

TRENDRATING – DELIVERING ALPHA

THE NEXT LEVEL OF MARKET INTELLIGENCE.
ADD AN EDGE TO YOUR INVESTMENT STRATEGY.

The ability to capture trends, profiting from bull markets and avoiding bear phases is the key to superior performance on a consistent basis. Investors that have a good understanding and a disciplined respect for the specific price trend of securities outperform competitors. **Any investment strategy can be enhanced by a better synchronization to trends developments.**

Most investors use numerous metrics based on fundamental and quantitative data, but very few measure in a proven, objective, systematic way, the real direction of price trends and remain hostage to market noise and opinions, despite the fact that **capturing trends is the key to better returns.**

Trendrating fills a critical gap of market intelligence by providing a methodology and a “ performance management “ system to support a better synchronization with individual stocks and sectors trends, that makes the investment decision process more accurately informed about the factor that impacts performance the most – medium term trends.

Trendrating solution is based on a “pattern recognition” algorithm that processes a large volume of data , and offers rich functionality for portfolio management and advisory.

The algorithm works on a multi-factor analysis and uses a self-adaptive, flexible time window. When the different factors are in synch there is a high probability that a relevant trend is in place. The dynamic time window enables a more timely identification of an emerging trend and the multi-factor approach supports an effective filtering of price noise, short term volatility and false moves.

Trendrating provides advanced analytics designed to capture trends, identifying most of the winners and avoiding a large part of the losers with in a yearly horizon. Our model offers a unique rating of trends where **A** and **B** indicate a bull trend and **C** and **D** mark bear moves. **We provide a unique edge where A and B rated stocks on average outperform those rated C and D.**

The solution is a powerful complement to the existing analytical process of active equity portfolio managers.

On a monthly basis we provide evidence of the accuracy and effectiveness of Trendrating unique “Trend Capture Edge”. We document in 3 different ways the value of our advanced analytics.

1. Top and Worst Performers Capture – Profit from positive trends and avoid negative moves

A report documenting the ability of the Trendrating methodology in capturing the trends of the best performing stocks vs. the worst performers over a 3 months time window.

INVESTMENT UNIVERSE - 300 LARGEST MARKET CAP EUROZONE – (from 24/06/19 To 24/09/19)

We define as best performers those securities that recorded gains above **10%** over the last 3 months. Similarly we identify as worst performers those stocks that posted a loss exceeding **10%** in the same time frame.

SUMMARY OF RESULTS

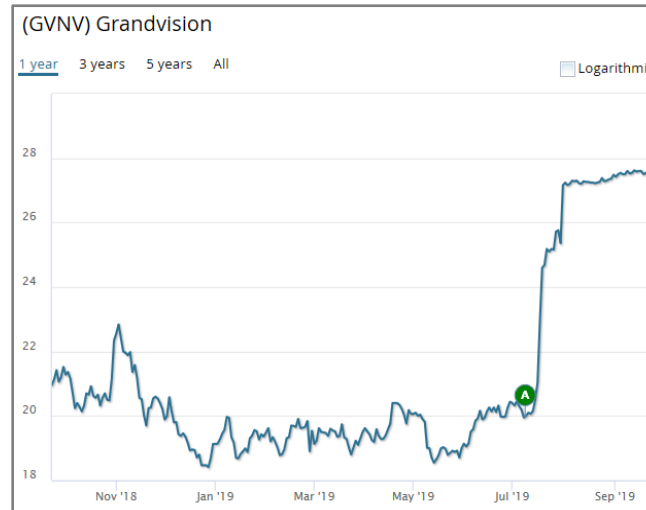
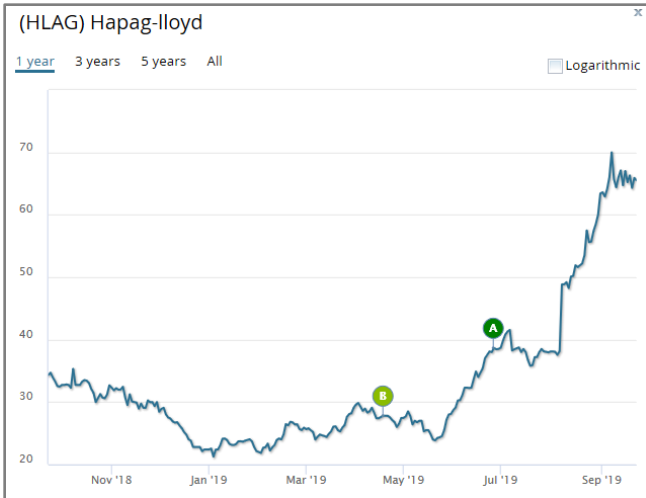
Best Performers :	
48 stocks	
minimum return	10%
maximum return	69%
average return	19%
number of stocks that received positive rating	43
% of trend capture	90%

Worst Performers	
31 stocks	
mimimum loss	-10%
maximum loss	-25%
average loss	-15%
number of stocks that received negative rating	26
% of trend capture	84%

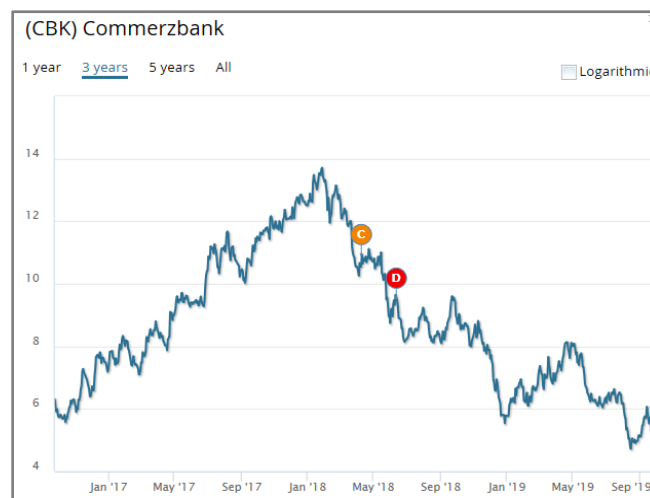
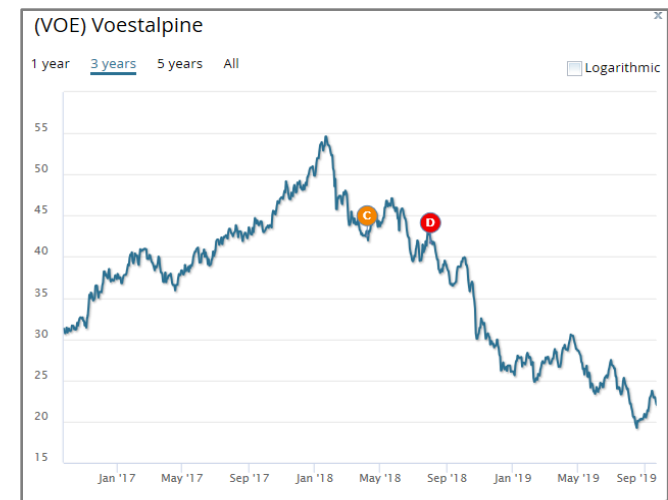
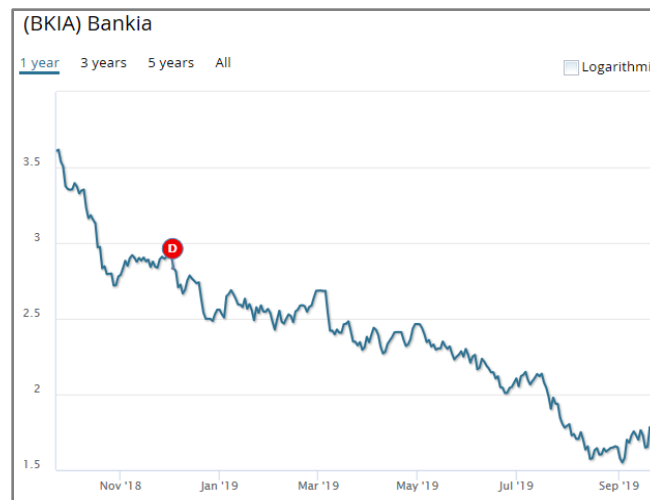
3 Months Best Performers			
winners - 6 Stocks			
symbol/name	3 months performance	rating	Issued
HLAG	69.25%	A	6/26/2019
VAR1	52.06%	A	10/31/2018
ATC	39.06%	A	5/7/2019
ASM	36.81%	A	4/2/2019
GVNV	34.90%	A	7/9/2019
RWE	30.40%	A	4/13/2018

3 Months Worst Performers			
Losers - 6 Stocks			
symbol/name	3 months performance	rating	issued
IPN	-25.00%	D	1/21/2019
BKIA	-19.97%	D	12/4/2018
VOE	-19.90%	D	8/2/2018
ILD	-18.92%	D	2/5/2018
CBK	-16.76%	D	6/12/2018
MAN	-14.59%	D	8/31/2018

Graphs – Best Performers



Graphs – Worst Performers



2. AB vs CD Average Return – Integrate Alpha generating intelligence in your investment process

A report documenting the average performance of all the stocks rated **A** and **B** vs those rated **C** and **D** for a specific investment universe.

The focus of the analysis is to measure at the end of a 3 months window the accuracy of Trendrating methodology. This report analyzes a universe of 300 European Large Cap Stocks and measures the last 3 months performance of all the Stocks that have been rated **A** or **B** at the beginning of the time window vs all the Stocks that received a **C** or **D** rating. The average return of **A** and **B** rated Stocks was +2.20%. The average performance of **C** and **D** rated Stocks was +0.24% for a differential of +1.96% over the 3 months (July 1st to September 23rd)

Rating	#	Average Return
Total	300	1.47%
A	185	2.16%
B	6	3.53%
C	14	-0.38%
D	90	0.34%
AB	191	2.20%
CD	104	0.24%

THE FULL STOCKS LIST IS AVAILABLE UNDER REQUEST

CONTACT US AT info@trendrating.net or visit www.trendrating.com

3. Historical Performance – Maximize your exposure to **AB** rated stocks and reduce your risks in **CD** securities

The charts and tables below show the performance over the last 15 years of two different portfolios.

One portfolio is built selecting only stocks rated **A** and **B**, while the other picks only stocks rated **C** and **D**. Both portfolios are adjusted on a monthly basis in case of changes in rating (**Upgrades and Downgrades**)

The strategy selecting only stocks rated **A** and **B** shows an overperformance over the relevant benchmark of **+7.73%** on a yearly basis.

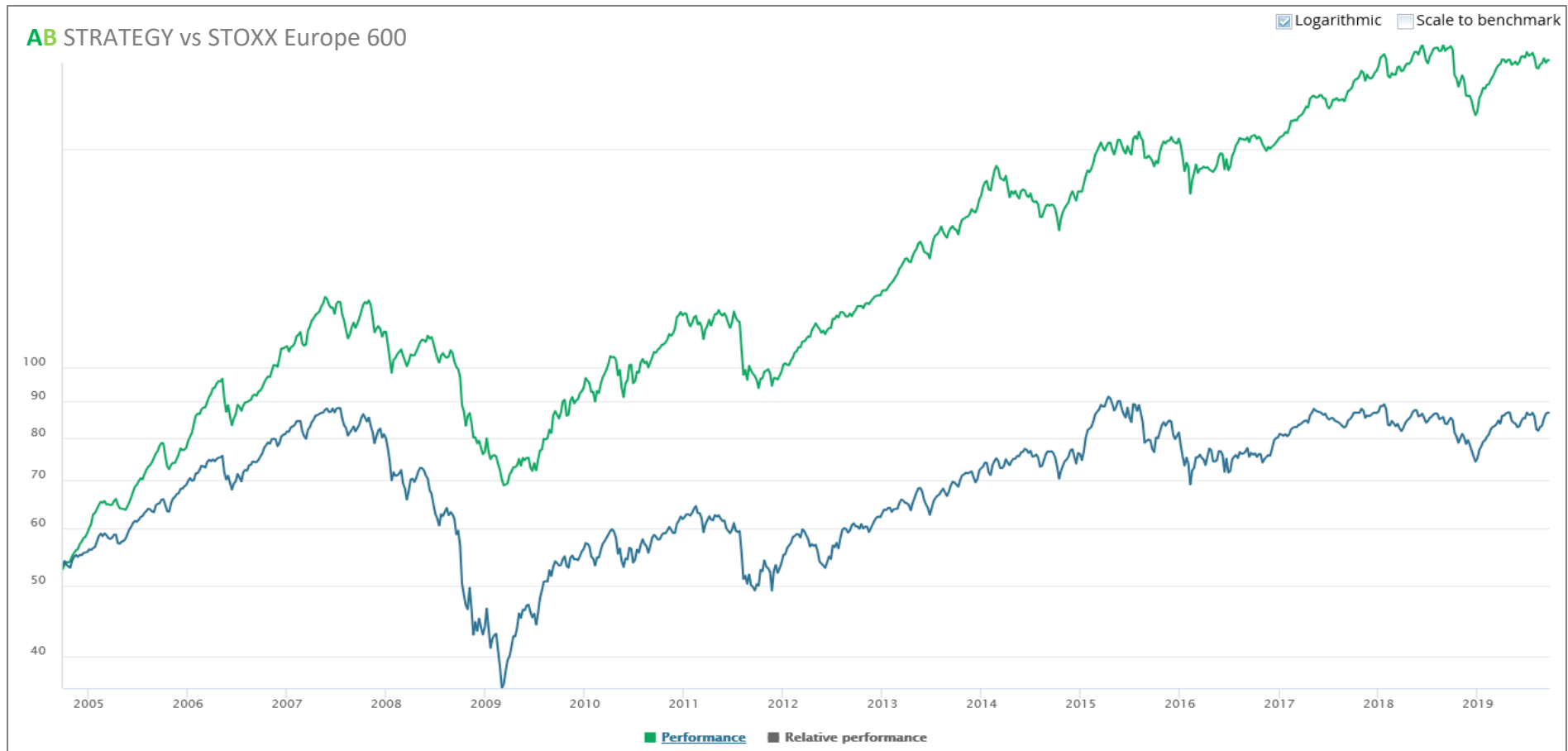
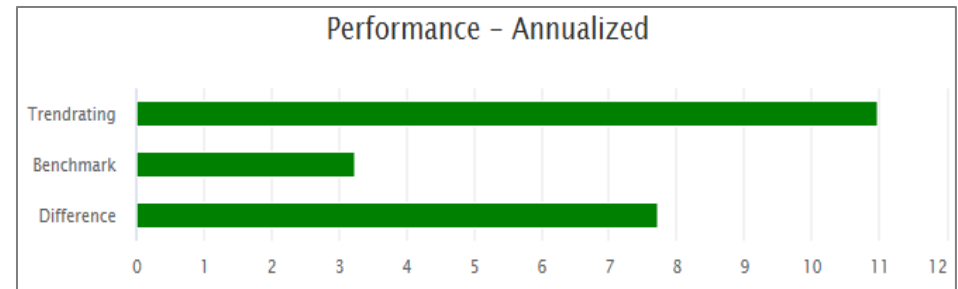
The strategy picking only **C** and **D** rated stocks underperforms the benchmark by **-6.51%** per year.

Therefore, the phenomenon of '**Performance Dispersion**' at an aggregated level can be quantified at around **+14.24%** yearly across the 15 years test.

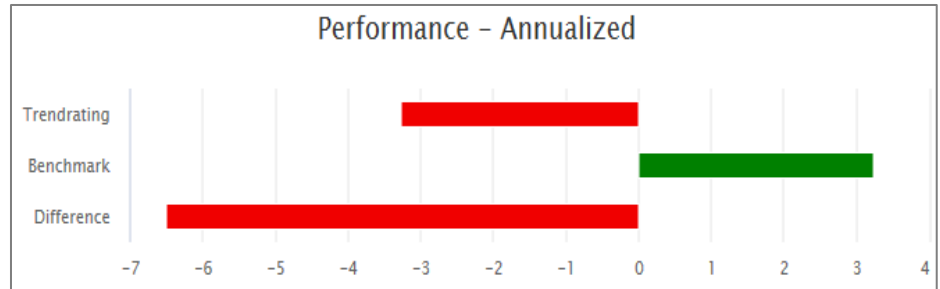
The reason because a number of active managers underperforms benchmarks is the "**disposition effect**" trap.

Investors have the tendency to exit prematurely the winners (Stocks that we rate **A** and **B**) and to hold too long on the losers (**C** and **D** rated stocks). Trendrating brings an objective, disciplined methodology to keep in check the disposition effect and maximize returns.

	Trendrating	Benchmark	Difference
Cumulative	+402.22%	+63.96%	+338.26%
Annualized	+10.97%	+3.24%	+7.73%
Yearly average	+12.50%	+4.91%	+7.60%
Max consecutive positive months	12	12	0



	Trendrating	Benchmark	Difference
Cumulative	-40.24%	+63.96%	-104.20%
Annualized	-3.27%	+3.24%	-6.51%
Yearly average	+0.44%	+4.91%	-4.47%
Max consecutive positive months	6	12	-6



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