

BCA's *Equity Trading Strategy* (ETS) applies BCA's top-down approach to bottom-up stock picking. The product uses a variety of quantitative metrics to rank individual stocks and presents this information in an easy-to-use web application. By quantifying and combining numerous return factors, ETS enables its users to find stocks with winning characteristics – providing our clients with an edge on the competition.

Competitive Advantage

- › Combines more than 30 return factors using a sophisticated algorithm to generate a single metric that can be used to separate future winners from losers.
- › Leverages BCA's macro views to add a discretionary overlay on the quantitative model.
- › Generates actionable investment ideas and produces innovative research in the field of equity trading strategies.

Methodology

Our equity ranking model uses a unique blend of quantitative modeling and fundamental, top-down macro analysis. It builds upon years of academic research as well as our own in-house expertise.

The quantitative portion of the model employs factors that have proven to be valuable in forecasting future excess returns. These return factors, ranging from valuation ratios to sentiment measures, help create alpha for investors. By combining the various factors through our proprietary algorithm, we generate an overall BCA Score.

The BCA Score for any given stock ranges from 0-100%, where 100% is the top-ranked stock covered by our model. Historically, top-decile stocks have outperformed stocks in the bottom decile by 26.5% a year.

The macro portion of the model leverages BCA's expertise in top-down macroeconomic analysis to provide a sector and style overlay which biases the overall ranking according to BCA's current macro views.

Deliverables

WEB PLATFORM: The ETS web platform provides access to our proprietary model and allows users to find and analyze stocks with ease. Each company that is covered by the service has a profile page which displays detailed information about the firm's BCA score and its components. Clients can also use an interactive charting tool to examine historical patterns and relationships between the relevant variables.

Our platform also has a powerful stock screener that enables users to quickly filter stocks based on a number of qualitative and quantitative factors. ETS clients can also set up notifications for their favorite stocks as well as their saved screens to monitor significant changes in the model. The web application also allows users to find stocks that correspond to the various macro-based themes and views that BCA has discussed in other publications.

MONTHLY REPORTS: The monthly report discusses various topics ranging from our latest research findings, changes to our model, and improvements to the web application.

Peter Berezin joined BCA Research in 2010 and is currently Chief Strategist of the *Global Investment Strategy* service. He also oversees BCA's *Equity Trading Strategy* service, which he helped develop and launch in 2015. During his tenure at BCA, he has also served as Chief Strategist of *The Bank Credit Analyst*.

Philippe Morissette is a Senior Quantitative Strategist at BCA Research. He joined the firm in 2014 to undertake the development of BCA's *Equity Trading Strategy* (ETS) service with his colleague, Peter Berezin. Philippe is responsible for the technical development and the quantitative research behind ETS.