

SMRI

Bushido Capital US Equity ETF

Fund Description

SMRI actively manages an equally weighted portfolio of 30 to 50 US stocks believed to be undervalued but financially attractive. The funds stock selection involves a fundamental value approach.

FactSet Analyst Report

SMRI invests in US mid- and large-cap stocks that appear underrated by the market. The adviser employs a fundamental value approach, combining quantitative and qualitative analyses that adapt to various economic conditions throughout a full market cycle. It focuses on metrics like ROIC, capital allocation, and free cash flow generated relative to enterprise value. The initial investment pool consists of Russell 1000 and the S&P 500 stocks, excluding the financial sector. It is then narrowed down to approximately 100 companies based on profitability, valuation, and capital allocation. Additionally, the adviser evaluates financials, event transcripts, investor presentations, as well as discounted cash flow valuations to estimate a company's intrinsic value. This process results in 30 to 50 stocks that are trading for less than book value. The portfolio maintains equal weighting, with potential allocations of up to 20% in ETFs and 10% in special situations or opportunities from overlooked sectors.