicles, retail merchandise, and vehicle insurance, as well as sale of products to third-party customers; services for electric vehicles through its company-owned service locations, and Tesla mobile service technicians; and vehicle limited warranties and extended service plans. The Energy Generation and Storage segment engages in the design, manufacture, installation, sale, and leasing of solar energy generation and energy storage products, and related services to residential, commercial, and industrial customers and utilities through its website, stores, and galleries, as well as through a network of channel partners. This segment also offers service and repairs to its energy product customers, including under warranty, and various financing options to its solar customers. The company was formerly known as Tesla Motors, Inc. in February 2017 Tesla, Inc. was incorporated in 2003 and is headquartered in Austin, Texas.

**Latest Price** (Sep 26, 2023, 9:43:31 AM)  
**\$309.54** ▲ (\$0.85) (0.28%)

**52 Week Range**  
 \$206.86 - \$444.50

**Last Close**  
 \$308.71

**Day Range**  
 \$306.36 - \$310.45

**Open**  
 \$308.29

**Volume**  
 23,368,355

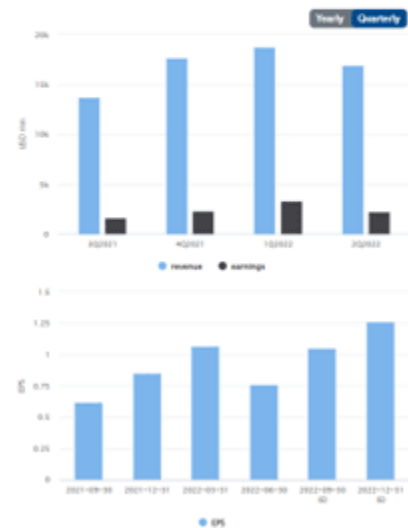
**Avg. Volume (3m)**  
 77,864,479

**Annual Div.**  
 \$0.00

**Div. Yield**  
 0.00%

**Mkt Cap (mm)**  
 \$969,933.91

**Beta**  
 2.19



## Alphabet (GOOGL)

## Alphabet Inc. (GOOGL) - Internet Content & Information

### Description

Alphabet Inc. provides various products and platforms in the United States, Europe, the Middle East, Africa, the Asia-Pacific, Canada, and Latin America. It operates through Google Services, Google Cloud, and Other Bets segments. The Google Services segment offers products and services, including ads, Android, Chrome, hardware, Gmail, Google Drive, Google Maps, Google Photos, Google Play, Search, and YouTube. It is also involved in the sale of apps and in-app purchases and digital content in the Google Play store, and Fitbit wearable devices, Google Nest home products, Pixel phones, and other devices, as well as in the provision of YouTube non-advertising services. The Google Cloud segment offers infrastructure, platform, and other services; Google Workspace that include cloud-based collaboration tools for enterprises, such as Gmail, Docs, Drive, Calendar, and Meet; and other services for enterprise customers. The Other Bets segment sells health technology and internet services. The company was founded in 1998 and is headquartered in Mountain View, California.

**Latest Price** (May 25, 2023, 04:40 PM)  
\$101.58 ▲ (\$0.44) (0.44%)

**52 Week Range**

\$100.52

\$101.55

**Day Range**

\$100.82

\$101.67

**Open**

\$101.67

**Last Close**

\$101.14

**Volume**

7,943,698

**Avg. Volume (3m)**

30,285,507

**Annual Div.**

\$0.00

**Div. Yield**

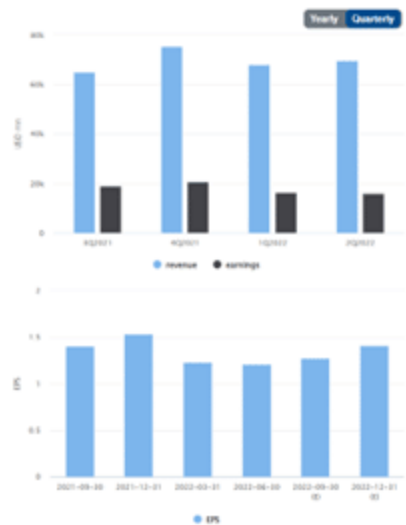
0.00%

**Mkt Cap (mn)**

\$1,329,275.96

**Beta**

1.09



## 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.