

THE NEXT LEVEL OF RISK MANAGEMENT

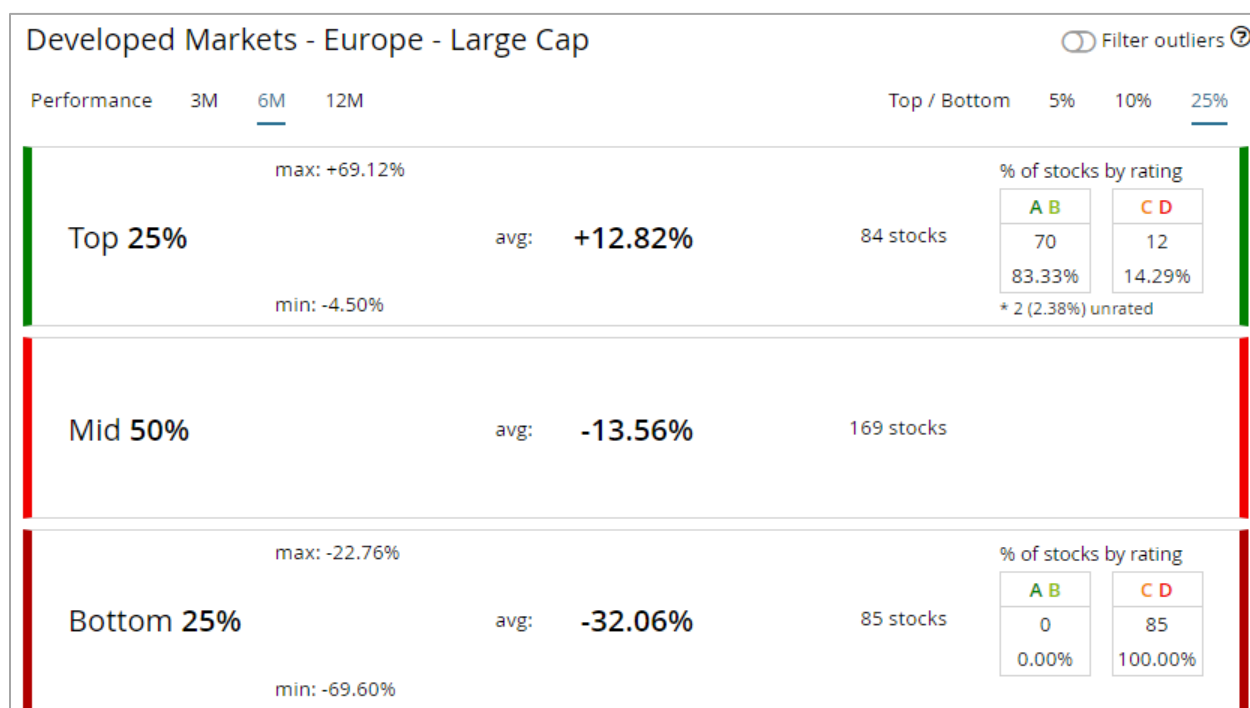
The performance of equity portfolios can be damaged by the exposure to stocks recording a price correction lasting months and even quarters.

The “trend risk” across individual holdings is often not properly measured and therefore underestimated, due to a lack of adequate analytics and tools.

The market dynamics are becoming more complex and price trends of individual securities are impacted by a variety of factors, including fast changing macro developments, reversals in investors sentiment, social media influence, growing momentum following and larger pools of money chasing and accelerating trends. Fundamental analysis alone cannot capture this growing complexity, where the money flow is the driver of trends.

Risk management for active portfolios must evolve and incorporate new data and advanced analytics that add critical intelligence to navigate today’s markets.

Performance dispersion is at work in any investment universe all the time.



The risk to have an over-exposure to the worst performing stocks in the chosen universe is real and it is the main reason behind underperformance.

Monitoring the quality of individual stock trends and avoiding a poor, high risk “trend allocation” is key to performance and can be performed adding a layer of well-tested trend analytics to the investment process.

Table above – Trendrating model correctly captured well in time **83.33%** of the top 25% performers (rating **A** and **B**), while promptly avoiding **100%** of the bottom 25% performers (rating **C** and **D**).

Data and technology to reduce the “trend risks”

A = Strong Bull Trend

B = Beginning of a Bull Trend

C = Inception of a Bear Trend

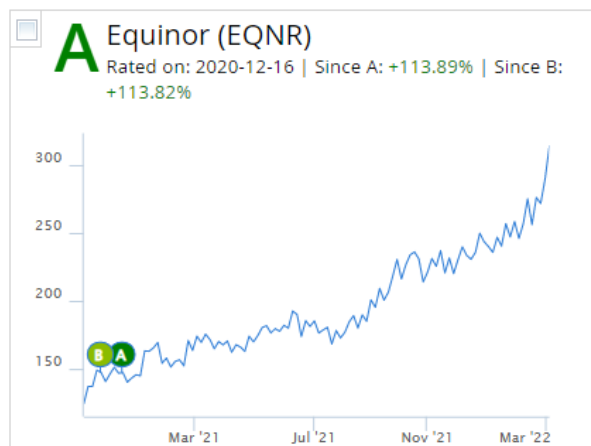
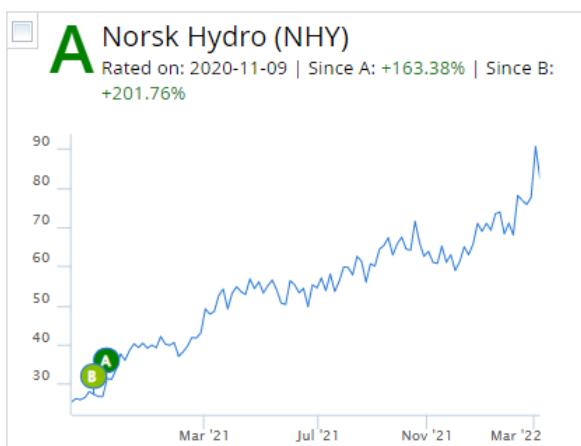
D = Strong Bear Trend

Rating	#	Average Return
Total	600	3.89%
A	509	7.03%
B	3	5.24%
C	9	-11.34%
D	79	-11.70%
AB	512	7.02%
CD	88	-11.66%

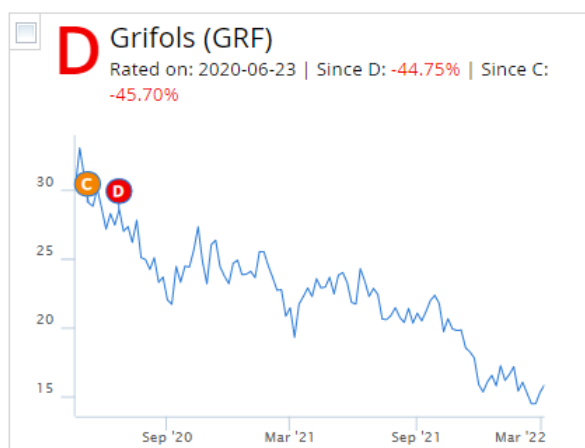
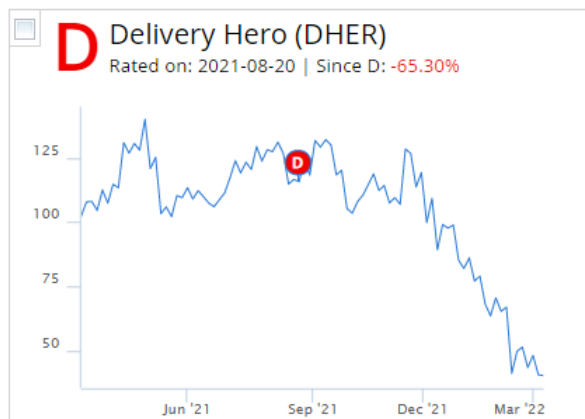
Table above - Average return for the 6 Months ending *February 1st, 2021* of the 600 EU Largest cap stocks rated **A** and **B** vs. those rated **C** and **D**. (STOXX Europe 600 - 6 months return +7.02%).

Track Record of Trendrating model - Selection of US Winners and Losers

Winners:



Losers:



What are the next winners and losers?

Over the last week, Trendrating model issued **2 upgrades** and **42 downgrades** in EU.

Act now, contact us at discover@trendrating.net and access the full list in advance

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