

The ExtractAlpha Tactical Model 1 (TM1) – Fact Sheet

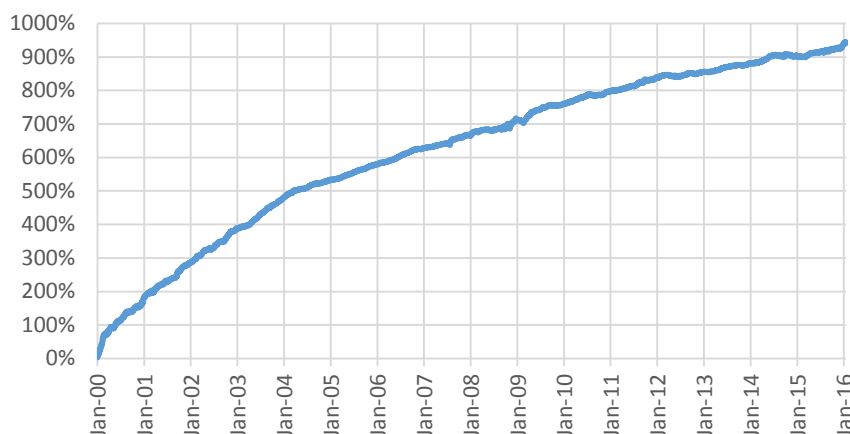
February 2016

The ExtractAlpha Tactical Model 1 (TM1) is a quantitative stock selection model designed to capture the technical dynamics of single US equities over one to ten trading day horizons. TM1 is a *tactical* factor, in that it can assist a longer-horizon investor in timing their entry or exit points, or be used in combination with existing systematic or qualitative strategies with similar holding periods.

TM1 expands upon simple reversal factors in several key ways, by identifying stocks which are likely to trend or reverse and by incorporating liquidity and seasonality effects.

In historical simulations, high-scoring stocks according to TM1 outperform low-scoring stocks by 59% per annum with a market-neutral Sharpe ratio of 4.4 before transaction costs, versus 25% and a Sharpe of 1.1 for a basic reversal factor with comparable turnover. Unlike many quantitative stock selection factors, TM1 exhibits comparable returns for large-cap stocks and small-cap stocks, and it is particularly effective in volatile regimes.

Cumulative market neutral returns



	TM1		Basic reversal		Value added	
	Ann Ret	Sharpe	Ann Ret	Sharpe	Ann Ret	Sharpe
Overall	58.9%	4.38	25.4%	1.14	33.5%	3.24
Large cap	56.7%	2.64	42.2%	1.40	14.5%	1.24
Mid cap	46.5%	2.50	32.5%	1.21	14.0%	1.29
Small cap	60.2%	4.47	18.7%	0.89	41.5%	3.58

About ExtractAlpha

ExtractAlpha is an independent research firm dedicated to providing unique, curated, actionable data sets to institutional investors. We apply our extensive experience in quantitative analysis and the design of investment analytics products to interesting new data sets and tools. Our rigorously built quantitative models are designed for institutional investors to gain a measurable edge over their competitors. We also partner with top FinTech data firms to identify investment value in their data sets and help investors profit from these unique new sources of information.

ExtractAlpha's founding team held senior positions in the original research and development teams at StarMine and at top quantitative hedge fund groups including Morgan Stanley PDT.