

---

# Trading Rule Analysis—Overview

---

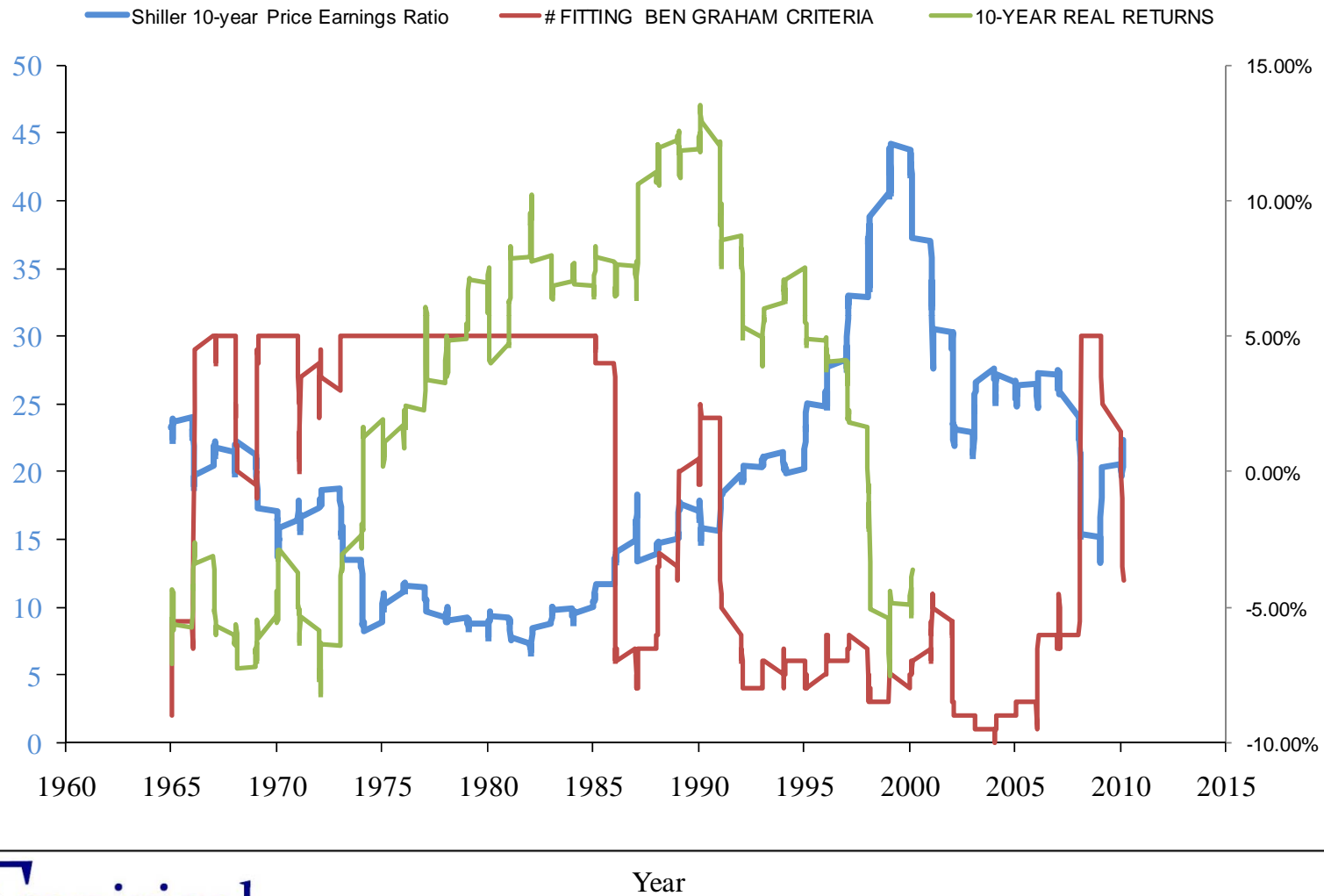
## Description Slide 1

- Shiller 10-year Price Earnings Ratio details can be found at <http://www.econ.yale.edu/~shiller/>
- # Fitting Ben Graham Criteria is the number of stocks in the 80+ percentile of market cap that fit an ad-hoc Ben Graham criteria of  $P/E < 10$  and  $(TA-TL)/TA > .5$ . The cap on this is 30 (since this is what we were backtesting originally)
- 10-year real returns are calculated on S&P 500 real returns

## Description Slide 2

- The Graham Rule shifts into 50% cash then the number of stocks meeting the Graham criteria fall below 15—i.e., not many stocks are cheap.
- The Shiller Rule shifts 50% cash when the Shiller P/E is above the 75 percentile (based on the 1880-2010 range)—i.e., the market is very expensive

# Performance Analysis—Overview



# Performance Analysis—Overview

