

Artificial Intelligence Applied to Asset Valuation

RATIONAL INVESTING STANDARD VALUE

PRODUCT

- Automated DCF valuation of 3,000 stocks worldwide using high quality financial statements with uniquely formatted data
- Systematic search for marginal change to cash flow, viewed through the lens of valuation
- 15+ analysts follow a uniform data review process, eliminate non-cash and non-recurring expenses
- US / UK / Japan / Canada market neutral Sharpe >1, with stops >2. 5,000 ticker history, 40% Non-US.
- Intuitive, spreadsheet based results. Ongoing revaluation with earnings cycle, macro change
- Value any geography, sector or market cap worldwide with limited financials and utilities
- Tickers that seem mis-priced go through multiple checks

MODEL

- Unique focus on marginal revenue vs. cost of production and capital
- DCF value using fundamental and macro risks; proprietary CAPM revolutionizes SLB / Fama French
- Mathematical projection of cyclically normalized free cash flow; a model of corporate finance rather than market behavior
- Uses standardized heuristics (Rules of Artificial Intelligence) to incorporate country yield curve, credit conditions, and fundamentals into a single set of valuation logic
- Integrates various statements of financial condition, scrubbing in context of valuation clarifies impact of events, enforcing accuracy
- Tested in market neutral monthly simulations in realistic conditions

PROCESS AND QUALITY

- Real time capacity for 1,500 earnings a month. Updates from 8K filings where needed, repeated review with 10Q
- A decade of software engineering to absorb impact of accounting shifts, product cycles, M&A, other events
- Footnote impact – debt maturities, hedges, mineral reserves, unfunded pensions
- Monthly data review prioritized by change in value vs. market; blends with automated checks to produce consistent fundamental data
- Scrubbing has material impact on small / mid caps