



Introducing the Revolutionary HCP SPX Market Sentiment Indicator

FOR PROFESSIONAL OR INSTITUTIONAL INVESTORS ONLY

Overview

After years of dedicated research and meticulous testing, we at HCP Asset Management are thrilled to introduce our latest innovation in financial forecasting: the HCP SPX 3-Month Return Predictor. We designed this cutting-edge indicator to provide an informed forecast of the S&P 500 returns over the next three months.

What is the HCP Market Sentiment Indicator?

The daily calculated HCP SPX Market Sentiment Indicator (MSI) aggregates investor sentiment-driven factors and strongly correlates with S&P 500 three-month forward returns. HCP MSI helps identify high-return “Bull Zone” and low-return “Danger Zone” setups based on historical frequencies.

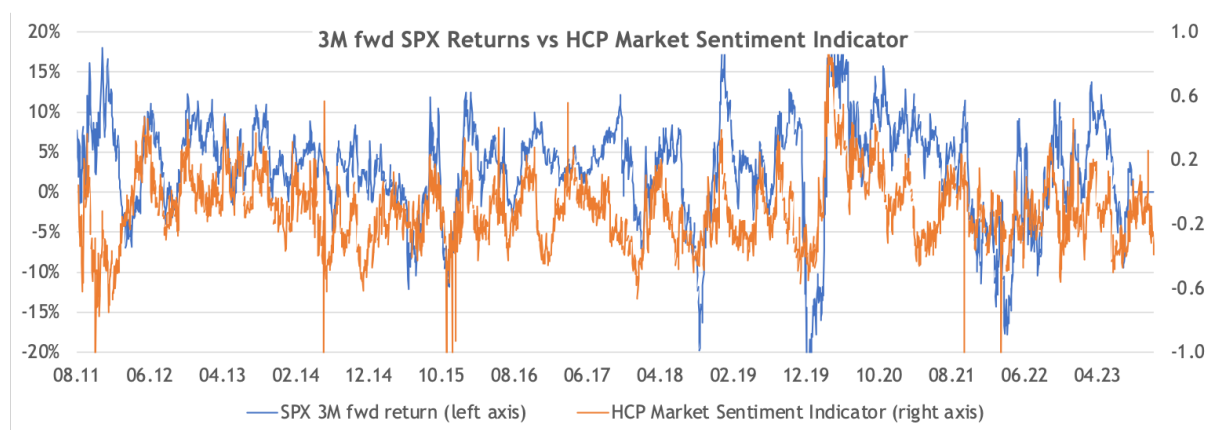


Chart 1: Historical representation of MSI & SPX 3M forward returns

Key Features of the HCP SPX Market Sentiment Indicator

Data-Driven Insights: By aggregating and analyzing vast amounts of market data, the indicator offers a nuanced view of potential market movements, empowering investors with actionable intelligence.

User-Friendly Interface: We ensure that our clients can easily understand and interpret the indicator's readings, making it a valuable tool for experienced investors.

How Does It Work?

The HCP SPX MSI analyzes current market trends and historical data to forecast the potential return of the S&P 500 index over the upcoming 3 months. This tool culminates our commitment to leveraging technology for smarter investment strategies.

Chart 2: Performance track based on monthly renewed 3m forward SPX forecasts & model-suggested exposure

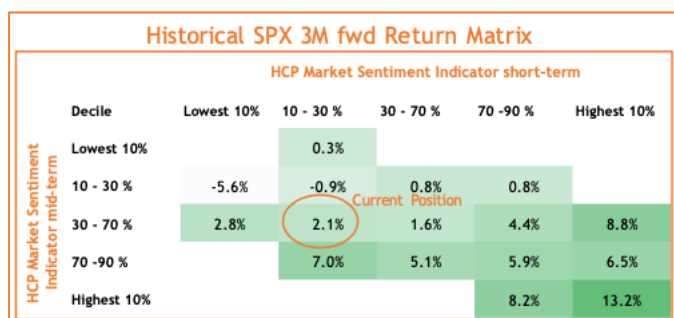
Month	Exposure	Realised SPX return in the next 3 months
January	100%	7.4%
February	100%	0.0%
March	100%	5.3%
April	150%	8.4%
May	100%	10.1%
June	125%	7.8%
July	50%	-3.6%
August	50%	-8.6%
September	75%	1.0%
October	125%	-
November	100%	-
December	75%	-



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A Closer Look at Our Data-Driven Approach

Chart 3: Historical SPX 3-month forward return matrix



Our commitment to a data-driven methodology lies at the heart of the HCP SPX MSI. This indicator is not just a product of theoretical modeling; it has been rigorously tested in a retroactive setting, meticulously analyzing historical time series data.

This approach allows us to refine and validate our predictive models against real market scenarios. We've carefully selected and aggregated key data points that we believe are crucial for understanding market dynamics. These data include economic indicators, market trends, and other relevant financial metrics. By focusing on this comprehensive dataset, the indicator provides a more accurate and insightful forecast, helping investors to make informed decisions based on a thorough analysis of past and current market behaviors. This blend of historical data analysis and modern data processing techniques ensures that our clients receive a robust, reliable tool for their market assessments.

Evaluating Our Indicator's Performance

As we continue to refine our HCP SPX MSI, we've identified three critical milestones in its performance metrics, which stand as testaments to our developmental progress.

First, our indicator has demonstrated a high **Precision rate of 91%**, indicating its robust ability to make correct positive predictions, a key factor for investors looking for reliable bullish signals.

Second, the **True Negative Rate** stands strong at **85%**, showing the indicator's effectiveness in correctly identifying periods when the market is unlikely to go up, thereby protecting our clients from potential losses during downtrends. Lastly, the **False Positive Rate** is maintained at a low **14.7%**, ensuring that the number of false alarms is kept to a minimum, which is essential in avoiding costly missteps based on incorrect bullish signals.

Together, these milestones not only highlight the strengths of our indicator but also reinforce our dedication to continuous enhancement of its predictive accuracy.





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The Journey Ahead

As we roll out our live product, we invite you to join us on this exciting journey.

The HCP SPX MSI represents a significant step forward in our mission to provide intelligent, data-driven investment solutions. We are eager to see its positive impact on your investment strategies.

In December, we reached a pivotal moment in our journey: the commencement of the trial for our HCP SPX MSI. With a commitment to transparency and accountability, we made a conscious decision to document and share this significant milestone. We post now our first communication on our blog on the 1st of December, marking the beginning of our trial period. This initial post records our journey and a commitment to our clients to provide clear and regular updates.

As we approach March 2024, we anticipate sharing our next blog post, which will reflect on the indicator's performance since December 2023. This update will be particularly crucial as it will evaluate whether the signal provided by our indicator on the 1st of December 2023 proved to be valuable and accurate. This forthcoming communication is a key part of our promise to keep our clients informed and engaged, providing them with insights into the effectiveness of our new tool and its impact on investment strategies.

Thank you for your continued trust in HCP Asset Management.

HCP Asset Management, December 2023

A Note of Caution: While we are confident in the capabilities of our new indicator, we wish to remind our clients that this tool is provided as part of a trial and should not be construed as direct investment advice. The nature of financial markets means that no prediction can be infallible, and we advise using this tool as one of several resources in your decision-making process.

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HCP Market Sentiment Indicator December 2023

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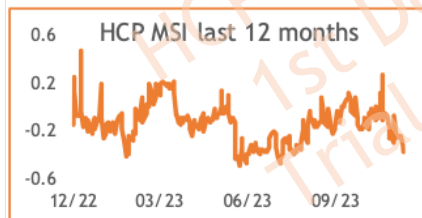
Historical SPX 3M fwd Return Matrix

Suggested
exposure

75%

HCP Market Sentiment Indicator short-term					
Decile	Lowest 10%	10 - 30 %	30 - 70 %	70 - 90 %	Highest 10%
Lowest 10%		0.3%			
10 - 30 %	-5.6%	-0.9%	0.8%	0.8%	
30 - 70 %	2.8%	2.1%	1.6%	4.4%	8.8%
70 - 90 %		7.0%	5.1%	5.9%	6.5%
Highest 10%				8.2%	13.2%

Historically for the combination of short-term MSI 10 - 30 % and mid-term MSI 30 - 70 % the average realized return was 2.1%. There is a 70% chance the returns are positive, and the returns are below the average return. The suggested exposure to S&P 500 is 75%. In 2023, YTD the S&P 500 with HCP MSI suggested exposure applied quarterly achieved 14% alpha.



Quarter	SPX Return	Exposure in %	Cumulated Return
Q1 23	7.6%	125%	9.5%
Q2 23	8.4%	175%	25.6%
Q3 23	-5.0%	50%	22.5%
Q4-to-date 23	6.4%	125%	32.2%

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