Stockopedia

A STOCKOPEDIA WEBINAR

Inside the Portfolios That Beat the Market

Four strategies you can use - and how to pick the one that suits you

Ed Croft - Founder & CEO, Stockopedia

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We would like to draw your attention to the following important investment warnings:

- The value of shares and investments and the income derived from them can go down as well as up.
- Investors may not get back the amount they invested.
- Past performance is not a guide to future performance.

Please note that all data in this document is historic and dated when this document went to print in November 2026. Presenters may hold positions in stocks mentioned.

Tonight's running order

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1. **The power of simple rules**
   A decade of evidence, and what it takes
2. **The mistakes we all make**
   Four stages most investors go through - which one are you?
3. **Three principles**
   Drivers, diversity and discipline: one fix for each costly mistake
4. **Four strategies**
   Three principles, four portfolios: NAPS, DIGS, RIPS and QILS
5. **Making it stick**
   Five rules, and a six-tick check to take away
6. **Build one live**
   Then your questions



Ed Croft

Founder & CEO

Stay to the end: the 16 shares that pass QILS today, and a six-tick check to take away.

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PART 1

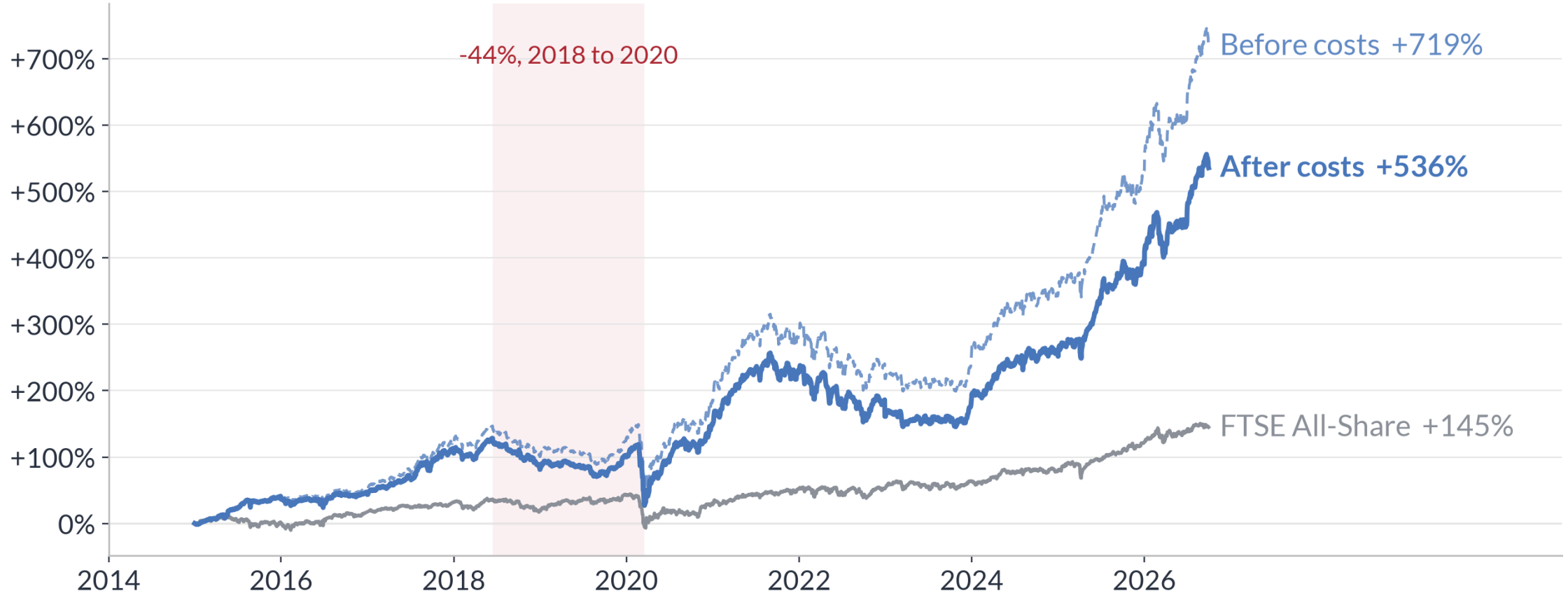
The power of simple rules

The results that can be attained.

THE EVIDENCE

Simple rules, live since 2015: the NAPS portfolio

Stockopedia

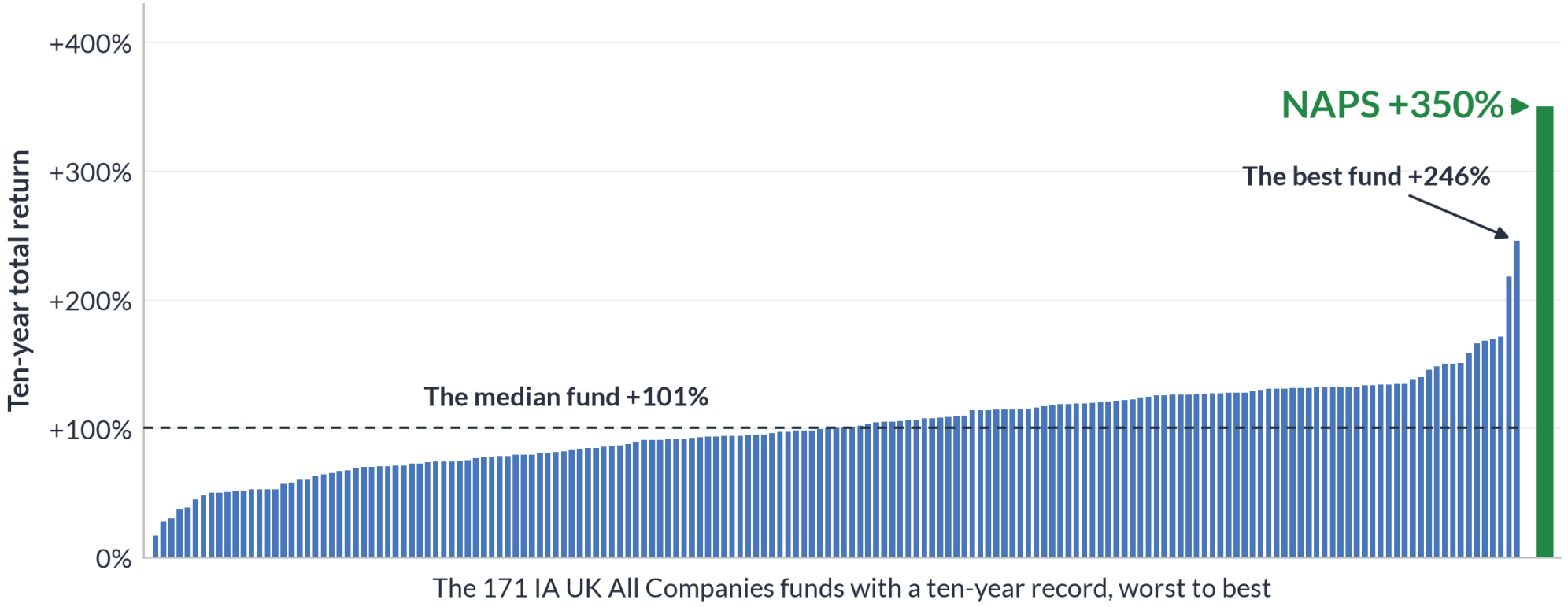


Since January 2015, with dividends and after costs: +536%, 17.0% a year, against +145% for the FTSE All-Share.

THE EVIDENCE

Simple rules beat every UK fund manager over the last decade

Stockopedia



Source: Trustnet, IA UK All Companies sector, total return to 16th November 2026 (captured 17th November 2026).

Ten years to 16th November 2026, with dividends: NAPS +350%, the best of 171 UK funds +246%.

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“People don’t need extraordinary insight or intelligence. What they need most is the character to adopt simple rules and stick to them.”

Benjamin Graham

The Intelligent Investor

PART 2

The mistakes we all make

Four stages most of us go through as investors. If you recognise yourself, say so in the chat - I still do some of these.

POLL - BE HONEST

Which trap has cost you the most money?

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A. A story stock I chased late

B. A share tip from someone I trusted

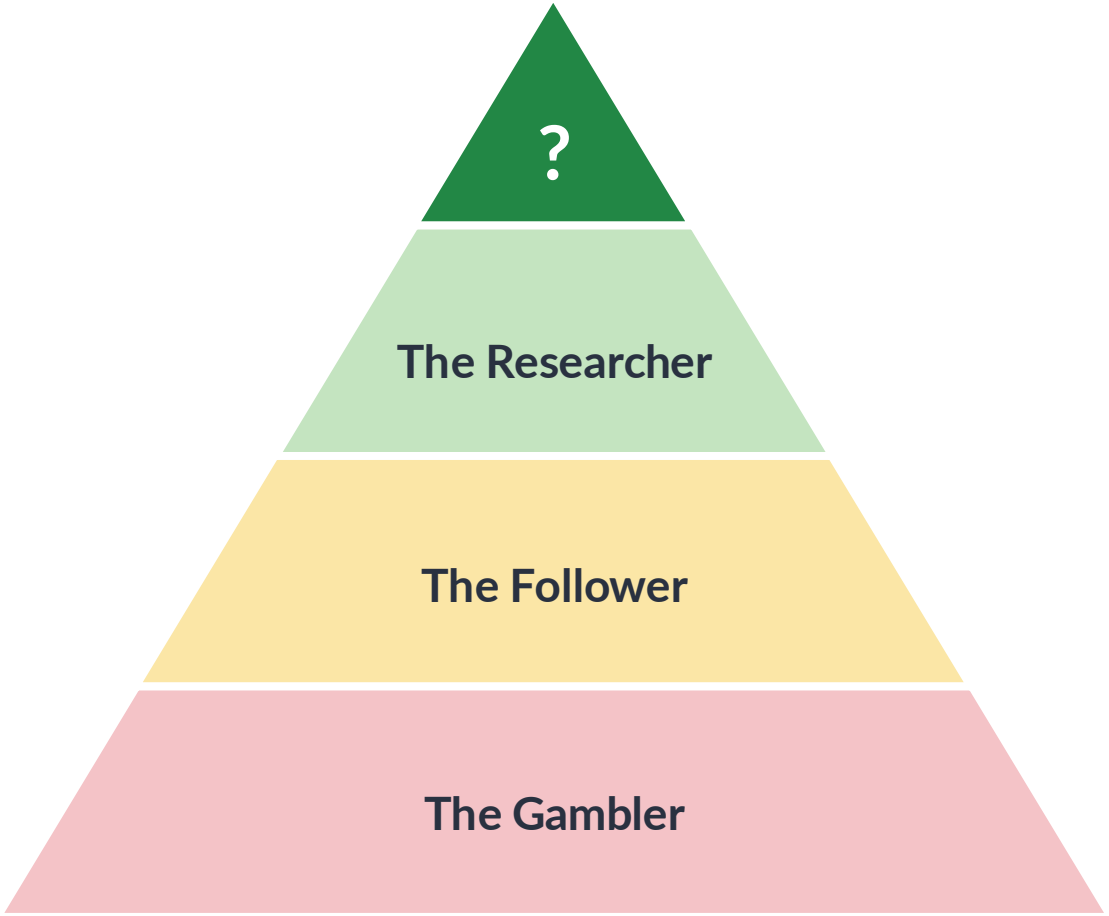
C. A share I'd researched too deeply to let go

D. Honestly, none of them

THE MISTAKES WE ALL MAKE

Four stages we go through as an investor

Stockopedia



Evidence-based → Process-driven → Consistency

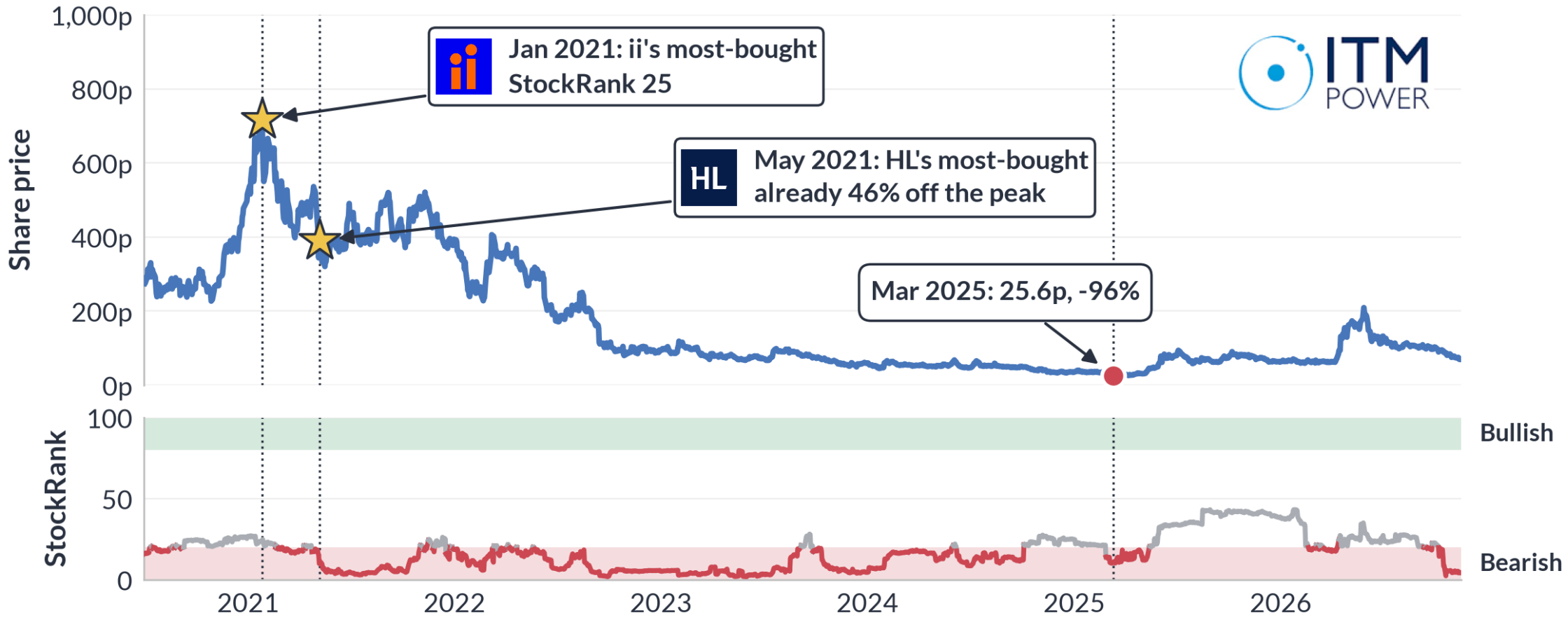
Deep research → Fundamentals → Overattachment

Gurus → Trusts in “authority” → Erratic results, regret

Social → Acts fast on rumour → Bandwagon, blame

The Gambler's trap: story stocks

Stockopedia

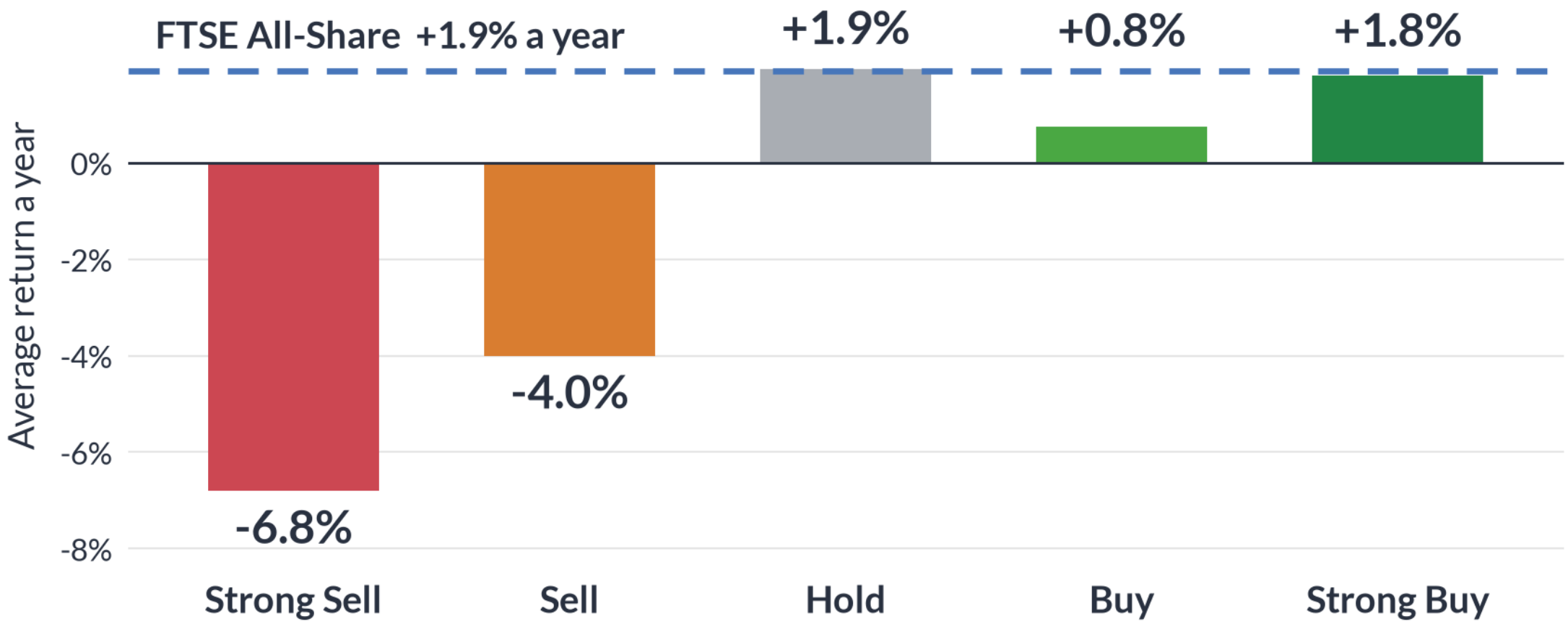


ITM Power: one of 2021's most-bought shares, with a StockRank of 25 at the peak - then down 96%.

STAGE 2 - THE FOLLOWER

The Follower's trap: broker tips

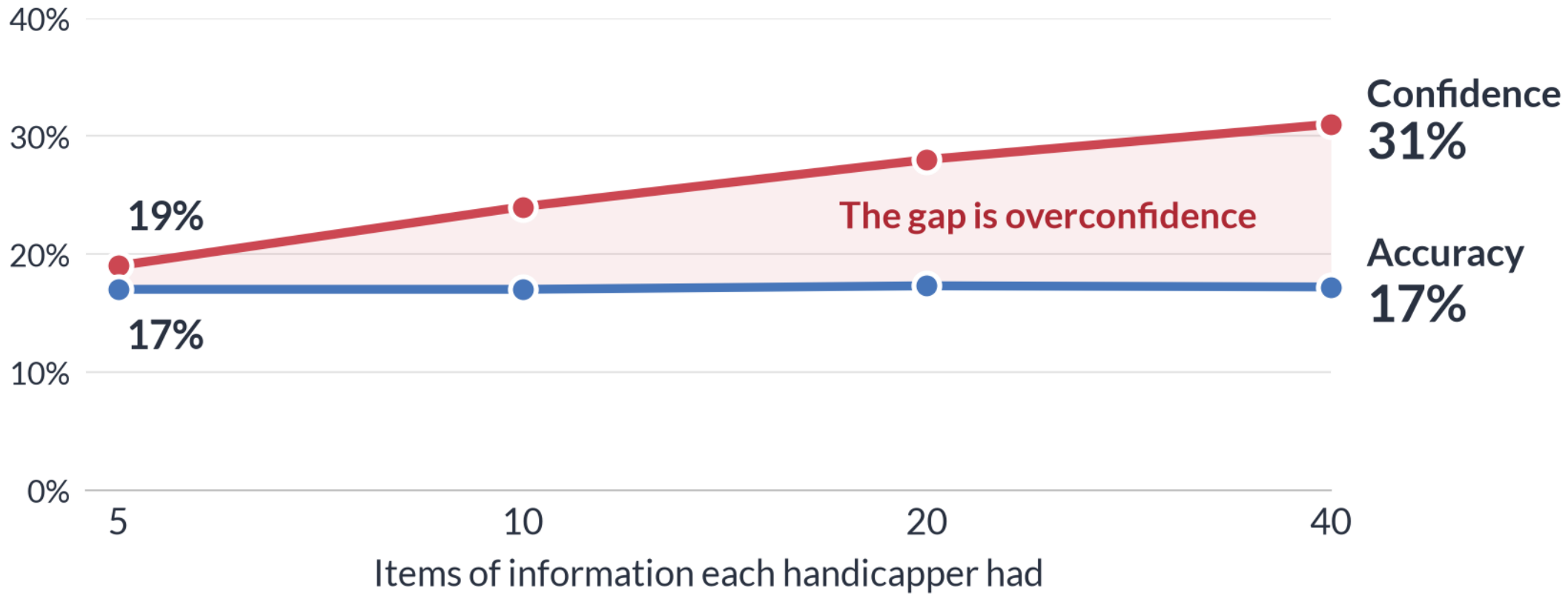
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UK broker tips, 2014 to 2024: on average, not even a Strong Buy beat the FTSE All-Share over a year.

STAGE 3 - THE RESEARCHER

The Researcher's trap: more facts, more confidence



Source: Slovic (1973), horse-race handicappers

Given 40 facts instead of 5, handicappers grew far more confident (19% to 31%), but no more accurate (17%).

A real story

Madness, they say, is making the same mistake repeatedly and not learning the error of one's ways.

I have suffered from this all my investing life. My success in stock selection is deplorable.

I know the problem; I am reckless, a risk taker, and taken in by good stories.

I have watched the extraordinary success of Edward's "Stockopedia NAPS" over the last ten years and finally have invested, fruitfully, in them for the previous two years.

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PART 3

Three principles.

What sits at the top of the pyramid.

The top of the pyramid: three principles

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1. Drivers

Buy the traits, not the story.



2. Diversity

Own enough shares to catch winners.

3. Discipline

Sell when the traits fade.

PRINCIPLE 1 OF 3

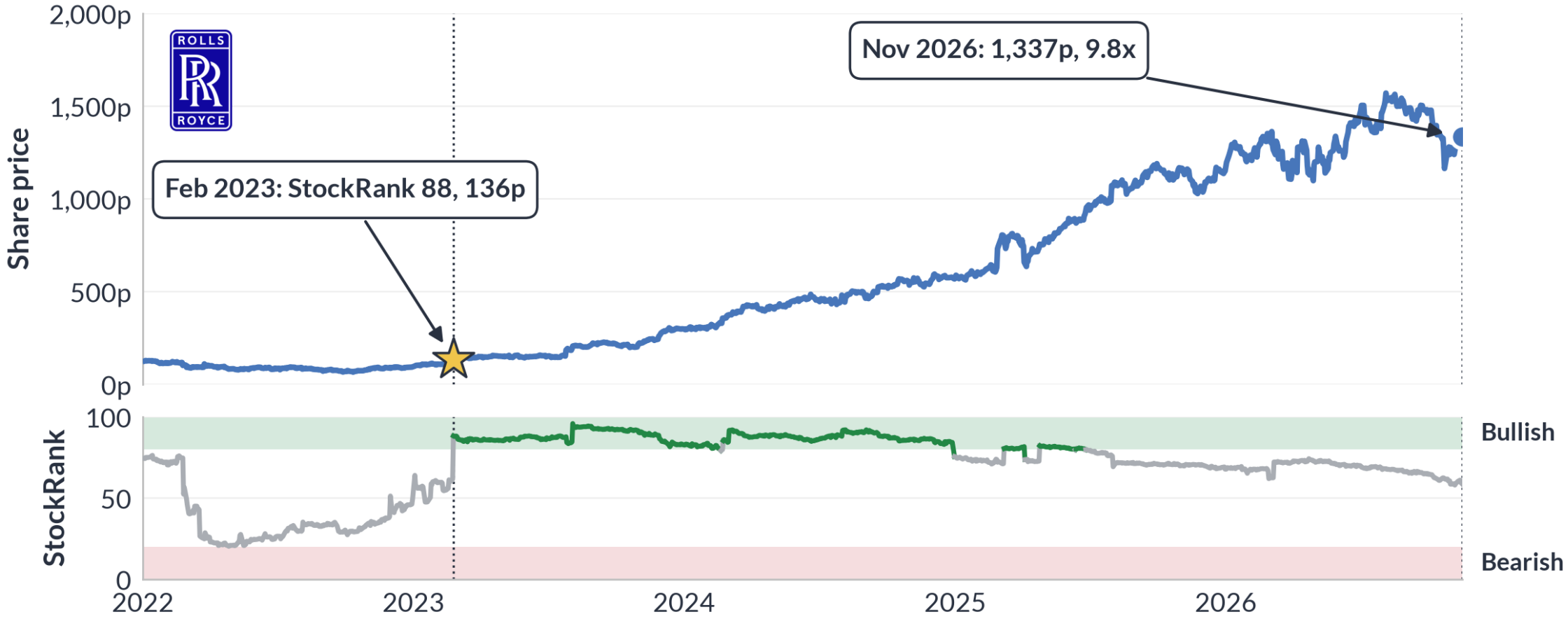
1. Drivers: pick the highest-potential shares

Quality, value and momentum are the most powerful drivers of returns.

PRINCIPLE 1 - DRIVERS

What was it about Rolls-Royce before it took off?

Stockopedia



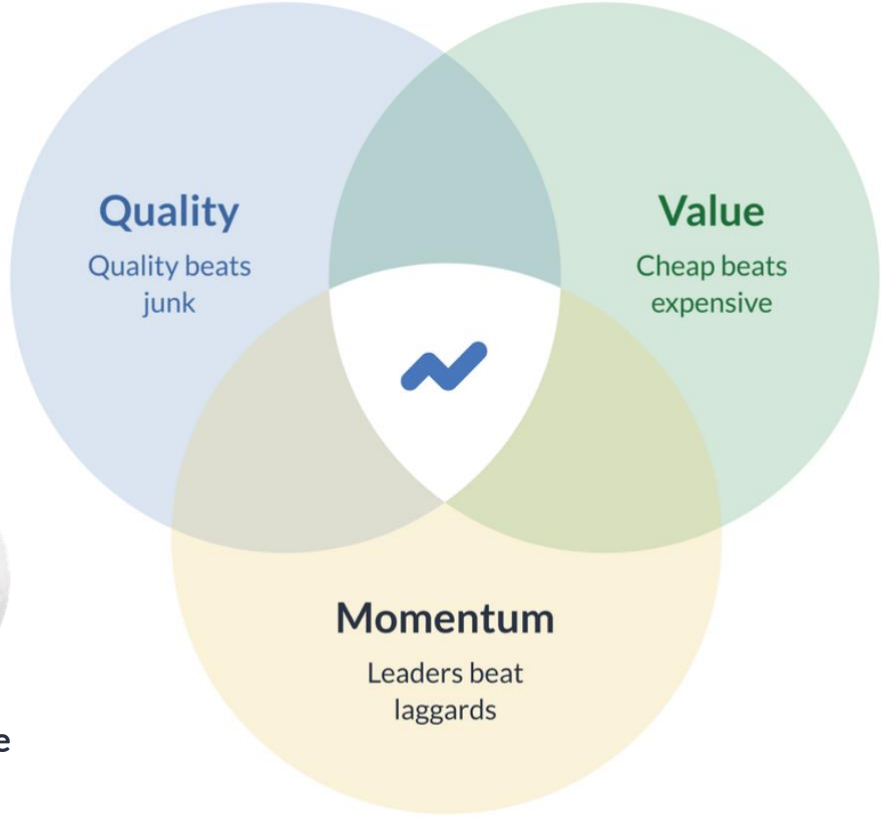
Principle 1: the traits that drive returns



Warren Buffett



Jesse Livermore





Ben Graham

Quality beats junk, cheap beats expensive, leaders beat laggards. The StockRank rolls them into one score.

PRINCIPLE 1 - DRIVERS

Rolls-Royce, 24th February 2023: what the numbers said

Stockopedia

Quality

41

up from 29 the day before

Return on capital	6%
Operating margin	7%

Value

82

up from 65 the day before

Price to sales	0.8
Price to free cash flow	9

Momentum

98

up from 82 the day before

Share price, six months	+65%
Broker forecasts, a week later	+20%

→

StockRank

88

up from 62 the day before

Share price that day	136p
Share price now	£13.37

Cheap and rising, with quality catching up. No single measure said buy; the blend did.

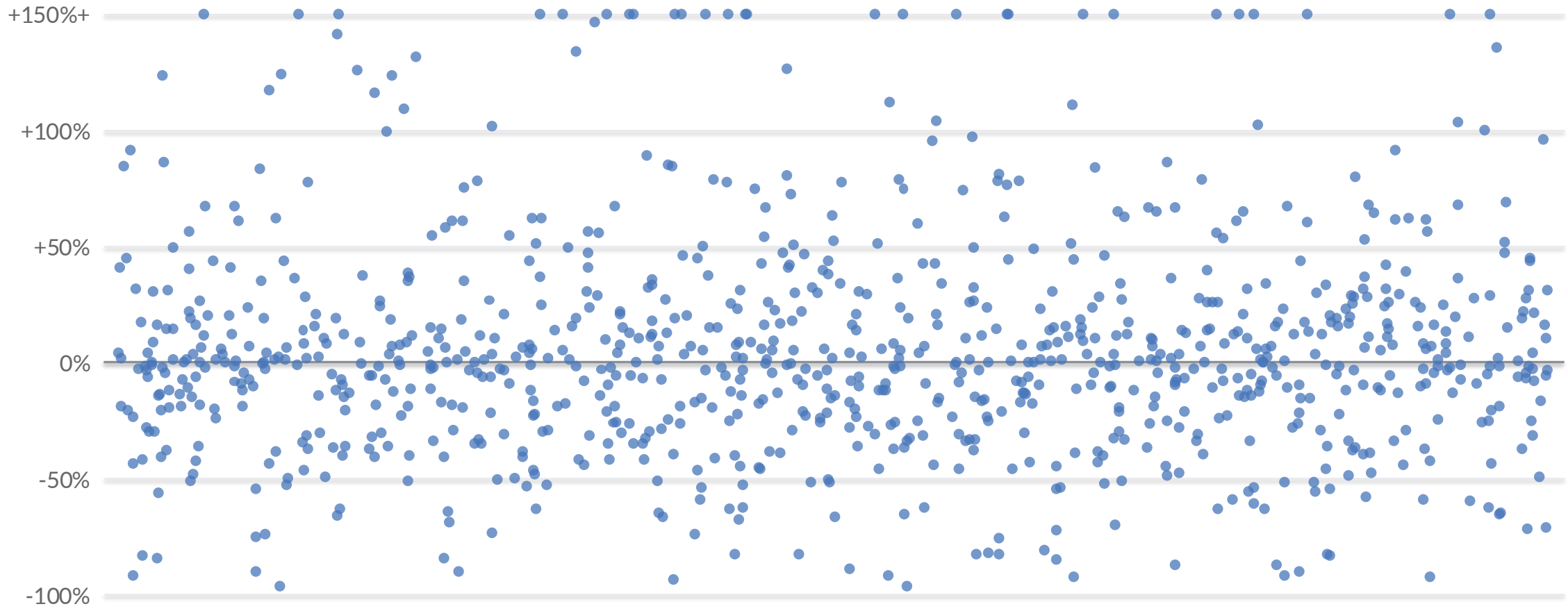
PRINCIPLE 1 - DRIVERS

Every London share in 2025

Stockopedia

Share price change in 2025

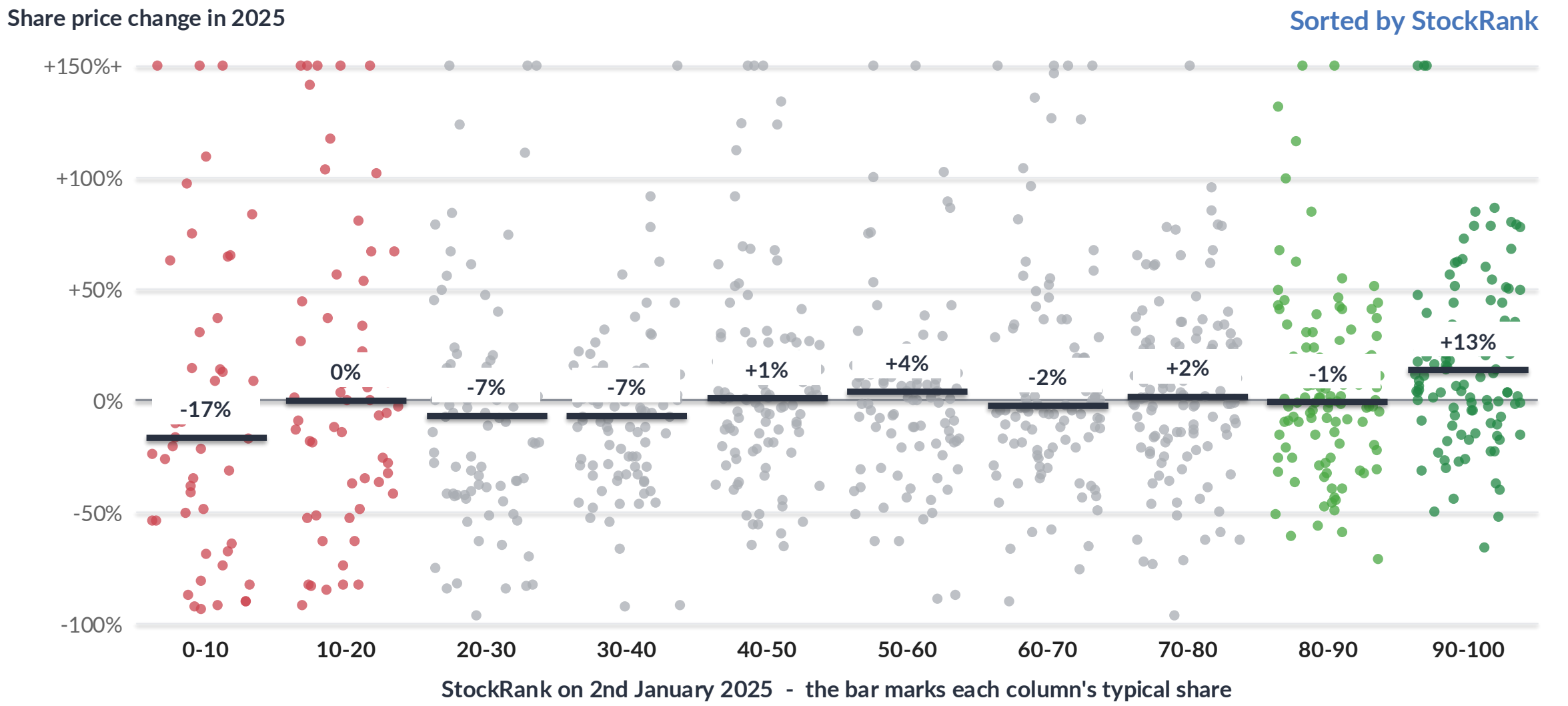
London's shares, shuffled. Which would you have picked on 2nd January?



PRINCIPLE 1 - DRIVERS

Every London share in 2025

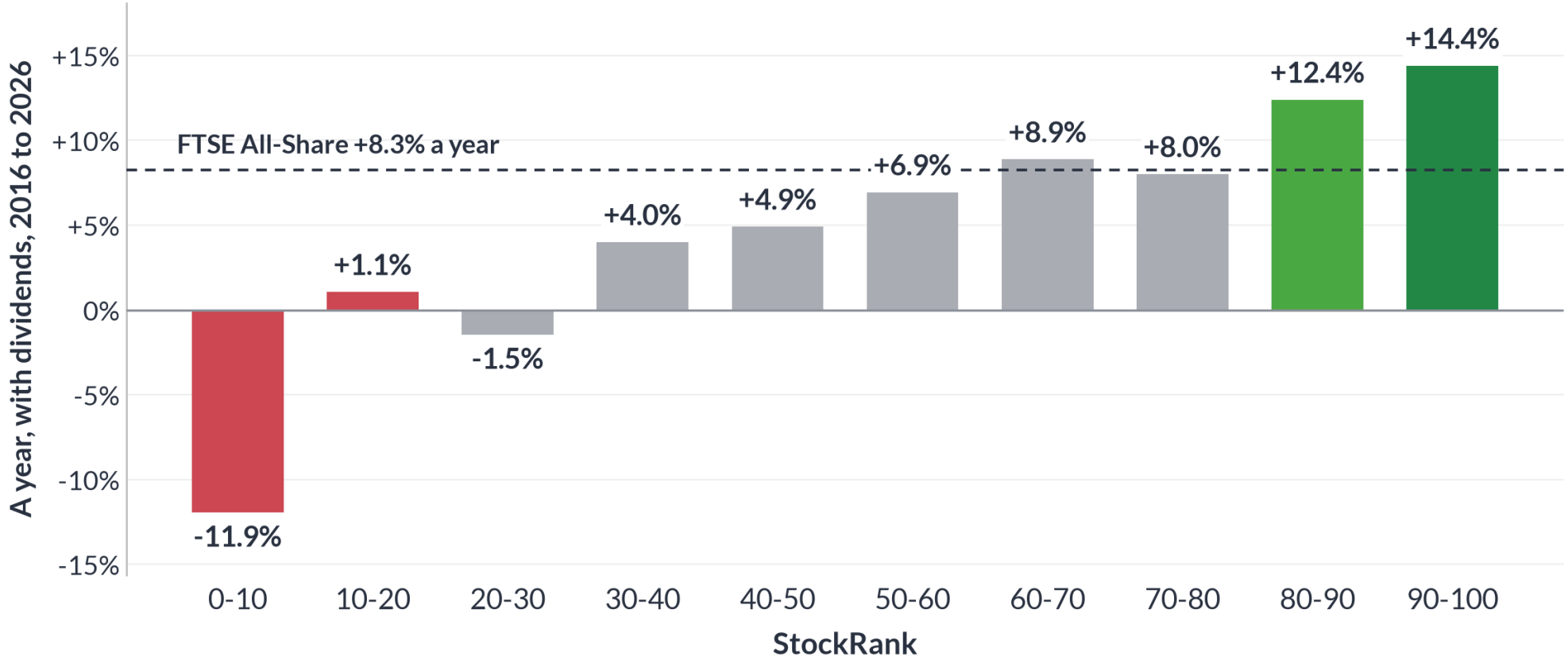
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PRINCIPLE 1 - DRIVERS

Do it every year, and you get a staircase

Stockopedia



Ten years to September 2026, with dividends: 90-100 made 14.4% a year, 0-10 lost 11.9%. The top beat the bottom in 8 of 9 years.

PRINCIPLE 2 OF 3

2. Diversity: build a robust portfolio

Diversify to cut risk - and to improve the chance that you own enough winners.

Don't make this mistake

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The typical investor holds only 4 shares often in the same sector

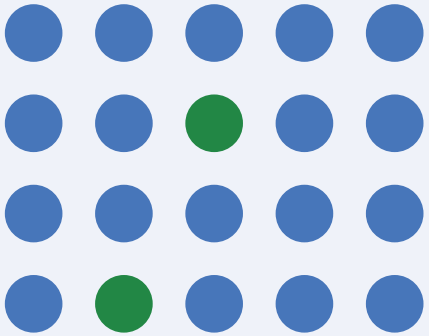
Barber and Odean, “The Common Stock Investment Performance of Individual Investors”, 2000

PRINCIPLE 2 - DIVERSITY

Diversify three ways

Stockopedia

1 Enough shares



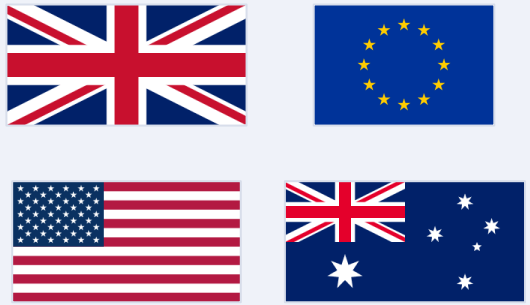
To catch the big winners and reduce your risk.

2 Across sectors



So one industry's bad year isn't your bad year.

3 Across markets

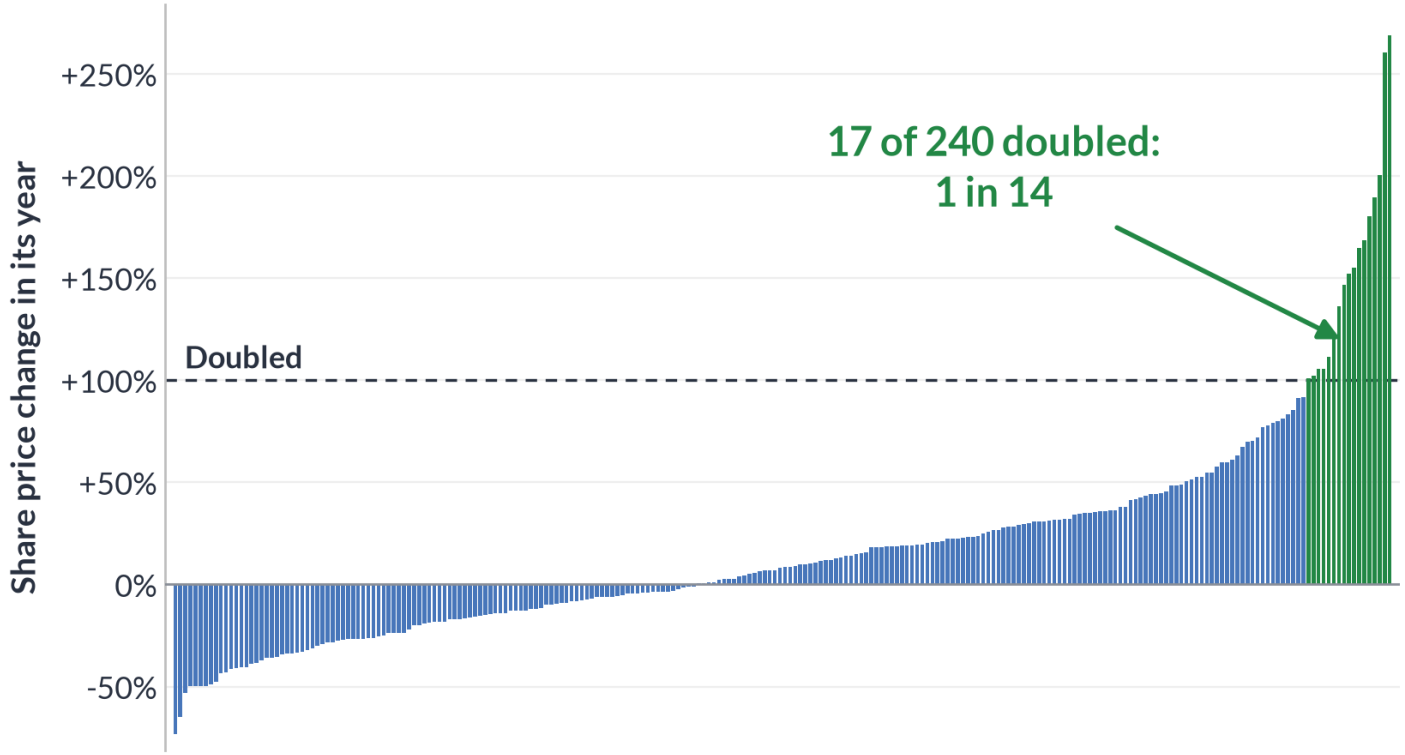


Most of us only buy at home. The best shares aren't all in London.

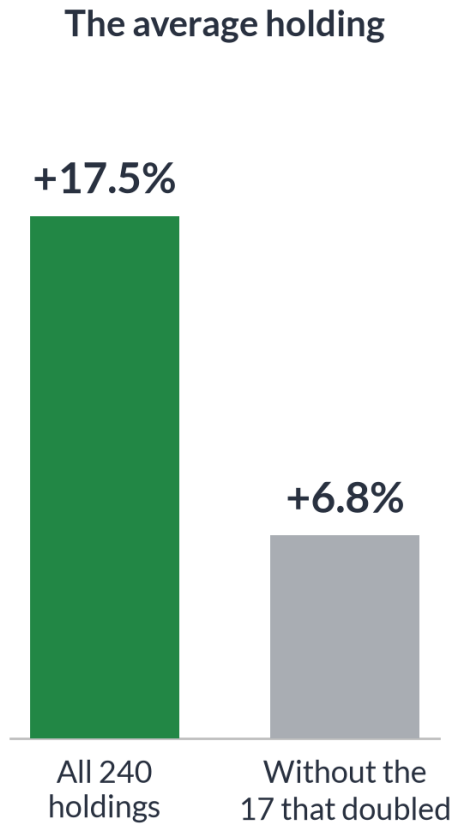
PRINCIPLE 2 - DIVERSITY

Stock market returns are driven by a few multi-baggers

Stockopedia



Every NAPS holding since 2015, worst to best (240 in all)

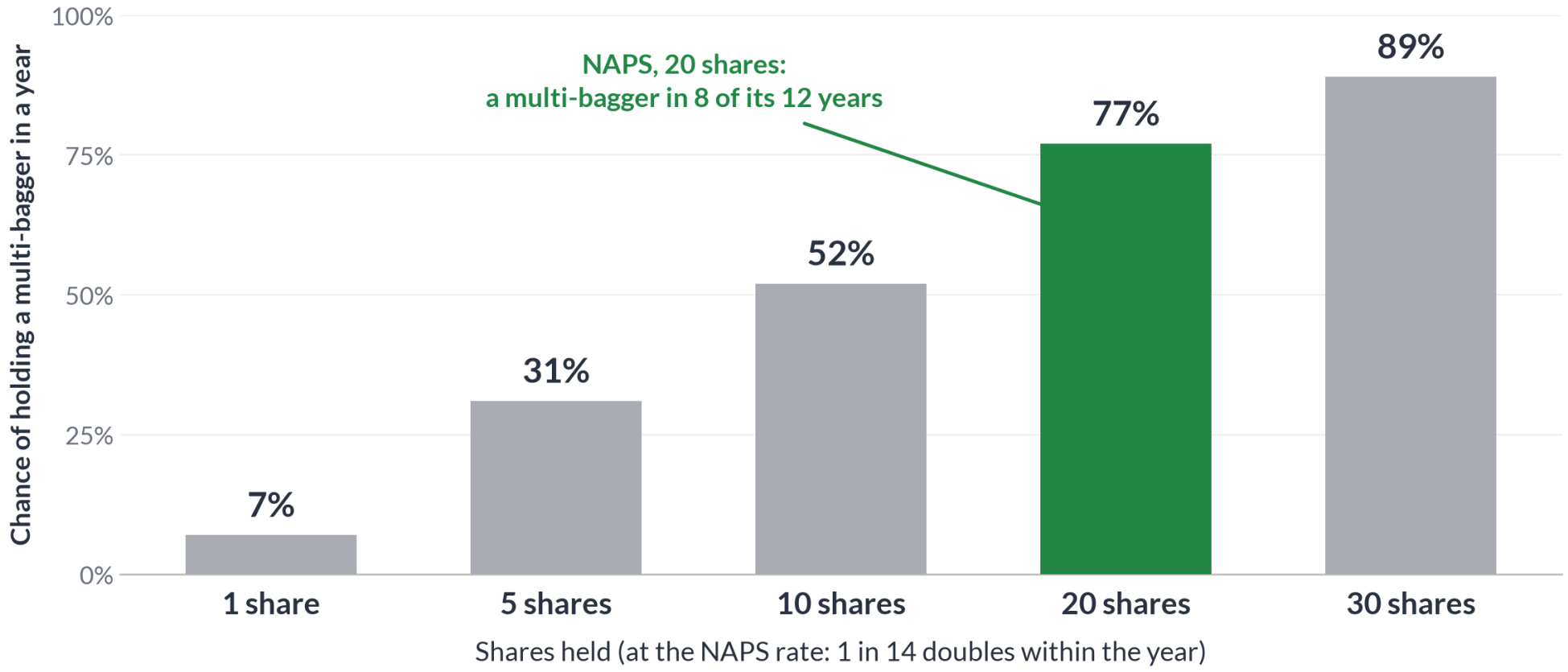


Of 240 NAPS holdings since 2015, 17 doubled within the year: 1 in 14. Without them the average holding made 6.8%, not 17.5%.

PRINCIPLE 2 - DIVERSITY

Hold enough shares to catch a multi-bagger

Stockopedia



At 1 in 14, five shares give you a 31% chance of holding a multi-bagger in a year. Twenty give you 77%.

PRINCIPLE 2 - DIVERSITY

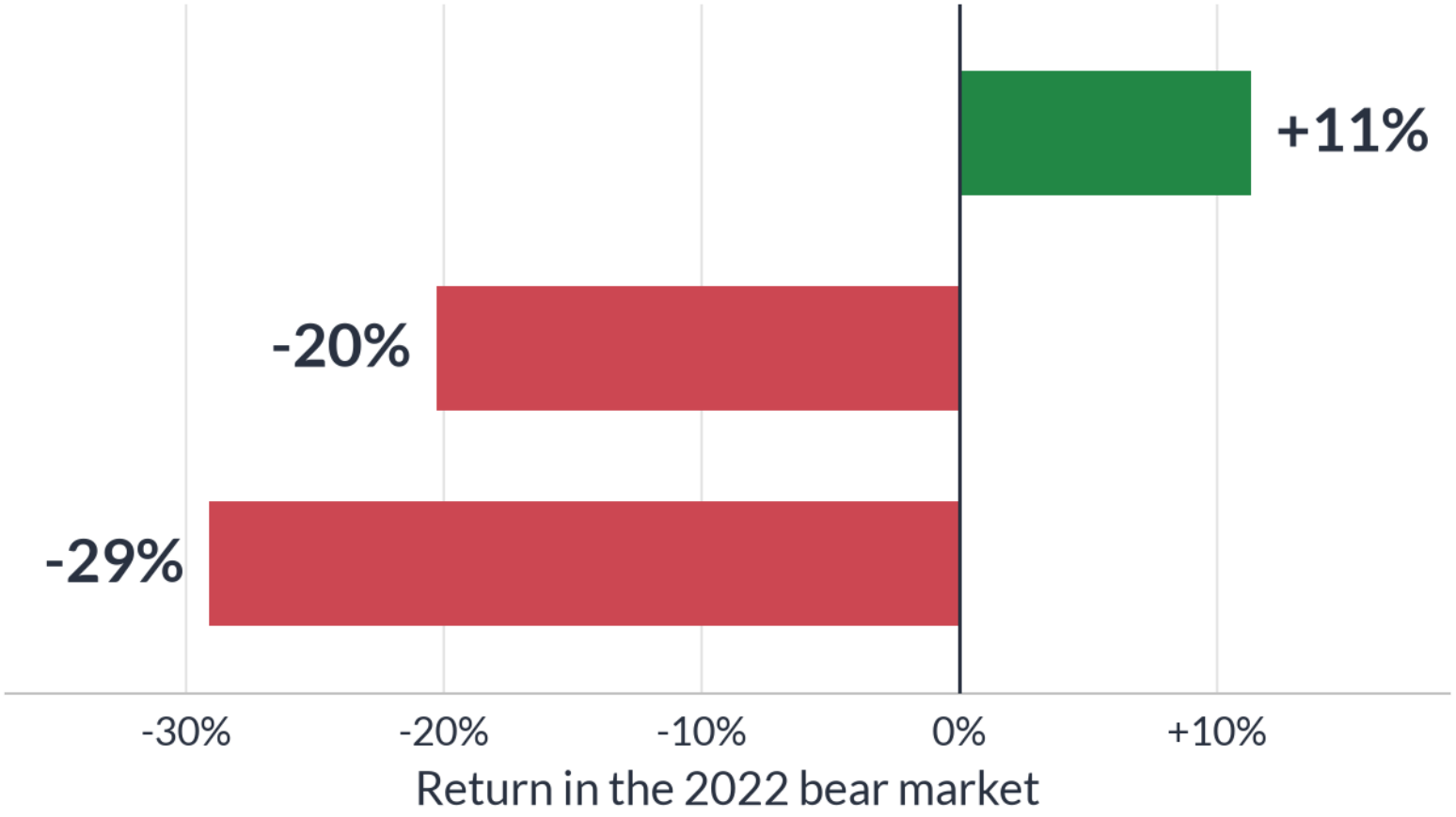
How many sectors? The 2022 bear market

Stockopedia

Defensives
Healthcare,
Consumer Defensive, Utilities

Sensitives
Industrials, Energy,
Telecoms, Technology

Cyclicals
Basic Materials,
Consumer Cyclical, Financials



In the 2022 bear market defensives rose 11% while cyclicals fell 29%. Change your markets, not your rules.

PRINCIPLE 3 OF 3

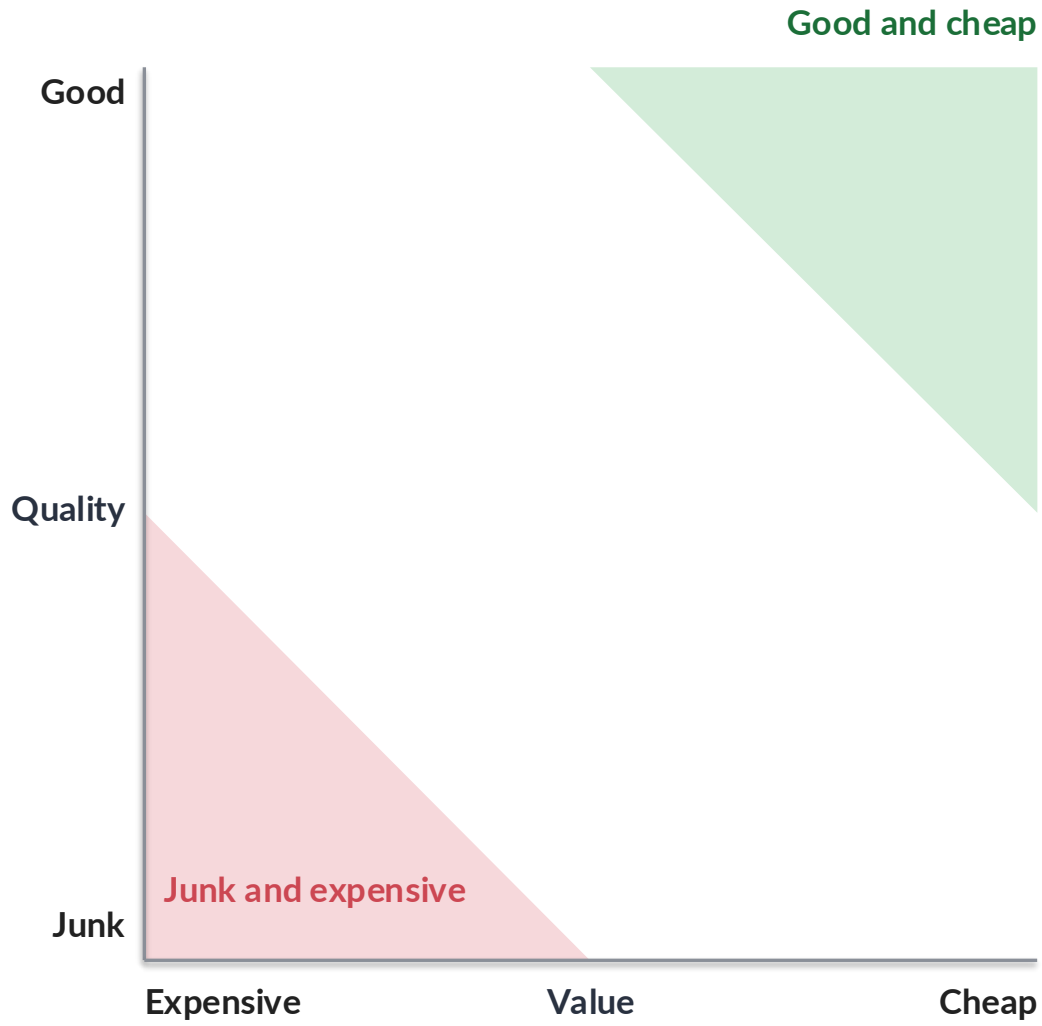
3. Discipline: maintain your edge over time

Make sure your portfolio keeps owning the characteristics of winning shares.

PRINCIPLE 3 - DISCIPLINE

Every share has a place on the grid

Stockopedia

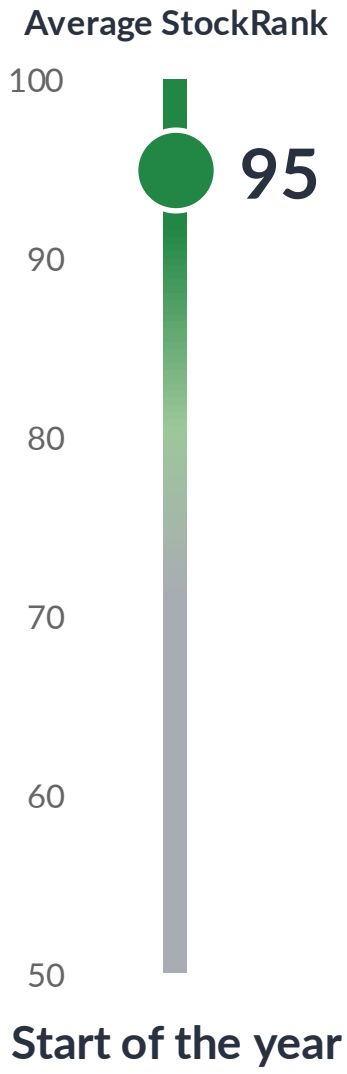


PRINCIPLE 3 - DISCIPLINE

Every share has a place on the grid

Stockopedia



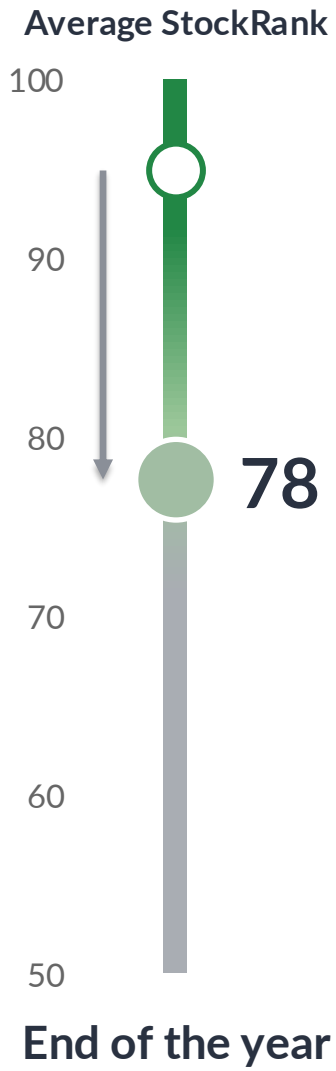


PRINCIPLE 3 - DISCIPLINE

Every share has a place on the grid

Stockopedia



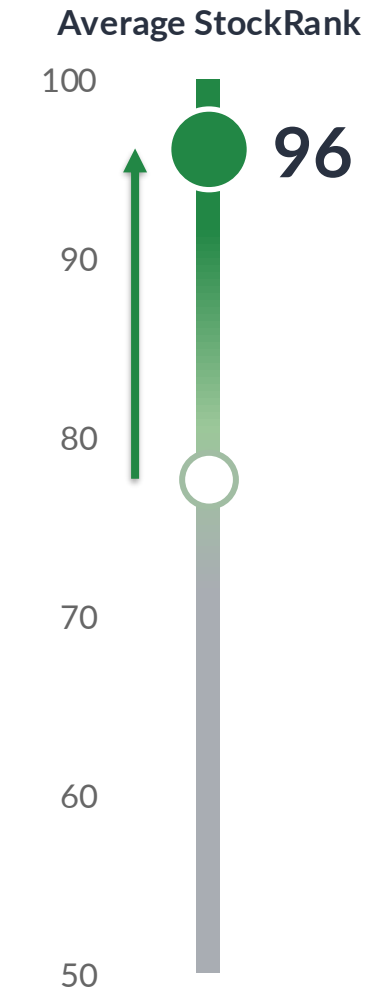


PRINCIPLE 3 - DISCIPLINE

Every share has a place on the grid

Stockopedia



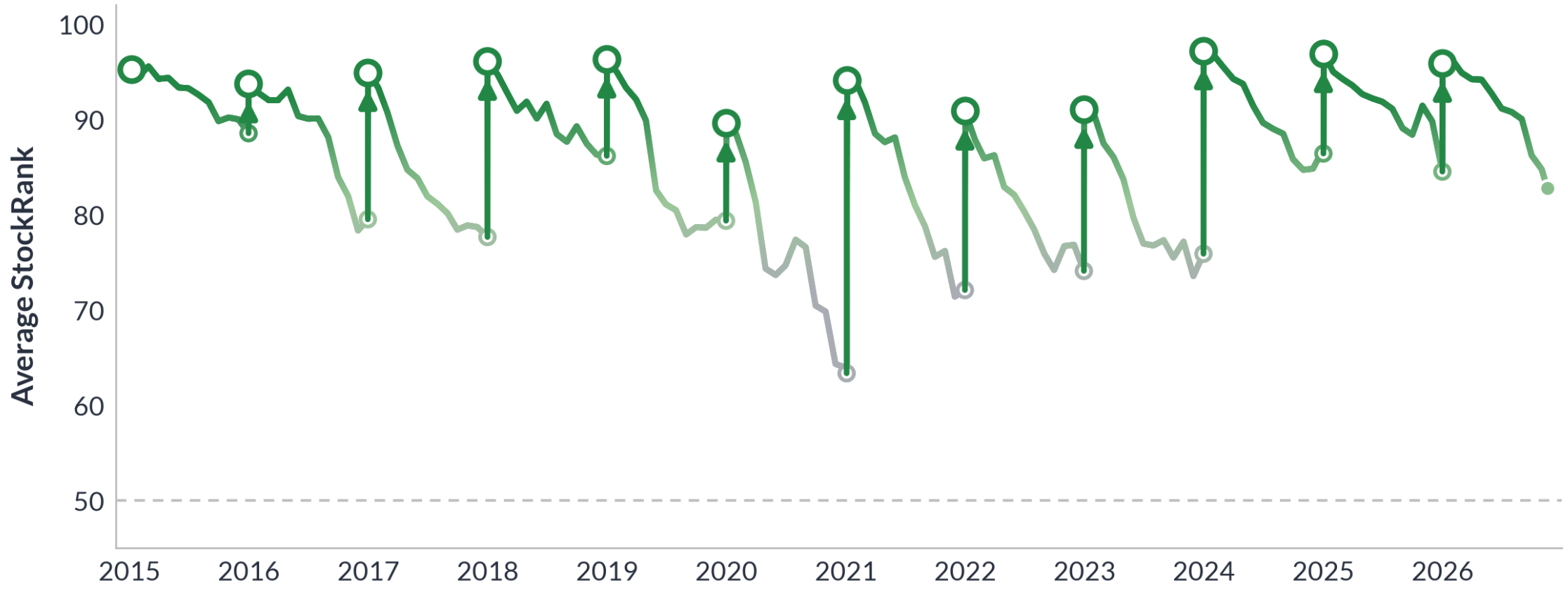


After the rebalance

PRINCIPLE 3 - DISCIPLINE

The ranks fade, so you rebalance

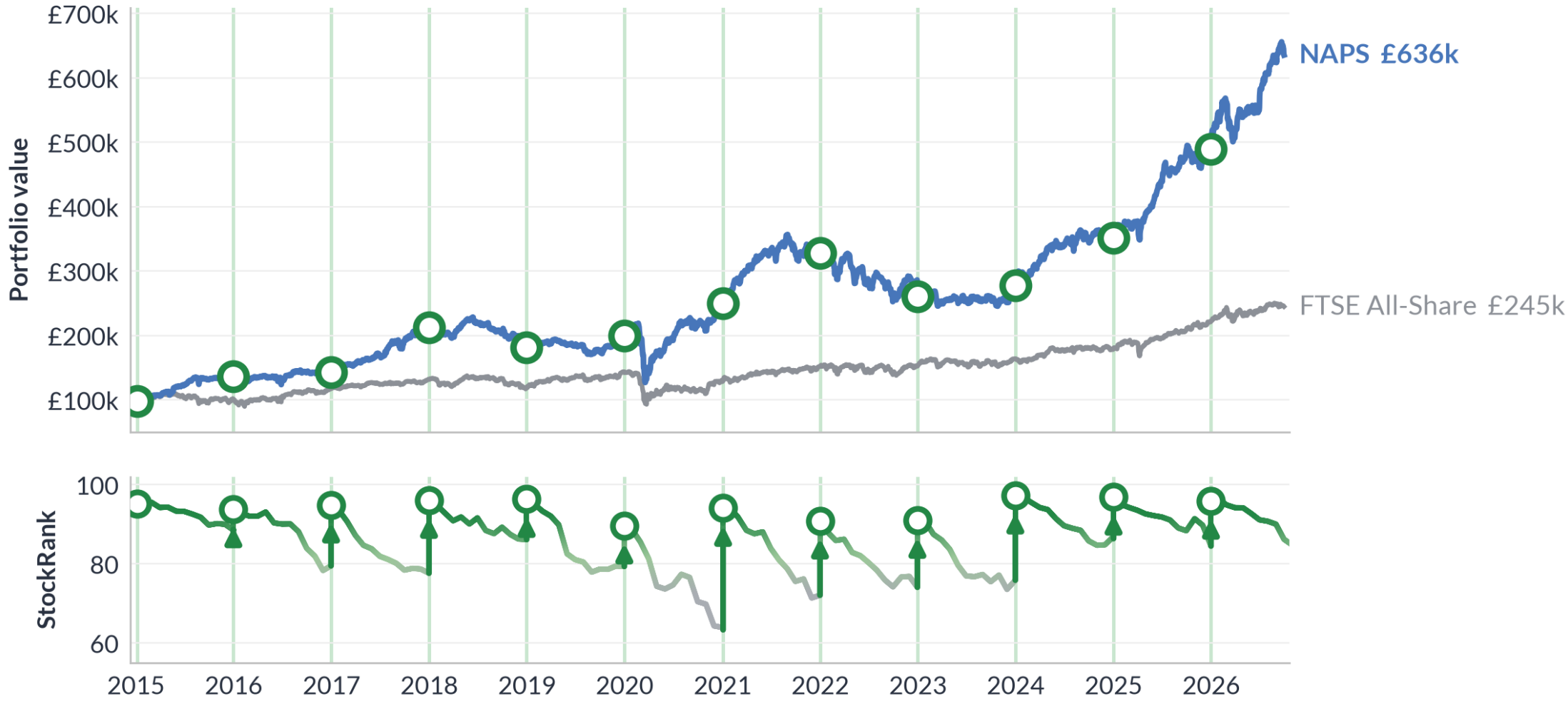
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PRINCIPLE 3 - DISCIPLINE

You behave your way onto the line

Stockopedia



PRINCIPLE 3 - DISCIPLINE

Discipline: keep owning the winning characteristics

Stockopedia

1. **Sell when the characteristics fade**
   When quality, value or momentum fall hard - the StockRank shows you.

2. **Or sell after a fixed time**
   Hold for a year, then rebuild. No judgement needed - the NAPS way.

3. **Replace them with shares that have them**
   Reinvest in the new top-ranked shares. That's what keeps the edge.

4. **Keep position sizes in check**
   Don't let any one holding grow too large, or shrink too small.

Stockopedia

PART 4

Three principles.
Four portfolios.

NAPS is the base recipe. Each of the other three turns one dial: what you buy, when you sell, or where you buy.

THE FOUR STRATEGIES

Four portfolios from three principles

Stockopedia

NAPS

Systematic Value

Good, cheap and strong UK shares, held for a year.

The base recipe · 20 UK shares · an hour a year

DIGS

Dividend Growth

Growing dividends from quality UK companies.

Turns the Drivers dial · 25 UK shares · an hour a year

RIPS

Active Momentum

Winners that keep winning, with an optional safety net.

Turns the Discipline dial · 20 shares, four markets · twice a year

QILS

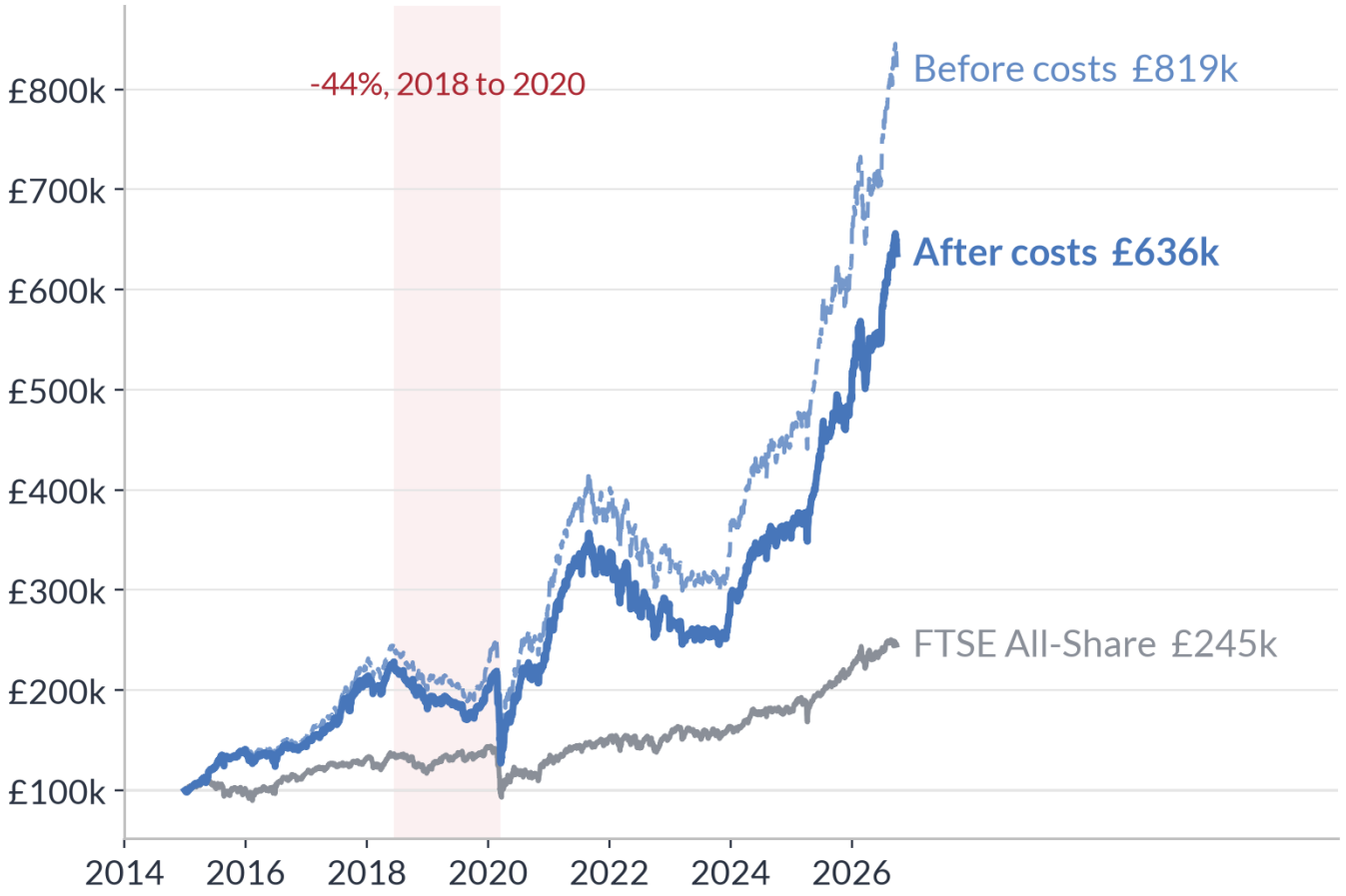
International Quality

Fast-growing, high-quality smaller companies worldwide.

Turns the Diversity dial · 16 shares, four markets · twice a year

STRATEGY 1 - THE BASE RECIPE

NAPS: Systematic Value



LIVE RECORD

Drivers

Rank every UK share by its StockRank - quality, value and momentum together - and take the highest.

Diversity

20 shares, equal amounts: the top two in each of ten sectors (one each in telecoms and utilities).

Discipline

Hold for a year, whatever happens. Each January, sell everything and rebuild from the new rankings.

17.0%	-44%	19.6%
a year since 2015, after costs	worst fall, 2018 to 2020	a year before costs

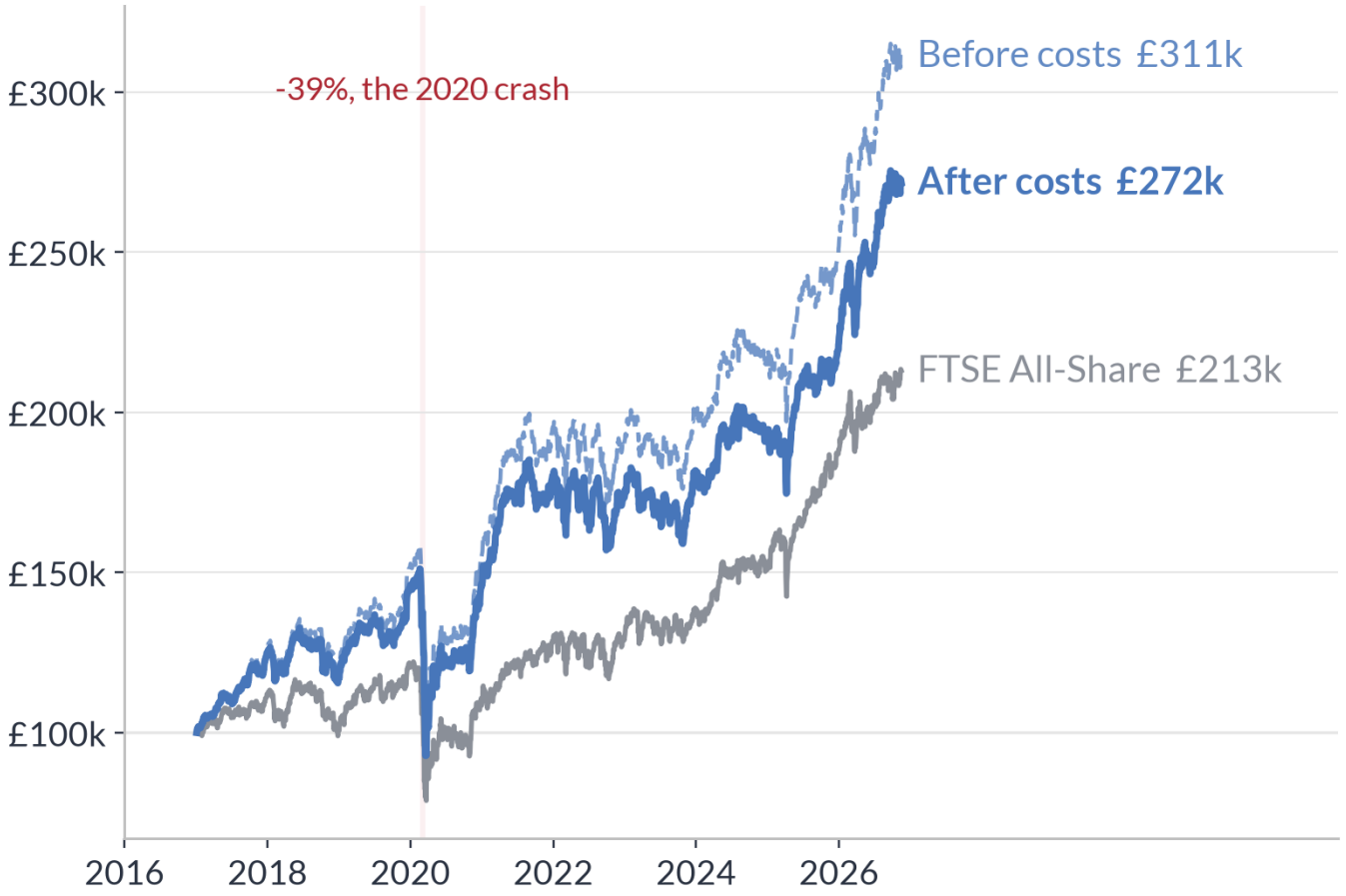
Who it suits: growth, an hour a year, nerve for big falls

+536% since January 2015 after costs, with dividends, against +145% for the FTSE All-Share.

STRATEGY 2 - TURN THE DRIVERS DIAL TO INCOME

DIGS: Dividend Growth

Stockopedia



SIMULATED

Drivers

A forecast dividend yield of 3%+; a dividend per share higher than five years ago; a Quality Rank of 50+. Sort what's left by StockRank.

Diversity

25 UK shares, equal amounts, no more than three from any one sector.

Discipline

Hold for a year, then repeat. Pick a month and keep to it. No stop-loss: hold the income through the dips.

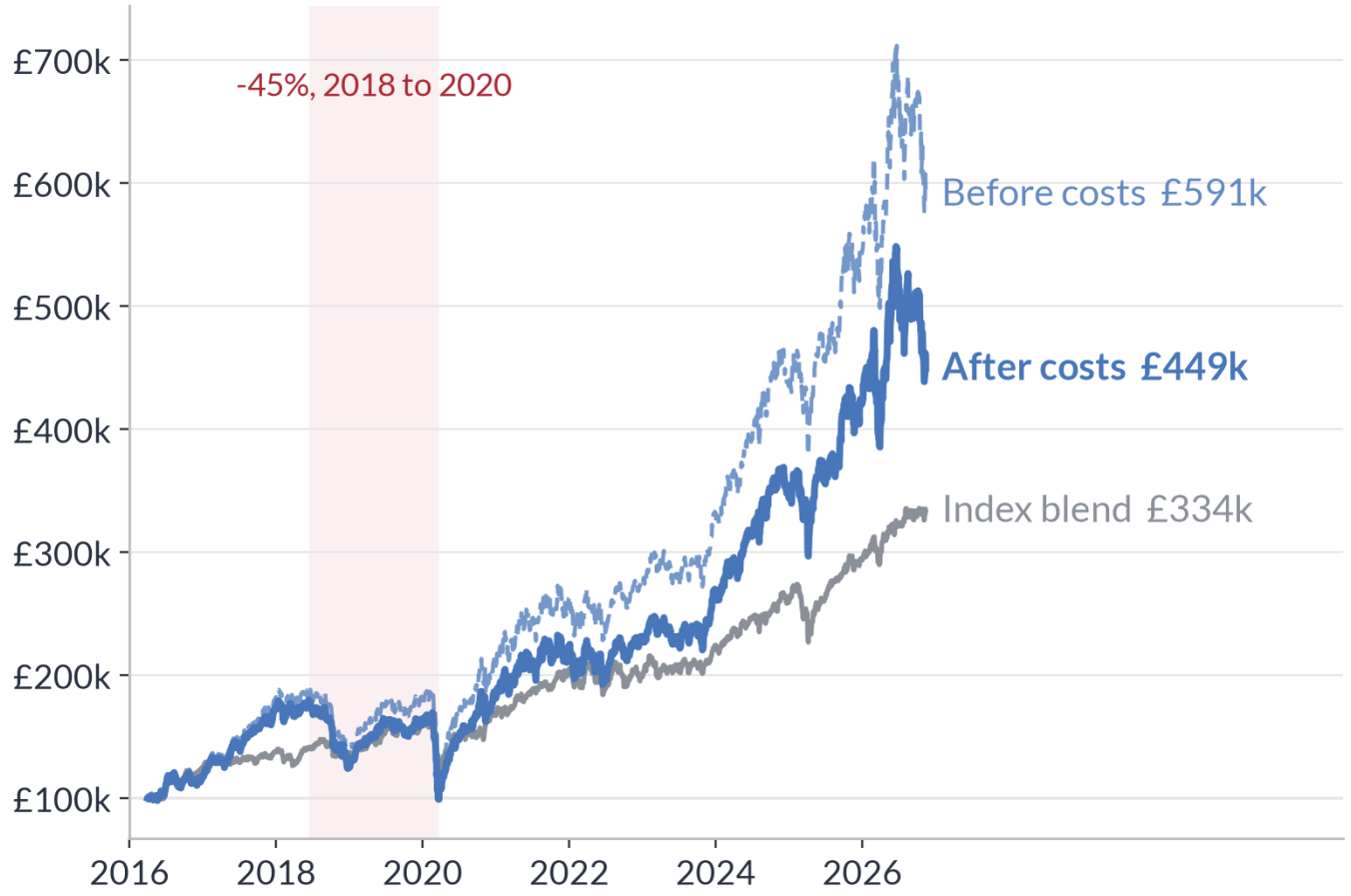
10.7%	-39%	4.5%
a year since 2017 (market 8.0%)	worst fall, the 2020 crash	dividend yield today

Who it suits: income you could live on, an hour a year

The highest yields are often the trap: ranking the same shares by yield cost about four points a year.

STRATEGY 3 - TURN THE DISCIPLINE DIAL

RIPS: Active Momentum



SIMULATED

Drivers

The strongest Momentum Ranks, among shares with a Quality Rank of 50+ that are in the top 30% for one-year price strength.

Diversity

20 shares, each worth over £100m: five in each of the UK, Europe, the US and Australia/NZ.

Discipline

Rebalance twice a year. Optional: a wide trailing stop on every share.

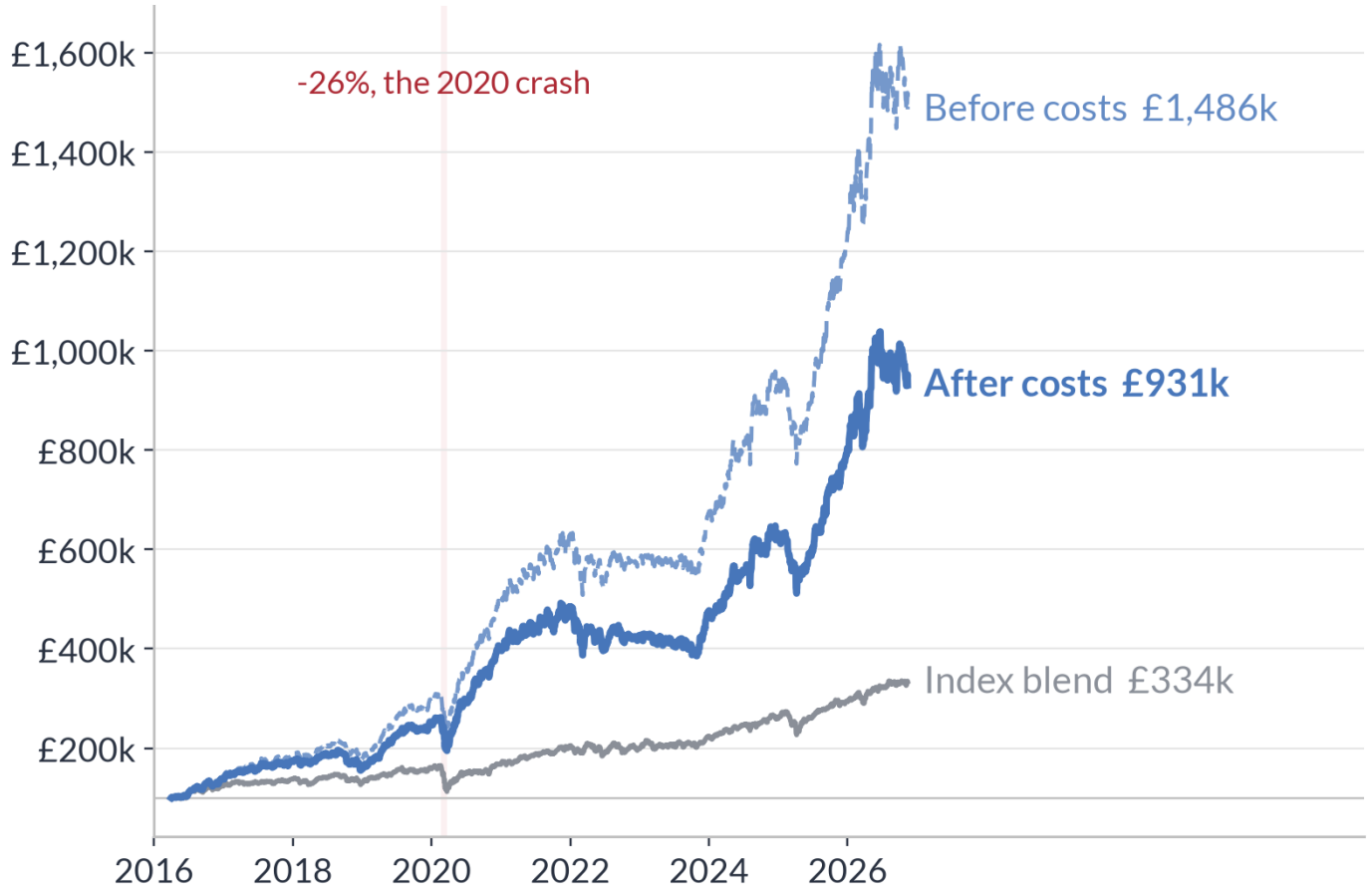
15.2%	14.7%	-29%
a year since 2016, no stop	a year, with the stop	worst fall with the stop (-45% without)

Who it suits: growth, twice a year, a liking for proven winners

A stop buys a smoother ride, not a higher return: worst fall 45% to 29%, for 0.5 points a year.

STRATEGY 4 - TURN THE DIVERSITY DIAL TO MORE MARKETS

QILS: International Quality



SIMULATED

Drivers

Worth £50m-£500m; Quality and Growth Ranks of 80+; earnings up 15%+ a year over three years; top 30% for price strength; a Piotroski score of 6+. Sorted by QM Rank.

Diversity

16 shares: the top four in each of the UK, Europe, the US and Australia/NZ, equal money in each market.

Discipline

Rebalance twice a year. No stop.

23.4%	15.6%	-26%
a year since 2016	a year since 2021 (the honest guide)	worst fall, the 2020 crash

Who it suits: strong growth, twice a year, a broker for abroad

Since 2021, the fairer guide: 15.6% a year against 12.5% for the index blend. Best for smaller pots.

A TEASER - INTERNATIONAL QUALITY

QILS today: the 16 shares that qualify now

Stockopedia

GB UK

- **James Cropper** — CRPR
- **Keystone Law Group** — KEYS
- **Spectra Systems** — SPSY
- **Luceco** — LUCE

EU Europe

- **M1 Kliniken** — M12
- **Lindbergh** — LDB
- **MSAB (Micro Systemation)** — MSAB B
- **ERREDUE** — RDUE

US US

- **InfuSystem Holdings** — INFU
- **Flexsteel Industries** — FLXS
- **Paysign** — PAYS
- **Mistras Group** — MG · cash bid agreed

AUNZ Australia/NZ

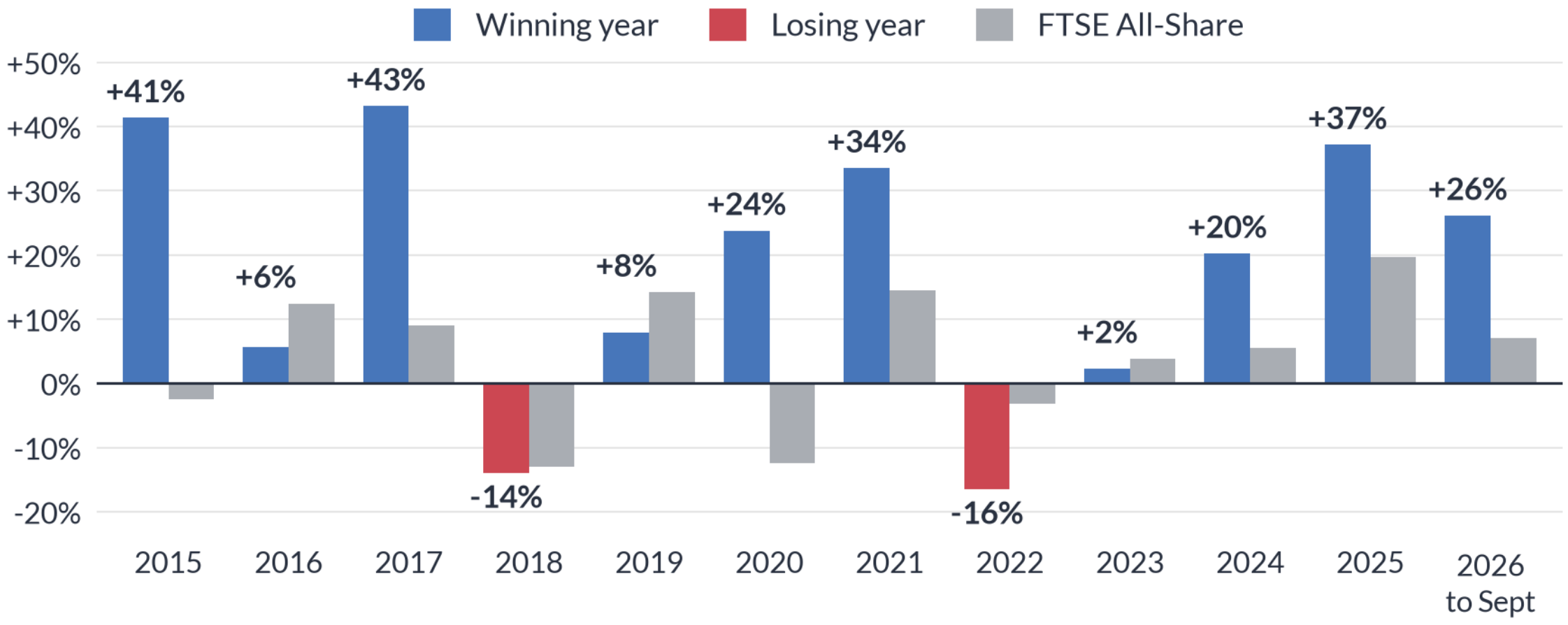
- **Mitchell Services** — MSV
- **Tamawood** — TWD
- **Clover Corporation** — CLV
- **Scales Corporation** — SCL

The shares passing the QILS rules on 17th November 2026. Not a recommendation: run the screen yourself and do your own research.

THE HARDEST PART

Sticking with it: the NAPS portfolio year by year

Stockopedia



Calendar years, capital only, against the FTSE All-Share price index

Stockopedia

LIVE ON STOCKOPEDIA

Let's build one

The DIGS screen in about sixty seconds - then the StockRank alert that keeps you disciplined.

TAKEAWAYS

Five rules to take away

Stockopedia

1. **Buy the traits, not the story.**
   Quality, value and momentum - the StockRank does the sorting.

2. **Own enough shares.**
   About twenty, across sectors - and, if you can, across markets.

3. **Decide how you'll sell before you buy.**
   When the traits fade or after a fixed time - then reinvest in the best.

4. **Pick the strategy that suits you.**
   Your goal, your time and your nerve - not someone else's.

5. **Then stick with it through the losing years.**
   They come to every strategy, including the best ones.

START HERE - NO SUBSCRIPTION NEEDED

Six ticks you can check on any share

Stockopedia

Return on capital (ROCE) above 10%

Quality it earns a good return on the money it uses

Positive free cash flow

Quality it brought in more cash than it spent last year

P/E under 20

Value and the company makes a profit

Price to sales under 2

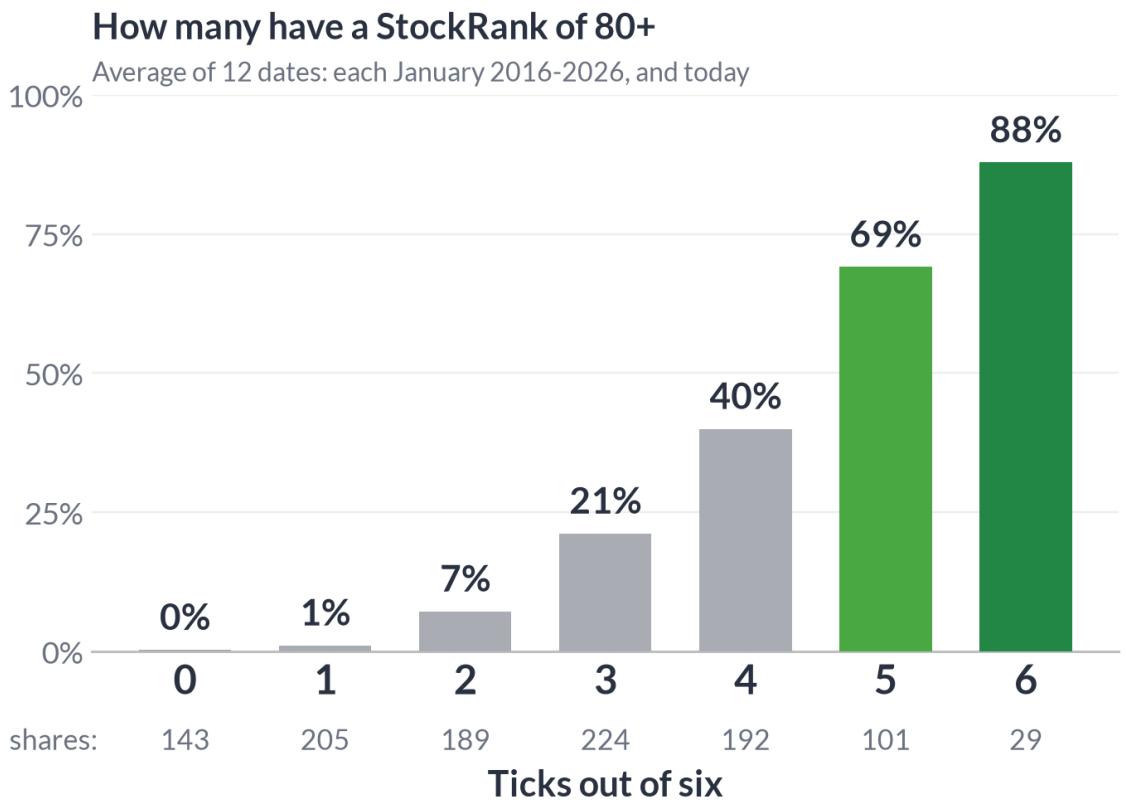
Value the shares, priced against a year's sales

Brokers raised forecasts in the last 3 months

Momentum the analysts agree

Share price higher than a year ago

Momentum the market agrees



Since 2016, on average 88% of shares with all six ticks have had a StockRank of 80+. With two ticks or fewer, 3%.

Stockopedia

Over to you.

Your next step: pick one tonight and run its screen.

NAPS: Ed Croft's published model portfolio, 1st January 2015 to 30th September 2026, with dividends and after modelled dealing costs. DIGS, RIPS and QILS are simulations (total return, after costs), not live records, and their rules were chosen after many trials. Past performance is not a reliable indicator of future results. We do not recommend shares: this is research and education, not investment advice.

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FOR REFERENCE

Appendix

The four side by side, how the simulations were run, and the RIPS stop test.

APPENDIX

The four side by side

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	NAPS	DIGS	RIPS	QILS
The style	Systematic Value	Dividend Growth	Active Momentum	International Quality
Shares and markets	20, UK	25, UK	20, four markets	16, four markets
Time it takes	An hour a year	An hour a year	Two sittings a year	Two sittings a year
A year, after costs	17.0% (live)	10.7% (sim.)	15.2% (sim.)	23.4% (sim.)
A year, before costs	19.6%	12.2%	18.2%	28.9%
Worst fall	-44%	-39%	-45% (-29% with a stop)	-26%

NAPS is the live record to 30th September 2026. DIGS, RIPS and QILS are simulations to mid-November 2026, over shorter windows. All with dividends and after dealing costs - read across for character, not as a league table.

APPENDIX

How the three simulations were run

Stockopedia

1 Engine and data

Stockopedia's quant engine on point-in-time StockRanks and prices; equal positions; trades the day after each rebalance.

2 Costs

Archive dealing spreads, commission, market impact, UK stamp duty and an FX charge on overseas shares. The dashed lines show the same rules before costs.

3 Windows

DIGS from January 2017, its money split across twelve rebalance months; RIPS and QILS from March 2016. All to mid-November 2026.

4 Robustness

Each rule set was re-tested in November 2026 across many variations of its rules, and at £100,000 and £1m. The aim was rules that hold up when the settings change, not the highest simulated return.

Stops: a smoother ride, not a higher return



Simulated: four markets, 20 shares, net of costs, July 2015 to 18th September 2026

No stop made the most; a wide stop cut the worst fall for a small cost. The tight house stop did worst.