GSTCAP develops algorithms, called ReferencePoint™ (RP) algorithms, designed to provide owners of assets more return from their index and ETF allocations. We view investing as a statistical problem. Our goal is to maximize excess returns, information ratios and t-statistics. Our ReferencePoint™ algorithms seek to accomplish this by moving capital to cash when the probability of earning a positive return is low and conversely, holding equity when the probability is not low.

Our work focuses on the actual problem: the fact that equity markets drawdown and go through boom and bust cycles:

> *U.S. equity investors have lost at least 40% of their capital approximately every 13 years on average since 1927. They have lost at least 20% approximately every 4.6 years on average. This is just taking into consideration the S&P 500 Index; the loses are much worse if you go down the cap spectrum.*

Our algorithms focus on investor behavior. The approach uses a subset of publicly available data in a different way than most market participants. We process equity, credit and options market data with the potential to capture investor preferences and intent and use models and procedures to determine actionable signals. Our algorithms move equity exposure into cash when investor preferences turn negative (expected returns are negative) and add or maintain equity exposure when they are not negative.

Data

Data captures investor behavior as they vote with capital each day

Models

Models signal investor preferences for exposure at key turning points

Algorithms

Dynamic algorithms produce ReferencePoint™ coefficients that determine market positionings

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