

U.S. Large Cap Directional Long Short Strategy

Algorithmic Process

The strategy adds value by attempting to avoid equity market exposure when the probability of out-performing cash is low. We find that shifts in investor equity market preferences are signaled in data from multiple asset classes and can be used to predict equity market prices over different horizons and avoid drawdown. The strategy applies behavioral models that use data from the U.S. equity market, U.S. high yield bond market and the U.S. volatility market to buy and sell equity market exposure to add value. It holds a 133% position in the SPDR S&P 500 ETF Trust when the U.S. large cap market is likely to out-perform cash and a 33% short position in the ETF and a 67% position in cash otherwise. Models and algorithms attempt to dynamically capture important equity market states and optimally allocate capital across and within each.

Data



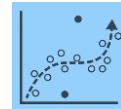
Data captures investor behavior as they vote with capital each day

Models



Models signal investor preferences for market exposure at key turning points

Algorithms



Dynamic algorithms prioritize model signals and produce daily positions that maximize return and control drawdown

Performance Available Upon Request:

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