

ReferencePoint U.S. Sector and Industry Exposure Coefficients¹

GSTCAP produces algorithm driven exposure coefficients (ReferencePoint Coefficients) designed to help advisors generate alpha from sector and industry allocations. Our ReferencePoint methodology is based on the simple truth that valuation and fundamentals don't tell the whole story. Managers that focus exclusively on valuation are missing information that influences future asset prices. The best valuation model doesn't tell you when investors will act on it, for example. ReferencePoint Algorithms are tools to help you with this problem.



ReferencePoint Algorithm Methodology

ReferencePoint Algorithms capture significant turning points in investor preferences for industry and sector risk premia that signal future price direction. Our behavioral approach uses a subset of publicly available data in a better way than most market participants. We use equity and credit data with the potential to capture investor intent and models to determine actionable signals. Our algorithms put it all together prioritizing model output and procedures around distinct market environments and generate exposure coefficients that investors can use for sector and industry allocation decisions. Our algorithms remove exposure when investors preferences turn negative (expected returns are negative) and add or maintain exposure when they are positive. We deliver our exposure coefficients each day at 3:30. Full histories are available on our site.

ReferencePoint U.S. Sector and Industry Coefficient Performance¹

INVESCO QQQ

QQQ Algorithm performance: 10.6%
 QQQ performance: 4.8%
 19.8-year annualized return

REGIONAL BANKS

KRE Algorithm performance: 7.3%
 KRE performance: 2.6%
 12.8-year annualized return

TRANSPORTATION

IYT Algorithm performance: 12.5%
 IYT performance: 9.3%
 15.9-year annualized return

METALS AND MINING

XME Algorithm performance: 11.8%
 XME performance: -4.05%
 12.7-year annualized return

OIL AND GAS

XOP Algorithm performance: 5.3%
 XOP performance: -5.2%
 12.04-year annualized return

HEALTHCARE

XLV Algorithm performance: 9%
 XLV performance: 7.1%
 19.8-year annualized return

SEMICONDUCTORS

SMH Algorithm performance: 16.3%
 SMH performance: 11.8%
 12.7-year annualized return

FINANCIALS

XLF Algorithm performance: 8.4%
 XLF performance: 5.0%
 19.8-year annualized return

MATERIALS

XLB Algorithm performance: 9.8%
 XLB performance: 6.4%
 19.8-year annualized return

TECHNOLOGY

XLK Algorithm performance: 9.7%
 XLK performance: 3.2%
 19.8-year annualized return

CONSUMER DISCRETIONARY

XLY Algorithm performance: 8.5%
 XLY performance: 7.05%
 19.8-year annualized return

HEALTHCARE EQUIPMENT

XHE Algorithm performance: 19.1%
 XHE performance: 16.5%
 8.1-year annualized return

HOMEBUILDERS

XHB Algorithm performance: 11.7%
 XHB performance: 2.7%
 12.9-year annualized return

ENERGY

XLE Algorithm performance: 9.4%
 XLE performance: 6.1%
 19.8-year annualized return

INDUSTRIALS

XLI Algorithm performance: 8.4%
 XLI performance: 6.9%
 19.8-year annualized return

INTERNET

FDN Algorithm performance: 18.8%
 FDN performance: 14.8%
 12.7-year annualized return

BIOTECH

IBB Algorithm performance: 10%
 IBB performance: 7.0%
 17.8-year annualized return

GOLDMINERS

GDX Algorithm performance: 4.7%
 GDX performance: -2.4%
 12.9-year annualized return

UTILITIES

XLU Algorithm performance: 9.2%
 XLU performance: 8.1%
 19.8-year annualized return

1. Periods ending 9/30/2019



Contact Information

Client service: 646-960-6402
info@GSTCAP.com

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