

## Style Box

by Tom Delic

Men's heavyweight boxing is perhaps set for its biggest year this century. Two upcoming bouts could lead to the winners meeting later in the year in a bid to become the undisputed champion of the heavyweight division. When assessing the potential entertainment value for spectators, an often-used phrase is "styles make fights", meaning the blend of the two fighters' boxing styles will ultimately determine how exciting a fight is. This is not too dissimilar to investment styles, where some work better together than others.

The first match-up is between Dillian Whyte, and undefeated fellow Brit, Tyson Fury. Whyte, who has been waiting for a title shot for several years, reminds me of the high dividend yield style, an under-appreciated boxer/style that's been in the wilderness for some time. Unfairly characterised as a slugger that possesses little more than a hard punch, like high dividend yield equities, there's more to Whyte than just the obvious qualities (big dividends). Most recently we have seen defensive qualities and resilience to the style, and it may be Whyte and high dividend equities that cause the most surprises in 2022.

Tyson Fury can be likened to the momentum style of equity investing. At 6 foot 9 inches tall, Fury defies gravity with his slick switch hitting and quick footwork. Just like momentum equities in recent years, he's currently ranked number one and despite at times thinking their time was up (see Fury's 12th round survival vs American Deontay Wilder and MSCI Momentum performance, both in late 2018), they remain the ones to beat.

The second fight sees a re-match between Anthony Joshua and unified heavyweight champion, Oleksandr Usyk. Like the value style, Anthony Joshua is arguably the most well-known of the four heavyweights, becoming a global superstar after his 2017 win against Usyk's fellow Ukrainian, Wladimir Klitschko. Since then, and similarly to value, his stardom has waned, with two defeats, including his most recent one against Usyk.

Despite underperformance in recent years, his stature and longer-term consistency (the highest knockout ratio of the four at 85%<sup>1</sup>), means you can never rule out Joshua or value equities, to return to the top of the pile.

If there was one boxer that could be likened to the quality investment style, it may well be Oleksandr Usyk. Like quality equities, Usyk possesses an almost unblemished track record, winning 335 of his 350<sup>2</sup> amateur fights before turning professional. After becoming undisputed cruiserweight champion, he moved up to the heavyweight division and following just two fights at the weight class, went on to defeat Anthony Joshua (our value man) to become a unified heavyweight champion. Quality equities, like Usyk's pure fundamental style, is the most pleasing on the eye and is only second to momentum (Tyson Fury) in the rankings.

As fans, we have the advantage of watching all four fighters over the coming year and the styles should certainly blend well to make for two very entertaining fights. As investors we also have the benefit of blending styles. Using MSCI indices, an equally weighted combination of the high dividend yield, momentum, value and quality styles would have returned 8.8% annualised since 1998, compared to 7.5% for MSCI World<sup>3</sup>. Where the investment styles may differ to our heavyweight fighters is while we expect plenty of volatility in the ring in 2022, the equally weighted style portfolio was less volatile than MSCI World over the period.

2022 has so far been the year of the value and high dividend yield styles but whether they can become champions remains to be seen. We know however that when going the distance, the four styles provide a knockout combination for portfolios. Seconds out<sup>4</sup>!

1 BoxRec

2 The Ring

3 Bloomberg

4 <https://www.dazn.com/en-GB/news/boxing/what-does-seconds-out-mean-in-boxing-explaining-one-of-the-sports-most-confusing-phrases/crrz72o8pwezklp4nusovmi>

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