



Trendrating
Systematic Management Solution

The Challenge

The active management of equity portfolios and funds has been facing increasing challenges over the past decade.

Fundamentals and Price Trends are often out of synch, as the actual trends are driven by large institutional money flow that is often influenced by a complexity of other factors including social media sentiment, 24x7 global news coverage and macro-economic and political events.

Generating superior and sustainable performance is difficult, as evident in the track record of mutual funds where 80% of managers underperform the relevant benchmarks (Source: S&P SPIVA Report).

At the same time there is a growing pressure on investment firms to stay profitable, pressuring executives to find ways to make their operations more efficient and drive down costs, including research expenditures.



The Opportunity

However, opportunities exist for equity professionals that are open to adjust, innovate and evolve. Using fundamental analysis to select stocks is certainly a solid approach. However, any universe of securities with a specific quality criteria will produce many underperformers during a 12-month time frame.

Active management has a fair chance to beat passive strategies in a more selective environment. The performance gap between the best and worst performers is vast, and exists in all market cycles.

Passive products, after years of spectacular success, may face a bumpy road in the changed stock market environment, as witnessed during the sharp Bear Phase in 2020. Many fundamentally strong stocks were unfairly punished as a result of being included within Index ETFs that experienced massive sell-offs.

Active management as a concept will be back in fashion, as modern tools and methodologies are now available to analyze “Big Data” to help measure the strength and quality of price trends in a more unpredictable and less fundamentally driven market.

Being in better synchrony with trends, capturing a good part of the winners and avoiding a fair share of the losers, is a critical part of any investment strategy.

Performance	1M	3M	6M	12M	Top / Bottom	5%	10%	25%
Top 25%				158 stocks	max: +324.59%			avg: +55.46%
					min: +19.79%			
Mid 50%				317 stocks				avg: -3.23%
Bottom 25%				159 stocks	max: -22.52%			avg: -37.05%
					min: -73.38%			

The Solution

Trendrating has developed a unique methodology to rate price trends with a time horizon of 6-to-18 months. Our proprietary pattern recognition model assigns a rating (A,B,C,D) to over 15,000 listed securities globally. Trendrating’s Model is well validated across decades of history and is used by hundreds of premier institutional investors and available via distribution partners including Bloomberg. The Model provides a critical investment edge where A and B rated stocks tend to outperform those rated C and D. The measurable benefit is a more effective capture of the performance dispersion across stocks.

The SMS is a powerful system that uses the rating Model and other advanced analytics to build, test and execute tailored investment strategies, from over 50 user defined parameters to choose from. The portfolio manager selects the list of stocks that satisfies a specific criteria (Large Cap, Value, Growth, ESG, etc.) and SMS selects the stocks with the highest probability of superior returns to be rebalanced monthly or quarterly.

SMS facilitates performance tracking, rebalancing and detailed analysis that can be exported in PDF/Excel format. Buy/Sell lists are generated automatically on the rebalance date, and are traded outside of Trendrating.

It is a disruptive innovation that can deliver great value, efficiency and cost control. Adopting SMS is a no risk decision, as the test, analysis and validation of the strategies are offered at no cost, in order to let you directly evaluate the results before making a purchase decision.



Benefits

- ✓ Improved performance
- ✓ More predictability of results
- ✓ Increased fees
- ✓ Efficiency
- ✓ Time and cost saving

