



# **Trendrating**

## **Rationale**



**DELIVERING ALPHA. MEASURABLE, ACTIONABLE, REPEATABLE.**

**Alternative data, advanced analytics and smart technology  
that add an edge to your investment strategy.**

**Trendrating invented a proprietary methodology to rate price trends.**

SPIVA<sup>1</sup> has published several studies that are highlighting the poor performance of active managers, with the majority of funds underperforming their benchmarks on a consistent basis.

*'By the end of 2018, some 92.09% of active large-cap core stock fund managers over the past 15 years had underperformed the S&P 500. In addition, this was the ninth straight year that a majority of actively run funds in such a congested U.S. funds marketplace had lost to their respective blue-chip index, according to the latest SPIVA research. (Large-cap growth managers did even worse over that period - 94.59% trailed their respective S&P index through Dec. 31, 2018.)' Source: S&P 500 Spiva Report. Link: [https://www.ifa.com/articles/despite\\_brief\\_reprieve\\_2018\\_spiva\\_report\\_reveals\\_active\\_funds\\_fail\\_dent\\_indexing\\_lead\\_-\\_works/](https://www.ifa.com/articles/despite_brief_reprieve_2018_spiva_report_reveals_active_funds_fail_dent_indexing_lead_-_works/)*

The Trendrating system enables active fund managers to improve the performance and control risks.

Trends are there all the time, equity markets display an incredible dispersion of performance as showed in the below tables. This is a fantastic opportunity for investors, to capture a large part of the top performers and avoid a large part of the bottom performers using Trendrating. This allows active managers to outperform passive benchmarks that are just a mathematical combination of both winners and losers.

**The dispersion of performance**

STOXX Europe 600 Performance*		S&P 500 Performance*	
Index	-6.45%	Index	+16.39%
Top 25%	+48%	Top 25%	+47%
Middle 50%	-4%	Middle 50%	+1%
Bottom 25%	-37%	Bottom 25%	-35%

\*12 months ending September 1<sup>st</sup>, 2020

Trendrating' unique & innovative trend capture methodology provides investment managers a framework for outperforming their benchmarks and to prove that active management can be smarter than benchmark tracking passive strategies.

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Source: S&P (Indices Versus Active)

Investors already rate, rank and measure a number of fundamental and quantitative data. But they often miss to objectively assess the true direction and quality of medium-term price trends, despite the fact that trends are the key factor that impact investment performance.

Analysis: S&P 500 and EURO STOXX 600 UNIVERSES

Positively rated stocks (A) vs negatively rated securities (D) by Trendrating - Trend Capture Model

### About Trendrating

Trendrating is the leader in “**trend capture**” models, analytics and technology, serving 100+ institutions worldwide with premier partners including Bloomberg and Euronext.

Trendrating provides an innovative, well proven set on analytics to assess and rate the quality of price trends. **The ability to capture trends, profiting from bull markets and avoiding bear phases is the key to superior performance on a consistent basis.** Trendrating makes possible to quickly analyze trends using a rating system where **A** and **B** identify bull trends and **C** and **D** point to bear trends. This rating approach captures in a systematic and unbiased way medium term price trends that can impact yearly portfolio returns. The rating of trends is additional market intelligence designed to enrich the investment decision process and maximize returns while improving risk control.

Trendrating offers a well validated rating methodology to measure trends (**A, B, C, D**) easy to integrate into most strategies and models.



With Trendrating you can evaluate the direction and the quality of medium to long-term price trends for stocks, ETFs, indices, sectors and countries.

Trendrating is equally effective at identifying meaningful trends at the macro level, as well as screening from the bottom up to validate or generate new ideas.

Our Methodology can be used across:

- Individual securities
- Sectors and Industries
- Indices
- Portfolios

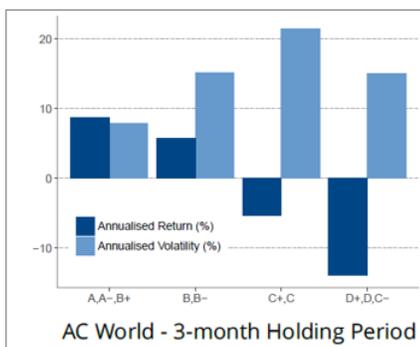
## Intelligent metrics to assess the performance risk across portfolios

Positive impact on performance, risk control , time saving and compliance.

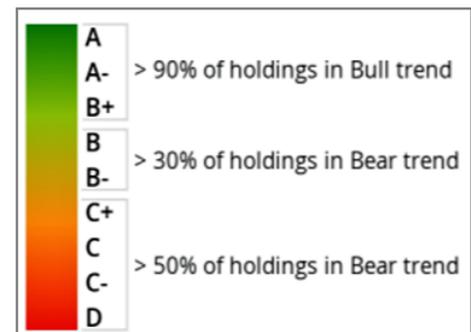
Rate the exposure to bull vs. bear trends for all the holdings in your portfolios and measure the overall combined “ quality rating “.

In a few minutes Run a systematic reality check across all the accounts and maximize returns while reducing risks.

- **Risk control at aggregated portfolios levels.** Measures the portfolio exposure to winner's vs losers.
- A mission-critical metric to assess the quality of portfolios and strategies, with predictive value.



- An obvious, strong correlation between a portfolio rating and the performance after 3 and 6 months.
- The higher the rating the better the performance is on a 3 and 6 months horizon.



Discover how you can also benefit from our Solutions, and join our 100+ premier clients.

Contact us at [info@trendrating.net](mailto:info@trendrating.net) or visit [www.trendrating.com](http://www.trendrating.com) to discover more.

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