Arimathea Strategies

INTRODUCTION

At Arimathea Investing, we believe clients should not have to choose between strong investment performance and moral clarity. Our strategies blend quantitative rigor with Catholic Social Teaching (CST)-aligned screening, allowing advisors to offer portfolios that are both values-driven and academically grounded. One of the most powerful factors we incorporate is momentum, a time-tested investment principle that adds a strategic edge across our strategies.

We recognize that many faithful investors have long been under-served by traditional investment approaches that either ignore personal values or sacrifice performance for principle. Arimathea exists to change that dynamic. Our mission is to provide investment solutions where moral conviction and financial excellence work hand in hand. Momentum investing fits naturally into this philosophy. It is not driven by speculation or trend-chasing, but by data, discipline, and behavioral insight. When implemented thoughtfully within a morally screened universe, momentum becomes a powerful tool to pursue growth while remaining true to Catholic teachings.

Our approach seeks to empower advisors with tools that respect both the dignity of the human person and the realities of capital markets. Through factor-based strategies like momentum, we aim to help investors steward their resources with wisdom, confidence, and faith.

THE STRATEGIC ROLE OF MOMENTUM

The Strategic Role of Momentum refers to the phenomenon where securities that have performed well recently tend to continue performing well in the near term. This effect has been supported by extensive academic research and institutional application:

- A long-term study by Jegadeesh and Titman (1993)[3] first confirmed the momentum effect across U.S. equities, showing that past winners tend to outperform past losers over a 3- to 12-month horizon.
- J.P. Morgan Asset Management (2023)[4] illustrates momentum as one of the most persistent equity factors globally, citing its historical out-performance across sectors and geographies.
- S&P Dow Jones Indices (2021)[5] examined factor persistence and confirmed momentum's robust returns and consistency through multiple market cycles.
- Behavioral finance research (Barberis, Shleifer, & Vishny, 1998)[2] attributes this anomaly to investor under-reaction and herding behavior.
- Asness, Frazzini, and Pedersen (2014)[1] demonstrate that momentum persists even after accounting for trading costs, turnover, and risk factors.

By applying momentum within our CST-screened universe, Arimathea creates strategies that honor moral convictions while pursuing long-term results.

ARIMATHEA STRATEGY LINEUP

1. Arimathea Momentum 50 *(Exclusionary)* & Arimathea Advocacy 50 *(Advocacy)*

- High-conviction momentum strategy
- Equal weighting across top momentum-ranked names from a CST-aligned S&P 500 universe
- Ideal for qualified accounts seeking sharper factor exposure
- Holds 50 equities in the portfolio
- Quarterly re-balancing

2. Arimathea Tax Advantage 100 *(Advocacy)*

- Momentum overlay on an equally weighted CST-compliant universe
- Built from the S&P 500 Advocacy Screen
- Designed to reduce turnover and enhance tax-loss harvesting opportunities
- Holds 100 equities in the portfolio
- Annual re-balancing for tax efficiency in January

3. Global Dividend Growth *(Advocacy)*

- Blends quality dividend growth with a subtle momentum tilt
- Domestic screen: 10+ years of dividend growth, top 20 by market cap
- International screen: 5+ years of dividend growth, top 10 by market cap
- Equal weight across 30 names, with a 1% overweight to top 10 based on momentum
- Screen: S&P U.S. Dividend Growers & Morningstar Global Dividend ex-U.S. Dividend Growth
- Benchmark: Morningstar Global Dividend Growth Net Return USD Index
- Quarterly rebalanced

4. Concentrated Large Cap Value *(Advocacy)*

- Focuses on high-quality value names with a momentum overlay
- Screen: Russell 1000 Value, $10B+ market cap, positive ROIC and FCF growth
- Top 25 names by momentum
- Quarterly rebalanced

5. Large Cap Growth *(Advocacy)*

- Tracks the Russell 1000 Growth with minimal tracking error
- No momentum overlay
- Top 50 names chosen to closely mirror index behavior while remaining CST-aligned
- Quarterly rebalanced

WHY MOMENTUM WORKS FOR VALUES-BASED INVESTORS

At Arimathea, momentum isn't speculative. It's:

- A disciplined, rules-based approach that filters short-term noise
- Complementary to other factors like value and quality
- Applied within our CST framework, helping investors stay morally aligned while targeting performance

Our approach helps:

- Avoid short-lived fads
- Enhance long-term performance
- Maintain alignment with Catholic values

CONCLUSION

Arimathea Investing aims to empower advisors with strategies that integrate evidence-based investment principles and moral integrity. Momentum often is shown to be a factor that, when thoughtfully applied, enhances return potential while respecting the faith-based convictions of investors.

Whether for taxable or qualified accounts, our strategy lineup is designed to serve your clients' portfolios with clarity, conviction, and confidence.

REFERENCES

The citations referred to here-in reflect third-party studies and are presented for educational purposes only. This material should not be interpreted as a recommendation or guarantee of future results. These results are illustrative in nature and do not represent the actual performance of any investment product or strategy offered by Arimathea.

Asness, C. S., Frazzini, A., & Pedersen, L. H. (2014). *Fact, Fiction, and Momentum Investing.* Journal of Portfolio Management, 40(5), 75-92.

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