February 12, 2017

STRATEGIC CAPITAL DEPLOYMENT

Overview

Investors and traders or as they are commonly referred to as market participants are continuously plagued with the question of where to deploy their capital. This report aims to address that question through experiential data in addition to real data gathered by various industry-trusted sources like the WSJ and Reuters. As traders, we have the unique perspective of being on the ground actively putting our own capital to work every day for more than ten years.

Unlike other research papers or articles, we supplement statistical data with our own insight to make this report practical and useful to the reader. We delve specifically into the stock market - most importantly, the US stock market as it is the largest in the world. The common misconception for market enthusiasts is that the market moves in total harmony with the thousands of company stocks listed. This could not be further from the truth.

Uncovering the truth, we have come up with a very specific list of stocks that drive the overall US stock market which will enlighten traders and investors alike so as to be able to strategically place capital in the appropriate companies. This report provides this list, together with their performance metrics, seasonality measures, and our own insight to how to trade or invest in these companies.

Contained in this report is the detailed research of index funds using one of the world's biggest stock index. As an alternative to individual stock investing, market participants are lured into the world of index funds. The report breaks this down in more detail explaining the things that are missed by the so-called experts. In providing a better understanding of index fund investing and trading, market participants will improve the way they put their money to work.

The report is for stock traders and investors who seek a better way in participating. The most valuable insight contained herein is the fact that the US stock market is only driven by less than ten stocks thus destroying the notion of some funds touting a well-balanced risk profile. Conclusions are made as to what stocks to consider, what the relative performance of an index fund is versus the main equities in addition to a better understanding of when to take profits.

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Executive Summary

Over a study period of ten years, [redacted]-side market participants had an 80% [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

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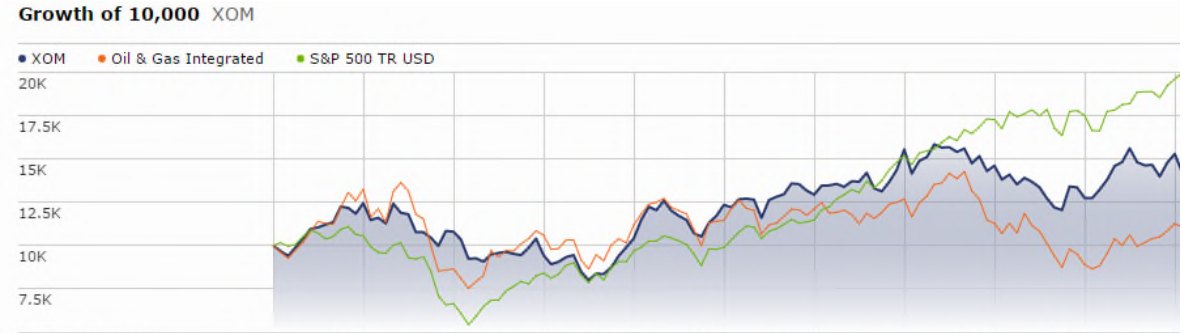
Company: XOM - Exxon Mobil

This is part of the top eight holdings of major index funds as well as the S&P 500 index. Exxon is the biggest company by weight in its own sector and is a bellwether for where the energy sector may be headed.

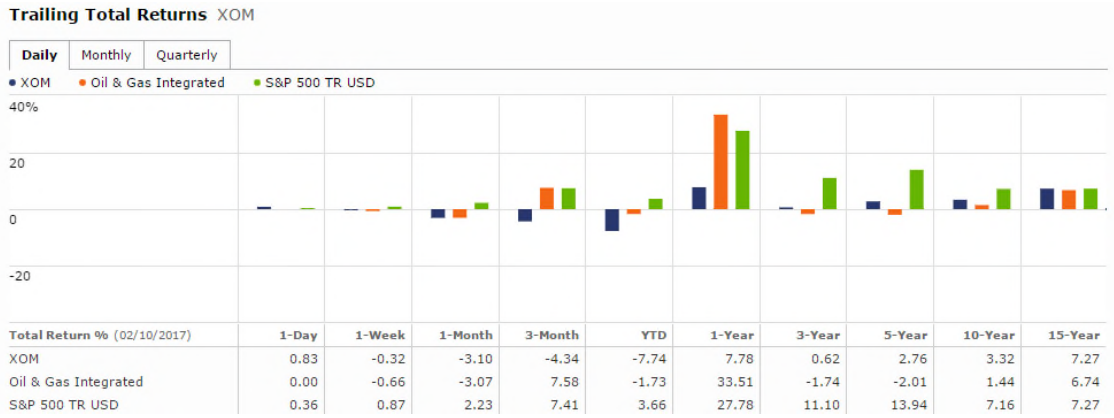
Performance



History (01/31/2017)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
XOM	24.05	-13.14	-12.50	9.78	18.45	4.68	19.77	-5.98	-12.57	19.62
Oil & Gas Integrated	32.30	-34.58	22.27	5.58	2.36	5.65	4.86	-11.08	-20.92	26.31
S&P 500 TR USD	5.49	-37.00	26.46	15.06	2.11	16.00	32.39	13.69	1.38	11.96

Yearly Performance (Courtesy of Reuters)

Unlike the other stocks in the group, XOM is more sensitive to global oil prices. It is expected as the rise and fall of oil dictate where the company's profits may be. The data above shows that in the years where it did provide negative returns, those were either recession years or bear market years for oil. Compared to the S&P 500 however, you would have been better off overall by putting your money in an index fund as opposed to leaving it in XOM.



Total Return % (02/10/2017)	1-Day	1-Week	1-Month	3-Month	YTD	1-Year	3-Year	5-Year	10-Year	15-Year
XOM	0.83	-0.32	-3.10	-4.34	-7.74	7.78	0.62	2.76	3.32	7.27
Oil & Gas Integrated	0.00	-0.66	-3.07	7.58	-1.73	33.51	-1.74	-2.01	1.44	6.74
S&P 500 TR USD	0.36	0.87	2.23	7.41	3.66	27.78	11.10	13.94	7.16	7.27

Average Performance (Courtesy of Reuters)

It is unmistakable that over a long period of time, XOM does not offer better returns than an index fund containing the top stocks by market weight. The data above shows this. In addition, the added risk of volatile oil prices make owning XOM challenging to ordinary investors.

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Key Findings

It is best to purchase XOM when [redacted]

Strategy

For TRADERS - it is best to buy XOM when [redacted]

For INVESTORS - knowing when Oil prices are [redacted]