

Quadrix – A “black box” that works

Having a quantitative stock-rating system is no longer a novelty among investment advisers. Many firms have a “black box” that takes lots of data and synthesizes it down to a single number. What differentiates Quadrix® from other quantitative models is that it works — and does so in a very linear way.

Remember that Quadrix scores are percentile rankings. A stock with a Quadrix Overall score of 99 ranks better than about 99% of the nearly 5,100 U.S.-traded stocks in the Quadrix universe. Back-testing and real-time use of Quadrix have consistently shown that the Overall score has tremendous predictive power.

Stocks that score 90 and above in Quadrix Overall, on average, outperform stocks that score 80 to 89. Performance continues to decline as scores decline. In fact, back testing has shown meaningful performance differences even with smaller differences in Quadrix scores. For example, stocks with Overall scores of 99 tend, on average, to outperform those that score 91.

To be sure, the *Forecasts* does not necessarily advocate using Quadrix in such a precise fashion, and we would not sell stocks that score 91 to buy those scoring 99. However, focusing on the very best of the best scorers in Quadrix should give your portfolio the best chance to maximize the power of Quadrix.