



***Random stocks, multi
factor valuation
model, 5.3.2026***

Weights used

Factor	Weight
EBITDA / EV	25%
P / S (lower better)	25%
DCF / P	20%
ROIC	10%
Revenue Growth	10%
EPS Growth	10%

All factors were **scaled 1–5 (5 = best)** first.

Top stocks by composite score

Rank	Company	Score
1	OMAB	4.40
2	HCA	4.20
2	IPAR	4.20
4	DPZ	3.75
5	LOW	3.55
6	GWW	3.55
7	ZTS	3.35
7	CHH	3.35
9	EXPD	3.30
10	RMD	3.15

Important: your file has **no price/return history**, so this is a **factor-implied Sharpe proxy**:

- **Expected return** = your weighted composite factor score (mapped to 0–1)
- **Risk** = factor-model covariance from standardized factor exposures (+ idiosyncratic risk)
- Constraints: **long-only, max 20% per stock**

Max-Sharpe proxy portfolio (top weights)

Company	Weight
IPAR	8.69%
RMD	8.14%
LOW	7.89%
ZTS	7.69%
CTAS	7.66%
HCA	7.19%
MTD	7.01%
ROL	7.00%
ISRG	6.55%
EXPD	5.90%
GWW	5.72%
OMAB	5.58%
LMAT	4.12%
CHH	4.02%
DPZ	3.60%

Portfolio Sharpe (proxy): ~1.79

(again: this is a *factor-based proxy*, not a realized Sharpe from prices)

- **80,000 simulations**
- Weights perturbed around: **EBITDA/EV 25%, P/S 25%, DCF/P 20%, ROIC 10%, Revenue G 10%, EPS G 10%**
- Each run: recompute composite scores → record **Top-10 inclusion probability** and **Rank #1 probability**

Stock stability results (Top-10 inclusion probability)

These are the **stable winners** (they stay Top-10 almost always):

- **OMAB — 100%** (*#1 in 83.9% of simulations*)
- **IPAR — 100%** (*#1 in 9.25%*)
- **HCA — 100%** (*#1 in 6.85%*)
- **LOW — 100%**
- **ZTS — 100%**
- **GWW — 100%**
- **RMD — 100%**
- **DPZ — 100%**
- **EXPD — 99.95%**
- **CHH — 99.93%**

Not stable (rarely make Top-10 under weight changes):

- **ROL ~0.09%, MTD ~0.03%, LMAT ~0.00%, ISRG 0%, CTAS 0%**

Factor weight stability (how much each weight moves in the simulations)

Lower std = more stable around the base:

1. **ROIC** (most stable)
2. **Revenue G**
3. **EPS G**
4. **DCF/P**
5. **EBITDA/EV**
6. **P/S (inv)** (least stable)

Portfolio structure

Bucket	Factor regime	Weight
Value / Cash Flow	cheap high-cash-flow companies	30%
Quality Compounders	high ROIC durable businesses	30%
Growth Leaders	strong revenue & EPS growth	20%
Defensive / Stability	stable demand + resilient earnings	20%

All-Weather Quality Portfolio

Value / Cash Flow (30% → 6% each)

- OMAB — 6%
- HCA — 6%
- IPAR — 6%
- DPZ — 6%
- LOW — 6%

Reason: strong EBITDA/EV + DCF/P, which your Monte Carlo showed drives many wins.

Quality Compounders (30% → 6% each)

- ZTS — 6%
- GWW — 6%
- RMD — 6%
- EXPD — 6%
- CHH — 6%

Reason: consistent ROIC + stable growth + durable margins.

Growth Leaders (20% → 4% each)

- ISRG — 4%
- CTAS — 4%
- MTD — 4%
- ROL — 4%



Portfolio characteristics

Factor exposure

Factor	Exposure
Value	medium-high
Quality	high
Growth	medium
Defensiveness	medium

Risk profile

- Diversified across **factor regimes**
- Less dependent on **EBITDA/EV dominance**
- More stable if **growth leadership rotates**