

# Quant insight

## Look Up™

**Access a whole new level of macro insight based on data-driven evidence.**

**Move on from the usual macro stories and educated guesswork.**

### **Macro matters - a lot.**

It hardly needs stating that what we call “macro” – economic growth, inflation, the Fed and central bank policy, EM volatility, energy prices and much more – is fundamentally important for all asset prices.

This has never been more true than over recent years, with Covid, Russia, China, enormous shifts in growth, inflation, and monetary and fiscal policy. Markets are increasingly macro dominated.

### **Support investment decisions with hard evidence and data, not plausible stories.**

All asset classes are impacted by macro, in different ways and the impacts vary across time. But there is too much data for the human brain to parallel process unaided.

Qi applies data science and technology to extract clarity from noisy and profuse macro data, in real time, so that you can make better informed decisions.

# MACRO

## **Economic fundamentals**

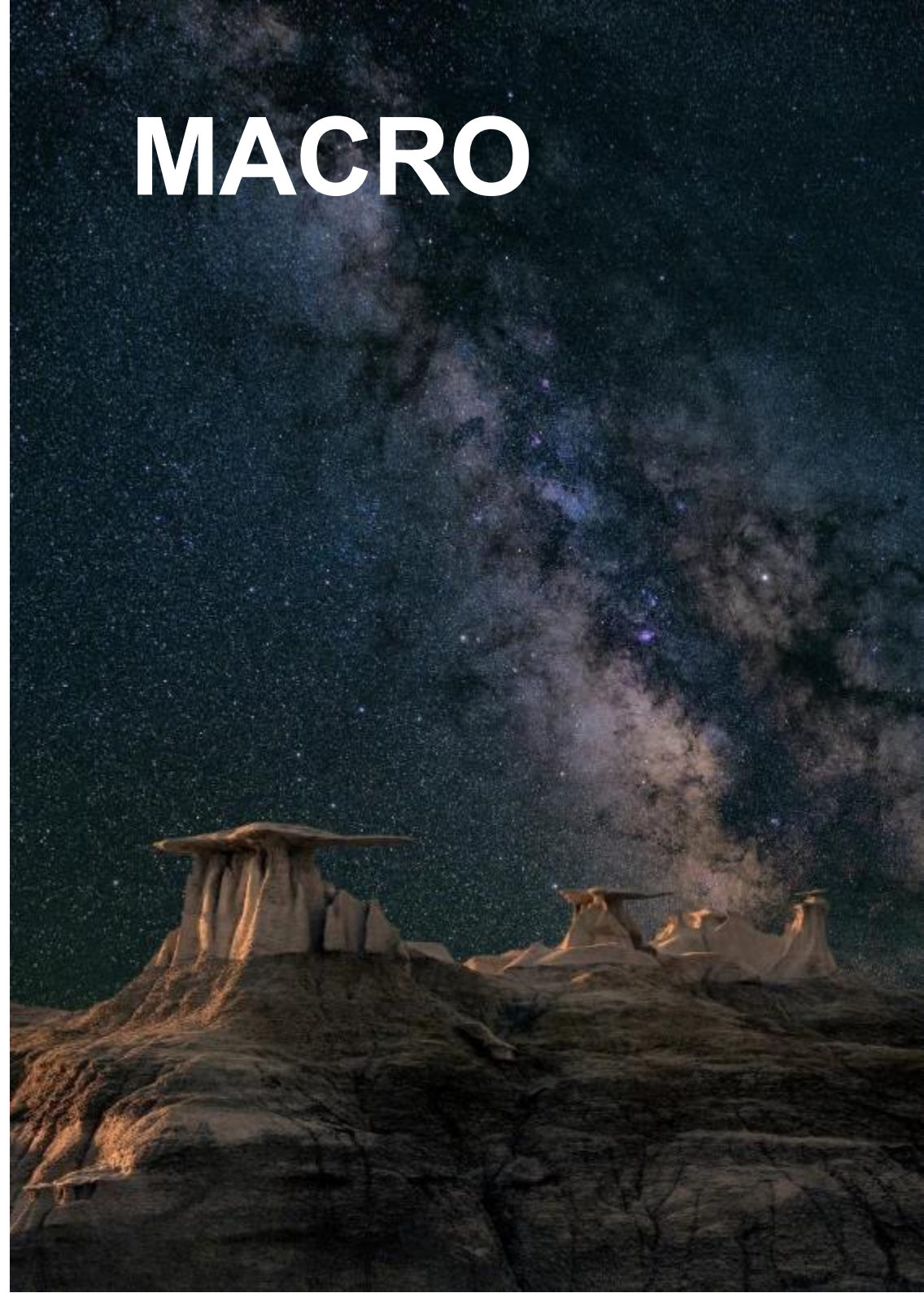
GDP growth, 20 countries, updated daily  
Inflation expectations, major economies

## **Financial conditions**

Central bank policy change expectations  
Real rates  
Credit spreads Trade  
weighted FX QE/QT  
expectations

**Risk Aversion** Equity  
volatilities Gold/Silver  
ratio Banking sector  
stress Sovereign stress

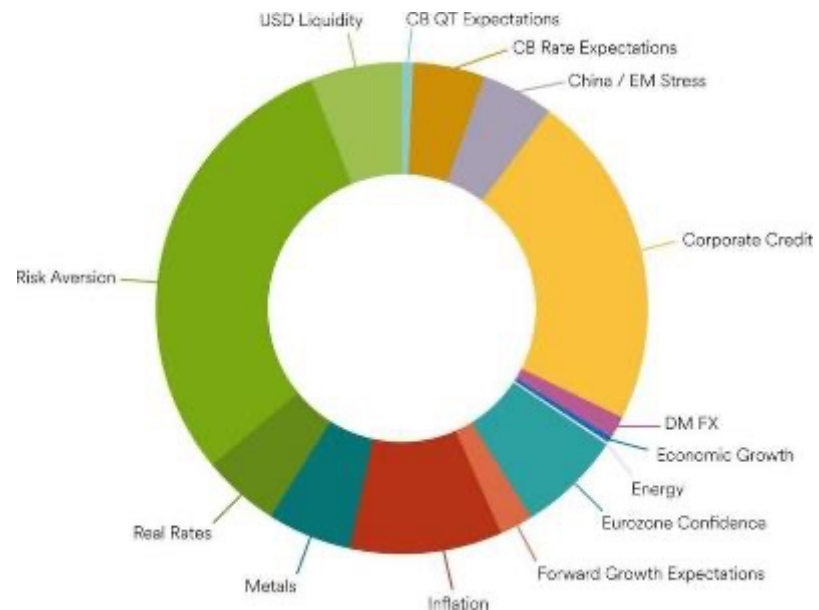
And many more thematic macro factors.



# It's about... Improving Performance.

## 1. Understand the macro “DNA” of 7,000 assets

To what extent is a position in the S&P500 a bet on the Fed or on economic growth? Every time you invest or trade an asset, you are taking an implicit macro bet. How big is that bet? Is it an exposure you want?

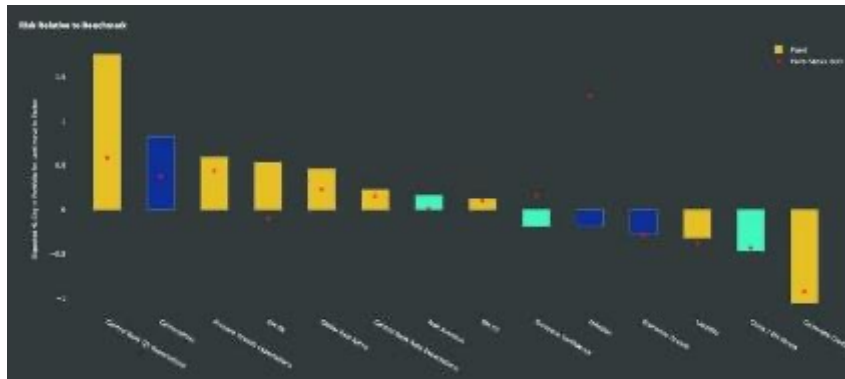


## 2. Trade Selection

If you have a view on growth, inflation, or other macro factors, what's the best way to express that view? Which FX pair is most sensitive to VIX? Which stock is most exposed to China economic growth?

## 3. Portfolio Macro Risk

Does higher inflation, or weaker global growth help or hurt your portfolio, and by how much? Qi reveals the macro blind spots so that you are aware of your implicit macro exposure and know exactly which positions it is coming from. You can also input a macro scenario and look at the expected overall impact on your portfolio.



## 4. Asset allocation

Access a framework that identifies the assets, including ETFs, most sensitive to the economic cycle whether that is recession, boom, stagflation, or goldilocks, and that also presents high confidence and a valuation edge. Thoroughly tested with 12 years of data.



## 5. Valuation

Given all the information, and given the relationships under the surface, what is the current “macro warranted” fair value of an asset? Thoroughly back tested, it is clear there is signal in the valuation data. Investors need to determine how best to monetize that signal using their own risk framework.

### Spotlight: S&P500 over the Covid crisis

Given the macro exposure of the S&P500, the macro warranted value (red) declined sharply as the crisis hit. But in mid-March 2020, it started to climb. The reason was that the US policy shock on March 14th eased financial conditions so much that it offset the economic growth decline.

Indeed, Qi was able to break out the S&P500 move and show the attribution.



### Attribution

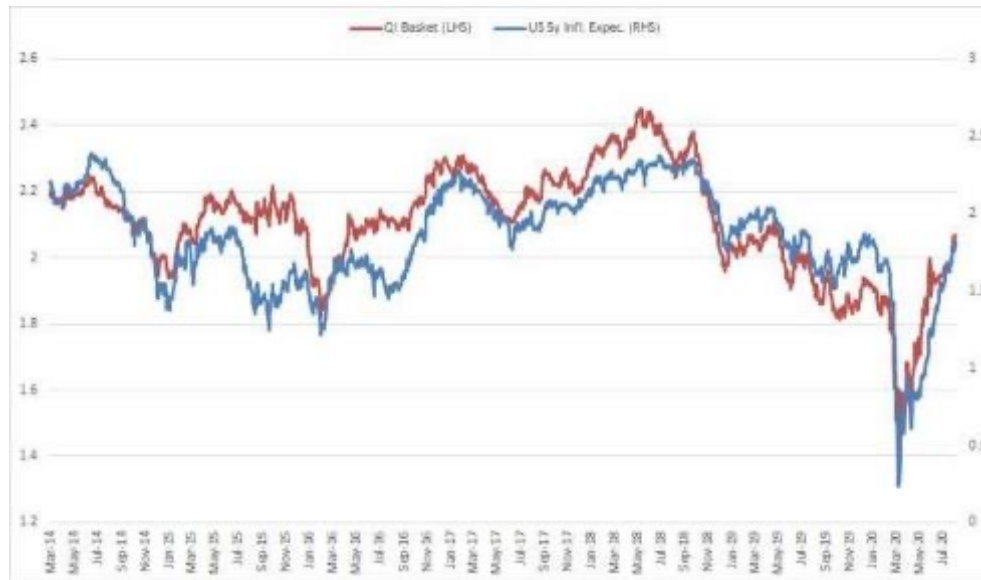
Indeed, Qi was able to break out the S&P500 move and show which macro shifts were driving the move higher in the model. Economic growth was a negative contributor while higher inflation expectations and lower credit spreads were positive drivers.

This provided an unprecedented level of macro transparency, at a time of high volatility and uncertainty, across all asset classes.



## 6. Baskets and portfolio construction

Access Qi's unique portfolio construction IP to create portfolios that track a specific macro theme such as inflation, PMI, credit spreads, and more. All results show historical out-of-sample performance without the use of hindsight or historical correlations.



## Qi Products

- 1. RETINA™:** Real time personalised notifications delivered into your work-flow using Symphony or Slack messaging platforms.
- 2. Qi Web portal:** Full access to cutting edge analytics, customised watchlists, asset allocation signals, and much more.
- 3. Excel:** Easy integration into your workflow and investment process.
- 4. API:** Access all analytics and 12 years of daily history for 7,000 assets via Rest API directly into Python.
- 5. Baskets:** Ask us for optimised baskets to track your theme out-of-sample.

**From USD500 per month to USD200,000 per annum.**

## Methodology

- 1. Deal with correlation:** Macro data is all highly correlated - standard statistical methods like multiple regression give heavily biased results. Unlike other factor analytics providers, Qi de-correlates or “orthogonalizes” all the macro factors before connecting them to asset prices.
- 2. Stationarity:** Financial market time series has a lot of “trend” in it. If you take lots of data that is unrelated but is all trending, you increase the chance of just getting spurious relationships. We are careful to ensure all data is “stationary” before we process it.
- 3. Normalisation:** Daily real GDP and inflation expectations data can go from positive to negative values and vice versa. This means one cannot work in % return space.
- 4. Overfitting:** We take additional steps to avoid overfitting.

## Asset Class Covered

- Equity indices globally
- Sectors
- Single stocks
- FX
- Rates
- Futures
- ETFs
- Commodities

**7,000 instruments**

## Technology

Modern cloud architectures allow unprecedented speed and scale in ingesting and processing data.

Qi ingests around 5mm data points daily from our data partners including Now-Casting, Morningstar, IHS Markit and others.

This is processed in memory using low-level computing languages and made available via Rest API.



“In a world of permanent overload of information, professionals truly value technology and developments that will allow them to be effective and efficient.”

**Umesh Patel, Global Head of Strategic Alliances, Symphony™**

“ In my view there is nobody even close to doing this.”

**Matt Frame, Partner,  
Bornite Capital**

“Quant insight is a new way to manage the endless amounts of data and filter the constant noise throughout the world.”

**Michael Martin, CIO, Martin  
Financial Group**

## Qi Clients

Asset managers  
Hedge funds  
Investment  
banks Family  
offices Pension  
funds

Portfolio Managers  
Quants  
Analysts  
Risk  
managers  
Strategists

**Qi is now used and trusted by firms with AUM2.5 Trillion+.**

## About Qi

Qi, a **quantitative financial market analytics and trading insights provider**, was formed in 2015 by former PMs from leading asset managers and hedge funds, working with leaders in machine learning , maths and statistical methods from Cambridge, Harvard and Princeton.

## Get in touch

Ask for our White Paper and FAQs:

**[info@quant-insight.com](mailto:info@quant-insight.com)**

**[www.quant-insight.com](http://www.quant-insight.com)**

# Disclaimer

This document is being sent only to investment professionals (as that term is defined in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (“FPO”)) or to persons to whom it would otherwise be lawful to distribute it. Accordingly, persons who do not have professional experience in matters relating to investments should not rely on this document. The information contained herein is for general guidance and information only and is subject to amendment or correction. This document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

This document is provided for information purposes only, is intended for your use only, and does not constitute an invitation or offer to subscribe for or purchase any securities, any product or any service and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document does not constitute any recommendation regarding any securities, futures, derivatives or other investment products. The information contained herein is provided for informational and discussion purposes only and is not, and may not be relied on in any manner as accounting, legal, tax, investment, regulatory or other advice.

Information and opinions presented in this document have been obtained or derived from sources believed to be reliable, but Quant Insight Limited (QI) makes no representation as to their accuracy or completeness or reliability and expressly disclaims any liability, including incidental or consequential damages arising from errors in this publication. No reliance may be placed for any purpose on the information and opinions contained in this document. No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or opinions contained in this document by any of QI, its employees or affiliates and no liability is accepted by such persons for the accuracy or completeness of any such information or opinions. Any data provided in this document indicating past performance is not a reliable indicator of future returns/performance. Nothing contained herein shall be relied upon as a promise or representation whether as to past or future performance.

This presentation is strictly confidential and may not be reproduced or redistributed in whole or in part nor may its contents be disclosed to any other person under any circumstances without the express permission of Quant Insight Limited.