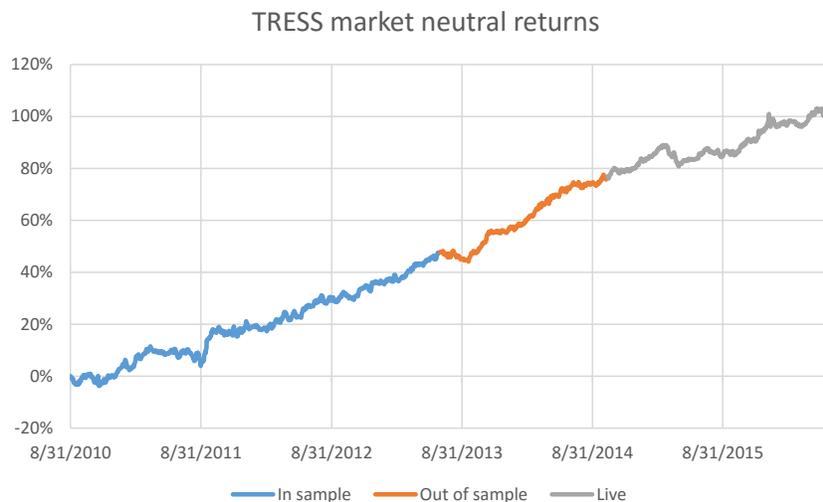α extractalpha

TRESS is a stock selection score which allows institutional investors to profit from the stock-level sentiment of providers of online financial advice. TRESS captures whether top financial bloggers have provided Buy or Sell recommendations using proprietary Natural Language Processing (NLP), and takes into account the recency of those recommendations and the quality of the source.

Our research shows that liquid U.S. stocks with the most recent Buy recommendations from select bloggers outperform those with the most recent Sell recommendations by 19.7% per annum, with a Sharpe ratio of 2.25. Following expert sentiment as measured by TRESS is a profitable source of alpha from a unique source of data, delivering consistent returns since going live in 2014, even as other quant factors have faltered. Trailing 12 and 24 month market neutral returns are Sharpe ratios are 21.7% (2.09) and 14.3% (1.67) respectively through August 2016.

TRESS market neutral returns

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, development and sales teams at StarMine and at top quantitative hedge fund groups including Morgan Stanley PDT.

About the data
The data underlying TRESS is collected by TipRanks, a data driven financial accountability platform which uses advanced machine learning and natural language processing algorithms (NLP) to measure the performance of digitally published investment advice online, bringing objective measurement to the world of qualitative financial forecasting.