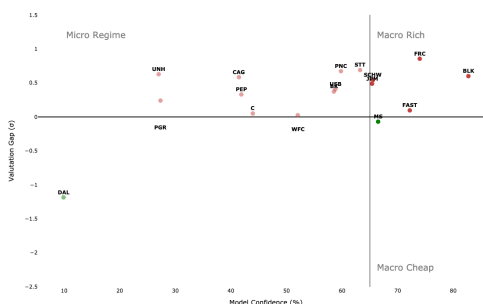




11.07.2022

How to pair fundamental & quantitative equity investing

- It's a frustrating time for stock-pickers. Their bottom-up analysis of company fundamentals keeps being 'polluted' by macro events.
- Qi empowers equity managers with the ability to differentiate between the stocks that are dominated by idiosyncratic risks, versus those that are a function of the macro environment.
- Qi's model confidence measure acts as a filter. A quick & easy way to spot where a stock is macro-driven, & potentially scale down risk. Thereby freeing up time & capital to allocate to stocks where your alpha edge will make the biggest difference.



- This will be a critical earnings season. Recession talk is everywhere, but arguably earnings forecasts are the one area yet to reflect the vibe shift.
- The quadrant above looks at this week's reporters & provides two perspectives. The vertical line is our 65% threshold for a macro regime. Stocks to the right are macro-driven. Those to the left are where stock pickers should concentrate their energies.
- Managers need to know that a bet on [Blackrock](#) is primarily a bet on credit spreads, VIX & real yields. A Fair Value Gap of 11.0% suggests BLK has discounted a fair degree of good news on these fronts.
- But the majority of this week's reporters are not macro plays. Earnings & forward guidance trump economics & financial conditions. Identify what regime a stock is in, then apply the relevant analysis, be it macro or micro.

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