

# Flyer Fund Short Term Momentum Strategies: The Case for Earnings Growth

By: Drew Imhoff and Matt Chkautovich

Advisor: Dr. Robert Dean and Dr. Trevor Collier



## Study Objective:

To determine if Flyer Fund stock prices co-vary with earnings growth

## Research Approach:

- Univariate regression analysis
- Time period: 3Q 2011 – 3Q 2013
- Sample size: 30 stocks

## Model Specification:

$$CQGP_{it} = a + b(CQGE_{it})$$

where

$a, b$  = intercept, slope coefficient

CQGP = Compound Quarterly Growth Rate in Price

CQGE = Compound Quarterly Growth Rate in Earnings

$i = i^{\text{th}}$  stock

$T = (1)$  4 Quarters,  $(2)$  8 Quarters

## Hypothesis:

There is a direct relationship with between compound quarterly growth in earnings (CQGE) and price (CQGP):  
 $b > 0$

## Conclusion:

For both regressions,  $b > 0$  and statistically significant, indicating price and gross earnings co-vary together. More data points are necessary in order to reduce small sample bias.

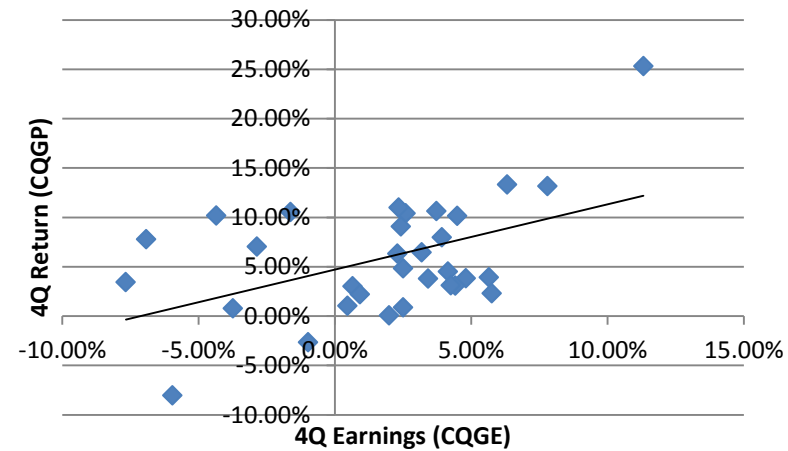
### 4 Quarter Regression

Intercept(a):	0.0471
Slope(b):	0.6606
T-Stat:	2.9864
$R^2$ :	0.2292

### 8 Quarter Regression

Intercept(a):	0.0453
Slope(b):	0.7858
T-Stat:	5.8150
$R^2$ :	0.3609

### 4Q CQGP to 4Q CQGE



### 8Q CQGP to 8Q CQGE

