

# CFIRR vs. ROE, and ROIC



**Clear Signals**



FSA Valuation Service Inc.

# Performance, Volatility and Churn By Metrics and Quintiles

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The top CFIRR companies produced the

*highest* stock market returns

*lowest* volatility

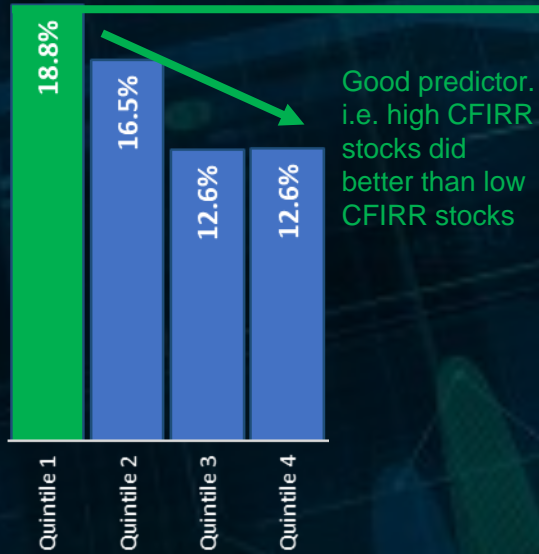
*lowest* churn

outperforming other metrics such as ROE and ROIC.

# Performance By Metrics and Quintiles - Last 6 Years Ending April 7, 2022

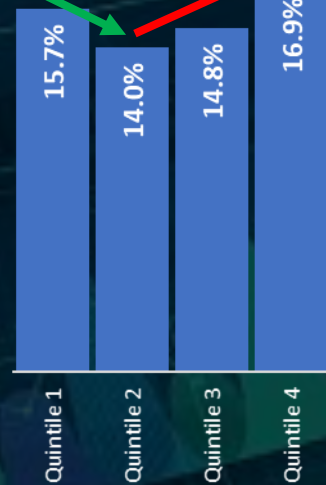
## CFIRR

Best performing stocks had the highest CFIRR



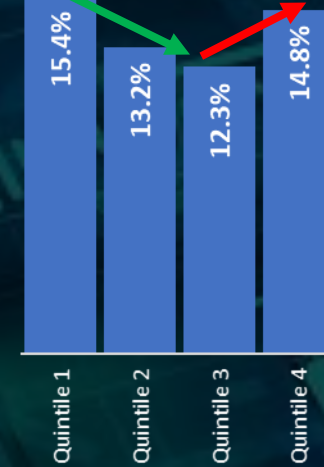
## ROE

Poor predictor



## ROIC

Mixed predictor



Stock Market Performance (6 years)

CFIRR quintile rankings are a good indicator of stock market performance.

Quintile rankings performed in rank order with a high degree of variance (except for quintile 5)

ROE quintile rankings are NOT a good indicator of stock market performance.

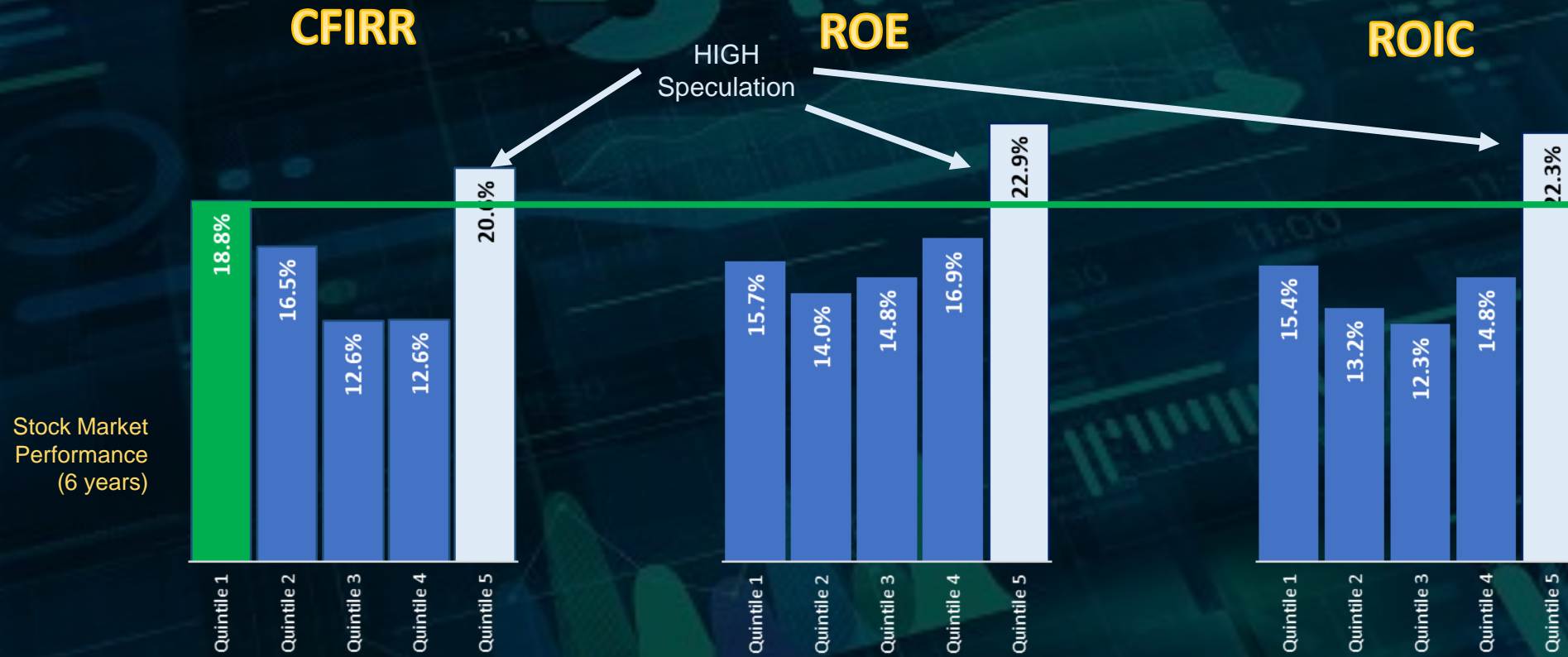
Quintile 1 performed worse than Quintile 4

ROIC quintile rankings are a mediocre indicator of stock market performance.

Quintile rankings are not in quite in performance rank order.

Quintile 1 was only a little better than Quintile 2,3,4

# Performance By Metrics and Quintiles - Last 6 Years Ending April 7, 2022



Quintile 5, regardless of metric, outperformed during the period studied due to high speculation during the period. This is not unusual in periods of high speculation. Data also show Quintile 5, regardless of metric, will dramatically underperform when markets go down.

# Volatility By Metrics and Quintiles - Last 6 Years Ending April 7, 2022

## CFIRR

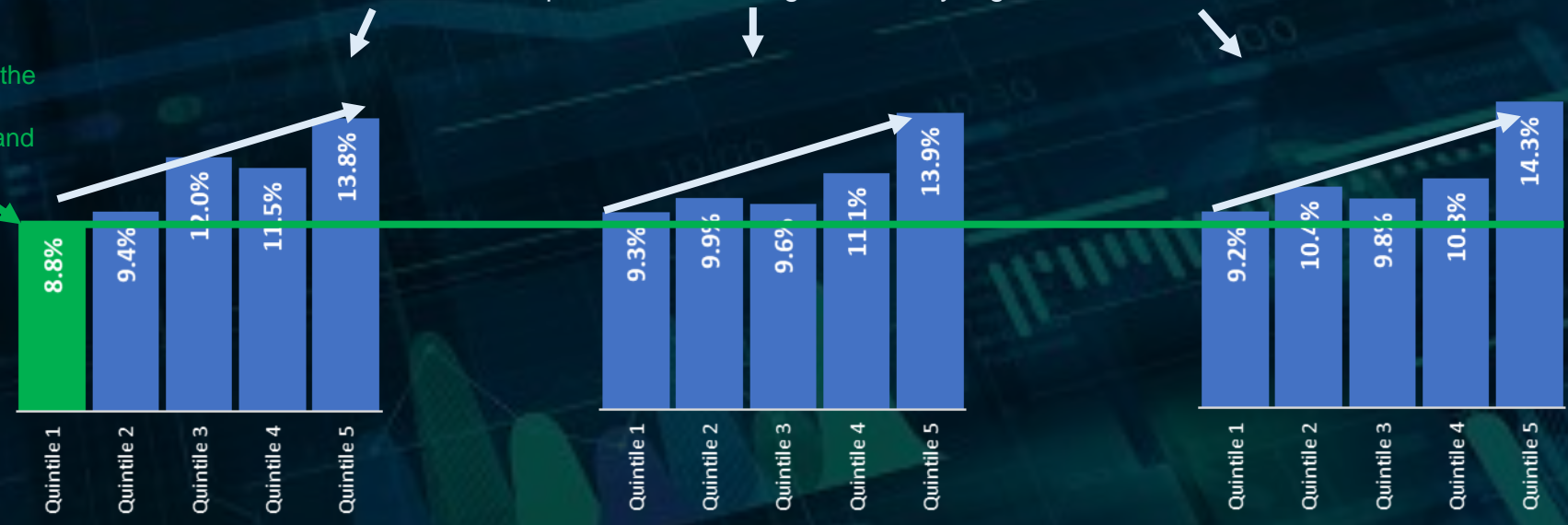
## ROE

## ROIC

Top Quintile of CFIRR showed the lowest volatility across metrics and quintiles

Stock Market Volatility (6 years)

Lower ranked quintiles showed higher volatility regardless of metric



# Churn By Metrics and Quintiles - Last 6 Years Ending April 7, 2022

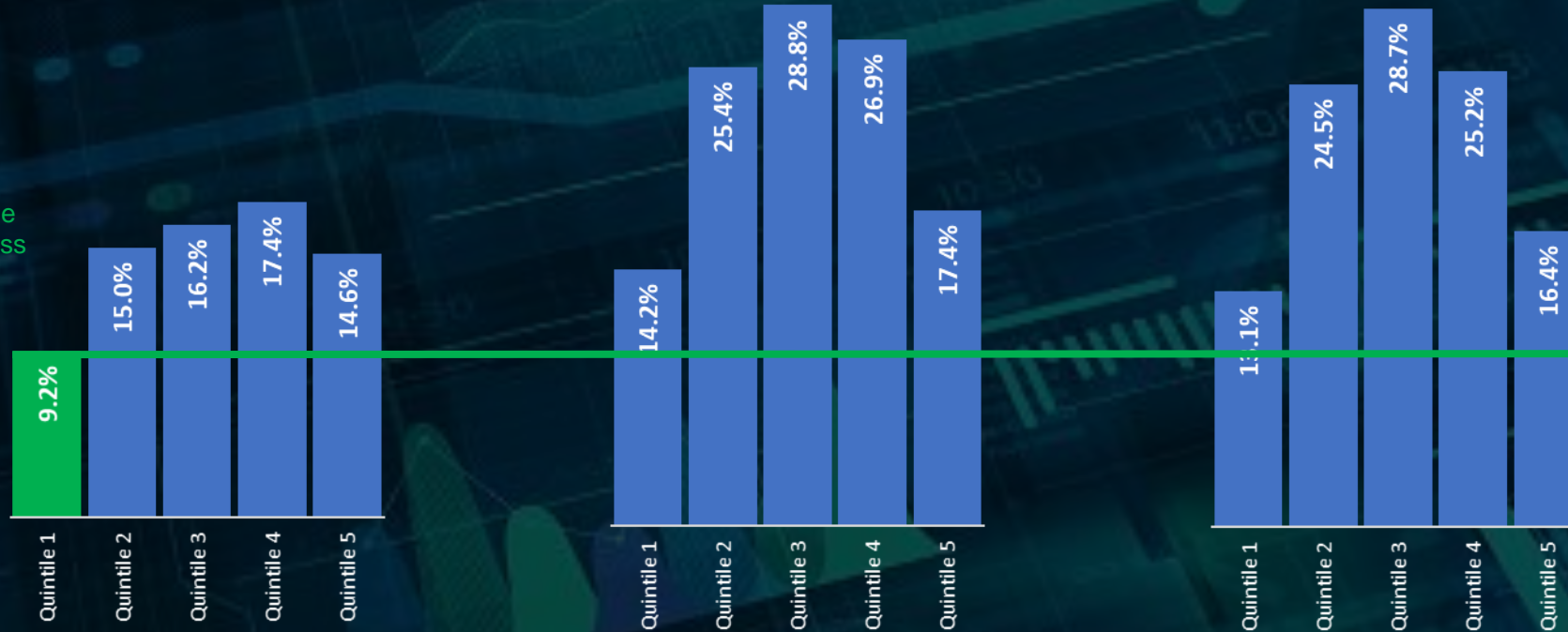
## CFIRR

## ROE

## ROIC

Top Quintile of CFIRR showed the lowest churn across metrics and quintiles

Quarterly Churn (6 years)



CFIRR rankings do not change as much over time vs. other metrics as indicated by the lowest churn

Low Churn

High Churn

High Churn