Inside the NAPS Portfolio

How a simple rules-based portfolio has delivered

long-term outperformance

Simple rules behind 11 years of outperformance - "NAPS"

Stockopedia

NAPS Portfolio — 15.5% Annualised

FTSE All Share

What you will learn in the webinar

1. **The Foundations**

   ○ Why most investors struggle - and how rules fix the three common mistakes

   ○ The 3D Framework: Drivers, Diversity, Discipline

2. **The Principles**

   ○ How to select, construct, and maintain a high-performance portfolio

   ○ The NAPS rules & variations you can adapt to your own style

3. **Going Deeper**

   ○ 11 years of NAPS: Performance, lessons, and what the numbers show

4. **The Reveal**

   ○ The 2026 NAPS Portfolio

   ○ **The Big Questions** - *stop losses, total returns, running winners, holding losers*?

Quick Poll

Ed Page Croft

Founder & CEO, Stockopedia.com

ex Goldman Sachs Private Clients

Disclaimer

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Part 1: The Foundations

Why we all struggle, and the 3 Dimensions of Rules-Based Investing.

Four stages we build on as investors

**The
Gambler**
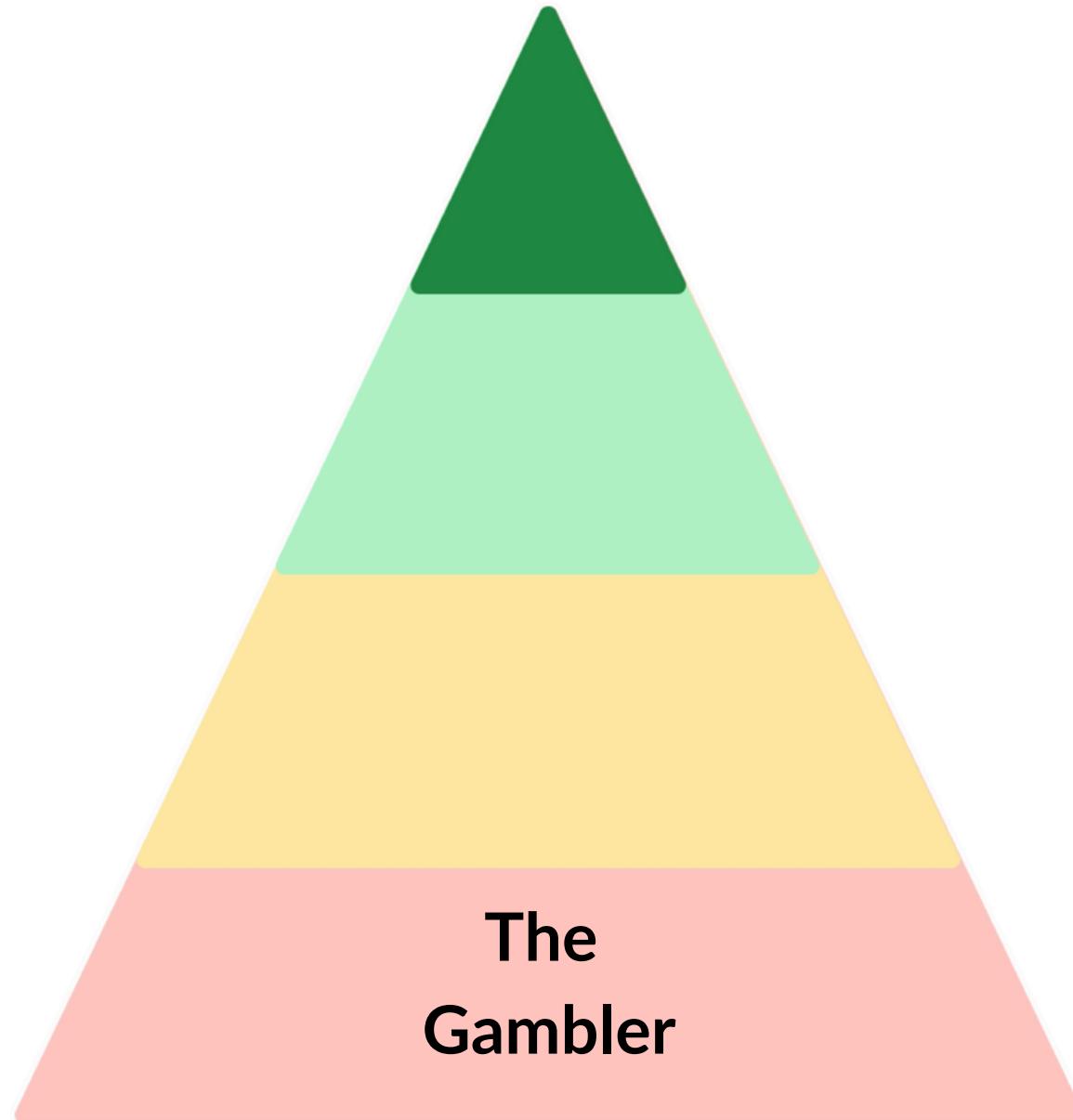
Social → Acts fast on rumour → Bandwagon, Blame

The problems with "story stocks"

the smarter web company

Volume

Hype

Dilution for shareholders

600
500
400
300
200
100
0.00

Share Price

24m
16m
8m
0

Bullish

Bearish

StockRank

May '25   Jun '25   Jul '25   Aug '25   Sept '25   Oct '25   Nov '25   Dec '25   Jan '26

Four stages we build on as investors

The Follower

The Gambler
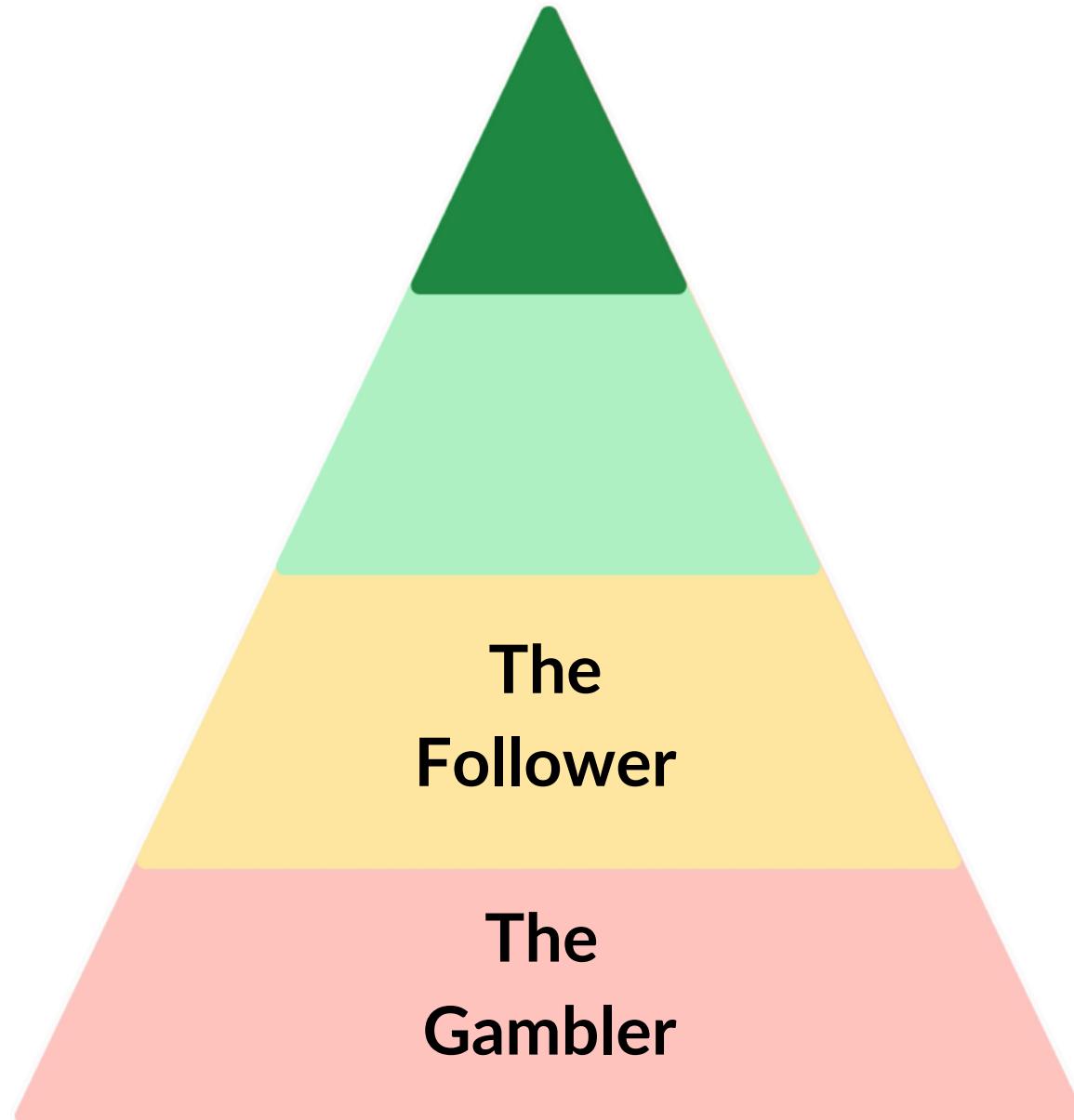
Gurus → Trusts in "authority" → Erratic results, Regret

Social → Acts fast on rumour → Bandwagon, Blame

The problem with broker recommendations

Chart: Returns (%) by Recommendation

- X-axis (Recommendation): Strong Sell, Sell, Hold, Buy, Strong Buy
- Y-axis (Returns %): ranging from about -6 to 2
- FTSE All-Share reference line (red dashed) at approximately 1.9%
- Strong Sell: approximately -6.9%
- Sell: approximately -4%
- Hold: approximately 1.9%
- Buy: approximately 0.8%
- Strong Buy: approximately 1.8%
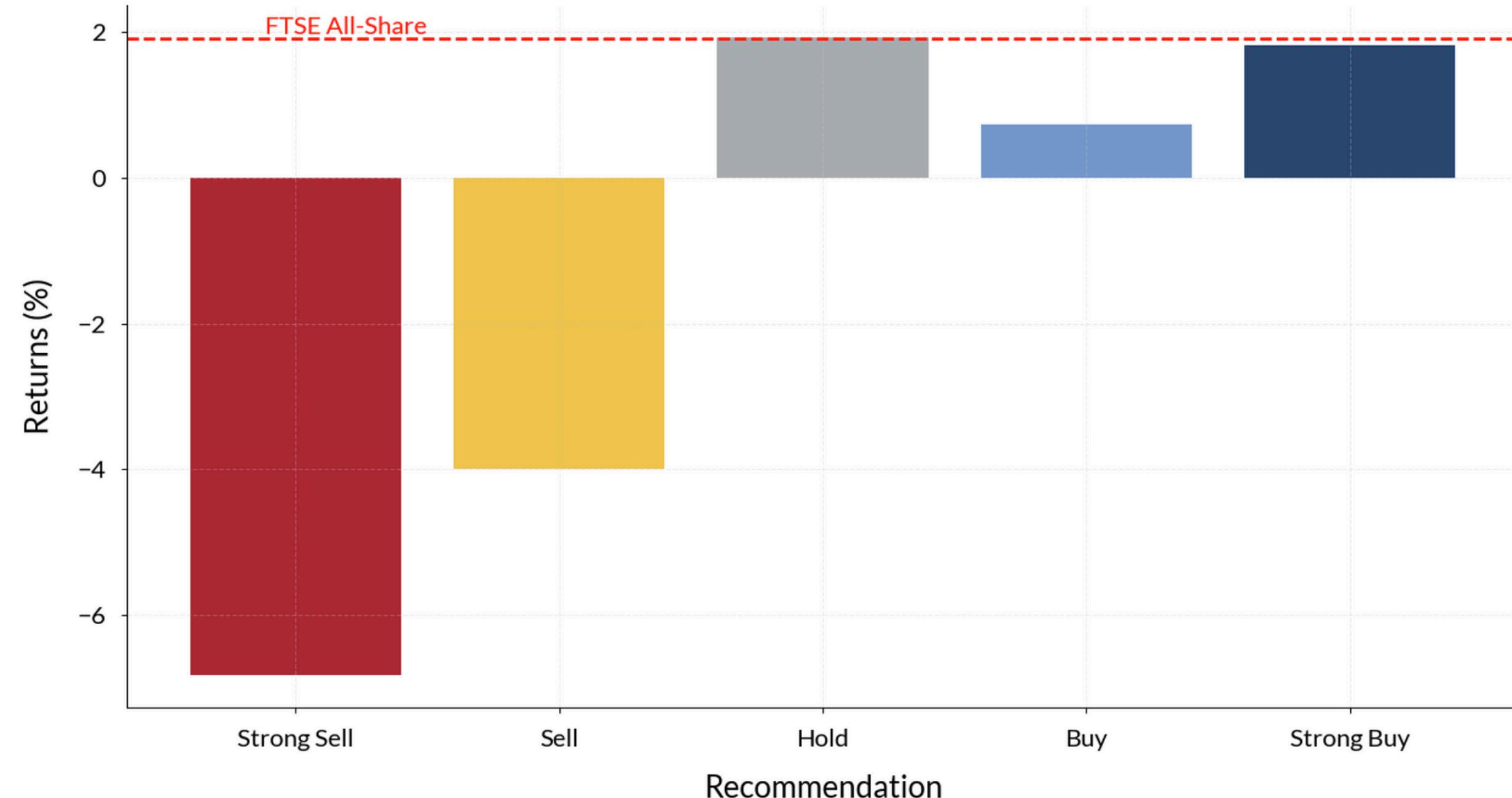
* Average annualised return for broker recommendations between 2014 and 2024 - UK stocks. Holding period 1 year.

Stockopedia

Four stages we build on as investors

The Researcher

Deep research → Fundamentals → Overattachment

The Follower

Gurus → Trusts in "authority" → Erratic results, Regret

The Gambler

Social → Acts fast on rumour → Bandwagon, Blame

Are you researching too much?
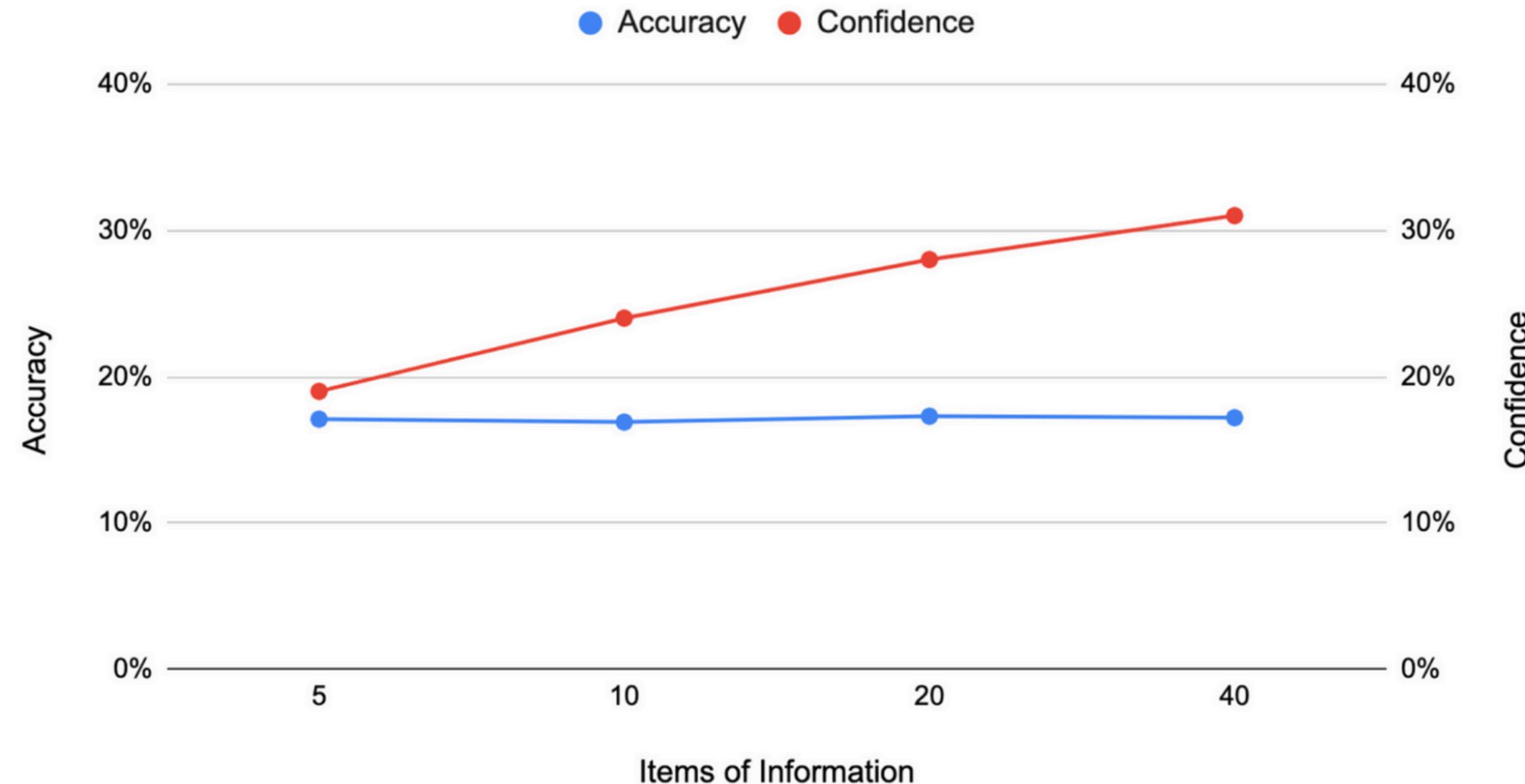
Slovic, Paul. Behavioral Problems of Adhering to a Decision Policy. 1973.

Four stages we build on as investors

Stockopedia

Pyramid from top to bottom:
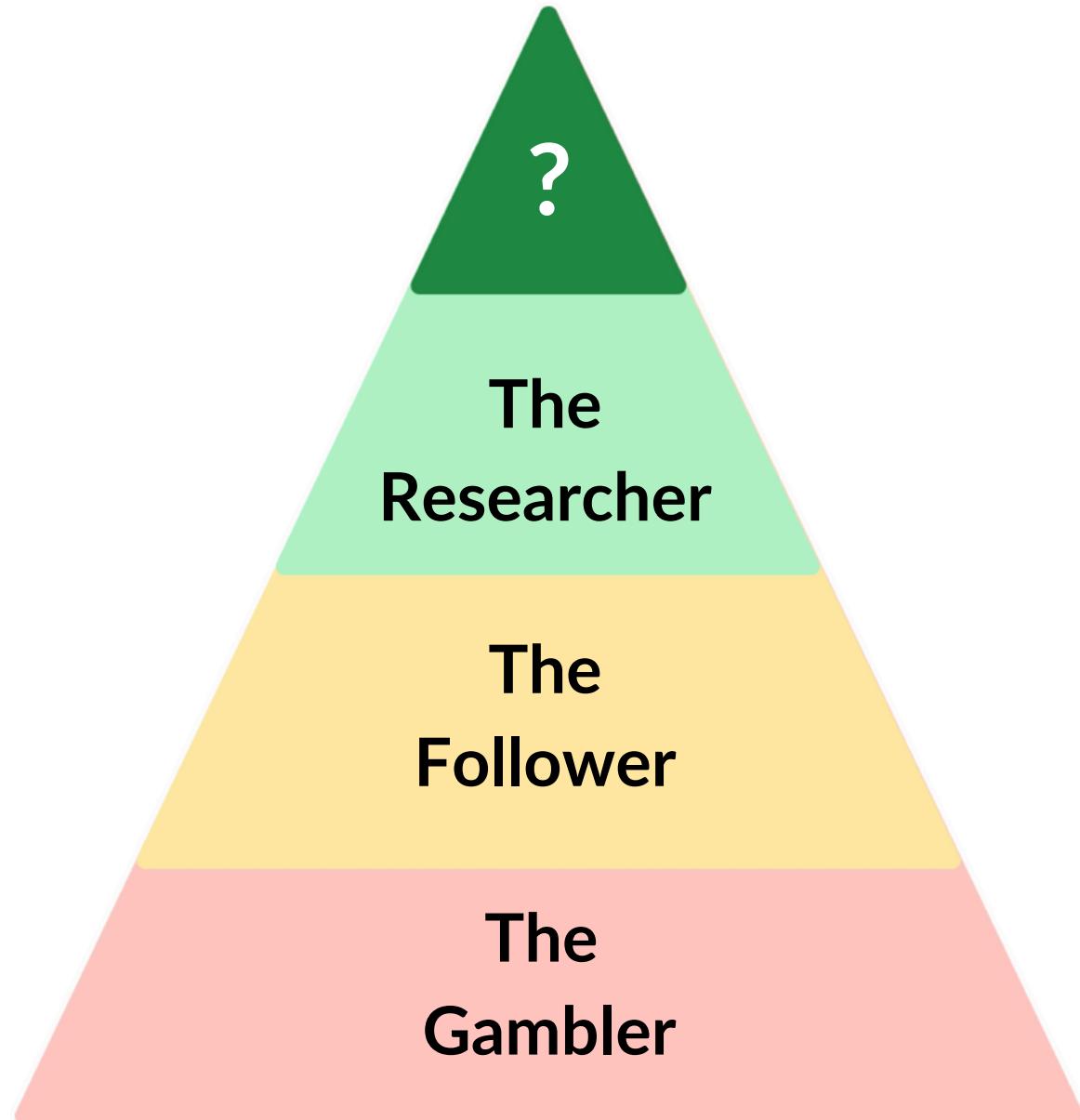
? — Evidence-based → Process driven → Consistency

The Researcher — Deep research → Fundamentals → Overattachment

The Follower — Gurus → Trusts in "authority" → Erratic results, Regret

The Gambler — Social → Acts fast on rumour → Bandwagon, Blame

Three very expensive, and proven mistakes

Stockopedia

Mistake	What it looks like	The Cost
"Perverse Stock Selection"	Chasing stories, buying the news, "this one is different"	Underperformers.
Over-concentration	Holding too few stocks, in too few sectors.	Single stock risk.
Reckless Trading	Holding losers, Overtrading, poor timing.	High costs.

- *Barber and Odean ("The Behaviour of Individual Investors")*

The Solution →Three Dimensions of Better Investing

Each solves one of the three primary mistakes

DRIVERS

Consistently pick stocks with winning characteristics

Consistent results

Reduce risk and improve returns

Actively maintain edge through time

DIVERSITY

DISCIPLINE

The Original Simple Rules behind the NAPS Portfolio
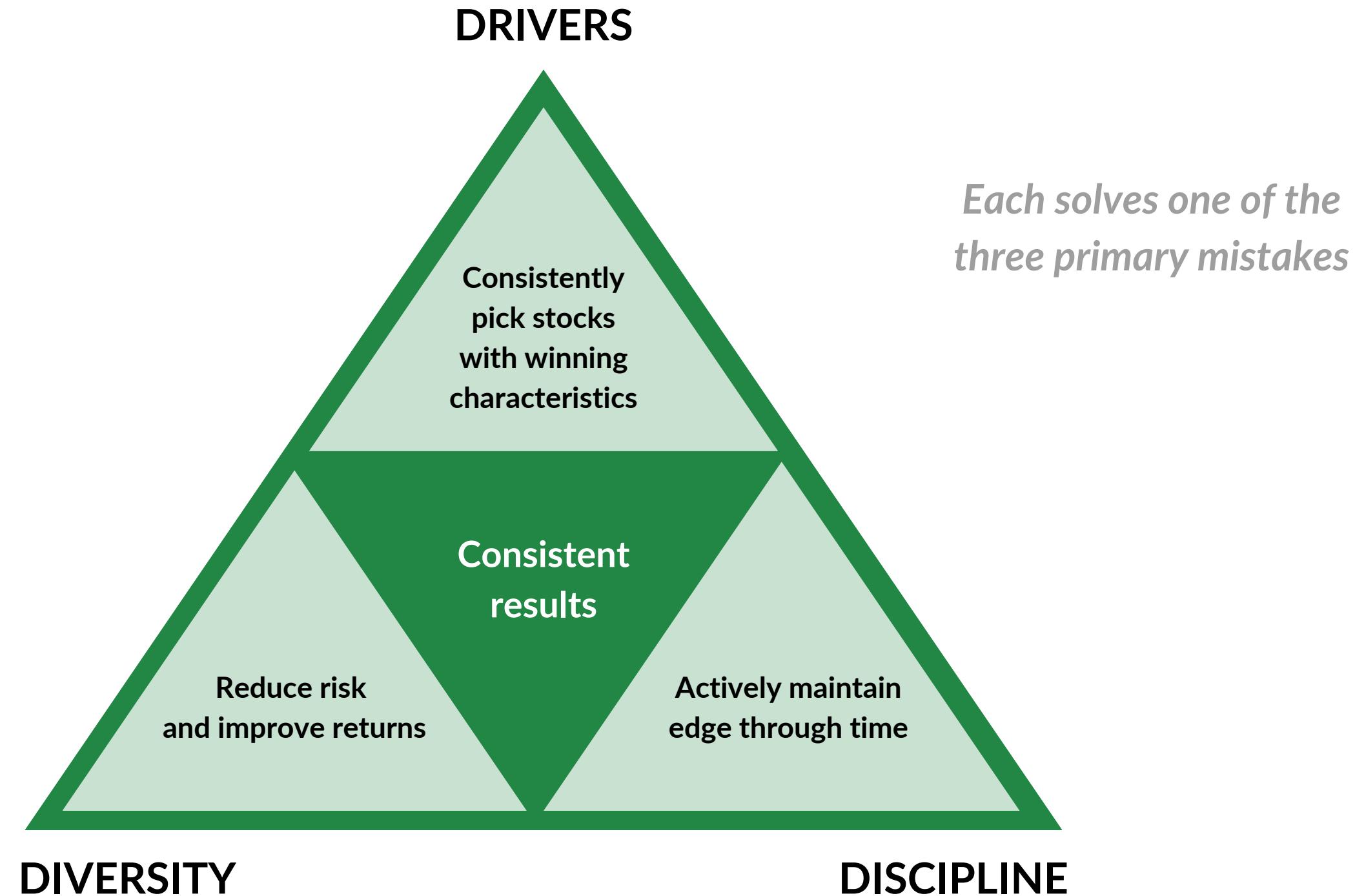
Drivers
- Sort the market by StockRank descending (high QVM)

Diversity
- Select the top 2 from each of the 10 economic sectors
- Buy an equal weight of each of the shares

Discipline
- Hold for 1 year
- Each year, repeat the process

Simple rules behind 11 years of outperformance - "NAPS"

Stockopedia

Legend:
- NAPS Portfolio
- FTSE All Share

NAPS Portfolio
15.5%
Annualised

FTSE All Share

The NAPS has beaten every UK fund manager
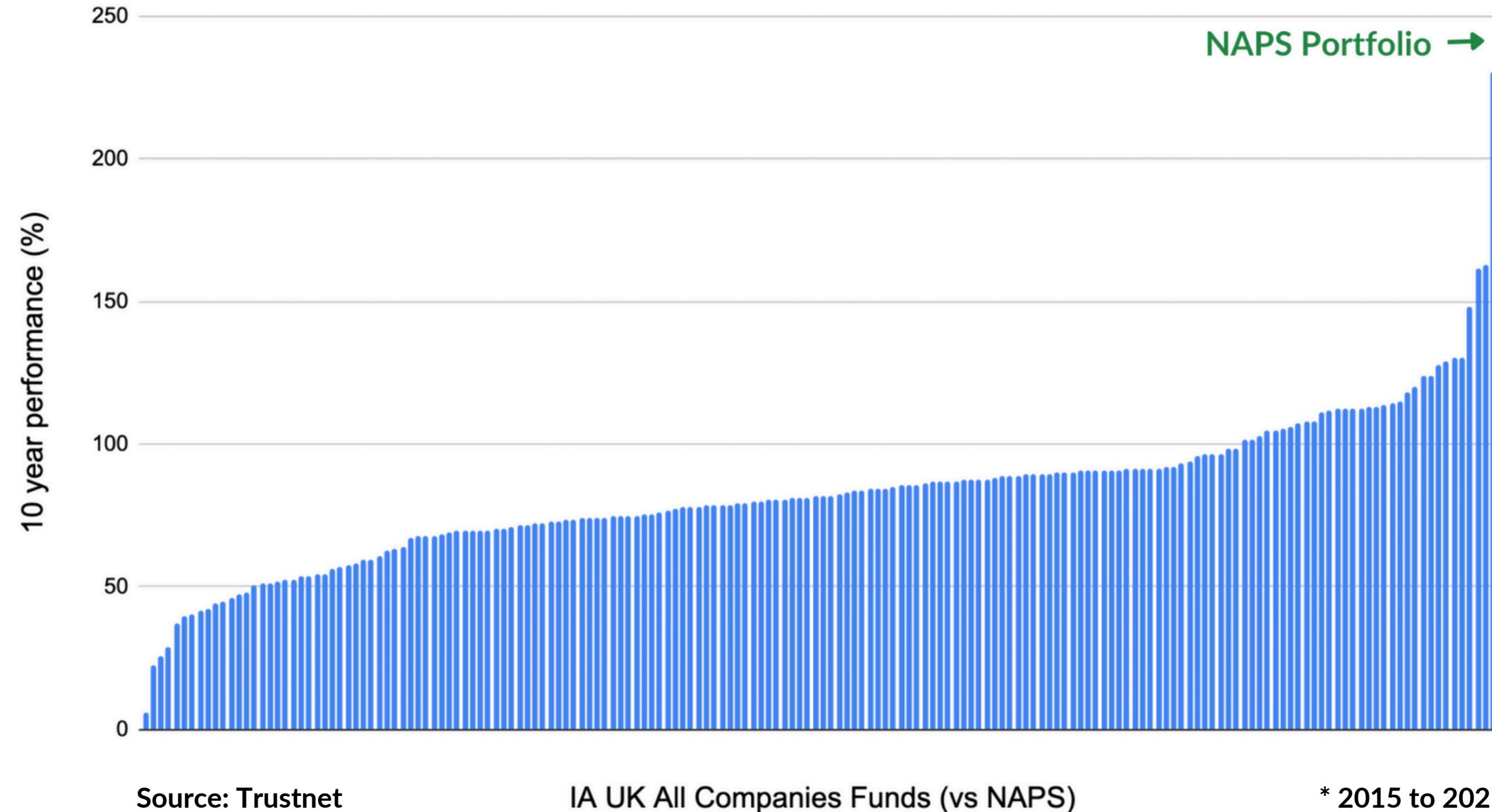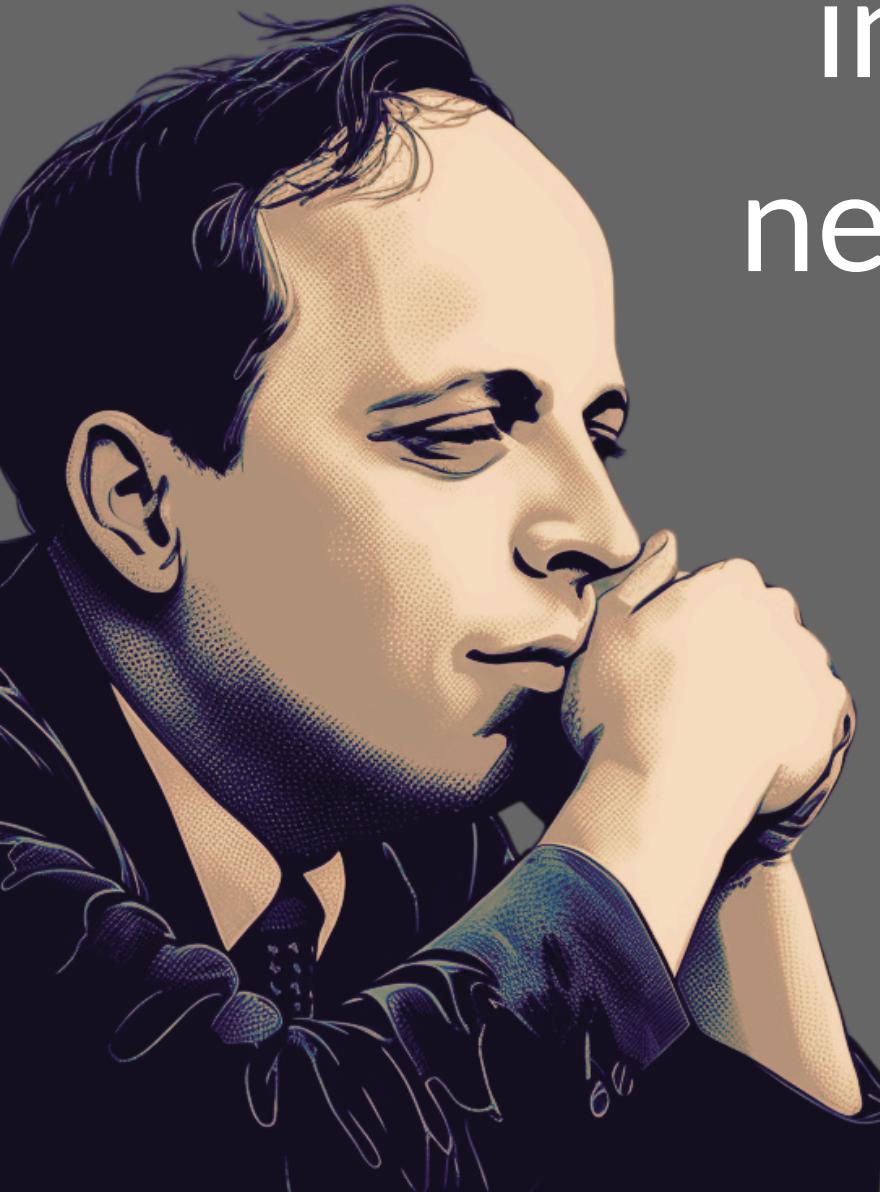
Stockopedia

NAPS Portfolio →

10 year performance (%)

Source: Trustnet   IA UK All Companies Funds (vs NAPS)   * 2015 to 2025

People don't need extraordinary insight or intelligence. What they need most is the character to adopt **<u>simple rules</u>** and stick to them.

Benjamin Graham

The Intelligent Investor

Part 2: The Principles

The key ideas we should all apply, no matter our style of investing

Stockopedia

1. Drivers: Pick the highest potential shares

Quality, Value *and* **Momentum** *are the most powerful return "drivers"*

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

StockRank: 88

1,000

800

600

400

200

0.00

Share Price

300m

200m

100m

0

Bullish

Bearish

StockRank

0

Jul '22   Jan '23   Jul '23   Jan '24   Jul '24   Jan '25
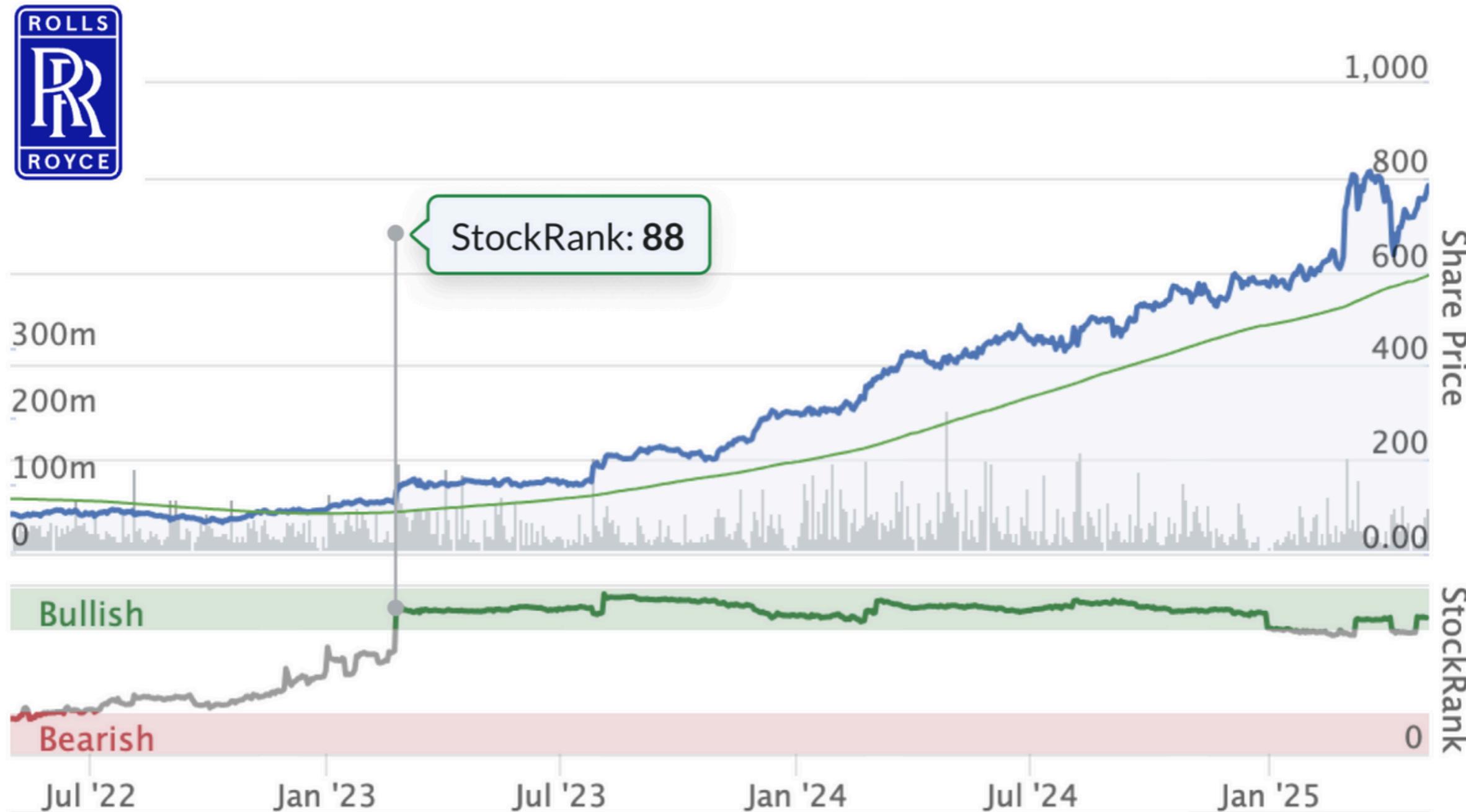
There are three primary drivers of stock market returns

Quality
Quality beats junk

Value
Cheap beats expensive

Momentum
Leaders beat laggards
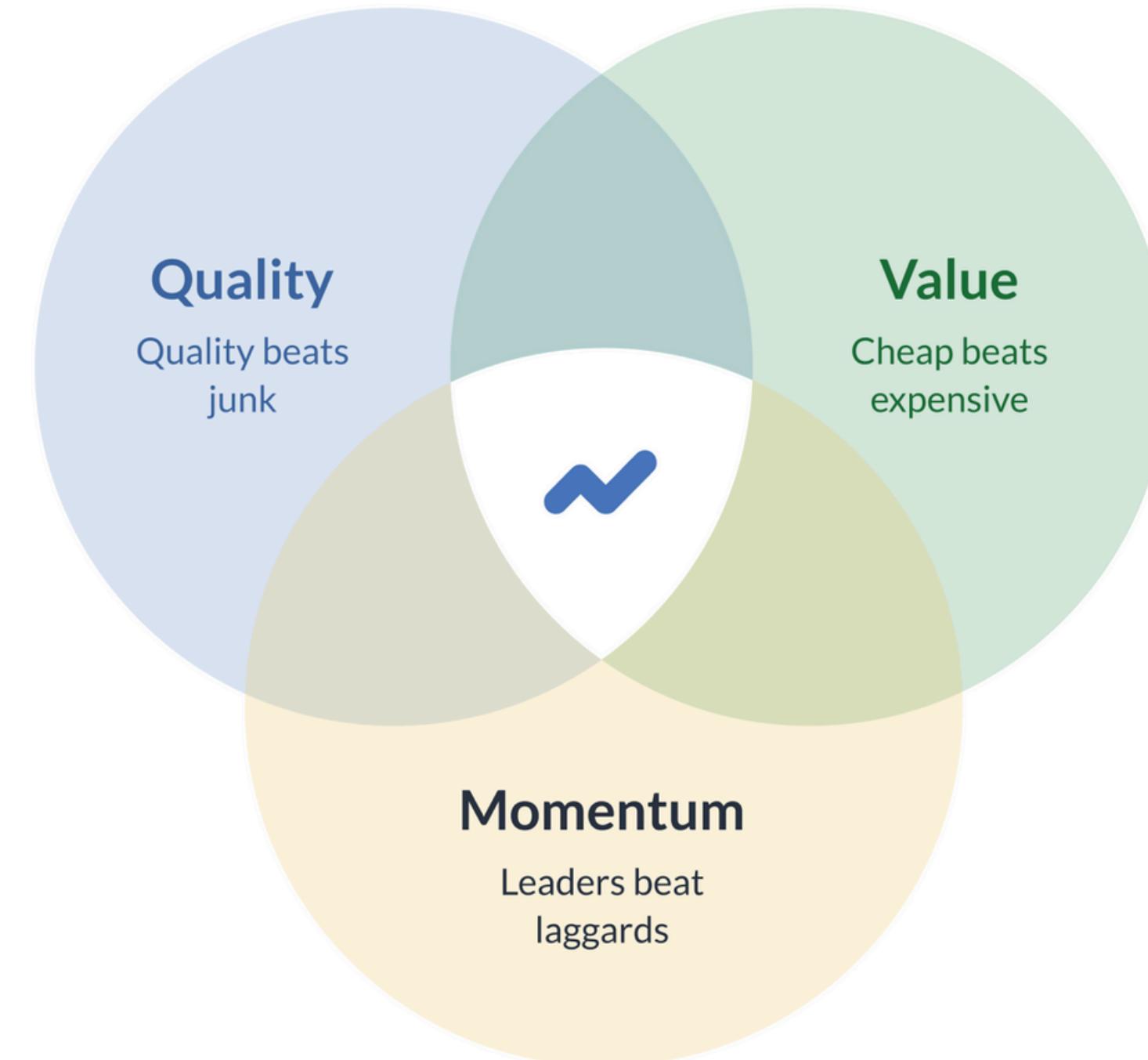
These return drivers have been proven for decades

Stockopedia

1920   1950   1980

Quality
Quality beats Junk

Warren Buffett

Novy Marx

Value
Cheap beats Expensive

Ben Graham

Fama & French

Momentum
Leaders beat Laggards

Jesse Livermore

Jegadeesh & Titman
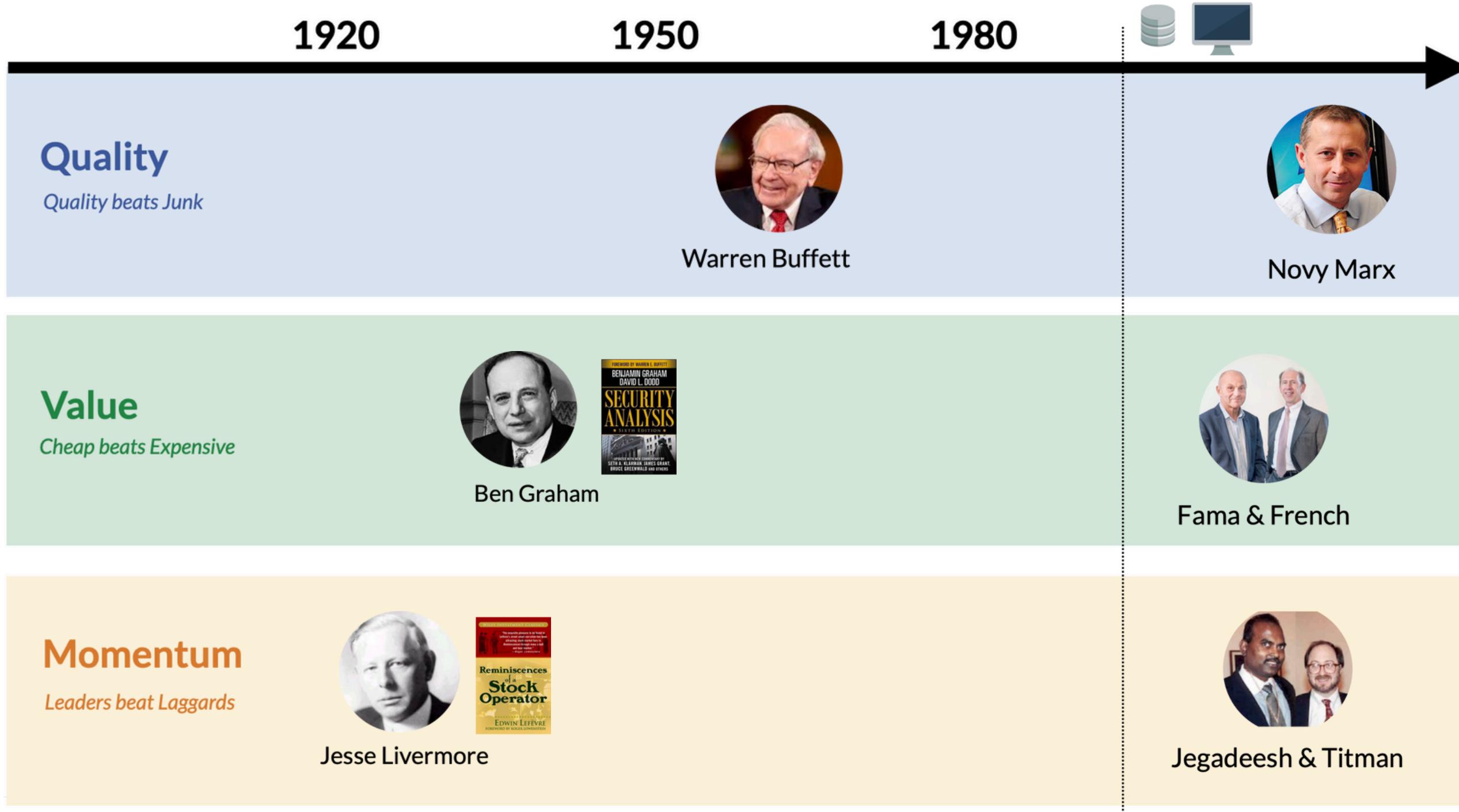
The top 10% "ranked" shares outperform consistently

Quality — Value — Momentum ▪▪ S&P 500
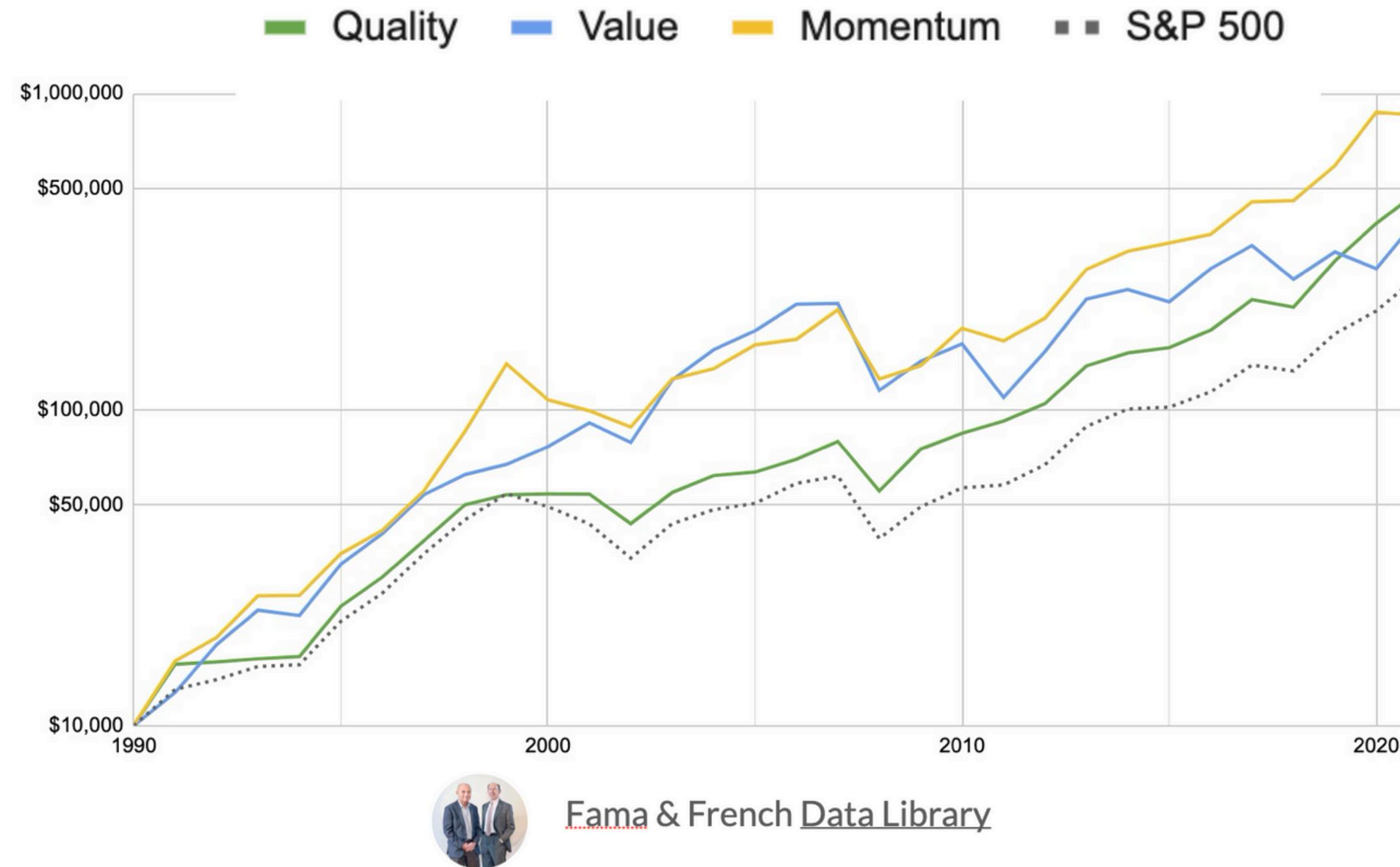
NYSE, AMEX, and NASDAQ stocks. Value portfolio selected the decile of stocks with the lowest P/B ratio, the Quality portfolio selected those with the highest operating profit, and the Momentum portfolio selected those with the strongest returns over the prior 12 months. The Value and Quality portfolios were rebalanced annually, while the Momentum portfolio was rebalanced each month.

StockRank - quality, value and momentum

Stockopedia

StockRank™

Quality
- ✓ Quality of franchise
- ✓ Fundamental health trend
- ✓ Bankruptcy & earnings risk

Value
- ✓ Price vs what it earns
- ✓ Price vs what it owns
- ✓ Price vs what it pays out

Momentum
- ✓ Price momentum
- ✓ Earnings momentum
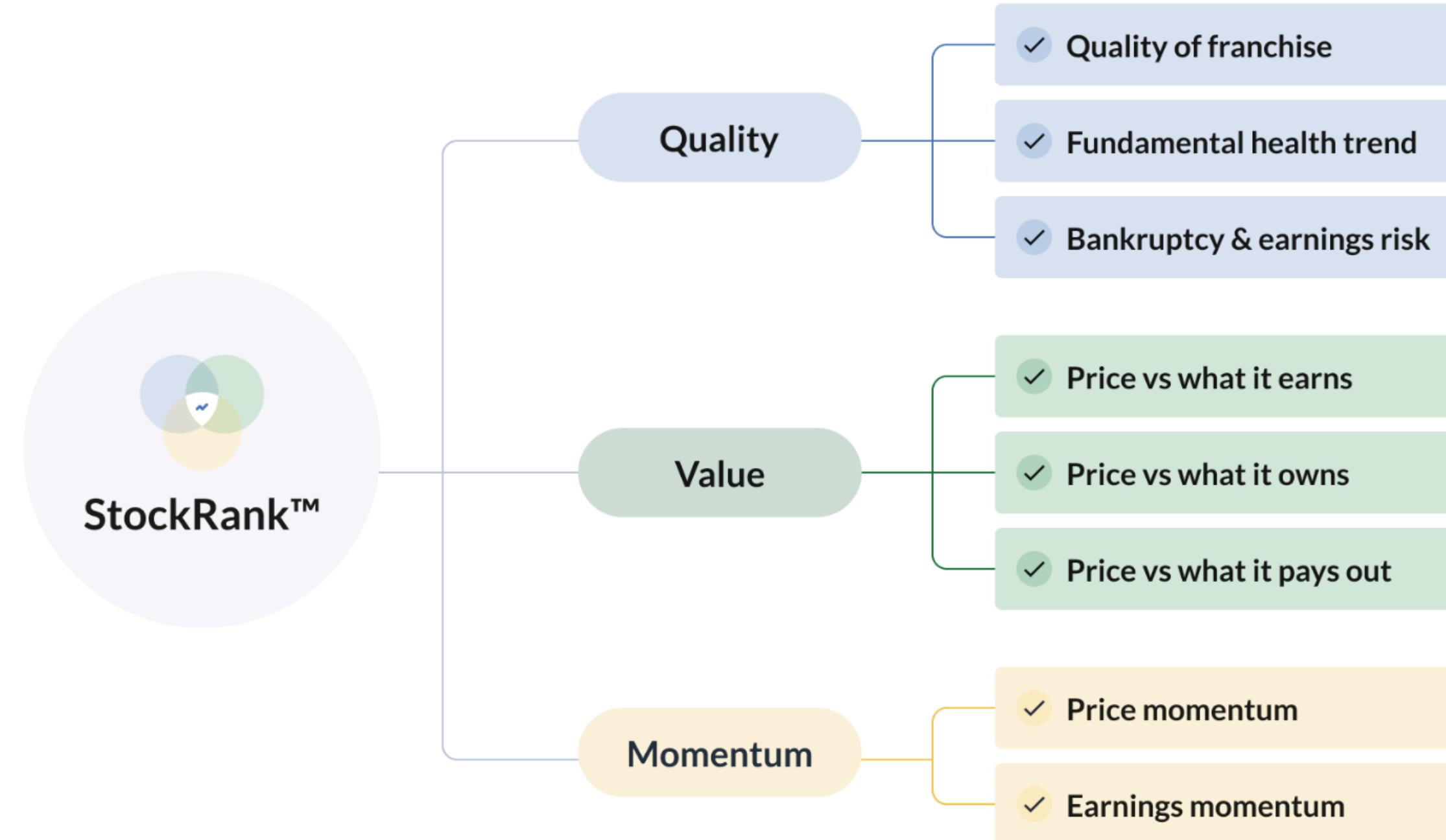
The performance history of high and low "ranked" shares
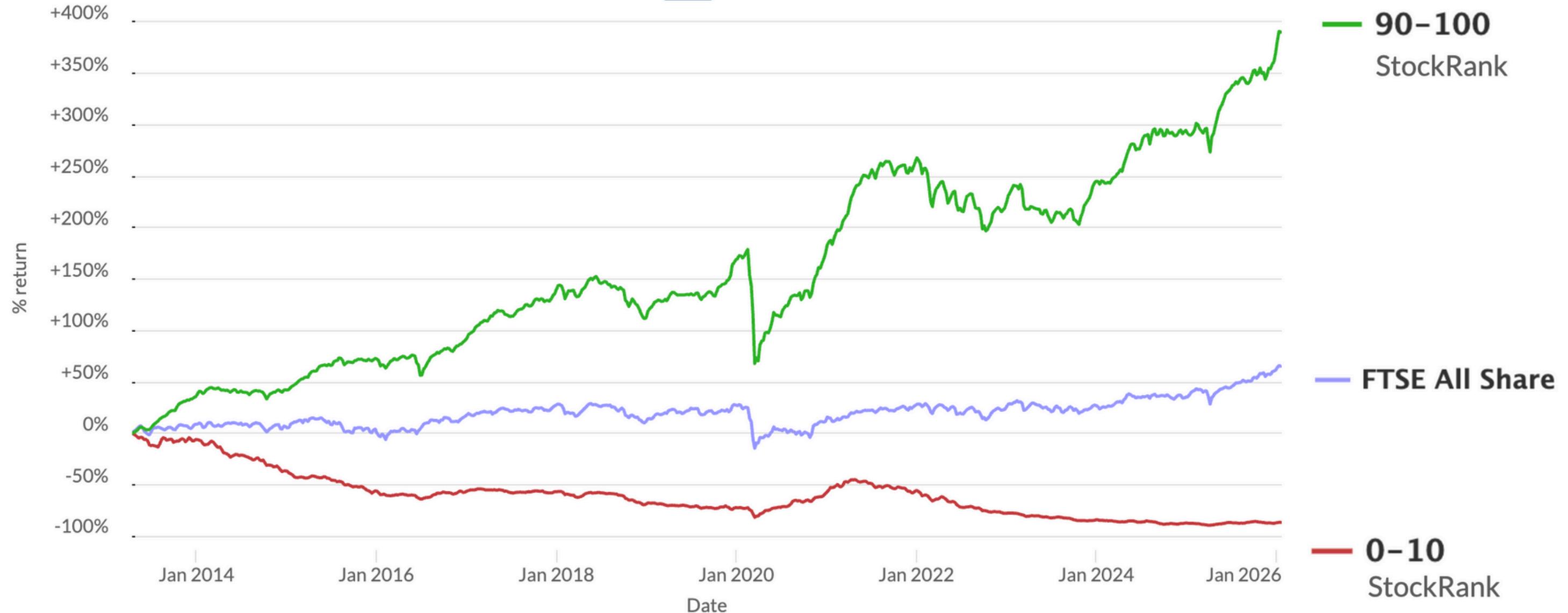
Based on equal weighted portfolios of UK stocks, > £10m market cap, segmented by StockRank, rebalanced quarterly

Likelihood of picking a "winner" or a "loser" by StockRank
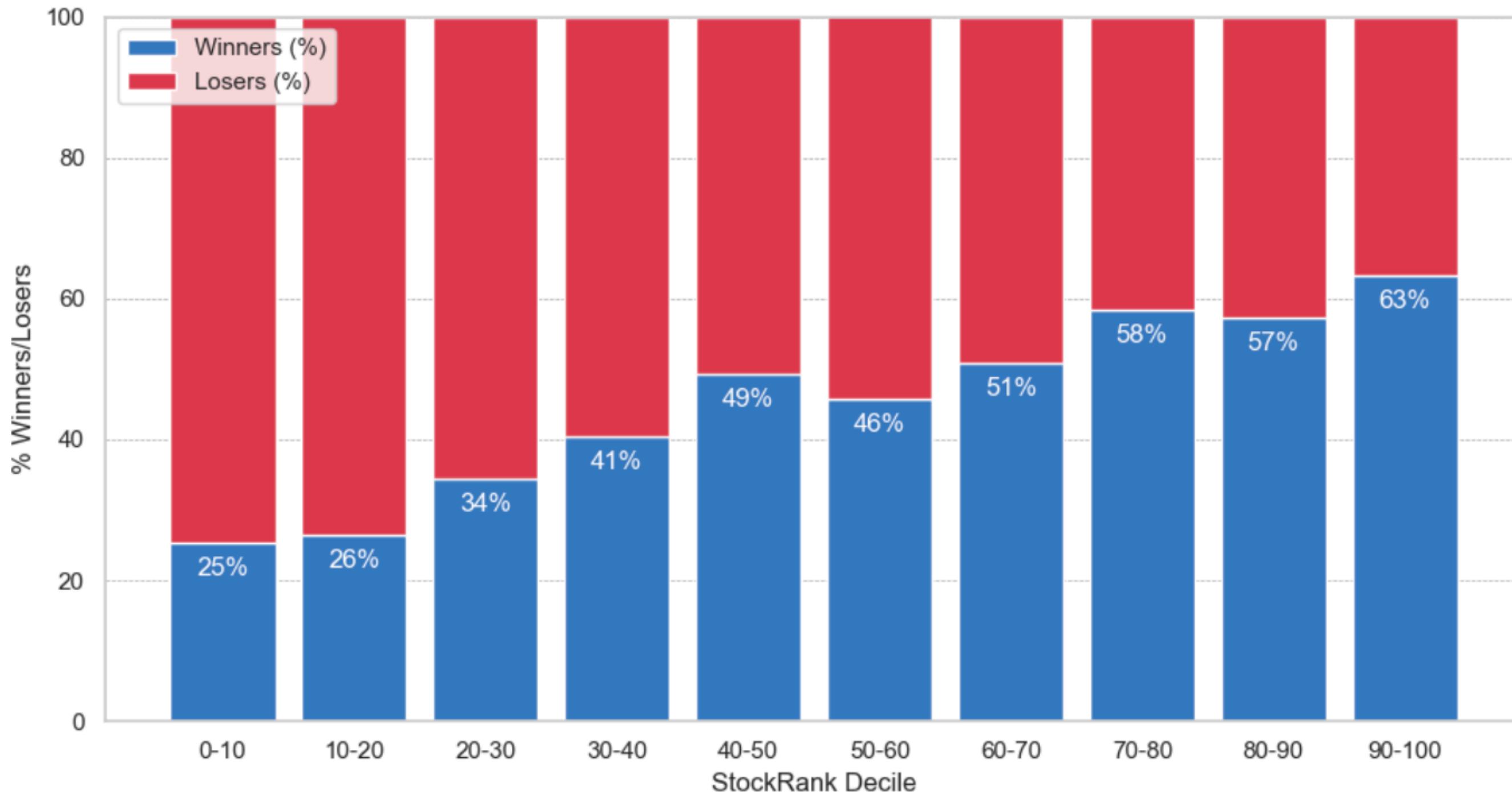
Annualised returns of £10m+ LSE stocks, rebalanced bi-annually from 2013-2024.

Sort by StockRank QVM descending

Minimum £20m market cap

Maximum bid-ask spread 7.5%

No investment trusts, no dual-listed stocks.

Variations you can use

If you want	Try this	The Trade-off
More Growth Exposure	QM Rank (Quality & Momentum)	Works better in strong years
More Turnaround Focus	VM Rank (Value and Momentum)	Emotionally challenging, but proven approach
Lower Risk Stocks	Filter out "**Highly Speculative**" Risk Ratings	Suffocates some upside.

2. Diversity - construct a robust portfolio

Diversify to reduce risk <u>and</u> improve the chance that you own enough winners

Stockopedia

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

Barber & Odean. "The Common Stock Investment Performance of Individual Investors" 2000

How many stocks should you own?

Average performance of 90+ Stocks (2021)

How many stocks should you own?

1 random 90+ share pick
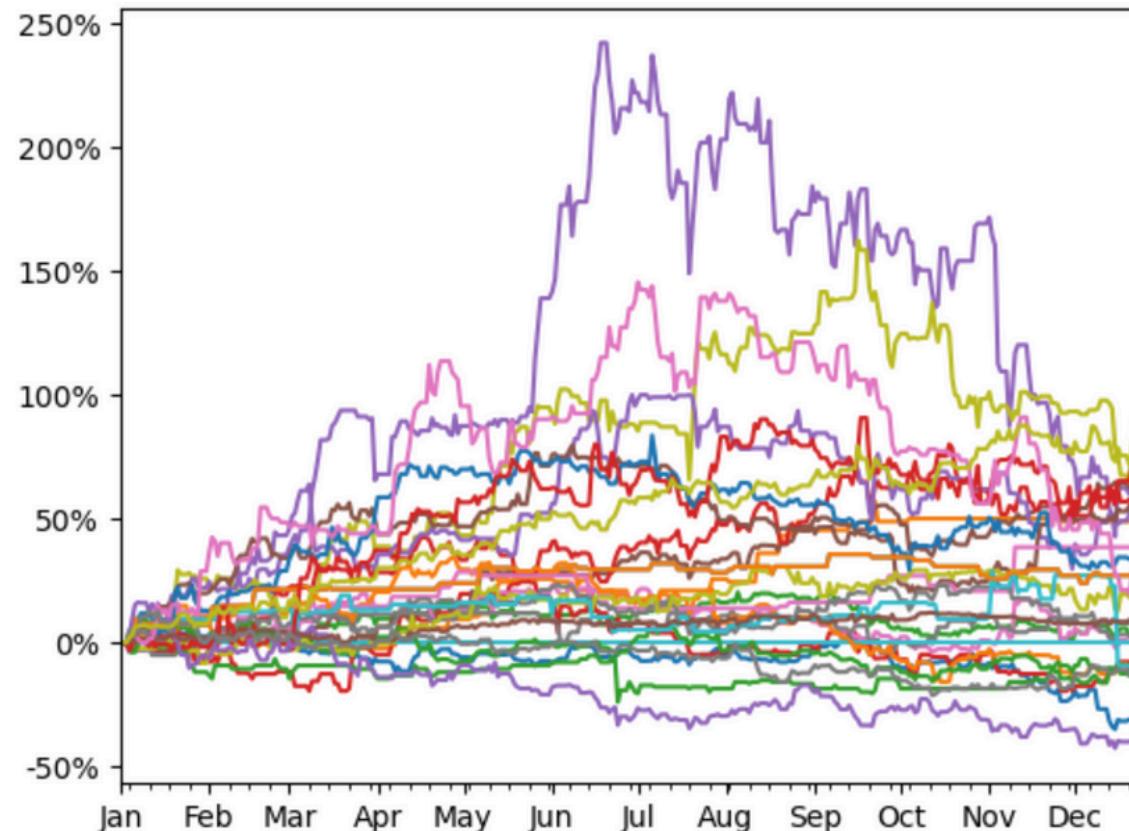
20 share 90+ portfolio
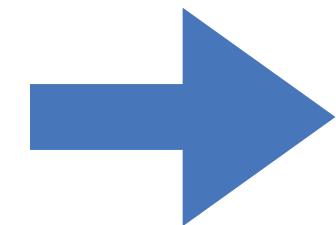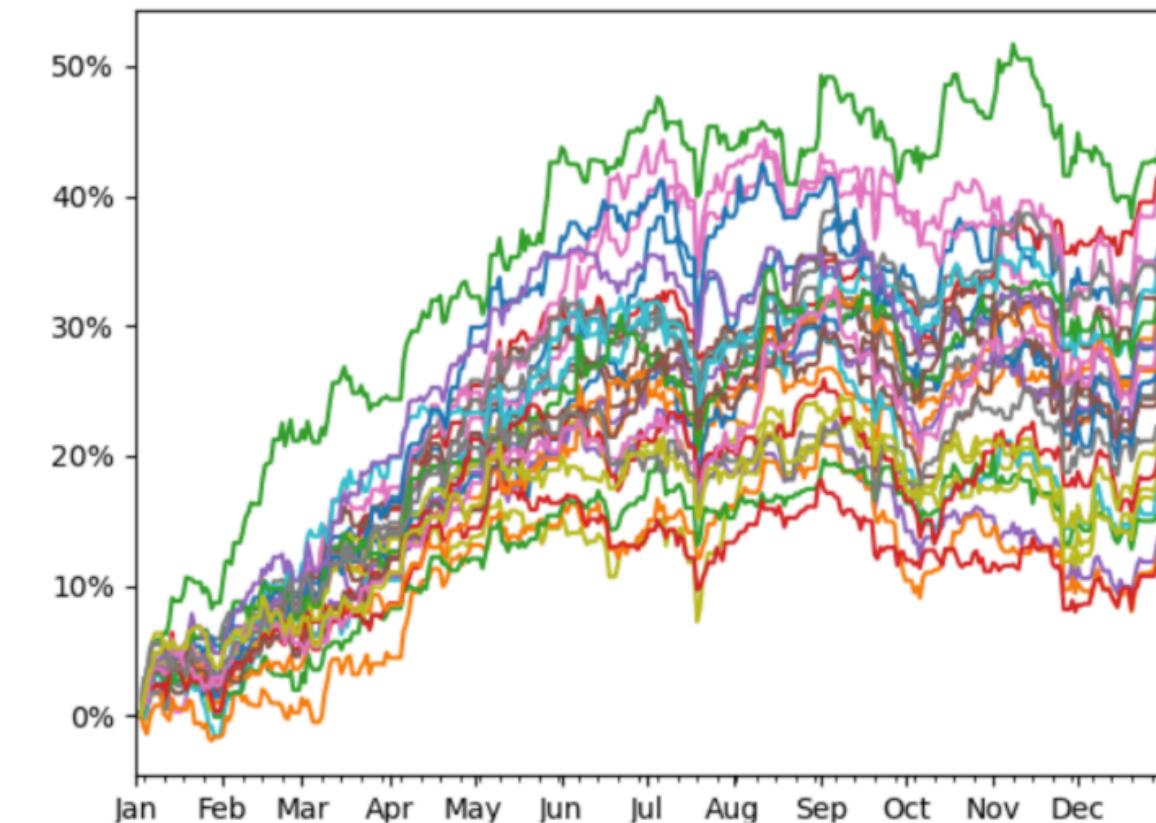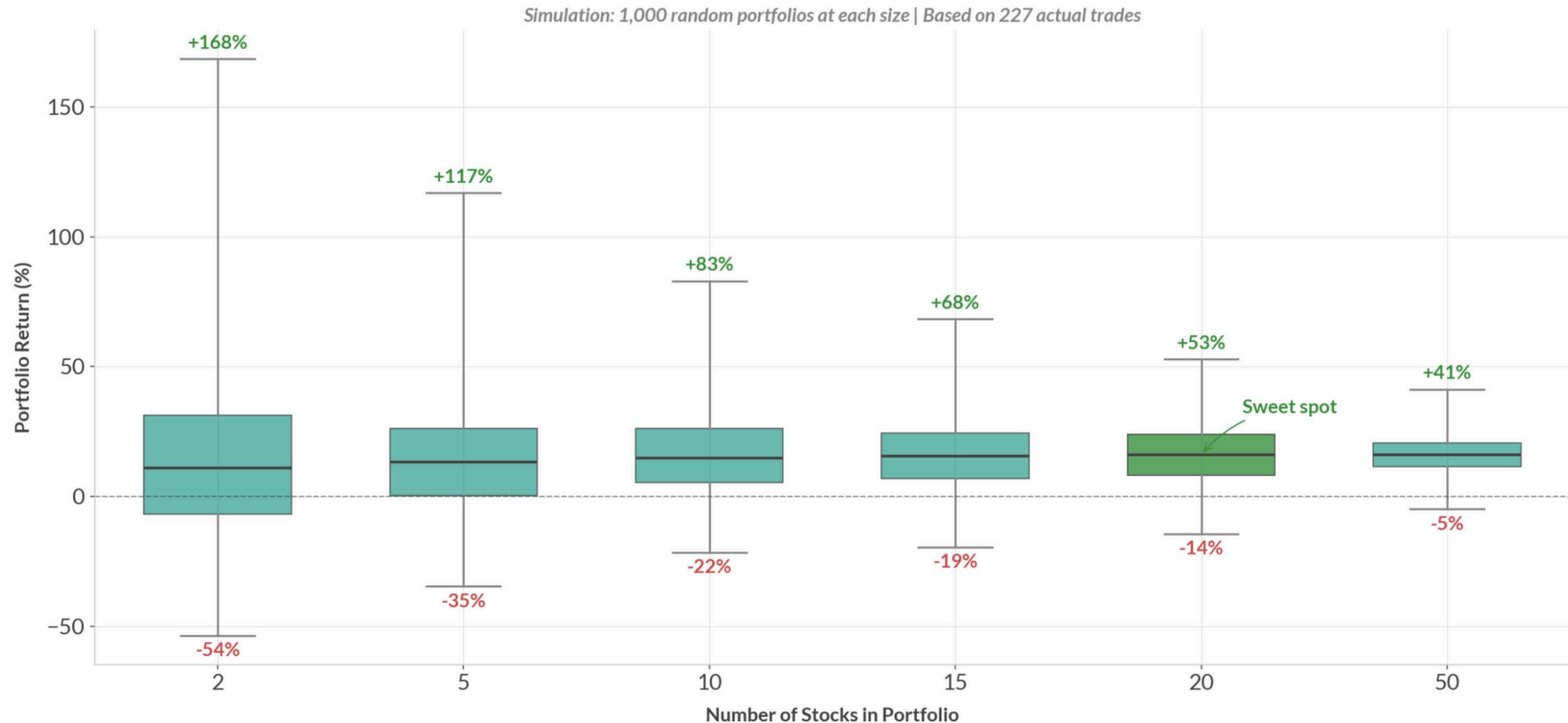
Which sectors can you <u>really</u> predict will outperform?

Stockopedia

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Basic Materi 83%	Healthcare 36%	Technology 152%	Financials 15%	Industrials 32%	Basic Materi 117%	Industrials 58%	Utilities 35%	Consumer Def 49%	Consumer Def 69%	Basic Materi 187%
	Industrials 68%	Utilities 28%	Consumer Cyc 108%	Technology 6%	Healthcare 21%	Consumer Def 76%	Healthcare 51%	Energy 11%	Industrials 25%	Basic Materi 49%	Technology 47%
	Consumer Cyc 62%	Energy 17%	Industrials 99%	Utilities -2%	Technology 18%	Healthcare 71%	Consumer Cyc 48%	Consumer Def 5%	Financials 21%	Industrials 30%	Telecoms 45%
	Telecoms 57%	Basic Materi 8%	Healthcare 38%	Consumer Def -2%	Consumer Cyc 17%	Technology 34%	Utilities 31%	Healthcare -3%	Telecoms 15%	Energy 27%	Consumer Cyc 29%
	Technology 46%	Consumer Def 6%	Financials 29%	Energy -5%	Energy 12%	Industrials 25%	Technology 28%	Financials -16%	Consumer Cyc 13%	Financials 25%	Energy 28%
	Consumer Def 34%	Financials -0%	Basic Materi 25%	Consumer Cyc -10%	Consumer Def 1%	Telecoms 24%	Consumer Def 23%	Telecoms -16%	Energy -12%	Consumer Cyc 15%	Consumer Def 23%
	Healthcare 27%	Technology -1%	Consumer Def 15%	Industrials -14%	Basic Materi -4%	Financials -15%	Basic Materi 3%	Basic Materi -27%	Healthcare -21%	Healthcare 2%	Financials 15%
	Utilities 27%	Consumer Cyc -8%	Utilities -1%	Basic Materi -26%	Utilities -13%	Utilities -16%	Energy -1%	Industrials -31%	Technology -23%	Utilities 0%	Healthcare 10%
	Energy 17%	Industrials -14%	Telecoms -4%	Telecoms -35%	Telecoms -19%	Energy -24%	Financials -3%	Technology -42%	Utilities -27%	Telecoms -13%	Industrials -7%
	Financials 9%	Telecoms -18%	Energy -34%	Healthcare -72%	Financials -21%	Consumer Cyc -25%	Telecoms -7%	Consumer Cyc -43%	Basic Materi -27%	Technology -37%	Utilities -17%

Sector	Avg
Consumer Def	4.3
Industrials	4.5
Basic Materials	4.9
Healthcare	5.0
Technology	5.1
Consumer Cyc	5.5
Energy	6.0
Financials	6.2
Utilities	6.3
Telecoms	7.2

How many sectors should you own?

10 Economic Sectors

Defensives
- Healthcare
- Consumer Defensive
- Utilities

Sensitives
- Industrials
- Energy
- Telecoms
- Technology

Cyclicals
- Basic Materials
- Consumer Cyclical
- Financials

In "Bad Markets" - Defensives are key!

Bar chart of Average Return (%) by sector group:
- Defensive (Healthcare, Consumer Def, Utilities): Bad Years 13%, Good Years 19%
- Cyclical (Basic Materials, Consumer Cyc, Financials): Bad Years -6%, Good Years 29%
- Sensitive (Industrials, Energy, Telecoms, Technology): Bad Years -1%, Good Years 25%

Legend: Bad Years (2018, 2020, 2022, 2023); Good Years (7 years)
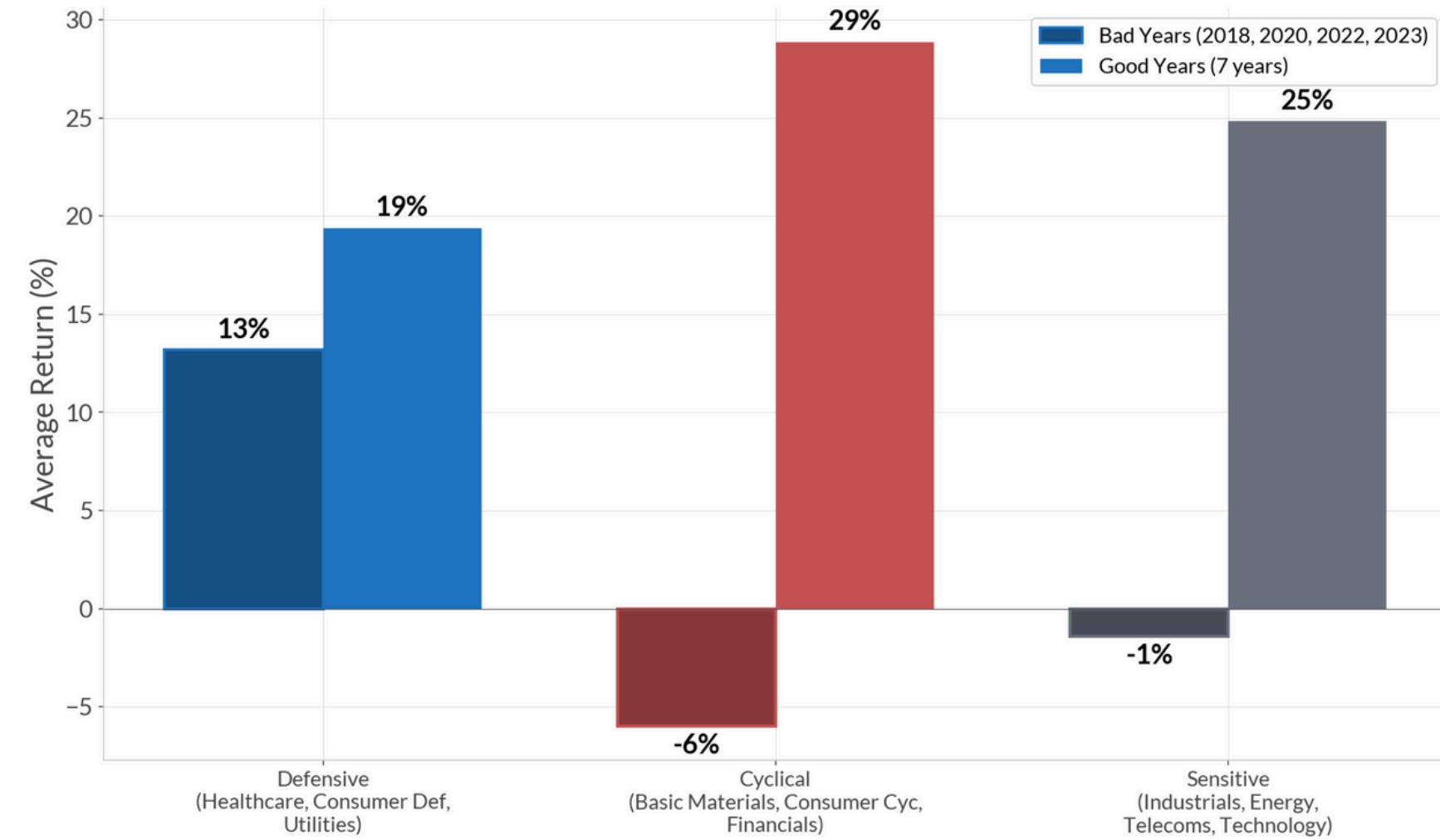
- **20 stocks total**
- **Start with 2 per sector (Noah's Ark), except:**
  - **1 Telecom**
  - **1 Utilities**
- **Fill remaining 2 slots with next highest ranked**
- **Max 3 per sector**
- **Equal weight at purchase**

Variations you can use

Stockopedia

If you want	Try this	The Trade-off
Fewer stocks to manage	10-15 stocks (or even 5 in tiny portfolios)	More monitoring required. Stop losses?
More international exposure	Add some holdings from US, Europe, Australia etc	StockRanks work globally - different markets, different rhythms
Sector tilts	Remove underperforming sectors, add sectors you understand	Loses the "can't predict winners" protection

3. Discipline - maintaining edge over time
Ensuring your portfolio consistently owns the characteristics of "winning shares"

Over time - position sizes change
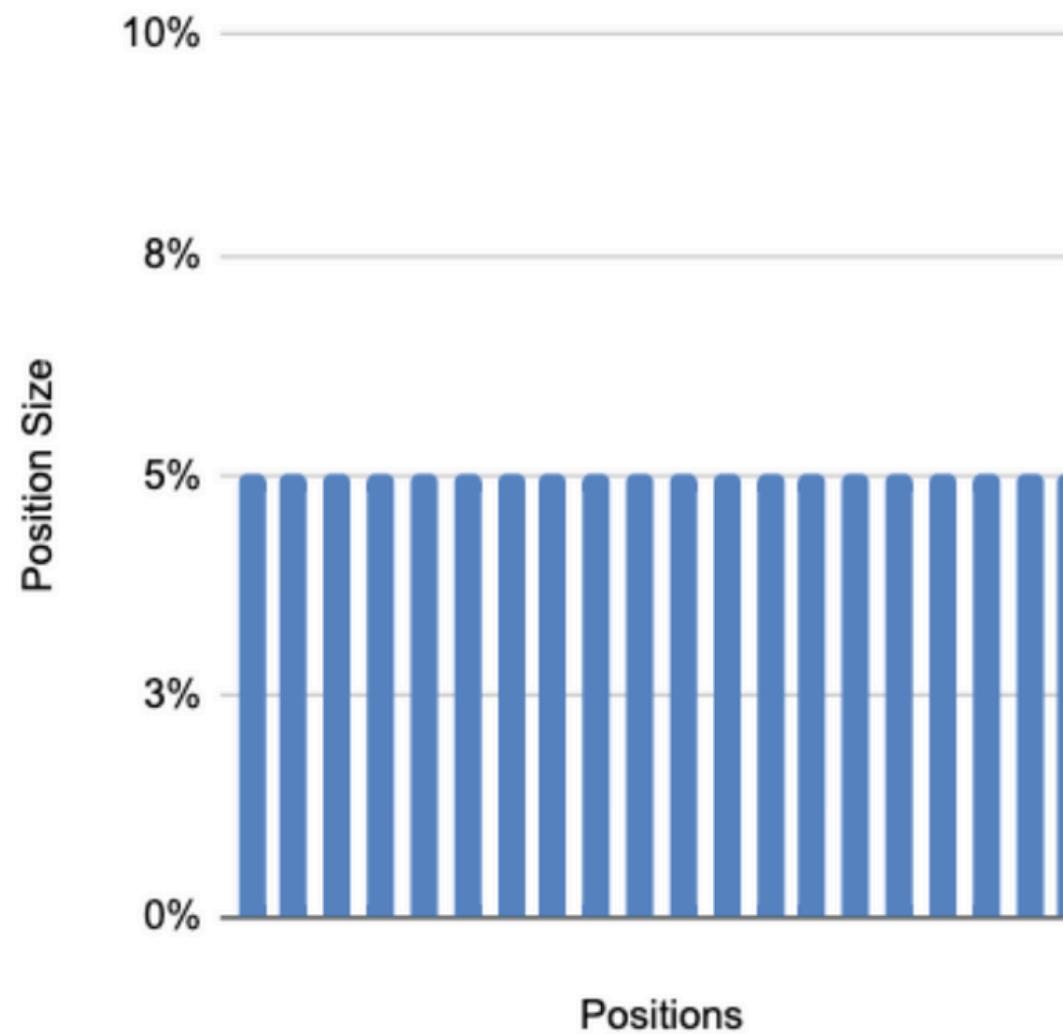
Start of the Year → End of the Year
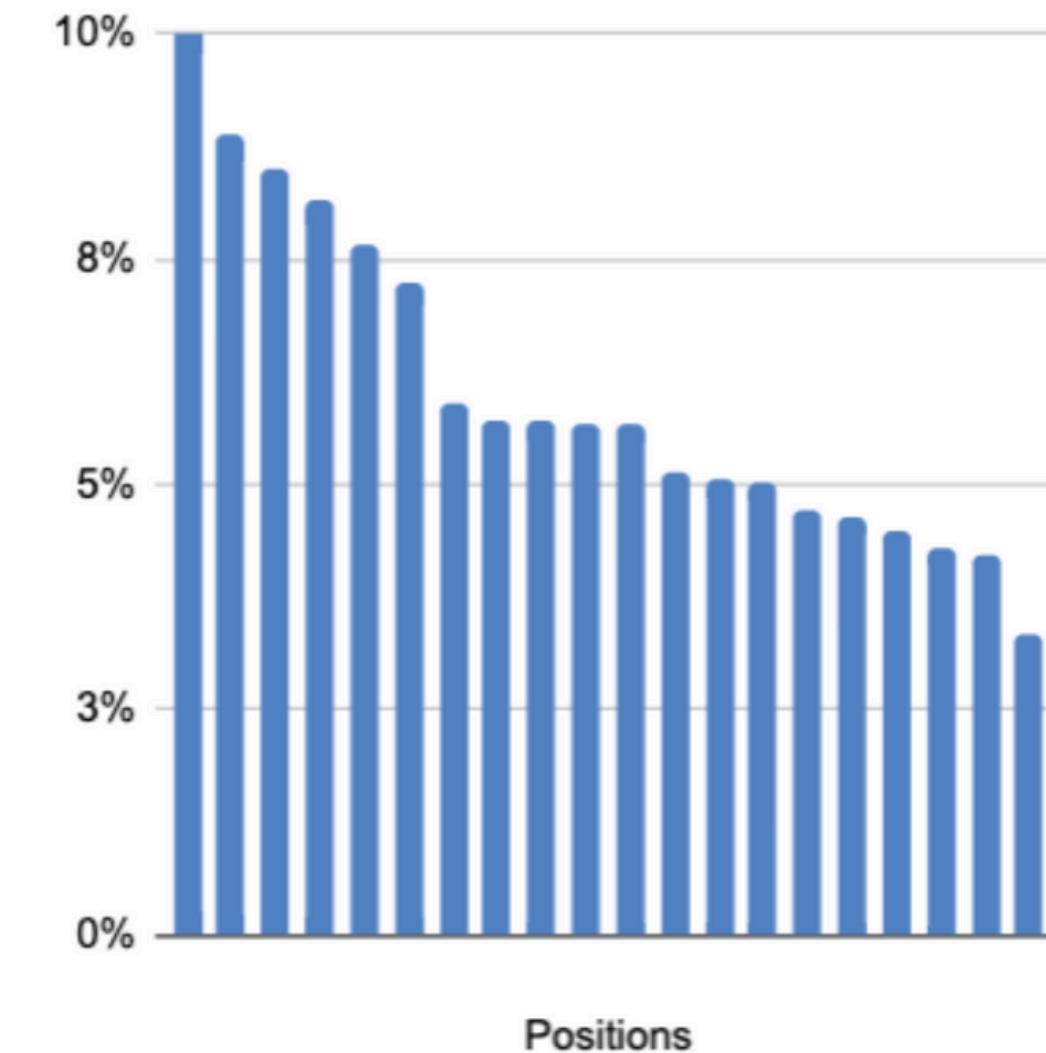
More importantly - the QVM return drivers decay

Stockopedia

Average QVM rank falls by almost 10 points in 1 year
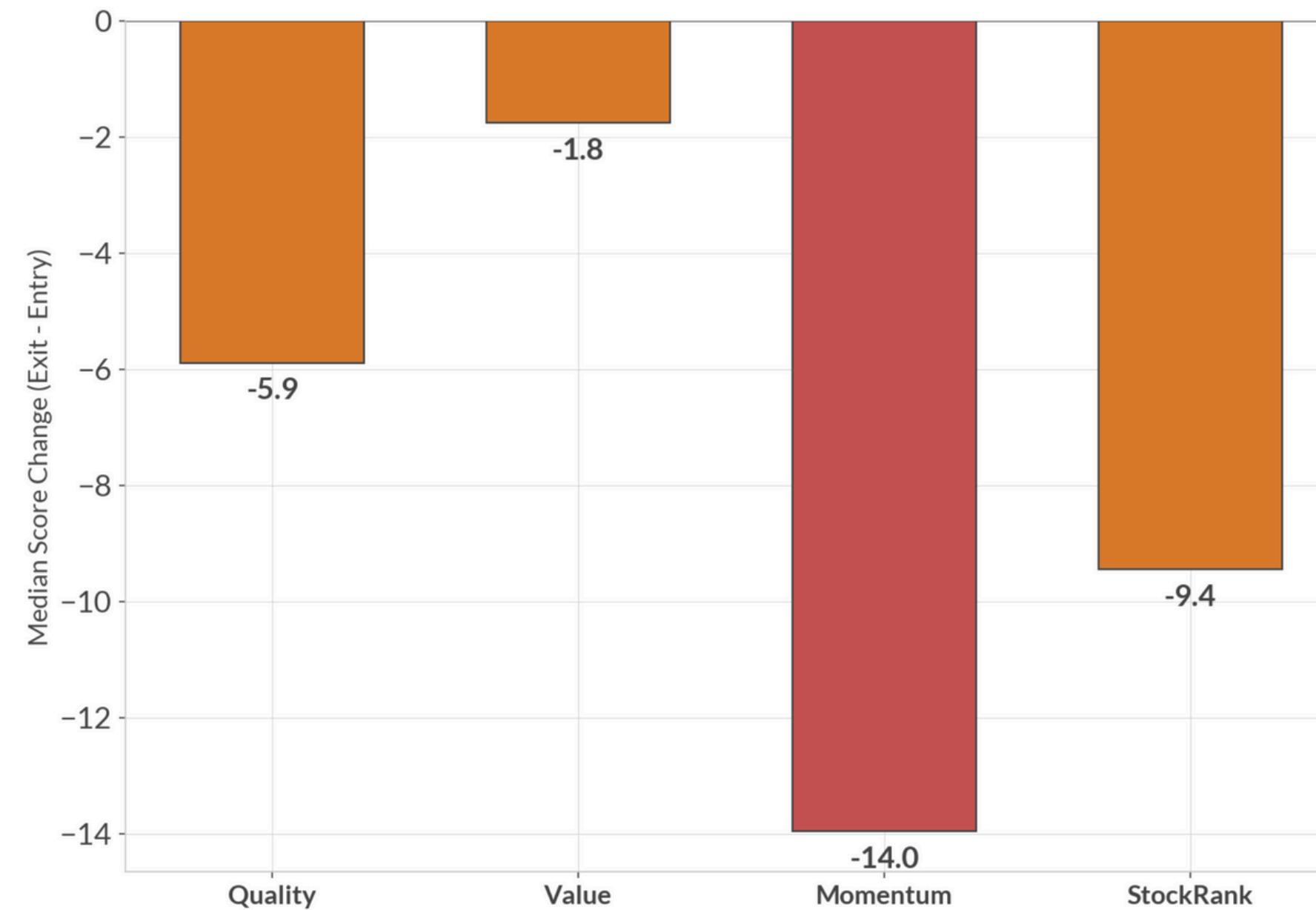
Key insight: StockRanks decay over time (-9.4 points median). 85% of trades saw their StockRank decline.

The quality and value of shares changes over time
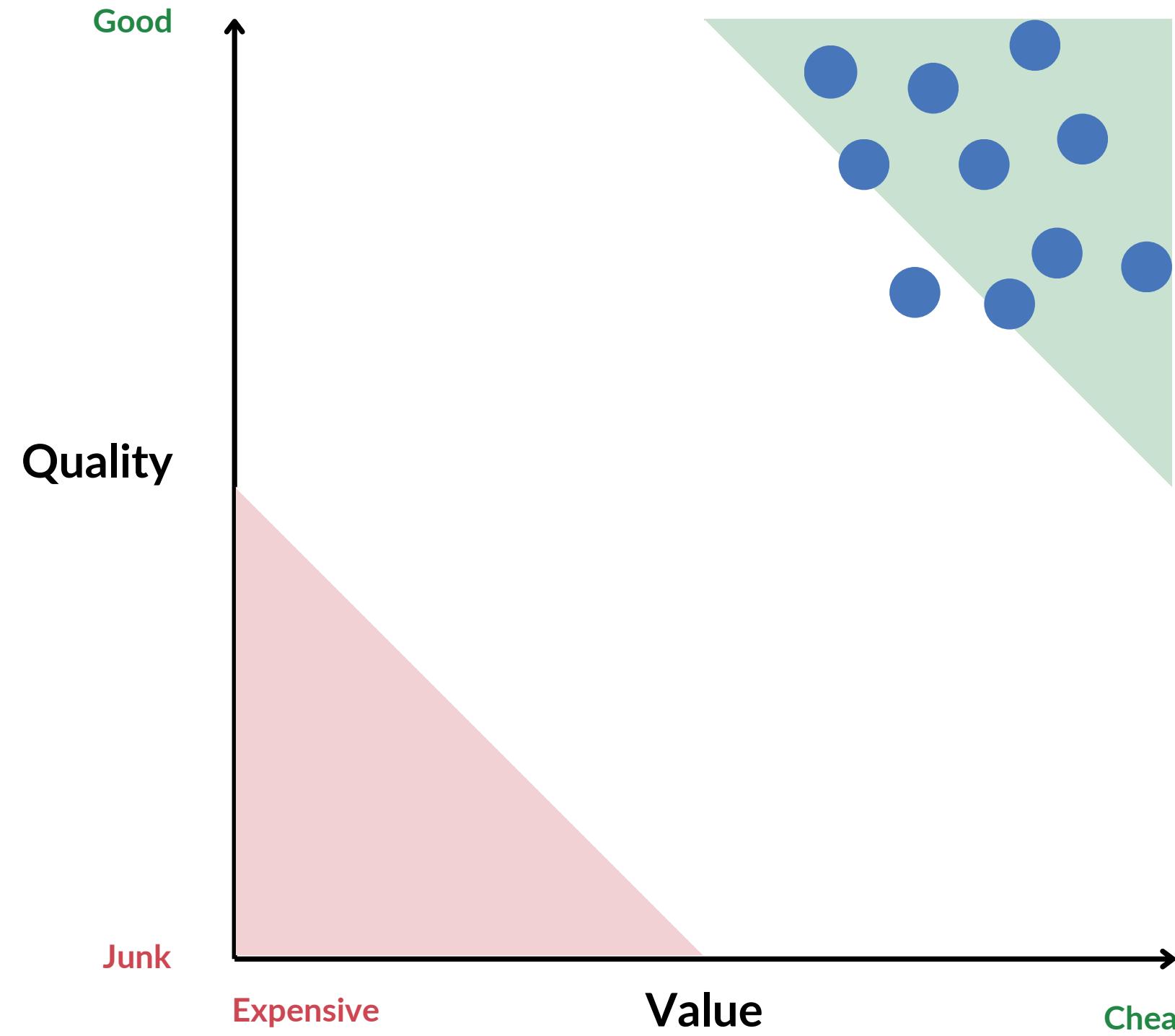
Good

Quality

Junk

Expensive

Value

Cheap

The quality and value of shares changes over time

The quality and value of shares changes over time

The quality and value of shares changes over time

Good

Quality

Junk

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Cheap
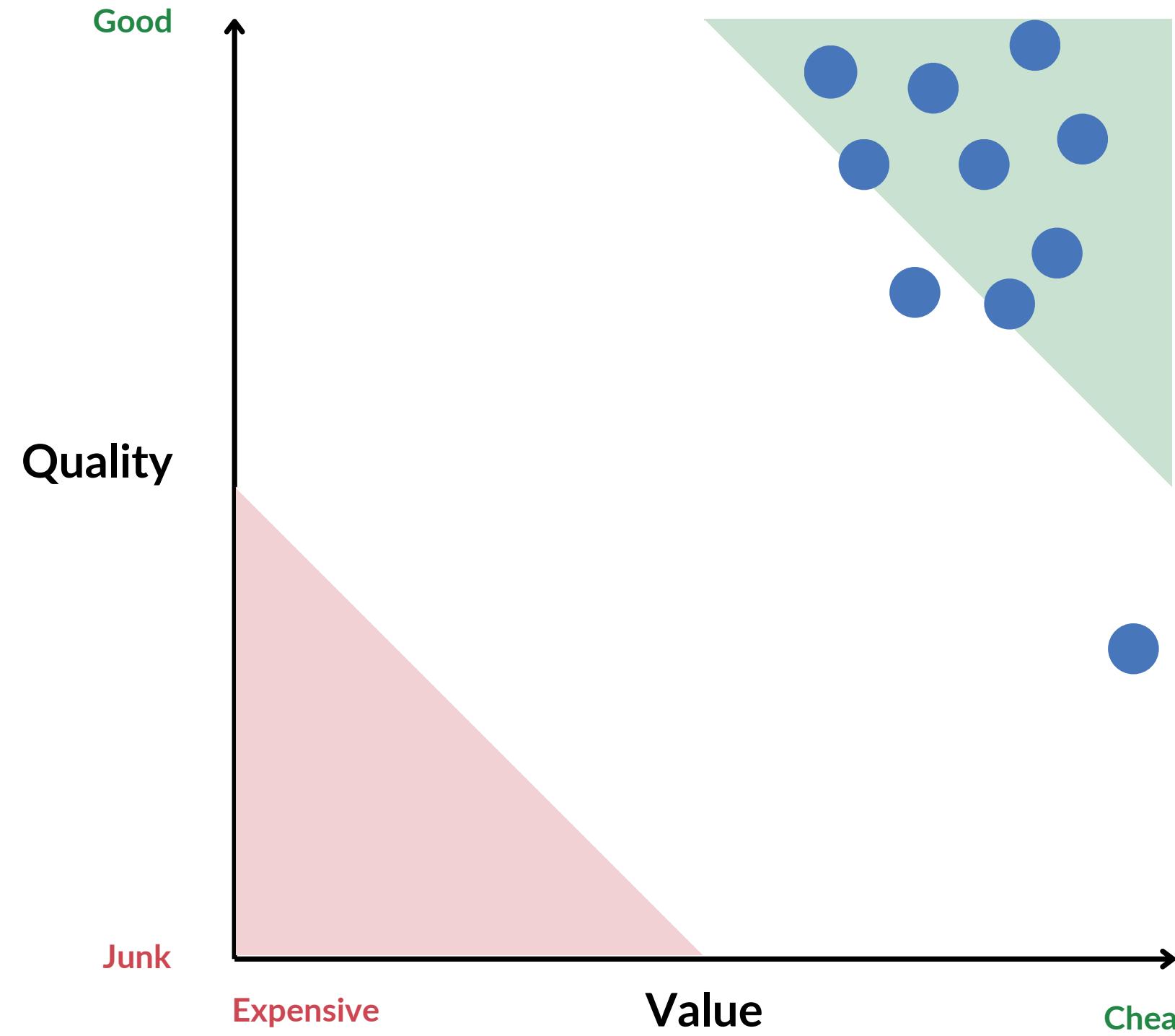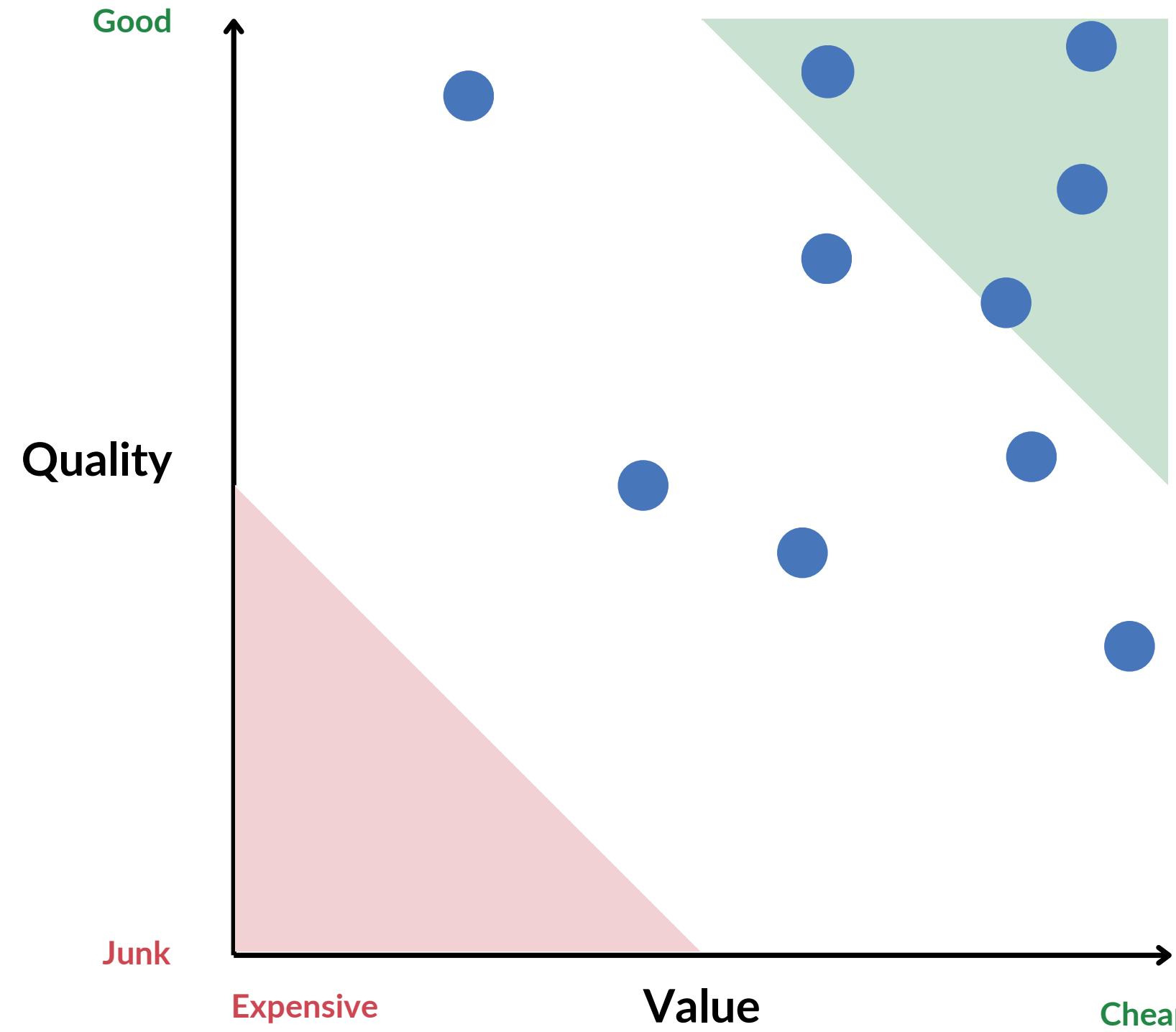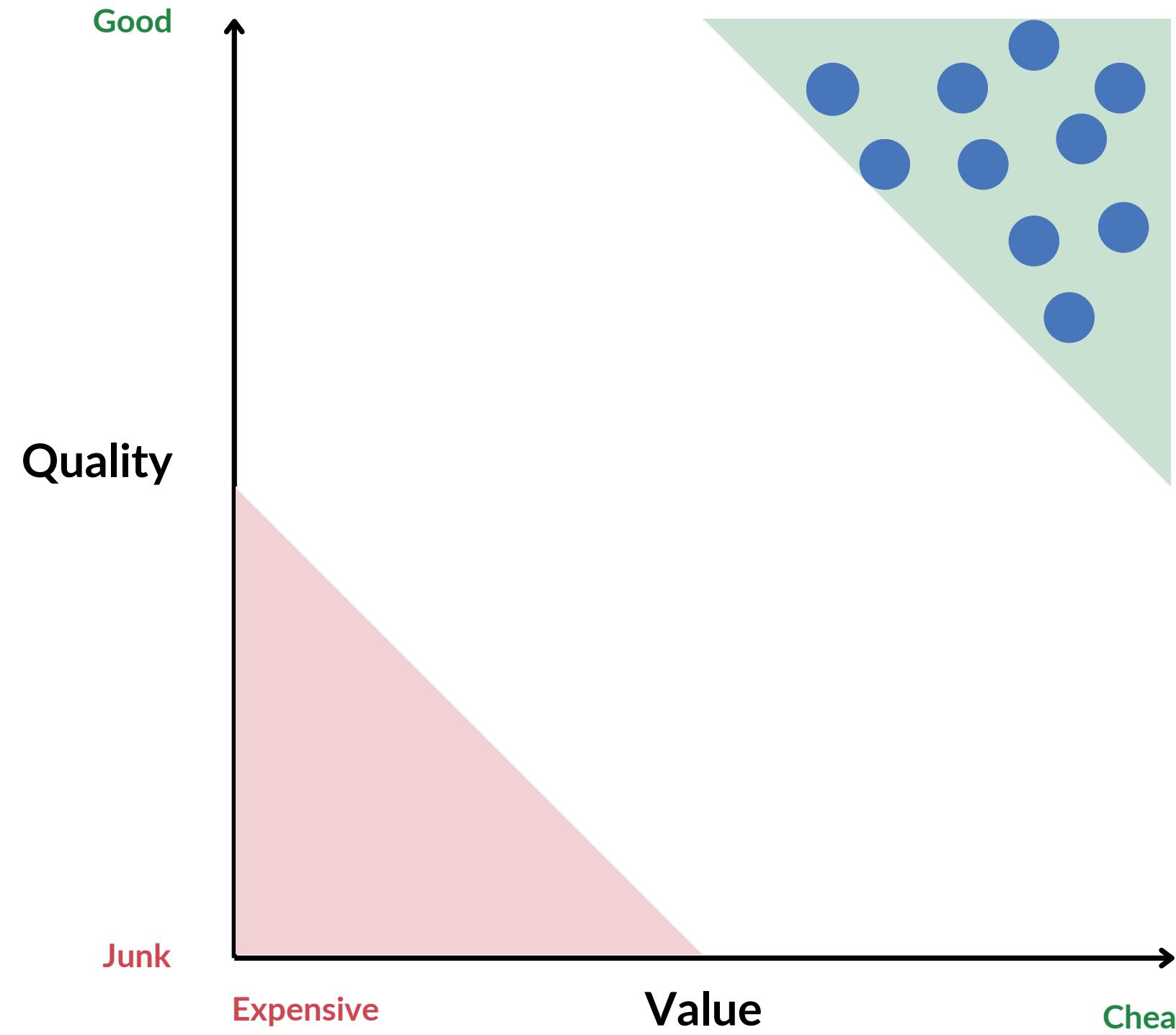
1. **Refreshes exposure to return drivers**
2. **Forces selling extreme winners**
3. **Managers position sizes back to 5%**
4. **Clears emotional baggage**

- Hold for a **one-year period**
- **Sell everything** (start fresh)*
- No mid-year interventions

* Unless the same holding still qualifies - in that case, bring back to equal weight!

Variations you can use

If you want	Try this	The Trade-off
More frequent refresh	Semi-annual rebalancing	Doubles trading costs (1.9%).
Active Management	Use the 90/70 rule. Sell on StockRank below 70. Sell on Profit Warnings.	Higher effort, but may reduce downside risk, and capture more upside.
Reduce drawdowns	Use stop losses at 20% (or variable based on RiskRatings)	Re-entry is essential. Can reduce upside.

Part 3: Going Deeper

The performance, problems and emotional journey of running a NAPS

The performance masks an emotional journey

Stockopedia

NAPS Portfolio — Return (%)

FTSE All Share

15.5% Annualised

5 of 11 years the portfolio underperformed the market

Legend: ■ NAPS Portfolio ■ FTSE All Share

Y-axis: Return (%)

Year	NAPS Portfolio	FTSE All Share
2015	42%	-2%
2016	6%	15%
2017	43%	8%
2018	-13%	-13%
2019	8%	14%
2020	24%	-13%
2021	34%	13%
2022	-16%	-5%
2023	2%	2%
2024	20%	6%
2025	37%	19%
2026	7%	2%

Stockopedia
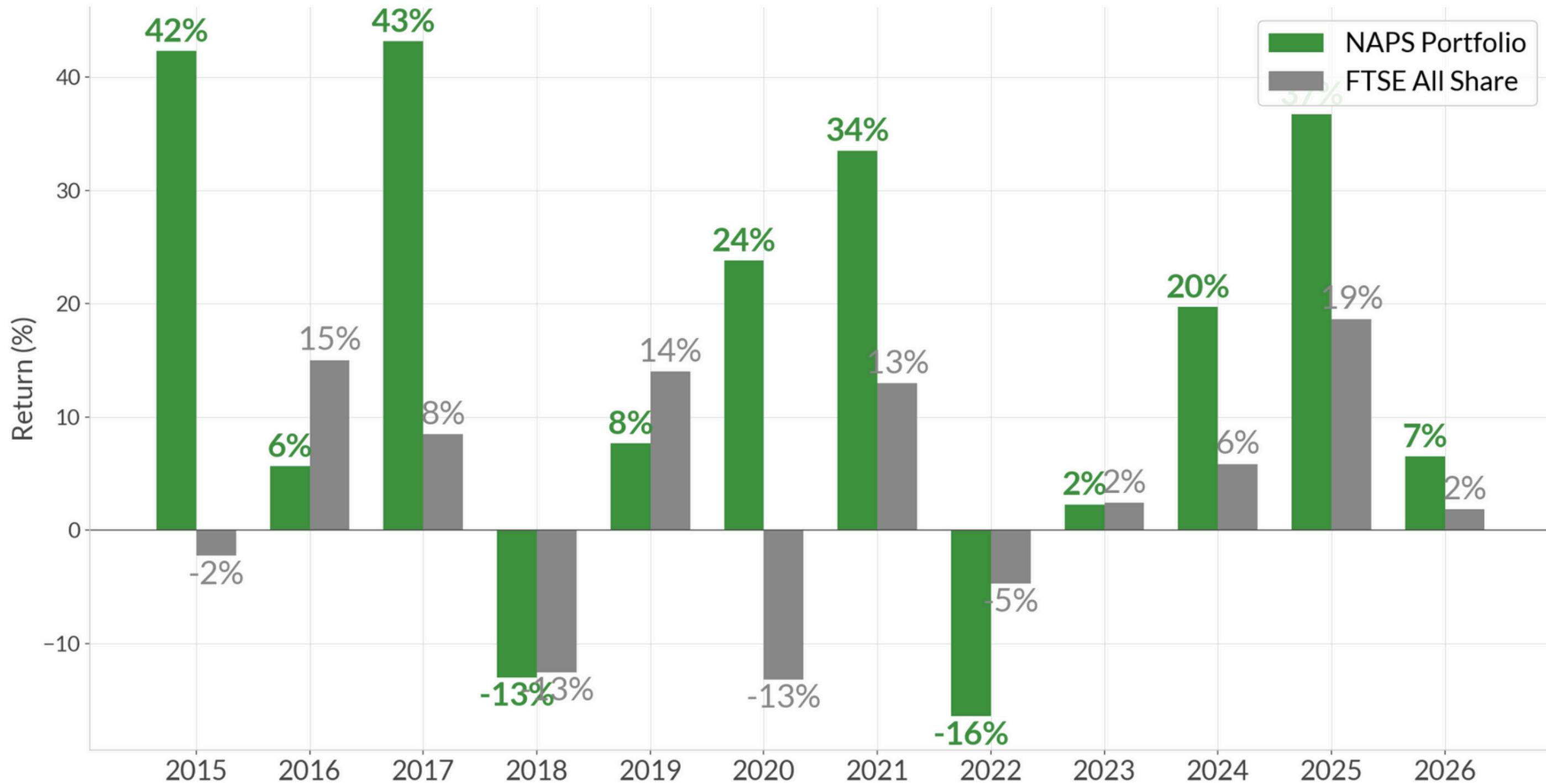
Drawdowns are long and painful

There is an emotional arc

2015–2017: Overconfidence
Early success bred confidence. I started adding complexity, thinking I could improve the system.

2018–2019: Doubt
Underperformance created doubt. The added constraints weren't working. I questioned everything.

2020: Humility
Simplification. Accepting that less is more. Removing my "improvements."

2021–2022: Temptation
Good returns brought temptation to be clever again. Overloaded into "Big Mo". Getting burned.

2023–2024: Discipline
Hardest period. Intuition screaming to change. Choosing to trust the system anyway.

2025–2026: Acceptance
Finally accepting that I can't predict. The system works better than I do. My job is to not interfere.

The system picks great shares
The great winners keep you going

15 Multibaggers selected along the way

Bar chart — Return (%)

Company (Year)	Return (%)
Games Workshop (2017)	269%
Iqe (2017)	261%
Serabi Gold (2025)	189%
Metals Exploration (2025)	184%
Ergomed (2021)	168%
Premier Foods (2021)	165%
Petropavlovsk (2021)	155%
Frontier Developments (2021)	152%
IG Design (2015)	147%
Jet2 (2019)	119%
Warpaint London (2023)	111%
Metals Exploration (2025)	106%
Wizz Air Holdings (2017)	105%
Jet2 (2015)	102%
Greencore (2025)	101%

Stockopedia

The big winners dominate the losers

~ Stockopedia

A small edge goes a long way…

Stockopedia

129 Winners
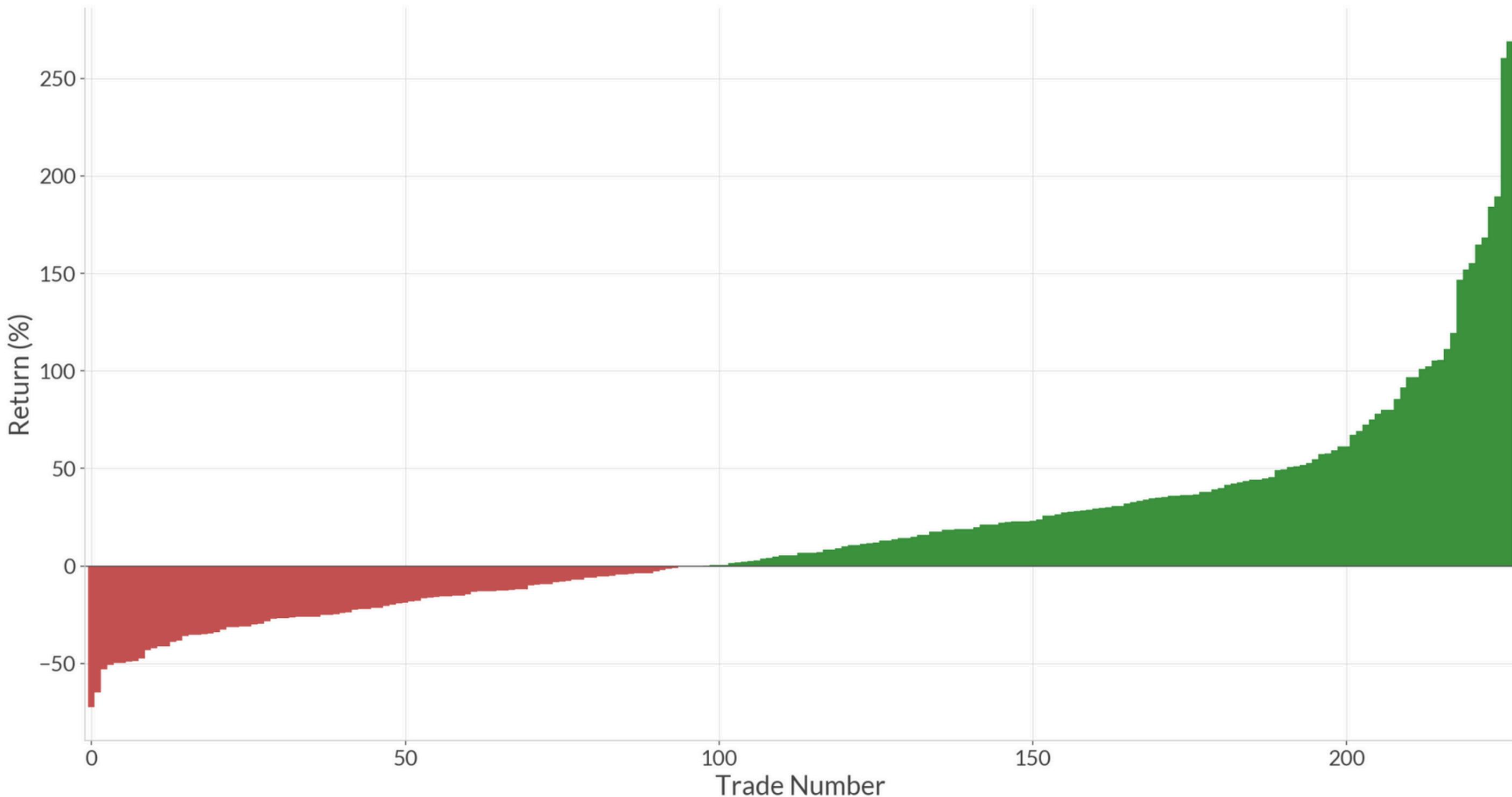
98 Losers

→ **57%** Win Rate

The % of trades that were profitable

45% Avg. Win %

-22% Avg. Loss %

→ **2.08** Payoff Ratio

Average win divided by average loss

Believe in the edge, as at times it doesn't feel like it!

Win Rate by Rebalance Year

Percentage of Trades vs. Rebalance Year

Rebalance Year	Winners	Losers
2015	19 (95%)	—
2016	10 (50%)	10 (50%)
2017	14 (70%)	6 (30%)
2018	6 (30%)	14 (70%)
2019	10 (50%)	10 (50%)
2020	11 (55%)	9 (45%)
2021	15 (75%)	5 (25%)
2022	6 (30%)	14 (70%)
2023	9 (45%)	11 (55%)
2024	12 (60%)	8 (40%)
2025	15 (75%)	5 (25%)
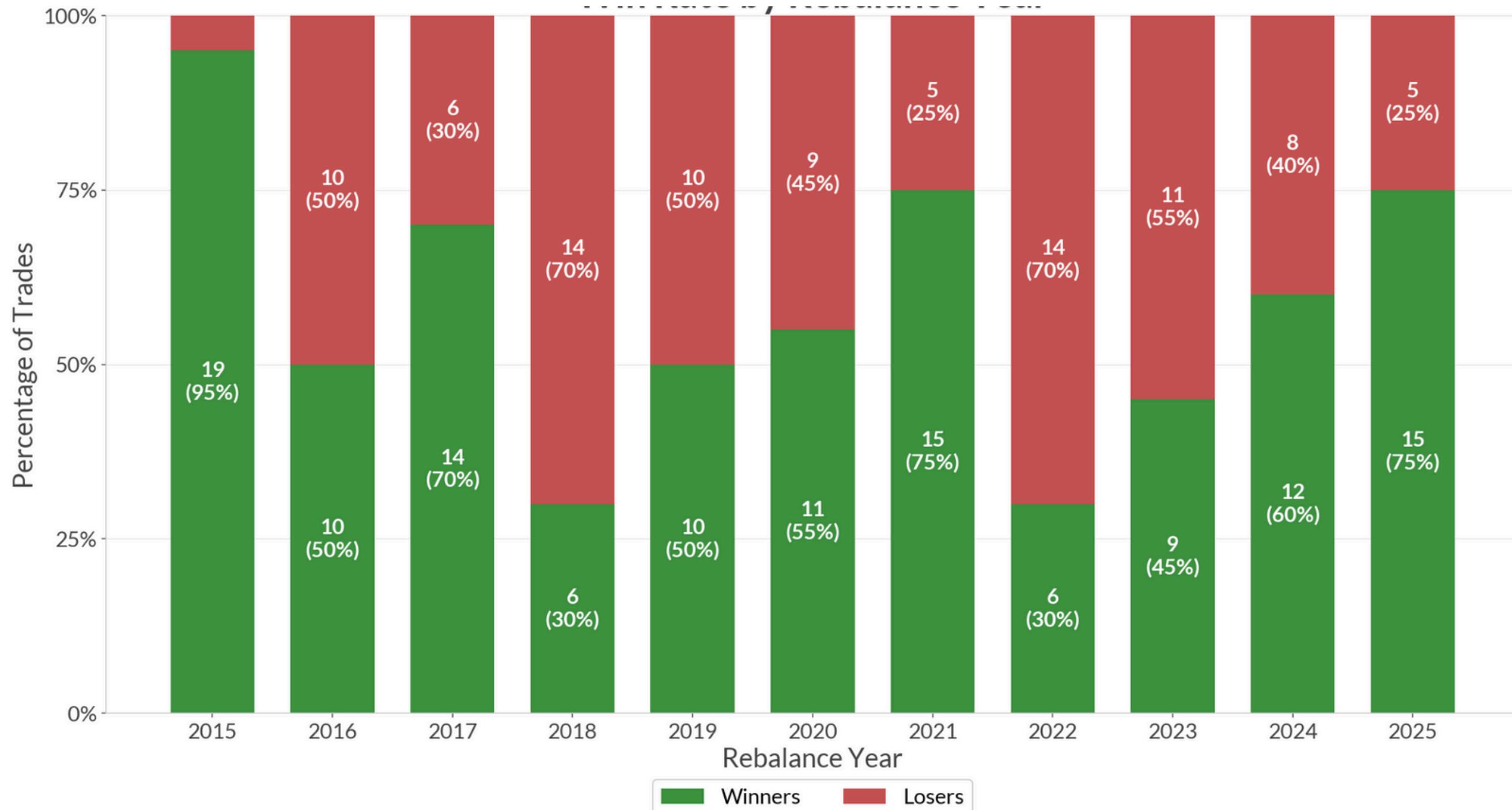
Part 4: The Reveal

The current NAPS Portfolio for 2026

The Complete 2026 NAPS Rules

Drivers
- Sort the market by StockRank descending (high QVM)
- Minimum £20m market cap. Maximum 7.5% spread.
- No investment trusts. No dual-listed stocks.

Diversity
- 20 stocks
- 1 utility, 1 telecom. Max 3 in each of the 8 other sectors.
- Buy an equal weight of each of the shares

Discipline
- Hold for 1 year
- Each year, repeat the process

The 2026 NAPS Portfolio

Table 1: Energy, Basic Materials, Consumer Cyclical, Financials

Company	Ticker	StockRank	Market Cap	Comment
Seplat Energy	SEPL	95.8	£1,703m	Nigeria-focused oil & gas producer. Transformed by offshore acquisition; trebled revenues, strong cash flow, 5% yield.
BP	BP.	94.6	£67,636m	Global oil major refocusing on core hydrocarbons. New leadership, steady buybacks, near 6% yield.
Serabi Gold	SRB	99.6	£236m	Brazilian gold miner with high-grade assets. Tenbagged since 2023, still cheap at 4x earnings with strong production growth.
Central Asia Metals	CAML	98.5	£337m	Low-cost copper and zinc miner in Kazakhstan. Strong cash reserves, 6% yield, new buyback programme underway.
Kingfisher	KGF	100.0	£5,356m	B&Q and Screwfix owner rebuilding momentum. UK outperformance, upgraded guidance, moderate valuation despite 25% gain.
Springfield Properties	SPR	99.5	£153m	Scottish housebuilder pivoting to infrastructure-led demand. Landmark 293-home deal with SSEN for grid workers.
Smiths News	SNWS	99.4	£187m	Resilient print distributor serving 22,000 UK retailers. Net cash, 8% yield, beating expectations despite market decline.
CMC Markets	CMCX	99.1	£836m	Global spread betting and CFD platform. New partnerships supporting growth, 5% yield, healthy balance sheet.
Ramsdens Holdings	RFX	98.3	£121m	Pawnbroker benefiting from strong gold prices. Profits beating upgrades, pledge book growing, store expansion accelerating.
S&U	SUS	98.1	£252m	Non-prime motor finance and bridging loans specialist. Collections improving, profits up 22%, dividends rising again.

The 2026 NAPS Portfolio

Table 2: Industrials, Consumer Defensive, Healthcare, Technology, Telecoms, Utilities

Company	Ticker	StockRank	Market Cap	Comment
Gattaca	GATC	98.9	£28m	STEM recruitment specialist outperforming a tough market. Strong net cash, cost control working, dividend growing.
Kromek	KMK	97.7	£58m	Radiation detection tech firm turning profitable. New Siemens deal driving 70% revenue growth, material turnaround underway.
M P Evans	MPE	98.4	£640m	Indonesian palm oil producer with low-cost, integrated model. 50% profit jump, net cash, long dividend record.
Wynnstay	WYN	97.5	£78m	Farm supplies business regaining momentum. Margins improving across all divisions, 5% yield, 45% discount to NAV.
GSK	GSK	91.8	£74,356m	FTSE 100 pharma with strong vaccine and HIV pipeline. New asthma drug approved, upgraded guidance, leadership transition ahead.
Tristel	TSTL	77.8	£199m	Infection prevention specialist with high-margin consumables. FDA clearance secured, global expansion potential building.
Frontier Developments	FDEV	97.5	£163m	Video game studio refocused on Creative Management Simulation. JWE3 success prompting upgrades, strong balance sheet.
Focusrite	TUNE	92.3	£134m	Audio equipment maker returning to growth. Scarlett interfaces and studio hardware driving recovery, margins rebounding.
Vodafone	VOD	92.8	£23,262m	Telecoms giant rebuilding after restructuring. Shares up 45% in 2025, disposals trimming debt, 4% yield.
Yu Group	YU.	93.8	£253m	Fast-growing B2B utility supplier to UK SMEs. Net cash above £100m, strong hedging with Shell, cheap at 7x earnings.

NAPS Portfolio Snapshot (Jan 22nd)

Stockopedia
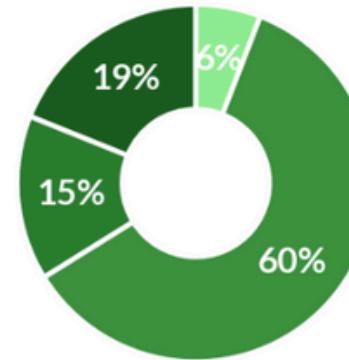
Size Allocation

- Large Cap (19%)
- Mid Cap (15%)
- Small Cap (60%)
- Micro Cap (6%)

19%
15%
60%
6%

Portfolio Summary

Portfolio Value: £493,241
Total Cost: £463,095
Gain/Loss: £30,145 (+6.5%)

Holdings: 20 positions
Avg P/E: 16.5x
Avg Yield: 3.7%
Avg StockRank: 96

Sector Allocation
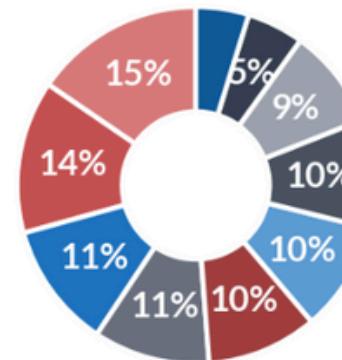
- Financials (15%)
- Consumer Cyclicals (14%)
- Industrials (11%)
- Basic Materials (11%)
- Energy (10%)
- Consumer Defensives (10%)
- Technology (10%)
- Healthcare (9%)
- Utilities (5%)
- Telecoms (5%)

15% 5% 9%
14%   10%
11%   10%
11% 10%

Top 10 Holdings

Ticker	Name	Weight	Return
GATC	Gattaca	5.9%	+25%
KMK	Kromek	5.5%	+17%
RFX	Ramsdens Holdings	5.4%	+15%
SEPL	Seplat Energy	5.3%	+13%
SRB	Serabi Gold	5.3%	+12%
CAML	Central Asia Metals	5.3%	+12%
WYN	Wynnstay	5.2%	+11%
YU.	Yu	5.2%	+10%
SUS	S&U	5.1%	+9%
FDEV	Frontier Developme..	5.1%	+8%

Starting capital - nominal £100k.

The Big Questions

- *Why don't we track the Total Returns?*
- *Are Trading Costs too much?*
- *Should I use Stop Losses?*
- *Should I Run Winners?*
- *Should I Hold Losers?*

"*What about dividends? What about trading costs?*"

Dividends are a <u>significant</u> bonus on top

Stockopedia

Dividend Yield (%)

- 3.0%
- 3.8%
- 3.8%
- 4.9%
- 2.5%
- 5.5%
- 2.9%
- 4.2%
- 4.1%
- 3.7%
- 3.7%

Rebalance Date

Position-weighted average dividend yield at each annual rebalance
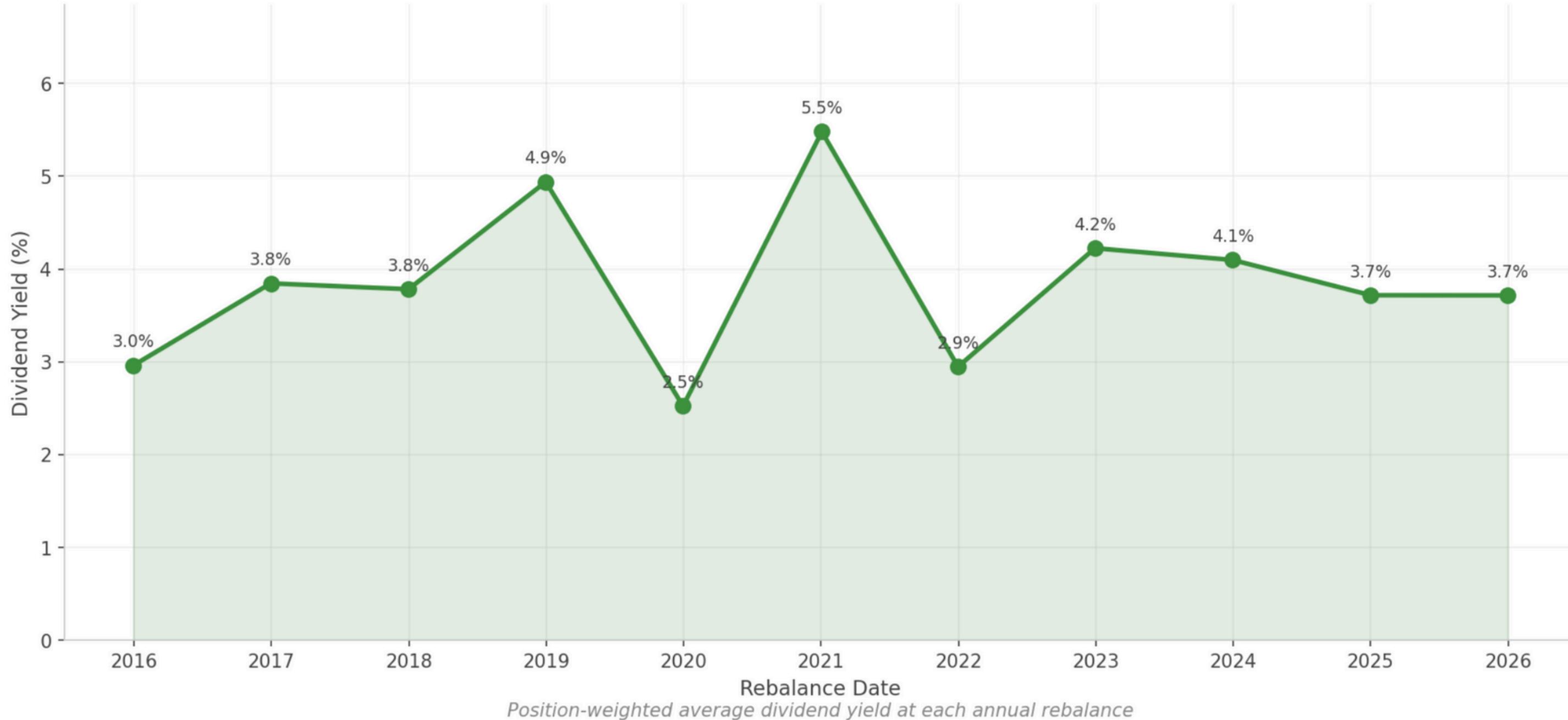
But there are real trading costs
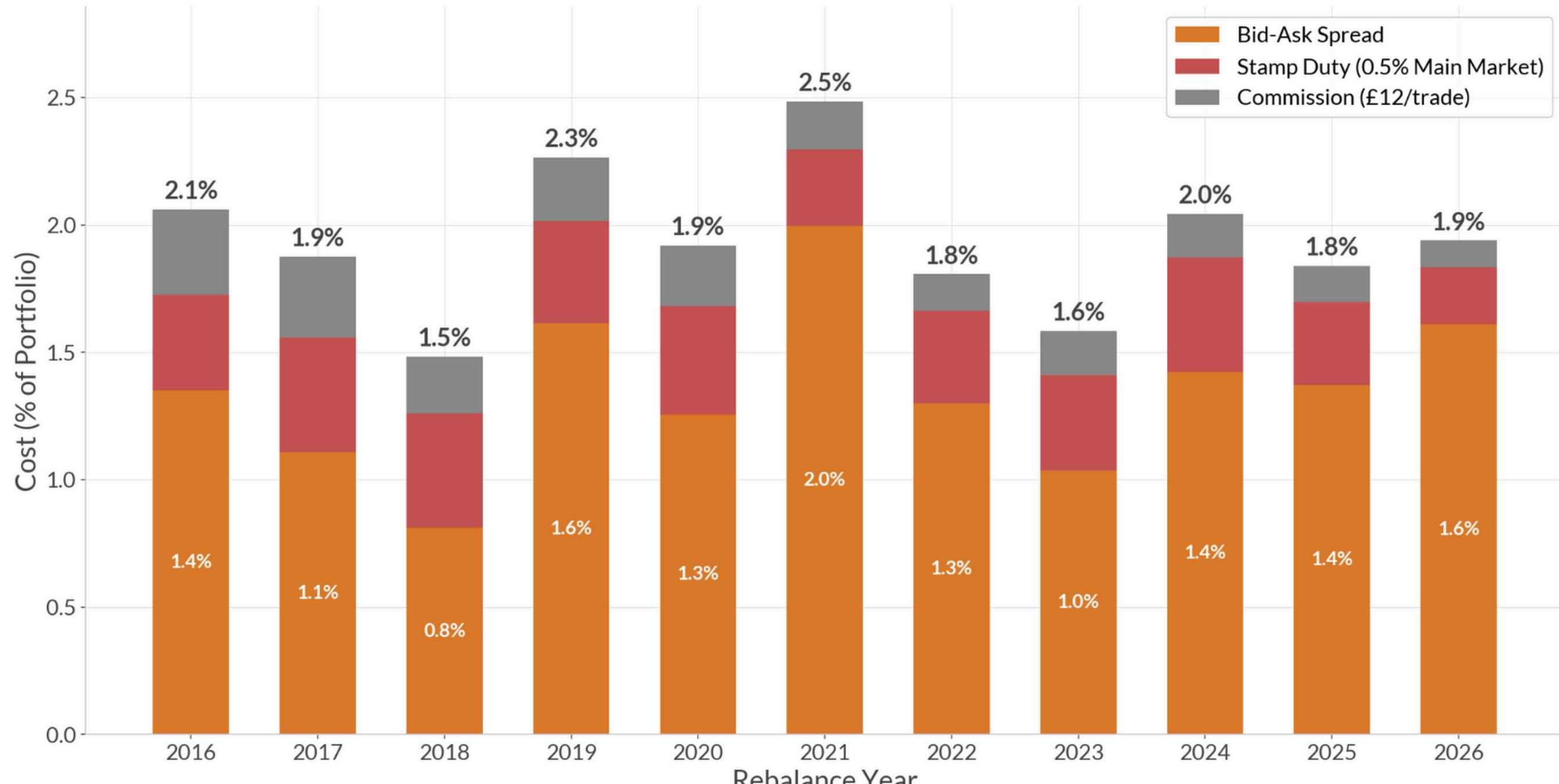
Annual cost of rebalancing: bid-ask spread + stamp duty + commission

There is a net dividend yield of 1.9% after trading costs
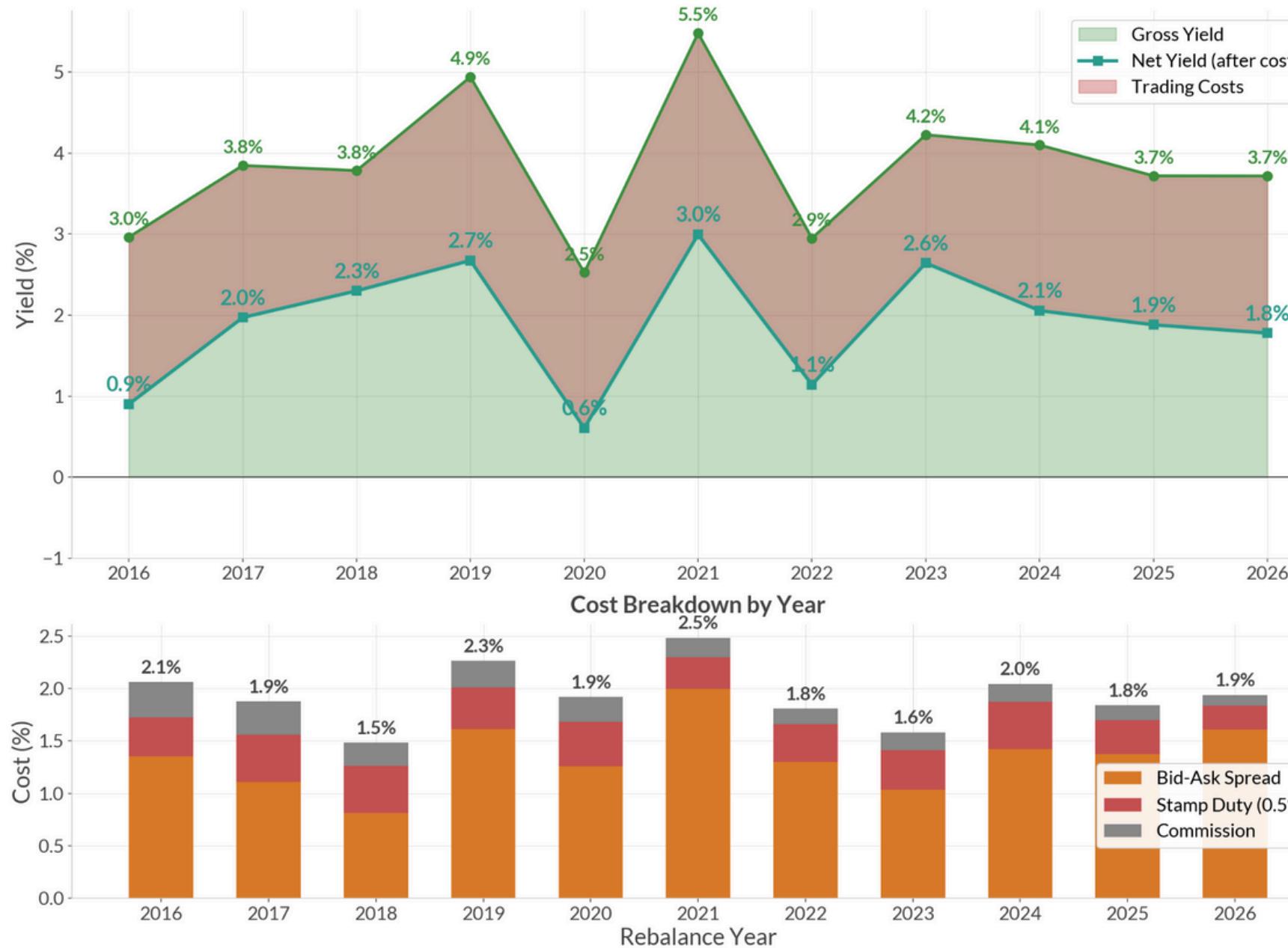
Metric	Value
Gross Yield	3.84%
Net Yield	1.90%
Total Costs	1.94%
- Bid-Ask Spread	1.35%
- Stamp Duty	0.38%
- Commission	0.21%

NAPS Portfolio, with a 20% stop loss (cash held till rebal)

Stockopedia

Legend:
- Actual NAPS (green solid line)
- With 20% Stop-Loss (orange dashed line)

Annotation box:
Actual: 15.6% CAGR, -45.6% max DD
Stop-Loss: 14.2% CAGR, -26.7% max DD
Positions stopped: 91

Drawdown panel legend:
- Actual
- With Stop-Loss
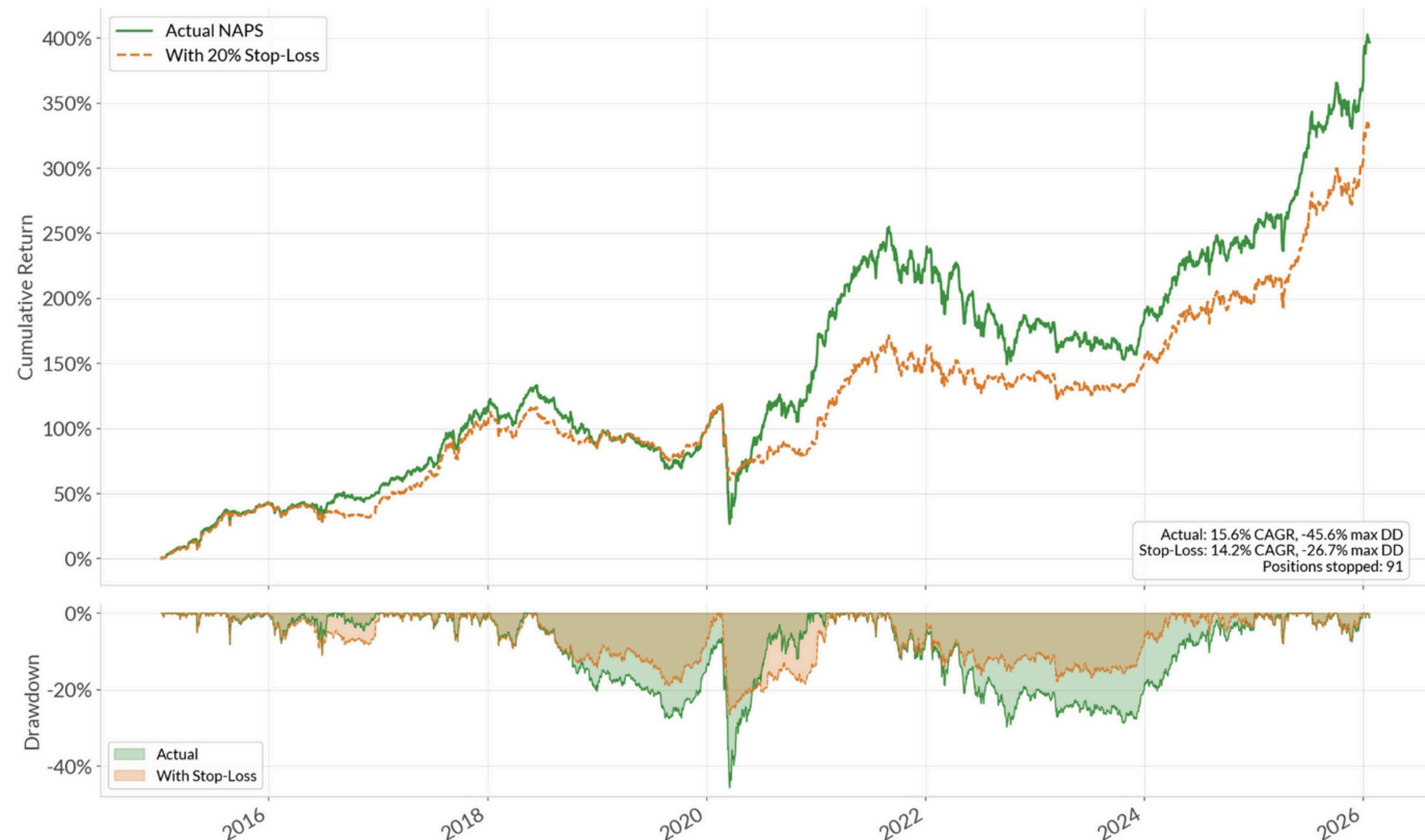
NAPS at different stop-loss levels (cash held till rebal)

~ **Stock**opedia

Trade-off at 20% stop-loss:
• CAGR reduced by 1.5pp (from 15.6% to 14.2%)
• Max drawdown reduced by 19pp (from -46% to -27%)

Legend:
- CAGR (left axis)
- Max Drawdown (right axis)

CAGR (%) values:
- No Stop-Loss: 15.6%
- 10% Stop-Loss: 12.8%
- 15% Stop-Loss: 13.4%
- 20% Stop-Loss: 14.2%
- 25% Stop-Loss: 13.2%
- 30% Stop-Loss: 13.9%

Max Drawdown (%) values:
- No Stop-Loss: -46%
- 10% Stop-Loss: -16%
- 15% Stop-Loss: -21%
- 20% Stop-Loss: -27%
- 25% Stop-Loss: -34%
- 30% Stop-Loss: -39%

"Shouldn't I hang onto the multibaggers? I'm told I should run my winners"

Stockopedia

Most Multibaggers end up **falling** afterwards!

6 of 11 trackable multibaggers crashed >50% after we sold (55%)

Company	During NAPS Holding	After We Sold
Games Workshop	+269%	+587%
Iqe	+261%	-94%
Ergomed	+168%	+28%
Premier Foods	+165%	+69%
Petropavlovsk	+155%	-96%
Frontier Developments	+152%	-84%
IG Design	+147%	-74%
Jet2	+119%	-25%
Warpaint London	+111%	-51%
Wizz Air Holdings	+105%	-66%
Jet2	+102%	+115%

Return (%)

Legend: During NAPS Holding, After We Sold
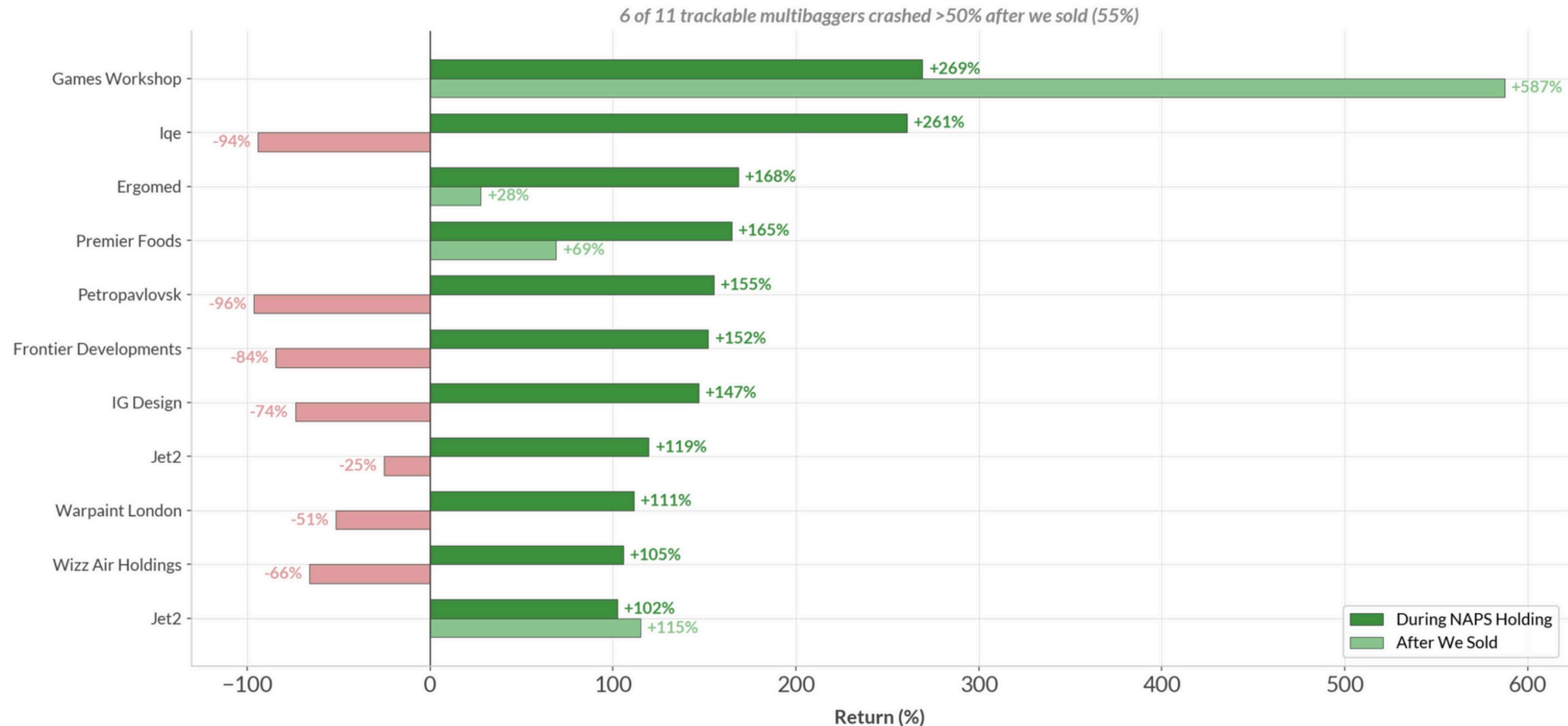
Key insight: Forced selling (discipline) prevents holding onto stocks that eventually crash. The system works.

Stockopedia

"I have some big losers - should I keep them hoping they'll recover, or sell at a loss?"

The biggest losers don't tend to recover!

Stockopedia

6 of 15 losers recovered after we sold, 9 fell further

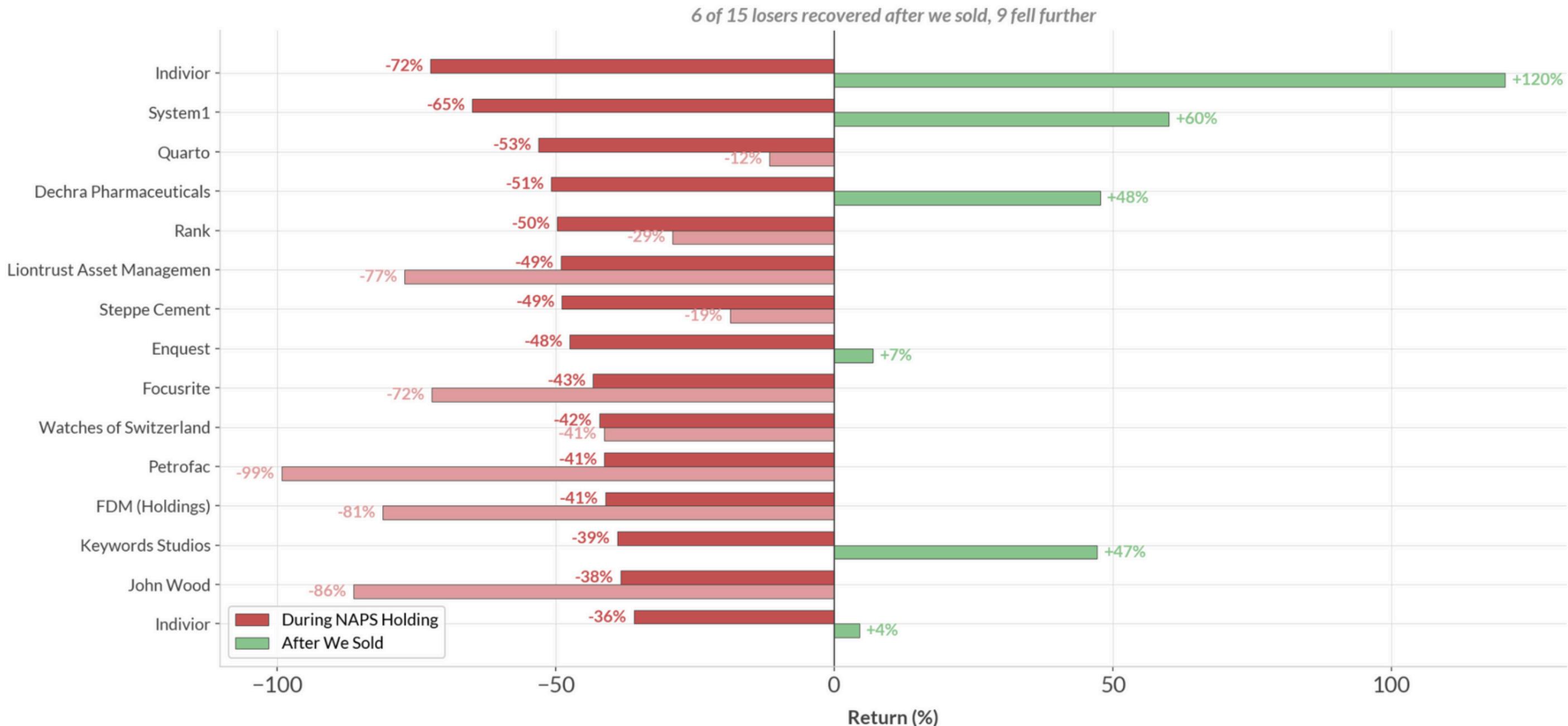| Company	During NAPS Holding	After We Sold
Indivior	-72%	+120%
System1	-65%	+60%
Quarto	-53%	-12%
Dechra Pharmaceuticals	-51%	+48%
Rank	-50%	-29%
Liontrust Asset Managemen	-49%	-77%
Steppe Cement	-49%	-19%
Enquest	-48%	+7%
Focusrite	-43%	-72%
Watches of Switzerland	-42%	-41%
Petrofac	-41%	-99%
FDM (Holdings)	-41%	-81%
Keywords Studios	-39%	+47%
John Wood	-38%	-86%
Indivior	-36%	+4%

Legend:
- **During NAPS Holding** (red)
- **After We Sold** (green)

Return (%)

Vindication: 60% of losers continued to fall. The system correctly cut losses.

"Why shouldn't I rebalance quarterly or semi-annually?"

Stockopedia

Remember - every rebalance costs you -1.9%
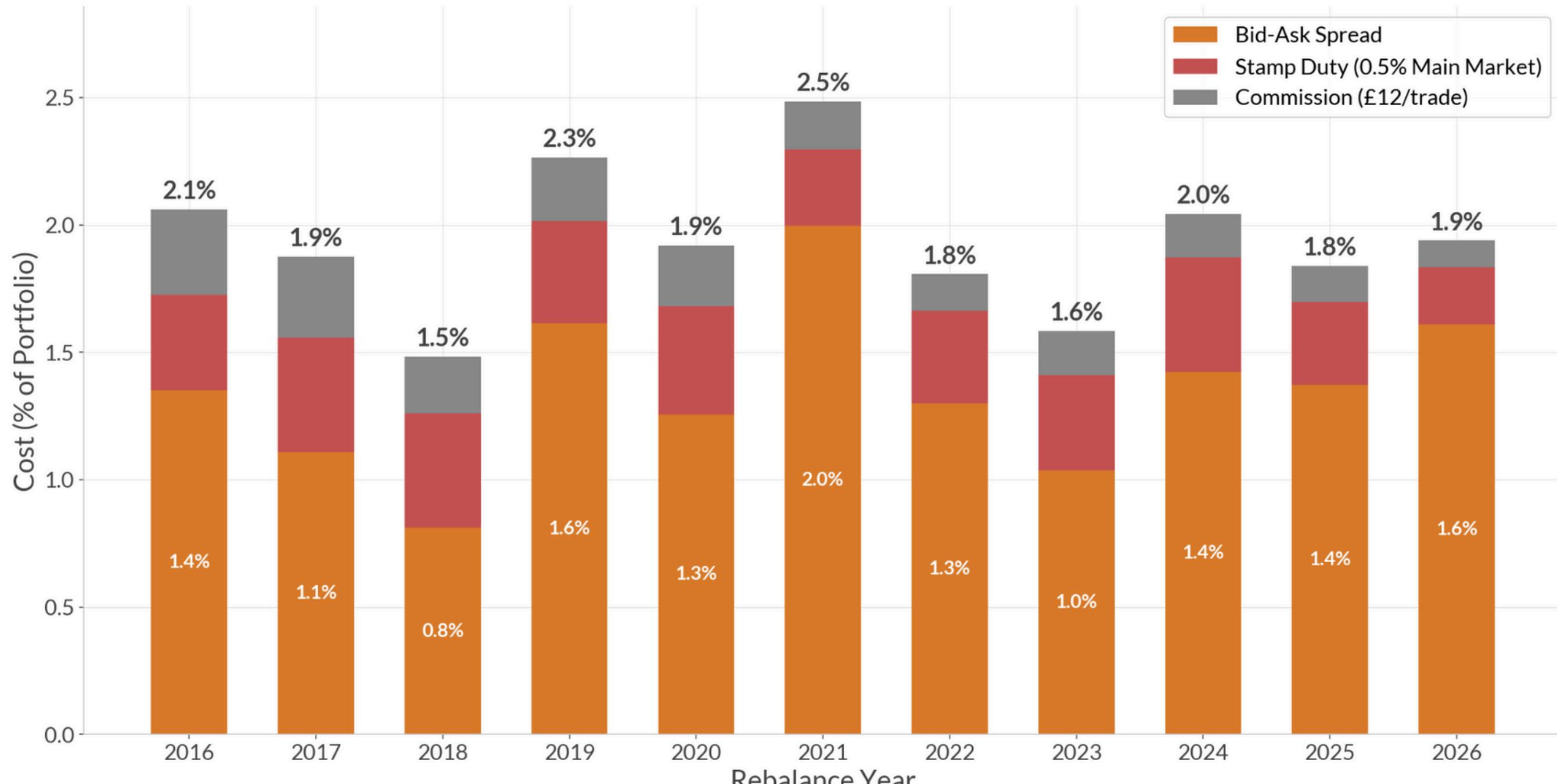
Stockopedia

Legend:
- Bid-Ask Spread
- Stamp Duty (0.5% Main Market)
- Commission (£12/trade)

Y-axis: Cost (% of Portfolio)
X-axis: Rebalance Year

Year	Total	Bid-Ask Spread	Commission/Stamp shown
2016	2.1%	1.4%	
2017	1.9%	1.1%	
2018	1.5%	0.8%	
2019	2.3%	1.6%	
2020	1.9%	1.3%	
2021	2.5%	2.0%	
2022	1.8%	1.3%	
2023	1.6%	1.0%	
2024	2.0%	1.4%	
2025	1.8%	1.4%	
2026	1.9%	1.6%	

Annual cost of rebalancing: bid-ask spread + stamp duty + commission

90+ StockRanks (since April 20th 2013)

Stockopedia

90+ Quarterly: **13.2% Annualised**

90+ Annually: **11.8% Annualised**
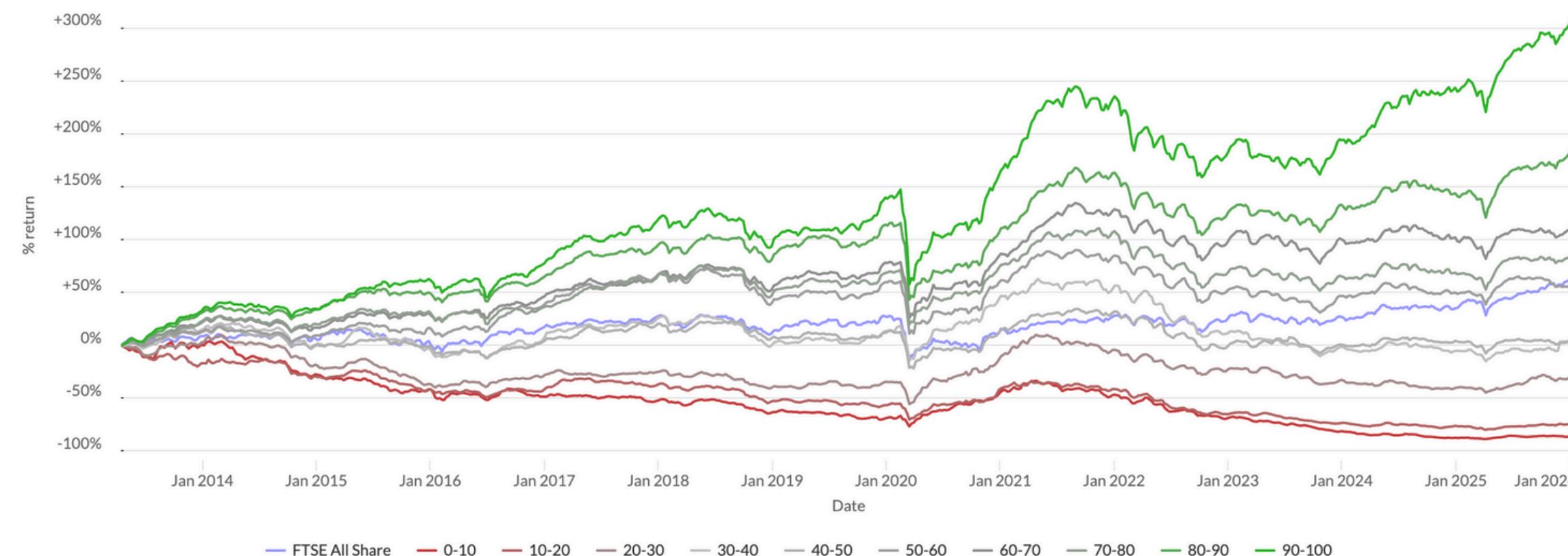
"*Are the big winners just microcaps?*"

Are the returns from micro-caps? No, but do lean smallcap

All-Time Contribution by Size

Micro (<£50m) 11 positions: 37%
Small (£50-350m) 101 positions: 233%
Mid (£350m-2.5bn) 79 positions: 128%
Large (>£2.5bn) 56 positions: -1%

Yearly Contribution by Size

Legend: Micro, Small, Mid, Large

2016: 6%
2017: 43%
2019: 8%
2021: 34%
2022: -16%
2024: 20%
2025: 37%
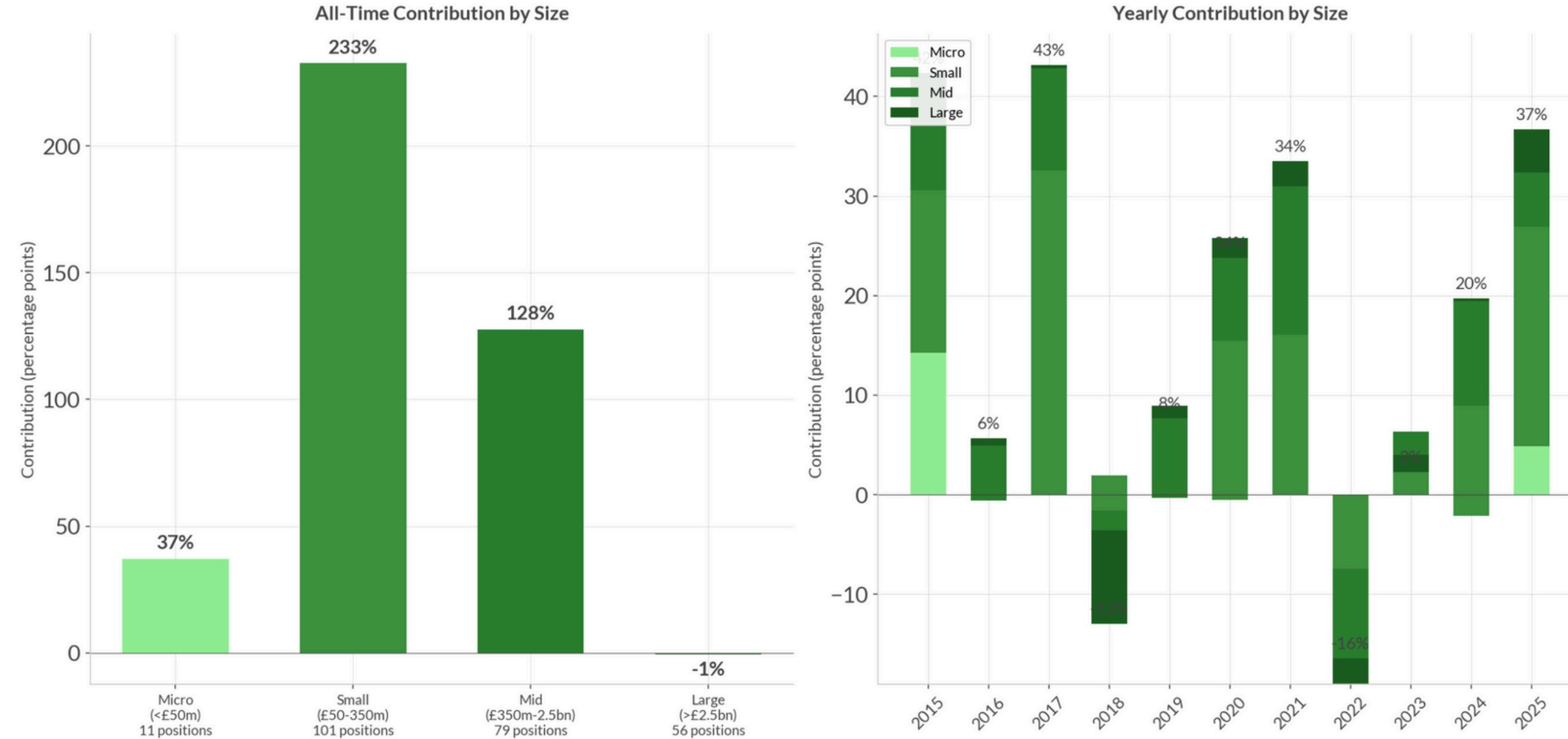
Note: Attribution is approximate due to compounding effects and rebalancing. Shows relative contribution by size bucket.

What if you had started investing in the NAPS later?

CAGR (Compound Annual Growth Rate) from different starting points
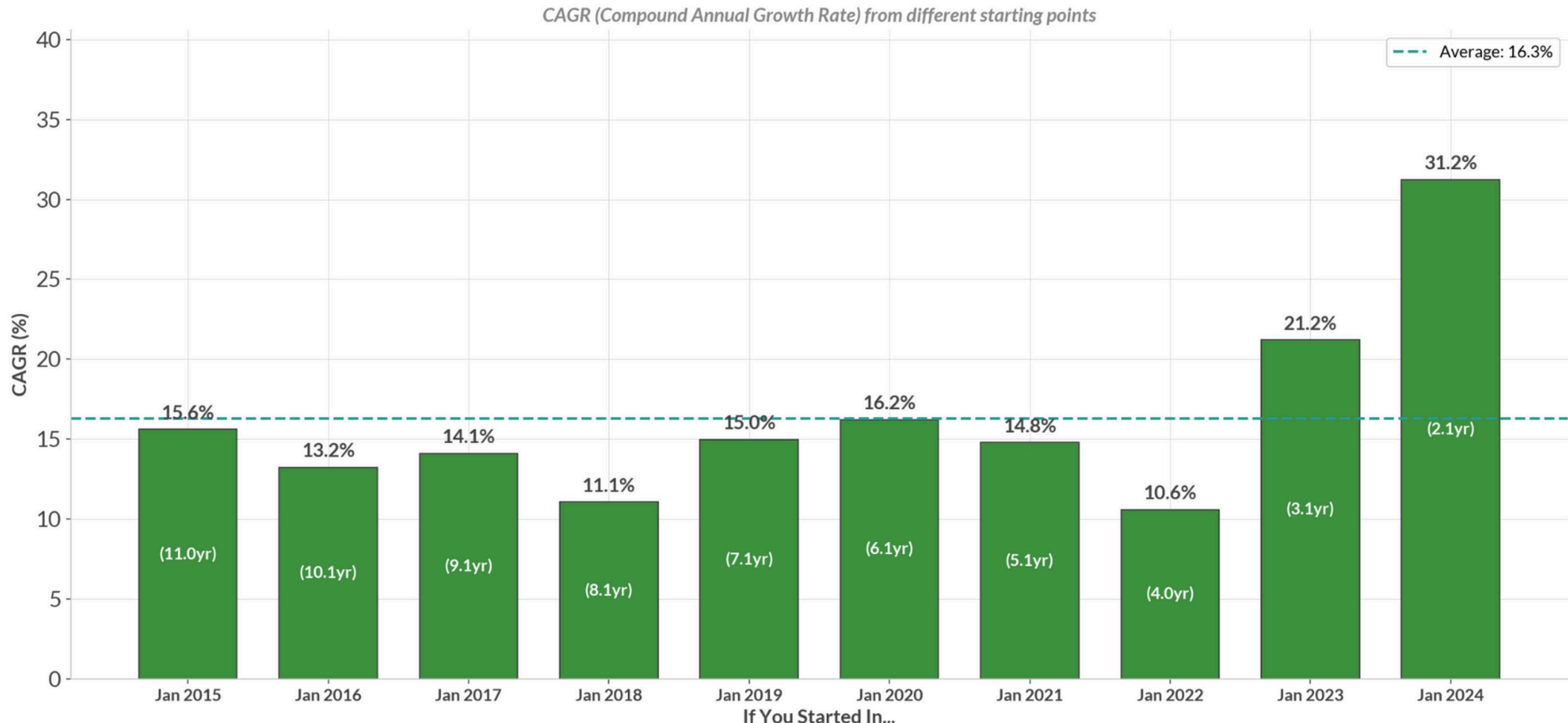
Key insight: Even starting at the worst time (2022), CAGR was 11%. Best entry (2024) achieved 31%. It's never too late.

*"Have you thought of launching a NAPS ETF?"*

Key Takeaways

Stockopedia

- 🔼 3D investing solves the three common investor mistakes
- 🟢 Quality, Value, and Momentum are proven return drivers
- 🧩 20 stocks across sectors provides optimal diversification
- 📆 Annual rebalancing maintains edge while minimising costs
- 📐 Simplicity beats complexity - "improvements" hurt
- ⚙️ The system works better than discretion - don't interfere
- 🐷 Dividends (3.8%) offset trading costs (1.9%) → net ~1.9%
- 🚀 A small edge (57% win rate, 2x payoff) compounds

Further information

There are far more resources on the website

Everything you need to improve your investing
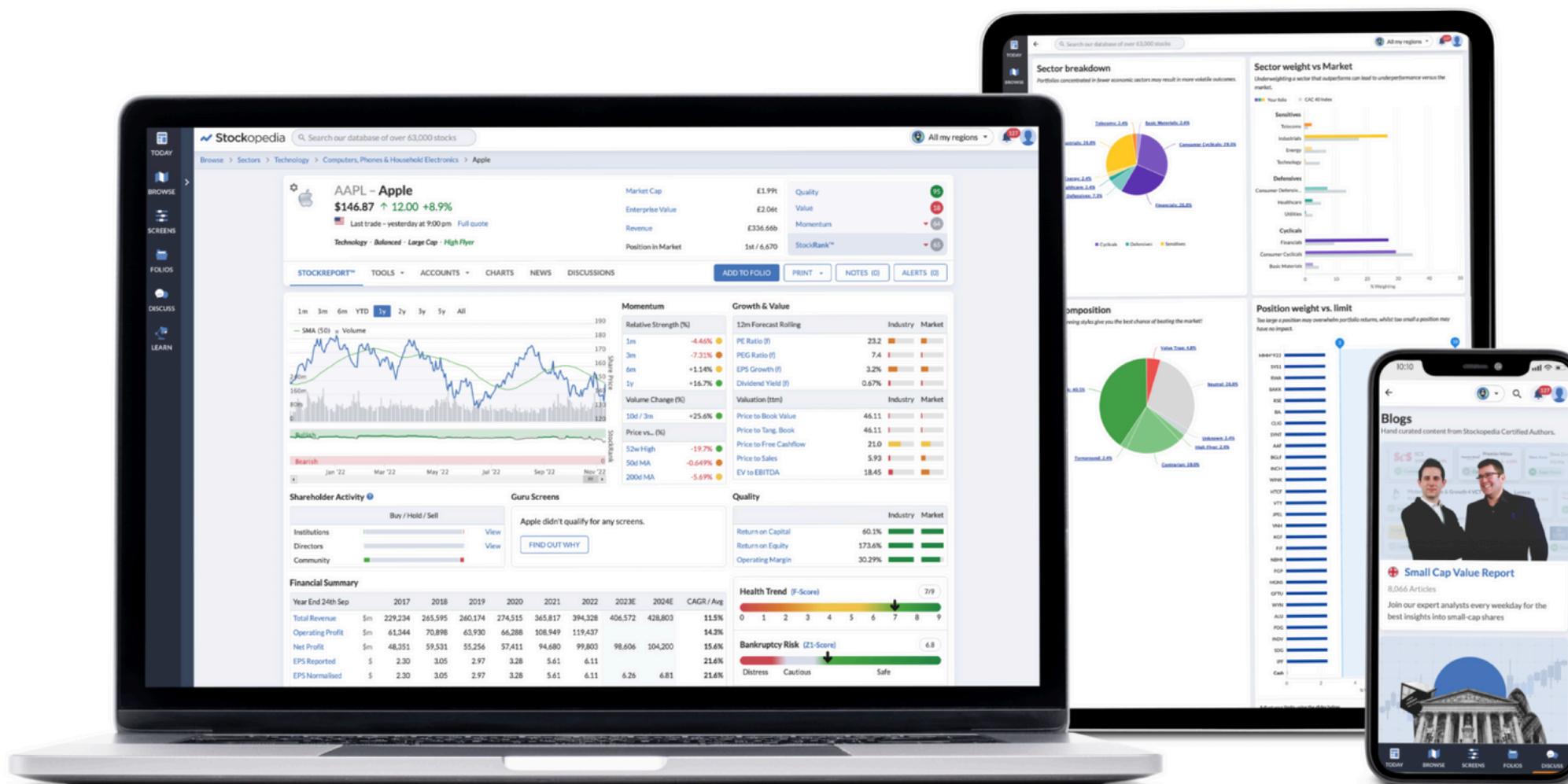
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Our data process

1. Our primary data sources (including LSEG), employ **thousands of analysts** who scan, audit & standardise financial data entry into their databases before uploading to their financial cloud.

2. Throughout the day and night we download **financial statements, analyst estimate data, price quotes & histories and other company information** to our databases.

3. Our analyst & developer team organise it and clean it all up, and our servers **crunch over 60 million computations daily** to build up a **library of more than 2000 essential, accurate statistics** on every stock. From simple PE Ratios to Piotroski F-Scores.

4. We then rank and screen the market to filter the wheat from the chaff and publish the data on our **StockReports** and in our **Screening Database**.

LSEG DATA & ANALYTICS

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