

Unlocking Investment Potential: A Smarter Strategy for Superior Portfolio Performance

Commonly used data sources and traditional investment tools have proven to be ineffective. Many portfolio managers who aspire to achieve investment excellence have been challenged by inadequate support. They contend with subpar data, subjective research, and conventional tools, which can hinder their quest for strong risk-adjusted returns.

The Trendrating platform enhances the discovery of fresh perspectives and smarter insights. It offers an innovative approach that combines:

1. Allocation to targeted sectors
2. Stock selection based on the most rewarding parameters.

Step 1: Conduct a comparative analysis of performance across sectors

S&P 500 Sector Index	10 Yr Annualized Return [%]
Information Technology	19.88
Consumer Discretionary	10.12
Health Care	8.91
Financials	8.47
Industrials	8.47
Consumer Staples	6.19
Materials	5.83
Utilities	5.42
Real Estate	3.95
Energy	-0.32

Step 2: Select the best-performing sectors and test different combinations of fundamental rules to identify the most effective strategy for each sector, selecting 30 stocks per sector.

S&P 500 Sector Index	10 Yr Annualized Return [%]	Strategy Selection Criteria	10 Yr Annualized Return [%]
Information Technology	19.88	Sales & Earnings Growth	27.18
Consumer Discretionary	10.12	Sales & Earnings Growth	20.32
Health Care	8.91	Earnings Growth & Price- to-Earnings	13.62
Financials	8.47	Earnings Growth & Price- to-Earnings	16.71
Industrials	8.47	Sales & Earnings Growth	20.56

Step 3: Test a strategy that allocates capital to three sectors, using the optimal selection sequence for each. The portfolio allocates funds as follows:

- 40% to Information Technology
- 30% to Consumer Discretionary
- 30% to Industrials

The test results show a 10-year annualized return of 23.46% before dividends, which is 12.95% above the S&P 500 index, with a Sharpe Ratio of 1.23.

Data as of August 19, 2024

Performance

	Strategy	Benchmark	Difference
Cumulative	+781.73%	+180.57%	+601.16%
Annualized	+23.46%	+10.50%	+12.95%
Yearly average	+23.86%	+10.86%	+13.01%
Max consecutive positive months	13	10	+3



Summary

This approach demonstrates a smarter, data-driven methodology for obtaining insights and adding measurable value to the investment research process. By rigorously evaluating these criteria and identifying the top-performing factors, investors can establish a solid base for portfolio construction. The addition of trend validation as an overlay further refines the strategy to help make more informed decisions, capitalising on opportunities and managing risks more effectively.

Contact your dedicated Trendrating representative to explore and discover more opportunities.

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