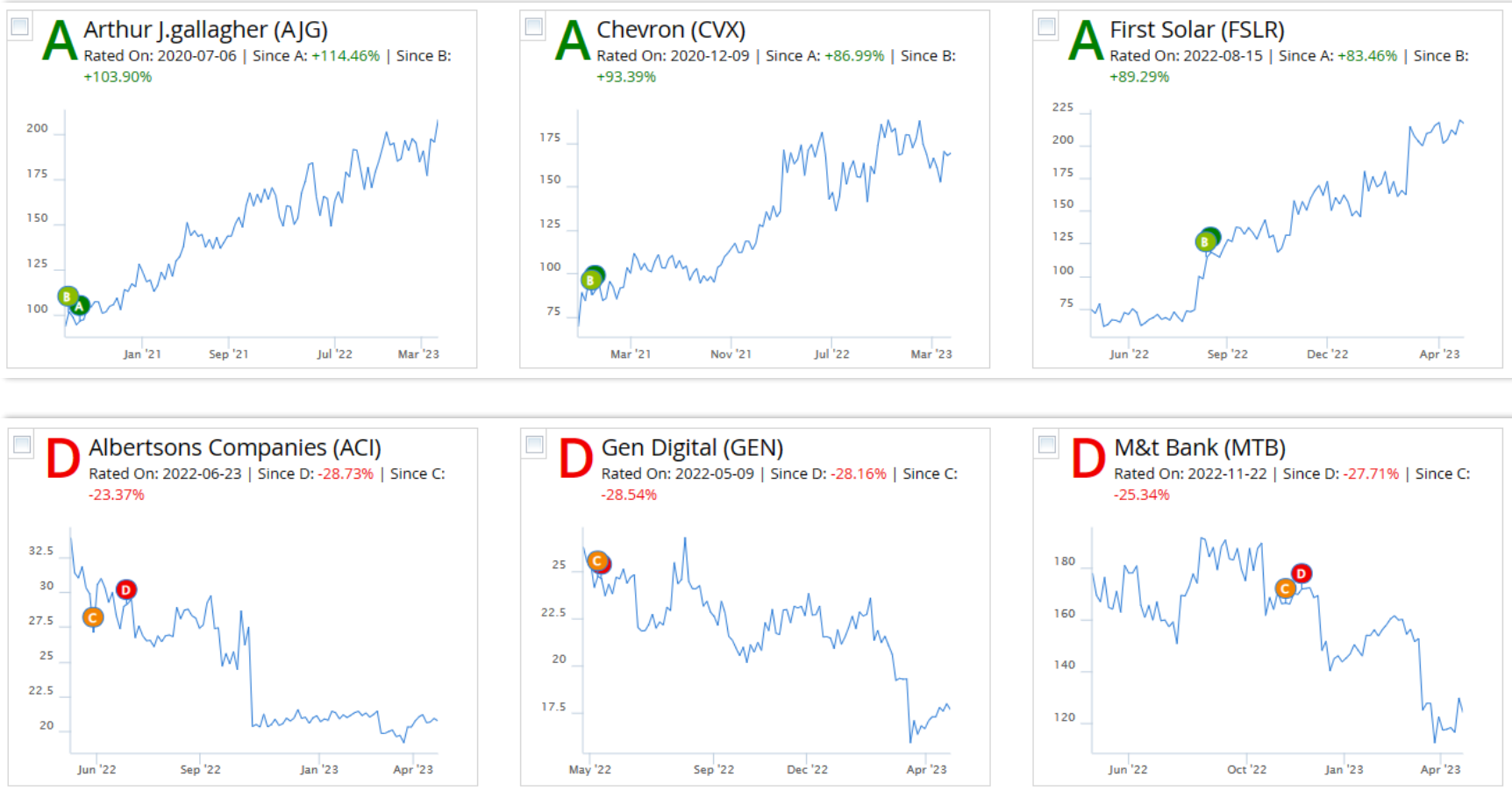


## A NEW PARADIGM FOR PORTFOLIOS RISK CONTROL

In The new market cycle the risks of losses have increased as negative price trends on stocks are more frequent and extended.

Strengthening the risk control framework is imperative.

Trendrating advanced methodology provides a rating for medium term price trends that identifies bear trends with an accuracy above 77%.



Conventional risk control data and tools exposed their limits during the 2022 and the new market regime will continue to be an hard test.

Performance dispersion across stocks is a recurring phenomenon.

In any investment universe there are stocks in a bull trend, and stocks in a bear phase.

Positive and negative trends can be found also across the holdings in the majority of portfolios.

The performance is a direct result of the combination of price trends of all the positions.

When the portfolio exposure to falling stocks is high (say above 30%), then the risk of underperformance is real and obvious.

Monitoring the “trend allocation” and spotting in time a substantial weight of negative price trends is sound practice to control the risk of losses.

The underlying rationale is indisputable, as price trends on individual stocks tend to persist for months and even quarters. The trends one owns determine / dictate the performance.

So why many investors do not rigorously measure the trend allocation risk?

Because they do not have the methodology and the tools.

Trendrating is changing this. We introduced a new dimension of risk management that:

- *Is Factual, objective, pragmatic, logical.*
- *Goes to what really dictates the performance – the exposure to price trends.*
- *Fills a knowledge gap, offering valuable insights.*
- *Enables an easy and fast control of all the portfolios.*
- *Provides an additional angle to strengthen the investment process.*

### **About Trendrating Trend Allocation Rating:**

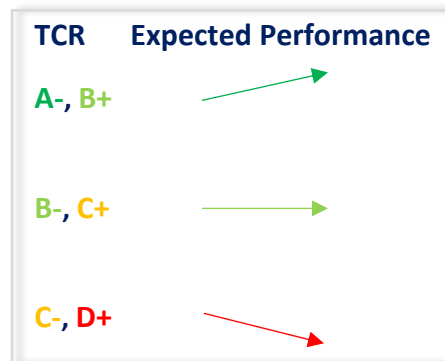
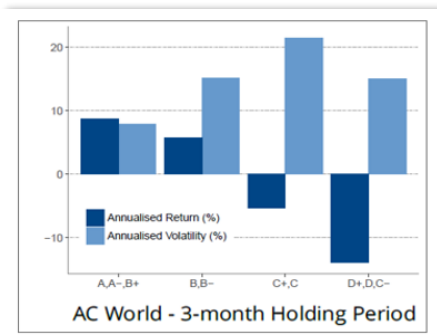
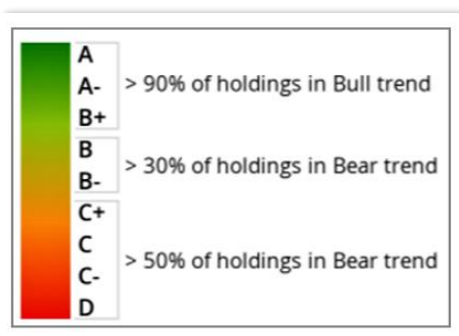
Trendrating introduced the “trend allocation rating” for portfolios, designed to measure the “aggregated trend risk”, defined as the portfolio exposure to stocks either in a bear phase or with a high probability to start falling in price.

The portfolio rating is the weighted rating of all the holdings.

Stocks in a bull trend are rated **A** or **B**, while falling securities are rated **C** or **D**.

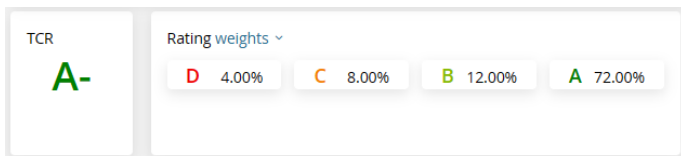
The lower is the portfolio rating, the larger is the exposure to negative trends and the bigger is the risk of losses.

Clearly there is a high correlation between the portfolio’s rating and the performance in the following months..

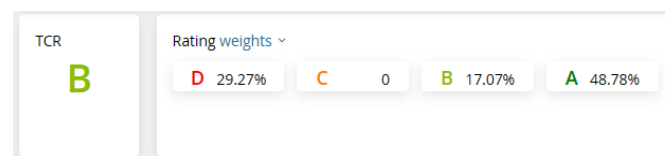


With Trendrating is easy and fast to monitor all the portfolios and to spot those with a dangerous trend allocation, showing an overall rating below B+

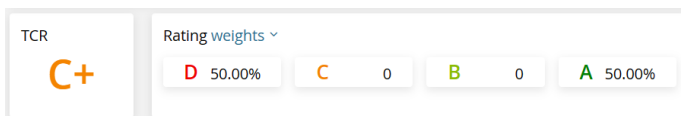
Account 156 - Good



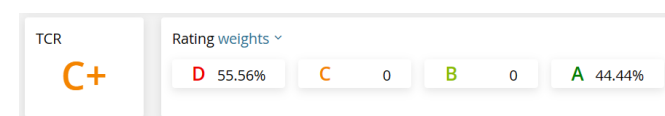
Account 177 – Just ok



Account 188 - High risk



Account 190 - High risk



Monitor several portfolios at once. Quickly spot the high-risk accounts. Do not miss critical information.

Gain more control and save time with an efficient, rigorous assessment to identify any excessive exposure to falling stocks.

Access advanced analytics to strengthen your portfolio management process.

Contact us at [discover@trendrating.net](mailto:discover@trendrating.net) and find out a new paradigm to maximize your performance.

**Important Information:** The evaluations, rankings and information provided by Trendrating (the “Services”) are provided solely for the use of finance professionals (the “Users”) who have been issued a license to use the Services by Trendrating and who, by nature of their status as investment professions understand, or are expected to understand, the complexity of finance products, the functioning of the markets and the risks inherent in them. The Services are not offered for use by persons not employed or actively working as professionals in the finance and investment industry. The Services are to be used entirely at the risk of the Users. Included in the Services are forward-looking statements that are based on observations, assumptions and calculations that reflect Trendrating’s expectations. Forward-looking statements are subject to numerous risks and uncertainties that could cause actual results to materially differ from those expectations. The Services are not intended to constitute a recommendation of any specific security or financial product and are to be implemented solely in conjunction with or as part of a complete investment evaluation conducted by the Users. Under no circumstances shall Trendrating, its officers, directors, employees or agents be liable for any damages, lost profits or investment losses that result in any way from use of the Services or any interruptions, errors or delays in the Services. **Trendrating S.A. © 2013-2023. All rights reserved.**