Robusta
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ETS GO Dividend
Investment
strategy proposal

December 2024

Delivering algorithmic investment strategies since 1987.

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Robusta nace en México impulsado por ETS

Robusta ayuda a un grupo limitado de asesores en inversión y Family Offices a **transformar** sus **estrategias activas**, generando alfa consistentemente, ganar tiempo y sobre todo a **diferenciarse.**

Actúa como una extensión de las áreas de inversiones de sus clientes, ofreciendo en exclusiva en México los servicios de su **fábrica cuantitativa:** ETS Asset Management Factory.

Nuestros pilares son bases de datos de alta calidad, algoritmos propios, equipo científico especializado y la **experiencia** necesaria de casi **40 años** para saber combinarlos.

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Our Factory **by the Numbers**

+ 35 years
innovating in asset management

+ 25 years
of "real track record"

+ 30
AI specialist

+4bn USD
under advisory

+ 110bn USD
currency hedging optimization

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The 3 pillars of **our Open Factory**

Data

Raw Data
+8M symbols

Alternative
Data

Augmented
Data

Algorithms
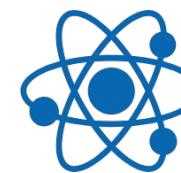
Atomic
Architecture

Real-Time
Monitoring

Research Data Lake +500 signals

People

37 years designing quantitative investment strategies

+30 financial data scientists

Long lasting partnerships with top financial institutions

A UNIQUE COMBINATION OF MULTI-ASSET FINANCIAL DATA AND AUGMENTED DATA THAT, TOGETHER WITH A WIDE VARIETY OF PROPRIETARY ALGORITHMS, ALLOWS US TO DESIGN AND BACKTEST ANY MULTI-ASSET INVESTMENT STRATEGY

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Trust that drives your Investments

+30 years building the best investment solutions for clients just like you.

EDMOND DE ROTHSCHILD

"ETS has been able to develop products that, above all, **meet the client's needs**".

*Daniel Tréves, former **President Compagnie Benjamin de Rothschild***

INTERSECT Capital Management

"ETS team **is A+**".

*Curt Brockelman, Meaning Partner of **Intersect Capital Management***

MUTUACTIVOS
GRUPO **MUTUA**MADRILEÑA

"ETS is not just a provider, but a **Trusted Business Partner for us**".

*Juan Aznar, president of **Mutuactivos***

With Tier I institutional clients, amassing AuM by 5bn USD+.
REGULATED BY Spanish Securities Market Commission (CNMV) as an Institutional Financial Advisor (EAF) European Certified for R+D+i

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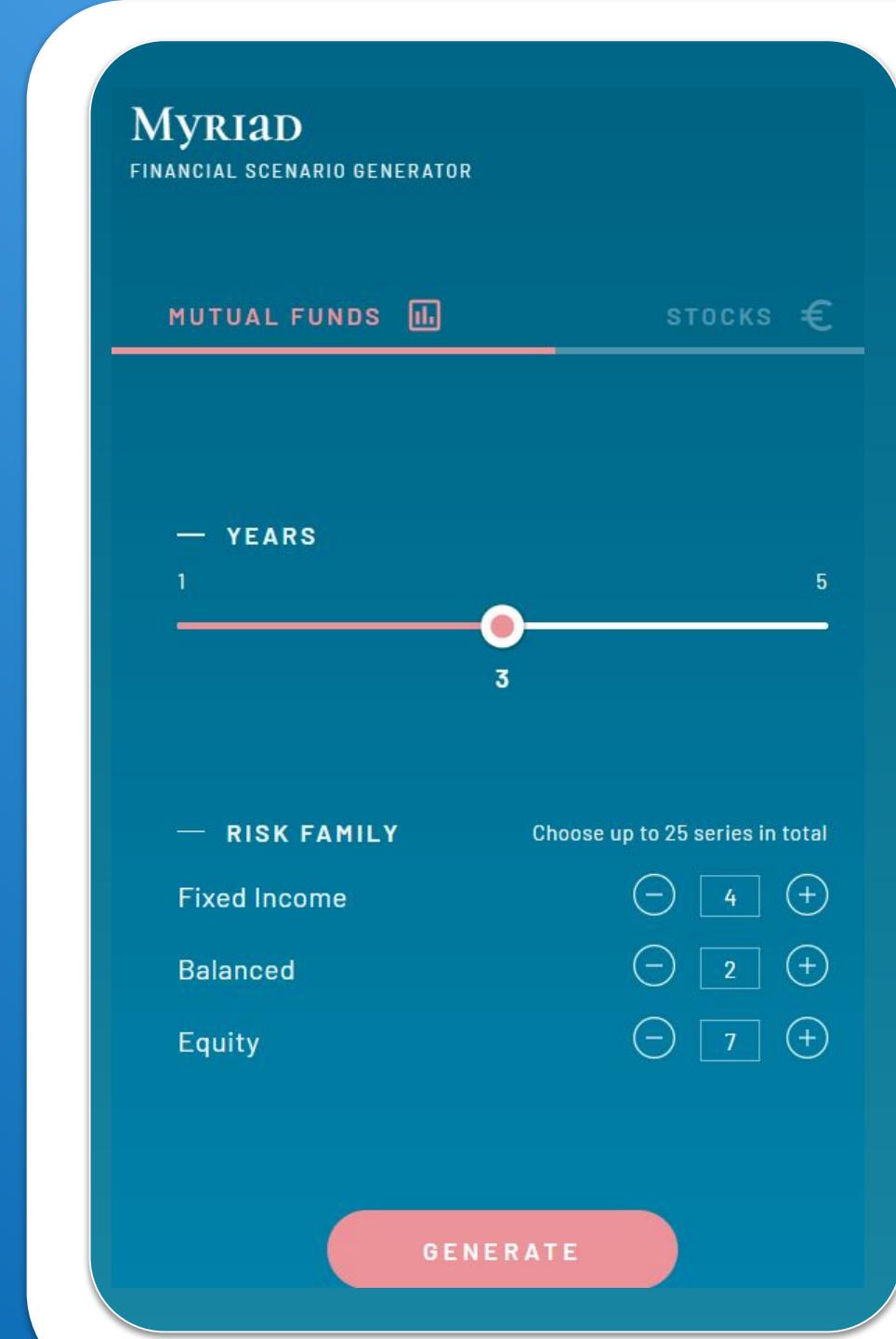
Methodology: **GO Dividend**

The **GO Dividend** is a GTAA strategy designed to offer **moderate risk** and have a **dividend yield** tilt.

This type of portfolios have exposure to 2 key asset classes:

- Large cap equities (mainly US)
- Fixed Income (US only, through ETFs)

The strategy overweights **High Yield-Quality Equities** and adjusts the allocation dynamically to maximize the diversification effects that the other classes offer.

GO Dividend: Risk

- Higher returns with **lower drawdowns** than the benchmarks

	GO Dividend Invex	40% Dividend Aristocrats + 60% Preferred Stock	50% Dividend Aristocrats + 50% Preferred Stock	60% Dividend Aristocrats + 40% Preferred Stock
Annualized Return	16.78%	7.21%	8.03%	8.85%
Cumulative Return	298.16%	85.89%	99.06%	112.82%
Volatility	12.26%	13.17%	13.53%	14.01%
Sharpe Ratio	1.33	0.60	0.64	0.68
Calmar Ratio	0.68	0.22	0.24	0.26
Avg Drawdown	-2.73%	-3.84%	-3.72%	-3.63%
Max Drawdown	-24.77%	-32.58%	-32.99%	-33.43%
Turnover	4.36	-	-	-

"Simulated backtesting results."

GO Dividend: Performance

300%

200%

100%

0%

2016   2018   2020   2022   2024

— Go Dividend Invex   — 50% Dividend Aristocrats + 50% Preferred Stock

"Simulated backtesting results."

GO Dividend: Performance

Chart: Annual performance comparison (2016–2024) between **GO Dividend Invex** (light blue) and **50% Dividend Aristocrats + 50% Preferred Stock** (dark blue). Y-axis from -10% to 30%.
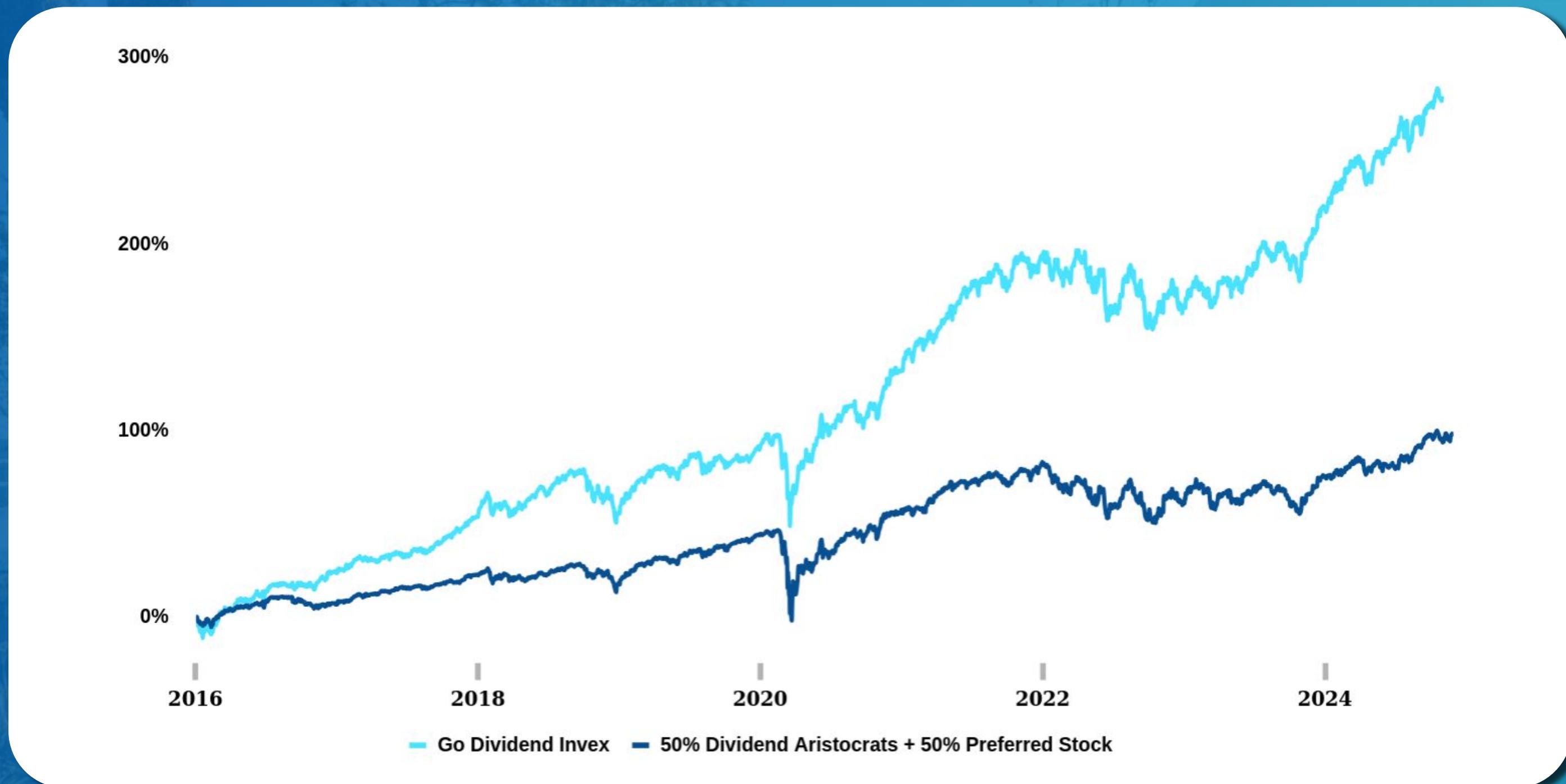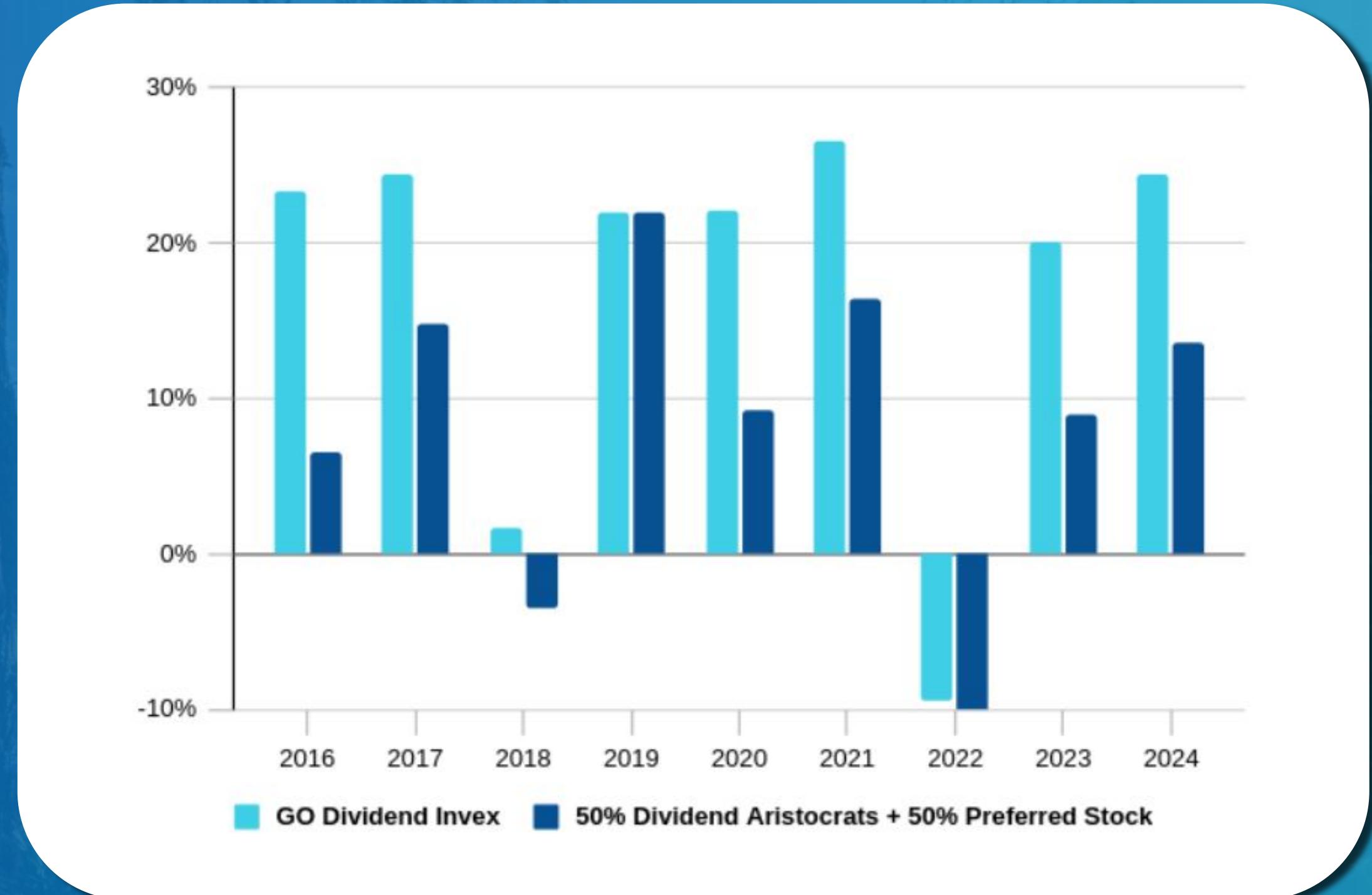
GO Dividend: Yield Contribution

	GO Dividend Invex	Market Contribution	Yield Contribution
2016	23.40%	18.74%	4.65%
2017	24.42%	20.84%	3.58%
2018	1.64%	-1.83%	3.46%
2019	21.98%	17.70%	4.28%
2020	22.10%	18.18%	3.92%
2021	26.58%	22.78%	3.80%
2022	-9.40%	-12.27%	2.87%
2023	20.01%	15.85%	4.16%
2024	24.48%	21.05%	3.43%

- Average dividend contribution **higher than 3.7%**
- High performance generation **thanks to stocks exposure**
- **Risk reduction** due to **Fixed income allocation**

GO Dividend: Drawdown

- Drawdowns in line with the reference.
- **Highest drawdown** when the market falls sharply.

Drawdowns

Legend: Go Dividend Invex — 50% Dividend Aristocrats + 50% Preferred Stock
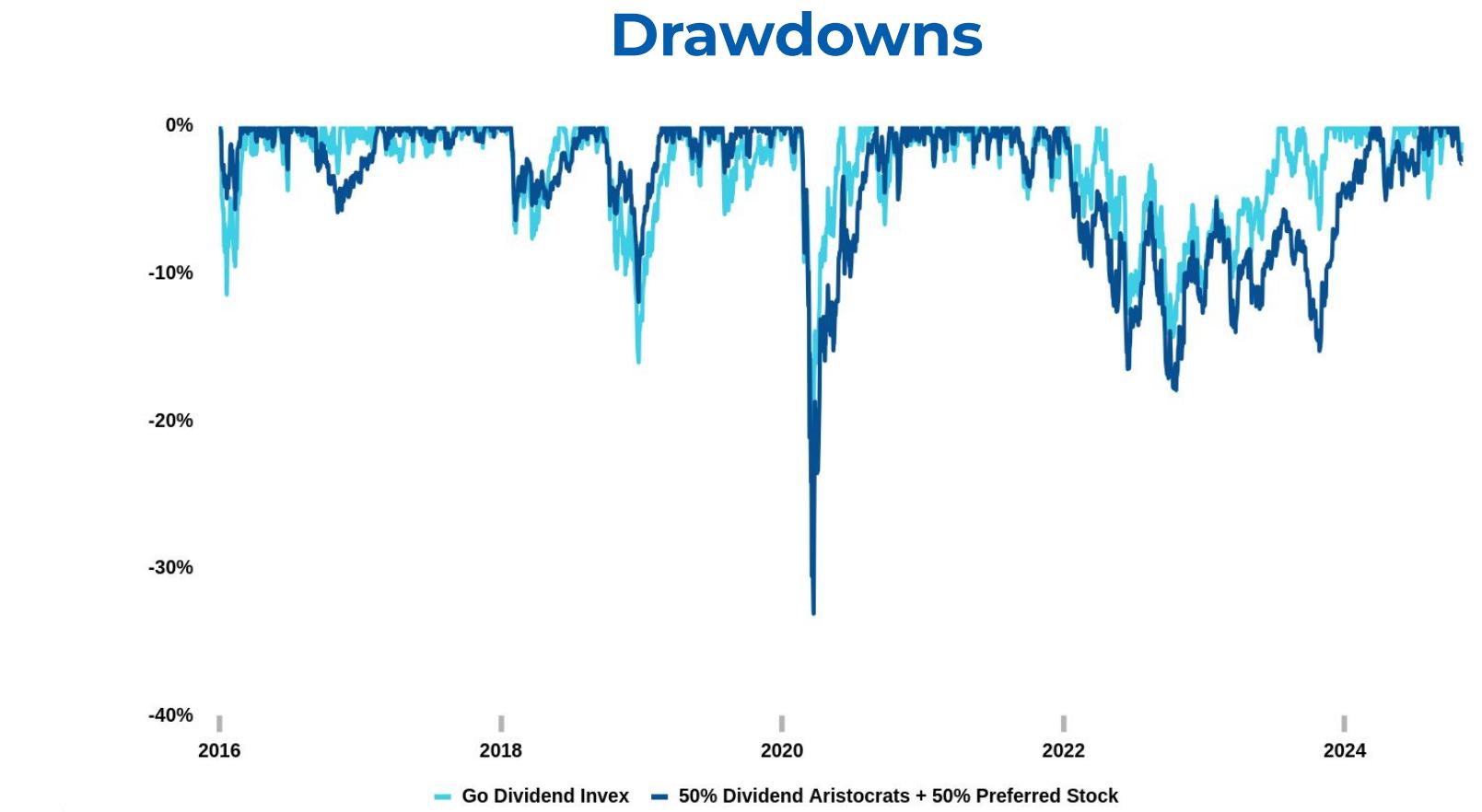
GO Dividend: Exposure. Risk family

	Equity	Fixed Income
2016	87.25%	10.09%
2017	97.93%	1.46%
2018	88.03%	10.85%
2019	88.96%	9.94%
2020	68.81%	30.20%
2021	81.65%	16.86%
2022	71.63%	27.06%
2023	86.40%	12.66%
2024	89.62%	9.25%
Total	84.48%	14.26%

Equity   Fixed Income
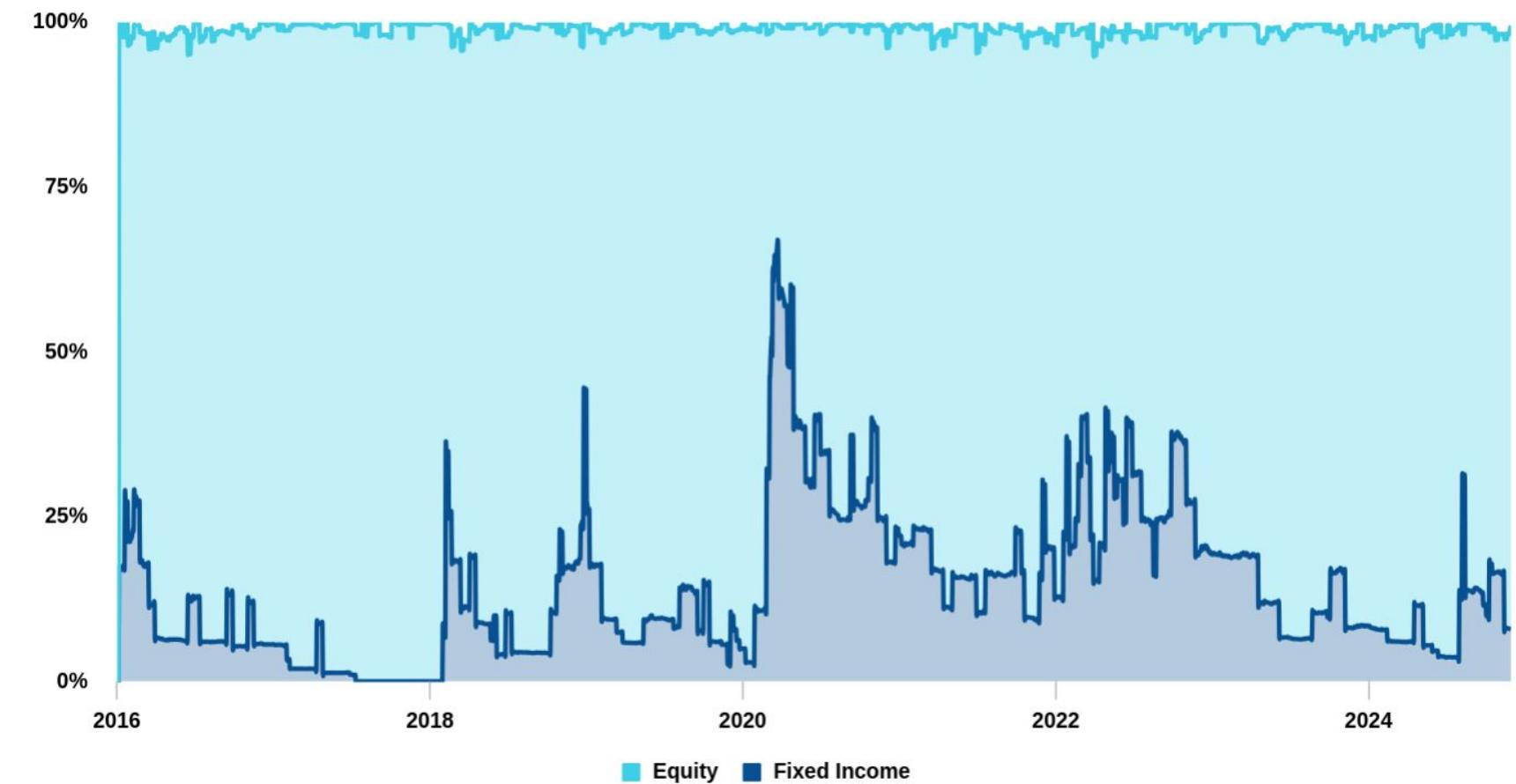
• The strategy adapts dynamically to make the most of **each risk family.**

"Simulated backtesting results."

GO Dividend: Exposure. Equity sectorial
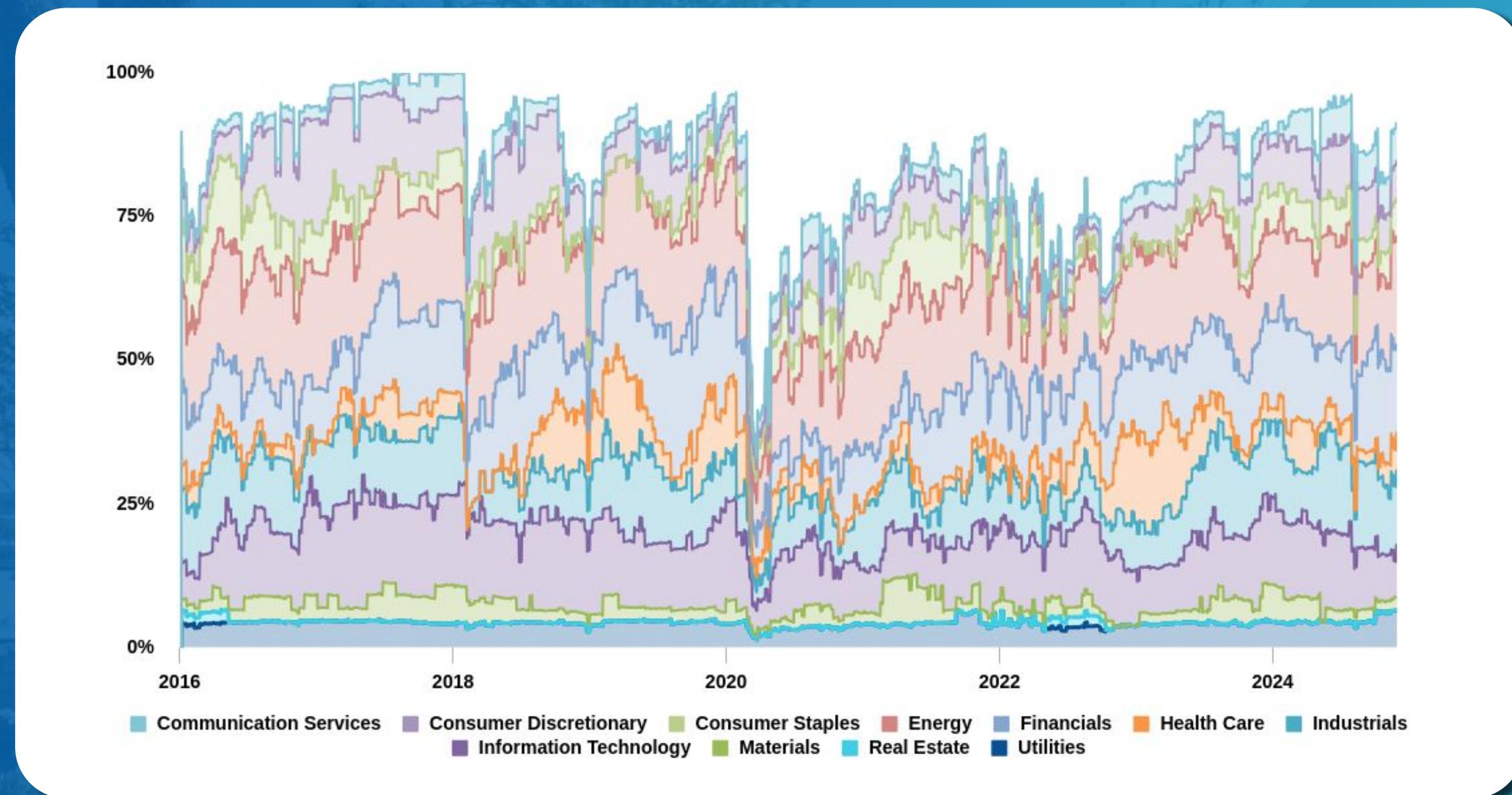
• Equity exposure is always **balanced across sectors**.

GO Dividend: Exposure. Equity regional
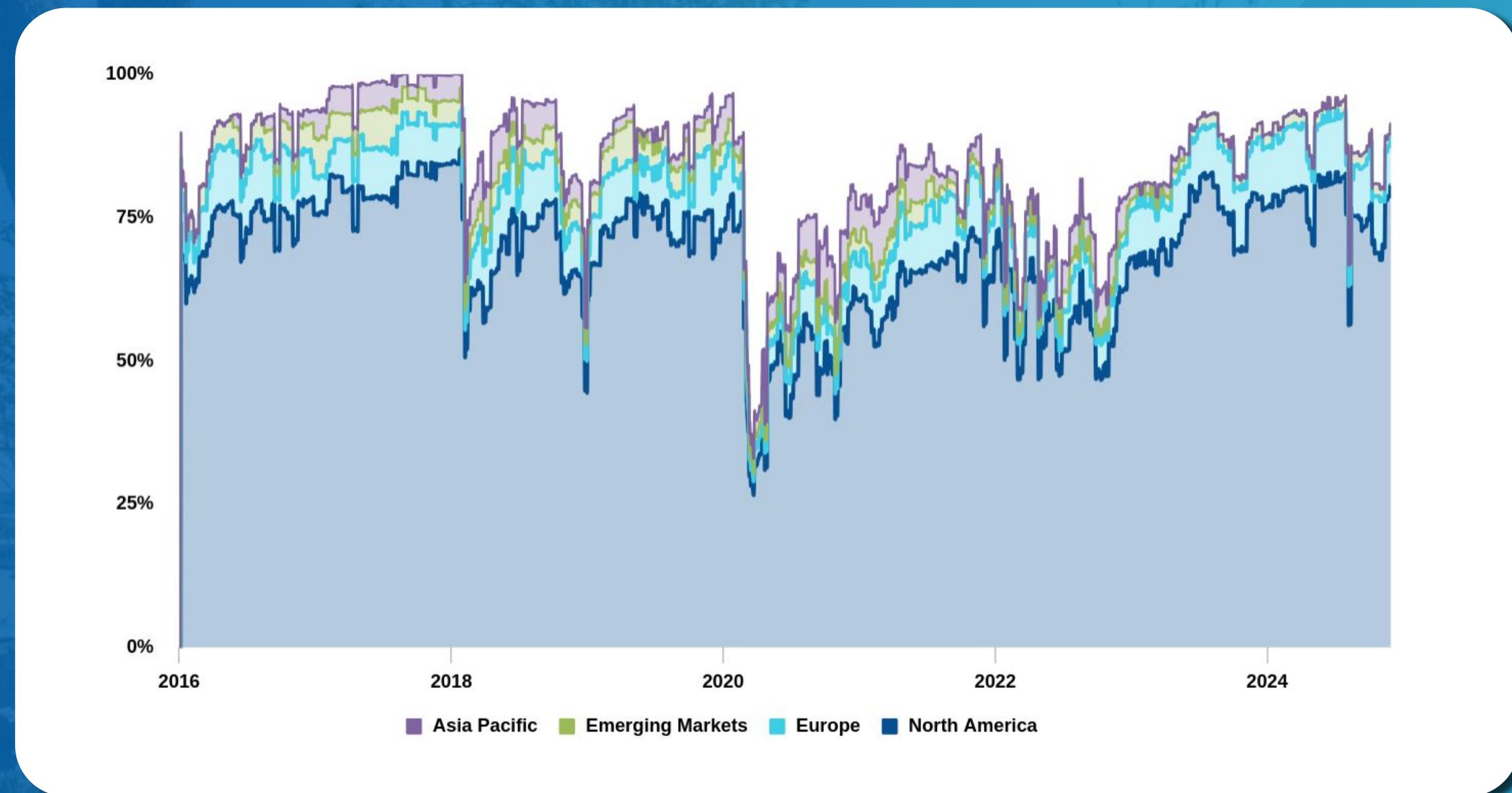
- Equity exposure is **biased tu U.S**.

GO Dividend: Annual Rolling Returns

Go Dividend Invex — 50% Dividend Aristocrats + 50% Preferred Stock
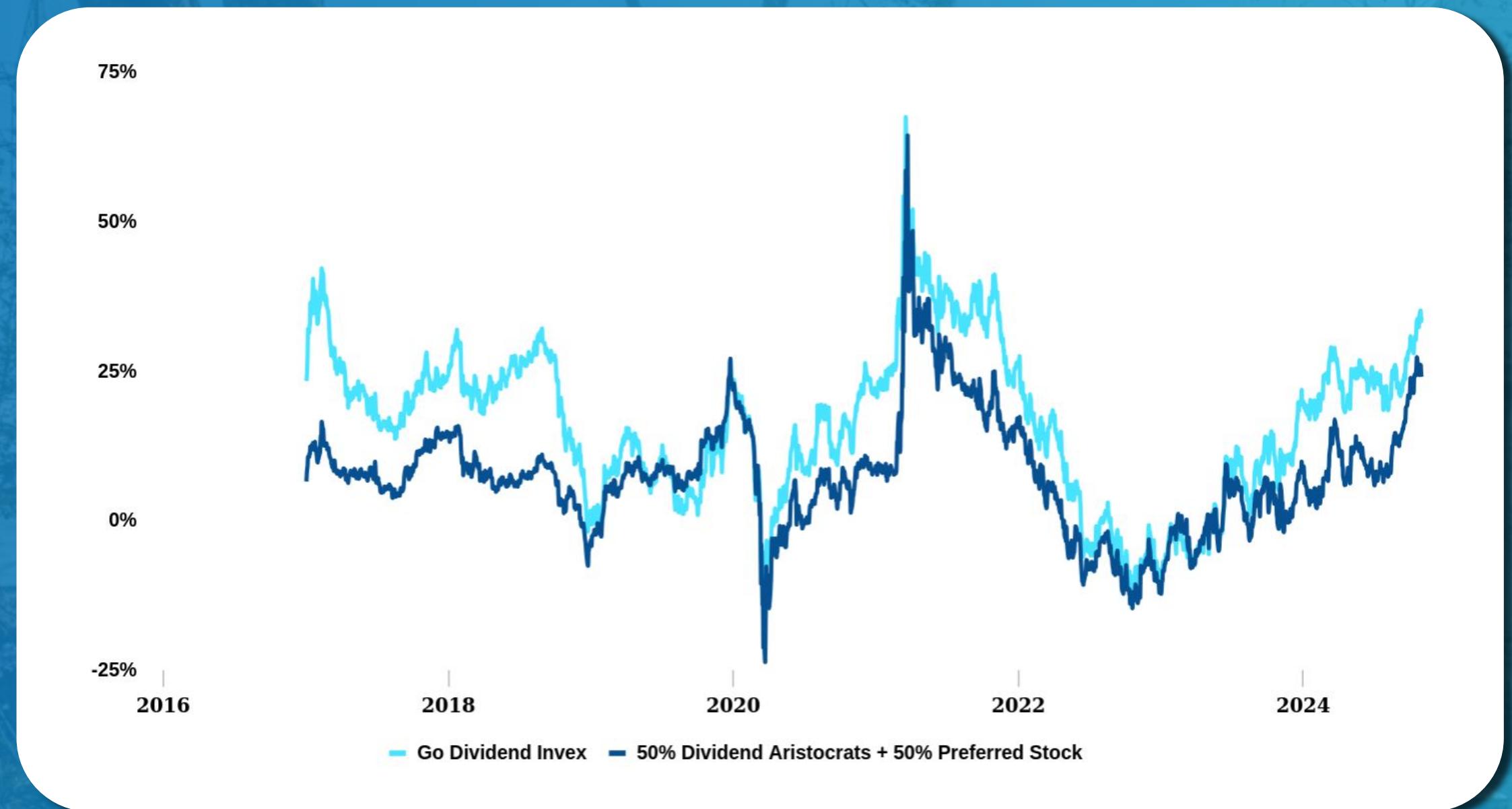
- In a 1-year rolling window, the strategy **is above the market 90% of the time.**

- The annual return on the strategy **is on average 10% higher than the reference.**

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GO Dividend: Monthly Returns

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
2016	-4.97%	3.06%	6.85%	3.62%	1.02%	3.67%	3.44%	-1.14%	1.70%	-1.37%	3.39%	2.45%	23.40%
2017	2.27%	4.14%	-0.07%	0.27%	1.20%	-0.10%	1.61%	1.09%	2.57%	3.27%	3.66%	2.24%	24.42%
2018	6.39%	-3.00%	-1.28%	1.86%	3.35%	0.96%	3.75%	3.05%	-0.10%	-7.23%	1.23%	-6.42%	1.64%
2019	7.14%	3.85%	2.19%	1.71%	-3.47%	4.95%	0.78%	-1.11%	0.78%	0.70%	0.13%	2.80%	21.98%
2020	0.99%	-6.05%	-6.16%	10.55%	4.73%	1.99%	3.67%	2.68%	-3.08%	-0.13%	8.95%	3.45%	22.10%
2021	1.91%	2.68%	2.82%	4.10%	3.03%	3.32%	1.13%	2.14%	-3.98%	5.74%	-2.19%	3.51%	26.58%
2022	-2.45%	-0.62%	2.95%	-4.65%	1.37%	-7.45%	7.00%	-2.29%	-7.18%	5.18%	3.97%	-4.37%	-9.40%
2023	5.13%	-3.15%	2.73%	0.79%	-2.54%	5.71%	3.87%	-0.64%	-2.64%	-2.72%	7.89%	4.77%	20.01%
2024	2.56%	3.16%	2.57%	-4.02%	4.14%	1.96%	3.51%	0.51%	1.98%	0.08%	6.01%		24.48%

Positive asymmetry in monthly returns along the years

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GO Dividend: Alpha Generation

Go Dividend Invex ■ Benchmarks with same exposure as GO Dividend Invex
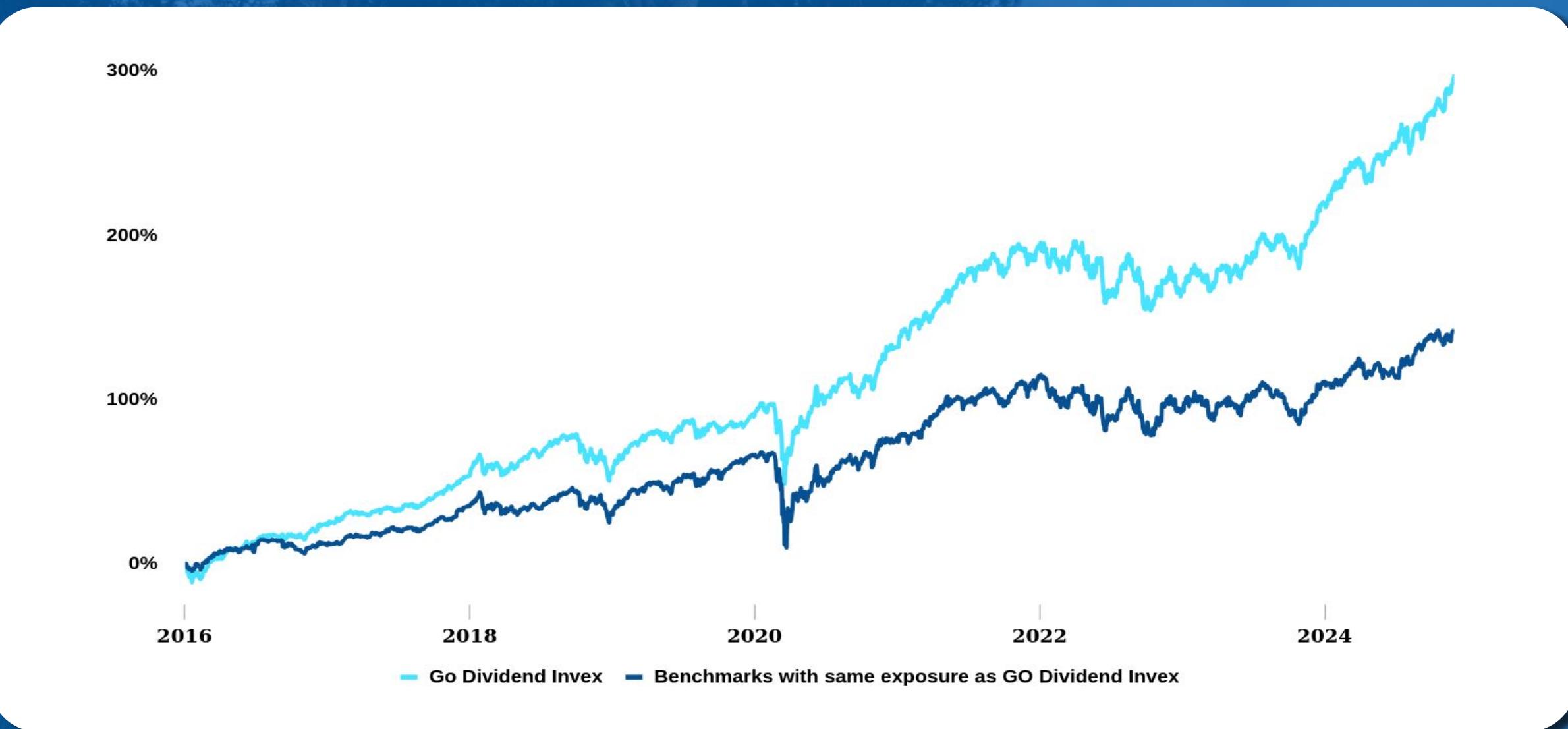
- We are **adding Alpha** in two ways:
    - ■ Through dynamic exposure among risk families.
    - ■ Through the selection in each of the risk families.

Operational Flow

ETS sends an excel file with the recommendation

Customer receives the trades to execute before market opening

CUSTOMER

ETS match trades and validate positions

Customer sends a file with overnight positions

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"Our mission at ETS is to cultivate and sustain a highly skilled, unified, and motivated team in an engaging and inspiring work environment, equipped with cutting-edge technology, to consistently deliver top-tier quantitative management services to our clients."

robustaquant.com

etsfactory.com

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Go Dividend Strategy 🇺🇸

ETS Algorithm

Data Transform (ratios, factors, etc)

The Go Dividend strategy is driven by an algorithm based on a Convolutional Neural Network VIX predictor to allocate the weight among the Equity part and Treasuries and Commodities ETFs (TRECOM), that act as Equity diversifiers.

Asset Prices & VIX prices & Fundamental Data

Data Cleansing

Quality Low Volatility High Yield Selector

IDDI 2.0

Debt Module

Turnover Module

MLPs

Momentum Module

Anomaly Module

TRECOM Module

Asset Allocation

Recommendation

CNN Vix Predictor
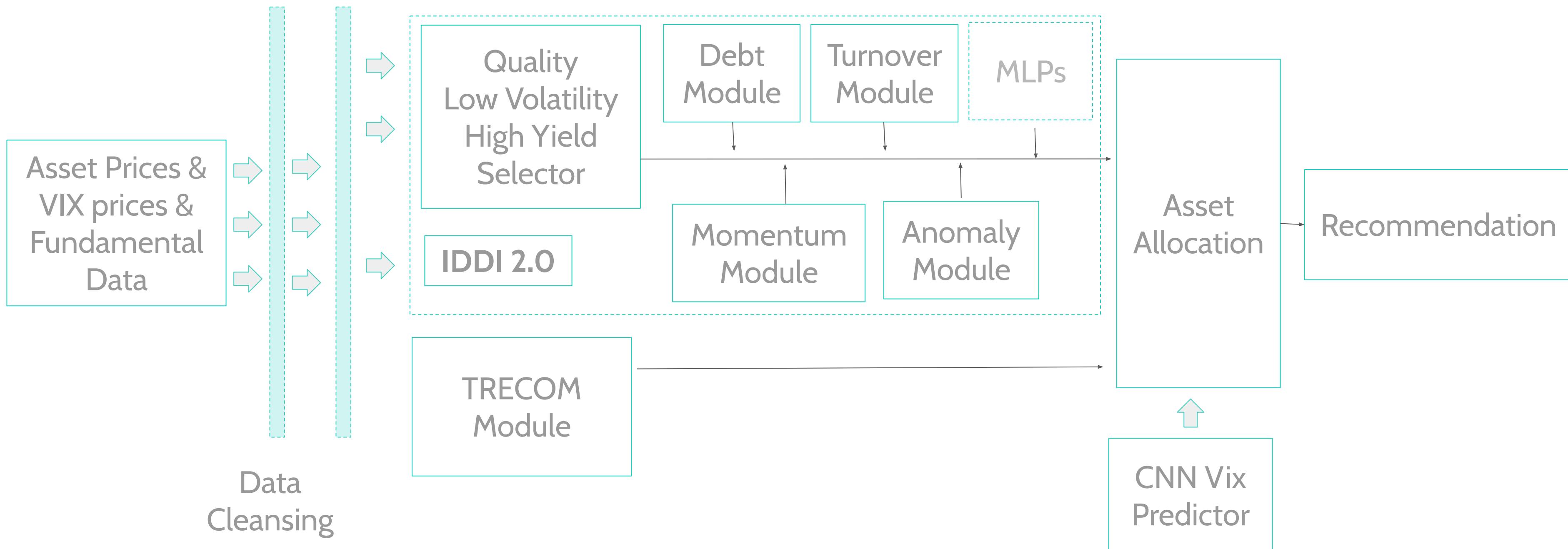
Quality Factor: Identifying profitable & safe companies

Our **ETS In-House Quality Factor** construction is based on automatic and AI algorithms based on fundamental data and quantitative statistics with prevalence in the measurement of:

- **Financial profitability:** financial ratios associated with company profitability over different time horizons (ROE, ROA, etc).
- **Capital structure:** measures of the company's debt.
- **Shareholder remuneration:** dividends, buybacks, etc.
- **Robustness of price evolution:** valuation of future price range based on financial statements, quant data and qualitative data (sectors, geographic areas, etc.) price trends and risk.
- **Positive price trend:** assessment of the positive trend of the company's market value growth.
- **Anomaly penalization:** detection of anomalies in price evolution.

All these processes are intertwined and weighted to obtain a final valuation of each company.

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Quality Factor: Creation

After numerous analyses of the reliability and robustness of the information that measures different aspects of companies, we have arrived to a suitable way of combining the fundamental information in the form of ratios to obtain an assessment of the quality of the company.

The study and knowledge of company information continues to evolve, making our system a living entity.

1

Outliers removal

➡

2

Normalization to comparable scales

➡

3

Grouping and weighting by performance

➡

4

Final Factor

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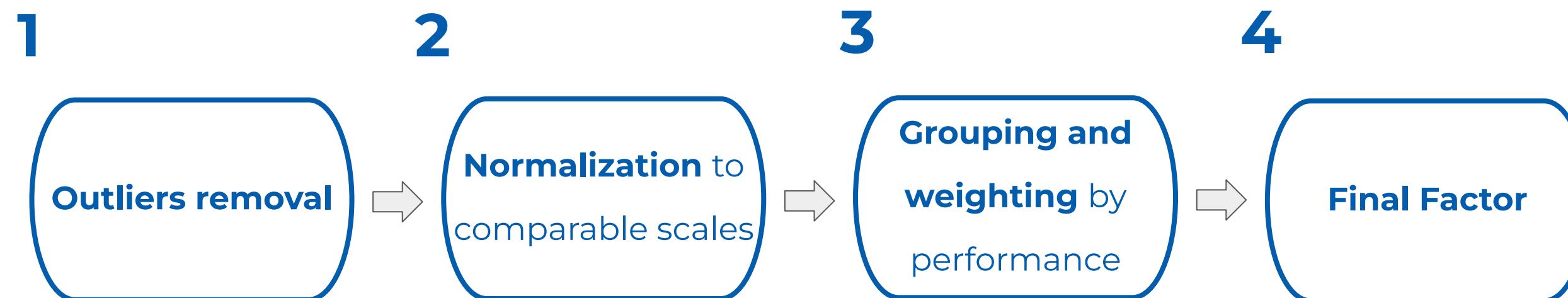
One of our generators: VIX estimation

Augmented Financial Data for fighting overfitting

O1 Increasing the limited Financial Time Series Datasets

with **more diverse but plausible data** for training, validating and testing investment models.

O2 **Incrementing the amount of data** to train Machine Learning Algorithms for achieving a better generalization in investment strategies.

O3 **Multiplying the richness,** in quantity and variety, of financial scenarios Quant models will be testing over.


Figure 5: ResNet predictions on the VIX level.
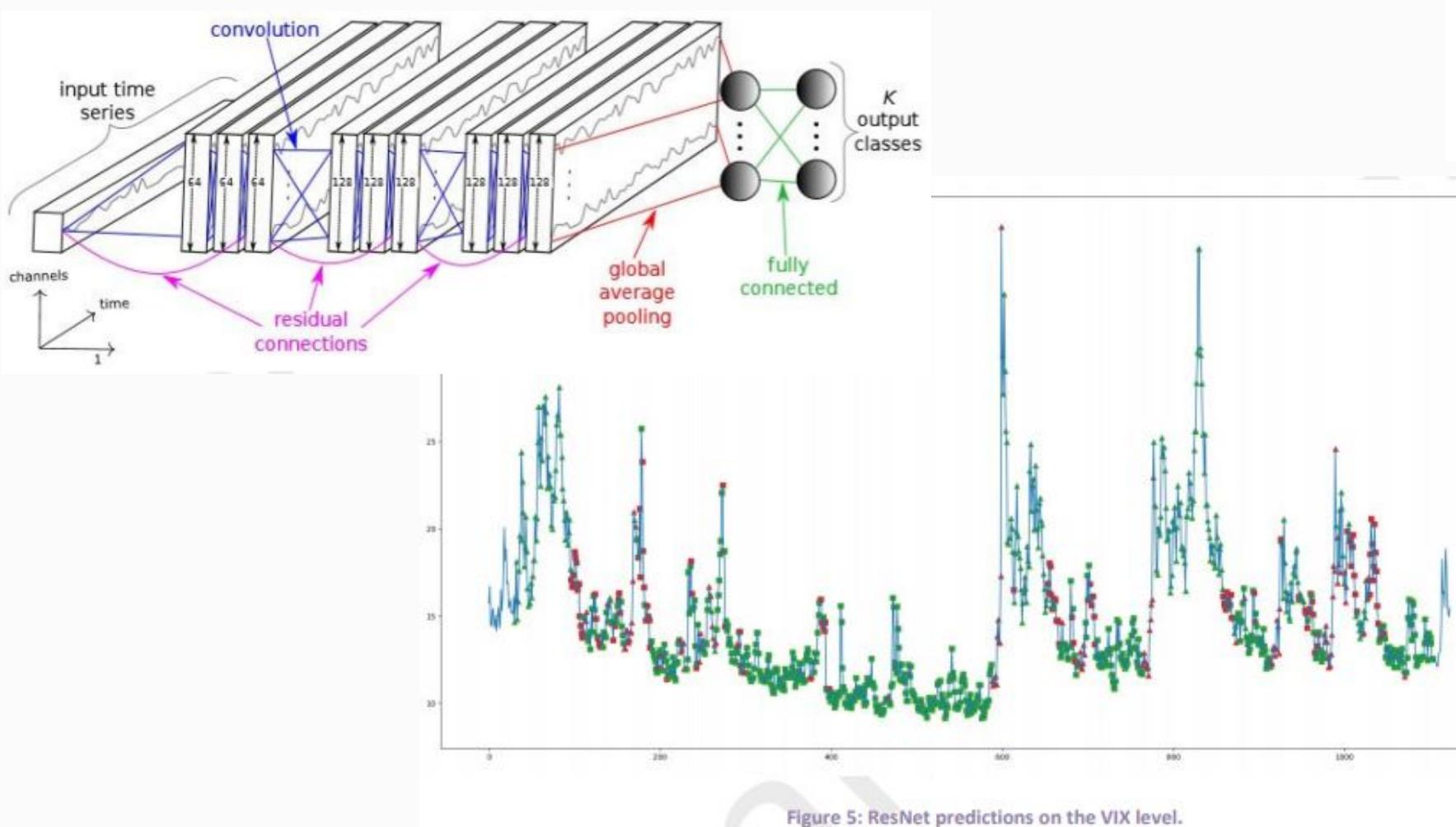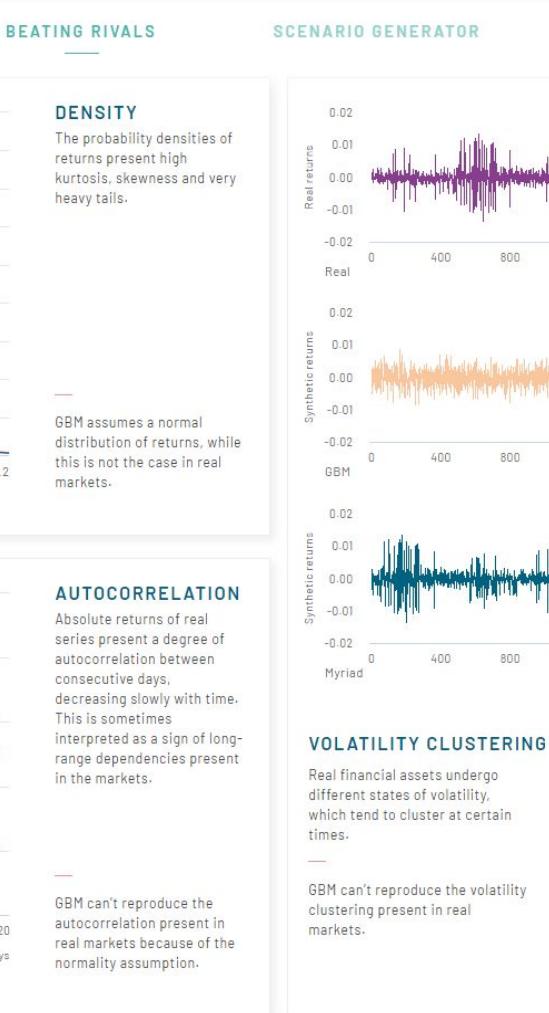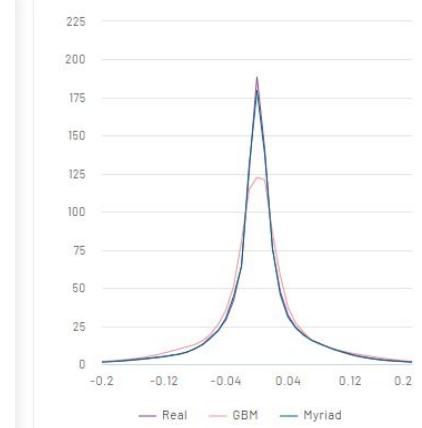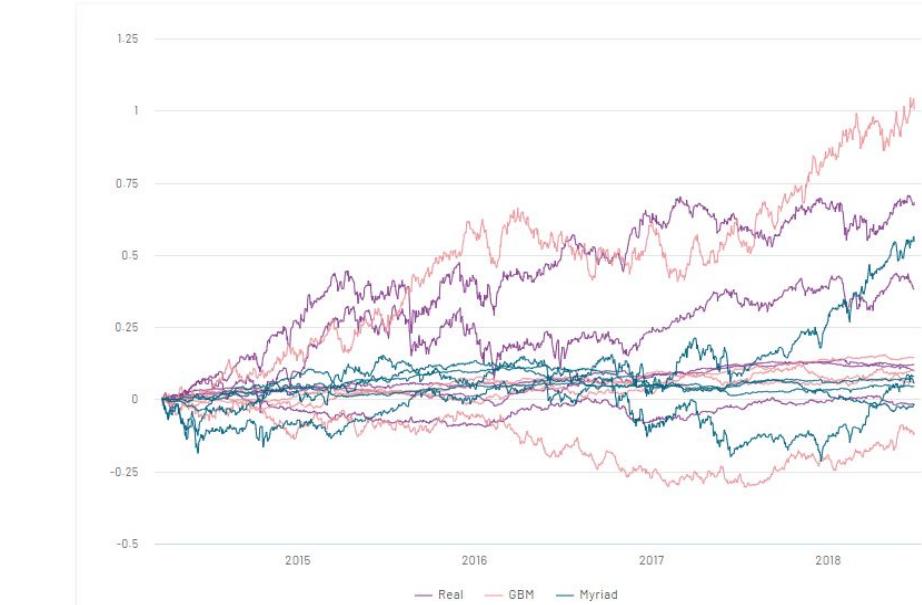
Forecasting VIX Index with neural networks

VIX exhibits few recognizable patterns and is largely unpredictable. In order to avoid overfitted our models, we can enlarge the train dataset with synthetic scenarios with Myriad and model one of the "main actors".

With different objectives we are able to **create different classifiers** that will allow us to send precise signals in terms of **direction, intensity or range**.

https://myriad.etsfactory.com/