**StockSnips**

# MONTHLY NEWSLETTER

## AI-powered Sentiment Portfolio Review.
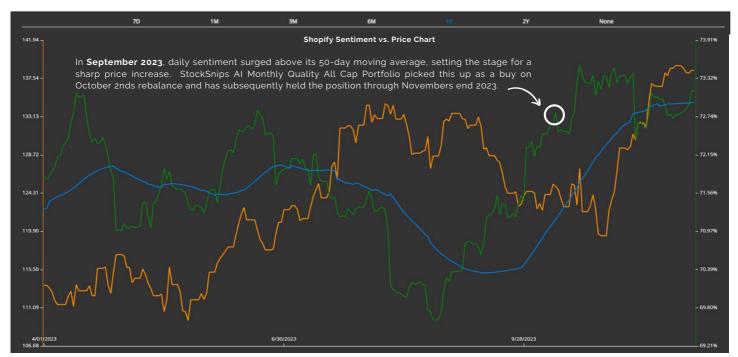An update on market trends, our portfolios, and forward-looking updates & developments.

## Octobers Economic Outlook

- **Strong Market Performance:** The Dow Jones, S&P 500, and Nasdaq exhibited remarkable performance in November 2023. The Dow and the S&P 500 closed 8.51% and 9.13% up, respectively, while the Nasdaq outperformed with an 12.58% increase, marking its best monthly performance. The Wall Street benchmark, S&P 500, approached a new high for 2023, and the MSCI's all-country world index also surged by more than 8% in the month, the best since the COVID-19 vaccine-driven market boom in November 2020.

- **Federal Reserve's Steady Policy Stance:** The Federal Reserve maintained its Overnight Federal Funds Rate steady at a range of 5.25% to 5.50%, marking the second consecutive meeting without a rate hike. This decision reflects the central bank's continuous approach towards a stable monetary policy amidst various economic factors.

- **Positive Investor Outlook:** November painted an upbeat picture, marking a clear departure from the preceding months' bearish outlook. Investor confidence, previously dampened by fluctuating interest rates and elusive inflation control - reflected in September & October's SPY downturns of -4.47% & -6.81% - took a decidedly positive turn. The S&P 500's 9.13% climb signals a revived optimism in the wake of the Federal Reserve's signal to temper rate hikes. Technology stocks continued to lead the market, while traditionally lagging sectors like real estate and financials showed signs of revival, suggesting a broader risk appetite among investors.

## StockSnips Sentiment Highlight: Shopify (SHOP)



**Shopify Sentiment vs. Price Chart**

In **September 2023**, daily sentiment surged above its 50-day moving average, setting the stage for a sharp price increase. StockSnips AI Monthly Quality All Cap Portfolio picked this up as a buy on October 2nds rebalance and has subsequently held the position through Novembers end 2023.

Source: StockSnips: 01 December 2023 | The information and charts presented in this newsletter are provided for informational purposes only and should not be considered as financial advice or recommendations. The analysis and interpretations of sentiment trends and market movements are subject to inherent uncertainties and risks. Past performance is not indicative of future results. The sentiment data presented in this chart is derived from StockSnips market sentiment analysis. It is calculated by aggregating the individual sentiment scores of ticker components within the designated sector. Source: StockSnips

**Sentiment Snapshot:** Analysis reveals a notable rise in Shopify's investor sentiment starting in late September. This uptick is primarily attributed to Shopify's strong Q3 performance, showcasing a swift rebound from previous struggles. Key factors include expanded merchant adoption of varied commerce solutions and a significant increase in operating leverage. The integration of Amazon's Buy With Prime and advancements in Shopify's POS and wholesale segments further buoyed sentiment. These elements, combined with improved take-rate economics, have positioned Shopify favorably in the market. StockSnips sentiment surge precedes Shopify's stock price movement, highlighting the effectiveness of Sentiment Signals in anticipating price movements.

StockSnips' AI-driven portfolios have demonstrated strong performance against both passive index funds and certain comparable momentum active ETFs, across various timeframes. Over a three-year period, three of StockSnips portfolios have yielded cumulative returns that surpass those of the SPY. On a year-to-date (YTD) basis, our equal-weight models have resulted in more modest gains compared to SPY, partly due to the significant influence of the 'Magnificent Seven'—a septet of stocks contributing approximately 67% of SPY's returns for the year.

The changing dynamics of the S&P 500's composition—where these seven stocks have escalated from covering 21.2% to 30% of the market cap—also speak to the disparity in performance. The Invesco S&P 500 Equal Weight ETF (RSP) itself saw a 6.4% return so far in 2023, and it's worth noting that almost all of StockSnips portfolios have exceeded this benchmark YTD. **StockSnips AI Monthly Quality All Cap Strategy** has outperformed several high-profile momentum and AI-driven active ETFs over a three-year period. StockSnips remains committed to long-term growth but also strategic diversity in our portfolio holdings, that tend to steer clear of an over-dependence on the market's 'Magnificent 7'.

## StockSnips vs. Passive Index ETF's

Hypothetical Total Return results as of November 30, 2023

| Portfolio Name | Live Trading Since | 1 Month | YTD | 1 Year | 3 Year Cum |
|---|---|---|---|---|---|
| StockSnips AI Weekly All Cap | May 10,  2021 | 8.98% | 0.02% | -3.56% | 31.53% |
| StockSnips AI Monthly Multi-factor All Cap (Top 30) | November 30, 2021 | 10.27% | 13.33% | 12.62% | 35.75% |
| StockSnips AI Monthly Multi-factor All Cap (Top 20) | August 3, 2023 | 8.82% | 11.92% | 10.95% | **45.06%** |
| StockSnips AI Weekly Low-beta Large Cap | July 6, 2021 | **10.38%** | 11.73% | 9.97% | 25.14% |
| StockSnips AI & Fundamentals Quarterly All Cap | November 17, 2020 | 7.73% | 11.82% | 7.42% | 30.07% |
| SPDR S&P 500 ETF Trust (SPY) | | 9.13% | **20.68%** | **17.31%** | 31.26% |
| Invesco S&P 500 Equal Weight ETF (RSP) | | 9.18% | 6.44% | 3.88% | 25.43% |

Performance results for StockSnips strategies are based on unaudited hypothetical model returns, net of model fees and exclusive of transaction costs, with no modifications to the model during the testing period; these results do not reflect the returns of any actual investment portfolio, and past performance is not indicative of future results. Source: ETF Action.

## StockSnips vs. Active Equity ETF's

Hypothetical Total Return Results as of November 30, 2023

| Portfolio Name | Live Trading Since | AUM | YTD | 1 Year | 3 Year Cum |
|---|---|---|---|---|---|
| StockSnips AI Monthly Multi-factor All Cap (Top 30) | November 30, 2021 | | 13.33% | **12.62%** | **35.75%** |
| Invesco Dorsey Wright Momentum ETF (PDP) | March 1, 2007 | $1.05B | **14.13%** | 8.67% | -2.18% |
| iShares MSCI USA Momentum Factor (MTUM) | April 16, 2013 | **$8.13B** | 4.20% | 1.88% | 0.35% |
| WisdomTree U.S. AI Enhanced Value Fund (AIVL) | June 16, 2006 | $367.46M | 1.96% | 0.80% | 19.01% |

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## How Do We Achieve This Performance?

StockSnips Sentiment Signals: The Superior Trend Indicator to Price Momentum

- Our signals are a **robust proxy for investor sentiment** which drives price, in addition to fundamentals like revenue & earnings growth estimates. This unique, technology-driven approach enables us to **capture market movements** effectively & more quickly with frequent rebalancing, driving superior returns for our investors.

# Individual Portfolio Analysis

Example of each portfolio's **high performers** in November, 2023.

| StockSnips Monthly Multi-factor All Cap | | StockSnips Weekly All Cap | | StockSnips Weekly Low-beta Large Cap | | StockSnips X Cirrus Quarterly All Cap | |
|---|---|---|---|---|---|---|---|
| SHOP | PDD | SHOP | DKNG | SHOP | PDD | PATH | DDOG |
| MELI | QLYS | RYAAY | GLOB | EFX | TFX | PLTR | TWLO |
| PAYX | BR | SKX | VSAT | FIS | CRL | MELI | URJ |
| AWK | ENSG | QLYS | WING | PAYX | BR | TECH | TDJ |
| SLF | AME | RACE | TME | AWK | ACN | PANW | CUBE |

Source: ETF Action

# What Should Advisors Consider When Selecting an AI-driven Fund?

- **Automated Real-Time Decision Making:** AI systems offer swift strategy adjustments in response to market changes. This real-time decision-making, based on accurate market analysis, provides a competitive edge and optimizes portfolio performance.

- **Enhanced Data Analysis:** AI-driven models excel in processing and analyzing vast datasets, yielding deeper insights into market trends and risk factors for more informed investment decisions.

- **Predictive Insights & Trend Forecasting:** AI's pattern recognition and market trend prediction enable advisors to proactively adjust strategies, potentially staying ahead of market shifts.

- **Personalized Portfolio Management:** AI creates tailored investment strategies for clients, enhancing portfolio management effectiveness and client satisfaction.

- **Superior Performance Potential:** AI-driven strategies can outperform human managers by processing information objectively and rapidly, potentially yielding higher returns, especially in complex markets.

StockSnips has been leveraging the power of AI in investing for over 7 years & along with the existing suite of SMA strategies, is set to launch Active AI-driven ETFs in the coming months. While the large firms are not making this technology available to RIAs, StockSnips AI Portfolios help to improve firms investment efficiency and remain low cost for high performing active strategies. By automating the analysis of large volumes of unstructured news and deriving a powerful sentiment signal, StockSnips allows RIAs and Asset Managers to focus more on strategic decision making and client servicing. The reduced costs and increased productivity offered by StockSnips make it an **essential tool for RIAs seeking innovation** to optimize their practice & maximize client satisfaction.

## READY TO ELEVATE YOUR INVESTMENT STRATEGY?

Discover the power of AI-driven portfolio models with StockSnips. Our cutting-edge technology offers a unique blend of predictive analytics, real-time insights, and personalized portfolio management, designed to enhance your investment outcomes. Don't miss out on the opportunity to stay ahead in a rapidly evolving market.

**Schedule a Consultation & embark on your journey towards smarter investing with StockSnips.**

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**Important Disclosures**
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*Performance information for the strategy is back-tested and hypothetical, and does not reflect the returns of any actual investment portfolio. Past performance is no indication of future performance. This material is for informational purposes only and it is not intended to serve as a substitute for personalized investment or as a recommendation or solicitation for any particular security, strategy or investment product. The performance results provided herein represent the hypothetical back-test of the criteria of the strategy, do not reflect actual trading and do not represent the actual performance achieved.

The hypothetical performance does not include custodial, taxes or other fees that may be incurred by an investor. The hypothetical performance results represent the price return of the investments in the hypothetical portfolios. In order to provide more accurate prices that reflect the performance of the underlying assets of mutual funds and exchange traded funds ("ETFs") closing prices of mutual funds and ETFs are adjusted to correct for any capital gains, dividends, and/or splits. Hypothetical returns reflecting the use of ETFs are calculated based on the ETFs'sole end-of-day price.

The S&P 500 Trust (SPY), and/or other benchmark fund/s may be shown for general market comparison purposes and does not represent the strategy. Past performance is not indicative of future results.

In actual trading, the prices attained may or may not be the same as the assumed order prices due to differences in the time the trades were executed and other factors. The results do not represent the impact that material economic and market factors might have on an investment adviser's decision-making process if the adviser were managing client money. Accordingly, the results may have over or under compensated for the impact, if any, of certain market factors such as lack of liquidity, money flow and other factors. Back-tested hypothetical returns are dependent on the market and economic conditions that existed during the period. Future market or economic conditions can adversely affect the returns. The hypothetical back-tested characteristics related to positions, position sizes and sector weights might differ materially from actual client portfolios.

<u>Limitations of Hypothetical Performance Data</u>
The following are limitations inherent in the presented hypothetical back-tested performance results:
It is assumed that the securities used in the hypothetical back-tested results were available for purchase or sale during the time period presented and the markets were sufficiently liquid to permit the types of trading used. In addition, back-testing assumes purchase and sale prices believed to be attainable. Trades for the hypothetical returns were not actually executed. In actual trading, the prices attained may or may not be the same as the assumed order prices due to differences in the time the trades were executed and other factors.

The actual performance achieved by a client account in this strategy may be affected by a variety of factors, including the initial balance of the account, the timing of additions and withdrawals from the account, modifications to the strategy to meet the specific investment needs or preferences of the client, and the duration and timing of the investment, among other factors. Hypothetical, back-tested performance results are frequently different and often show higher rates of return, than actual performance of client accounts subsequently achieved.

Routine maintenance of the strategy—which includes updates to the strategy settings, fund substitutions, and the incorporation of recent market data into computational back-tests, among other adjustments—is performed at regular intervals. Hypothetical back-tested performance also differs from actual performance because, as noted, it is achieved through the retroactive application of screening designed with the benefit of hindsight. As a result, the screening process theoretically can continue to be changed until desired or better performance results are achieved. Further, back-tested screening performance does not represent the impact of technical factors, such as: 1) changes in signals as a result of changes in market data that occur after the cutoff time for trading and 2) the inability to execute trades when desired. In addition, performance results for clients that invest in the strategy will vary from the back-tested screening performance due to, for example, investment cash flows, frequency and precision of rebalancing and tax-management strategies.

Hypothetical, Back-Tested Performance Limitations: (a) the Model results do not reflect the results of actual trading using investor assets, but were achieved by means of the retroactive application of each of the referenced underlying Models, which may have been chosen with the benefit of hindsight; (b) back tested performance may not reflect the impact that any material market or economic factors might have had on an adviser's use of the hypothetical Model if the Model had been used during the period to actually manage investor assets; (c) such performance does not reflect the adviser's decision making process if the adviser were actually managing a client's portfolio, which may include sentiment and/or emotional influences by market and/or economic events; (d) back tested performance does not reflect actual client asset trading and cannot accurately account for trading costs and the ability to withstand losses and, (e) for various reasons including variances in Model account holdings, variances in the investment management fee incurred, market fluctuation, the date on which a client engages the adviser's investment management services, and any account contributions or withdrawals, the performance of a specific adviser's managed account may experience investment results that are materially different from those reflected by the respective Model. Static models created for the basis of comparison, proposal or advisor-directed models can only derive performance based on current holdings and weights and do not take into account any rebalancing that took place in the static model over time or any adjustments to names or weights.

Advisory fees may vary among clients invested in this strategy. Actual performance results will be reduced by fees including, but not limited to, investment management fees and other costs such as custodial, reporting, evaluation services, other expenses and a possible distribution fee. Actual advisory fees and expenses paid may be higher or lower than model advisory fees. The investment management fee is separate and distinct from the internal fees and expenses charged by the respective funds. Prospective clients should consider all of these fees and charges when deciding whether to invest in the program. Performance results for this program do not reflect the impact of taxes. Select programs may engage in a significant amount of trading. Gains or losses will generally be short-term in nature; consequently, such programs will likely not be suitable for clients seeking tax efficiency.

**Model Portfolio Disclosure**

Please be advised that the investment strategies and model portfolios presented herein rely heavily upon artificial intelligence (AI) to derive sentiment signals which guide investment decisions. While we employ advanced technology and algorithms designed to optimize the accuracy and reliability of these signals, we cannot guarantee their precision or correctness at all times. The performance of our model portfolios is intrinsically linked to the validity of the AI-derived sentiment signals, and any inaccuracies or errors in these signals may adversely affect the performance of the portfolios. Investors should be aware that all investment strategies carry inherent risks, and the use of AI to inform investment decisions introduces an additional layer of complexity and potential uncertainty. We wish to disclose that there were no changes made to the model during the testing period, ensuring the consistency and stability of the applied strategies throughout the evaluation phase. This is crucial for maintaining the integrity of the performance results and ensuring they are reflective of the model's potential in a live trading environment. We are committed to conducting ongoing reviews and validations of our AI processes and algorithms to strive for the highest possible accuracy in our sentiment signals. However, due to the unpredictable and dynamic nature of financial markets, as well as the limitations inherent in any AI-based system, we reiterate that there is no absolute guarantee regarding the accuracy of the AI-derived sentiment signals used in our model portfolios. Investors should consider their individual risk tolerance, investment objectives, and consult with a financial advisor before making investment decisions based on these model portfolios. By investing in these model portfolios, the investor acknowledges the inherent uncertainties associated with AI-driven investment strategies, the stability of the model during the testing period, and agrees to assume the associated risks.

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**Source Data:** Zacks investment research, Quotemedia, Barchart, Sharadar. Nasdaq, marketwatch