

What to Short Next for 3Q23 2023?

US Large Caps

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Main Takeaways

ESG Signals have produced alpha this year in US Large Caps

~1500 bps of Alpha in 2023

- Identified Banks and other shorts at the beginning of year
- Focused on Media in 2Q23

New Signal for 3Q23 shows a diverse mix of companies to watch for downside Risk:

- We review the Signals and some past publications from 2023

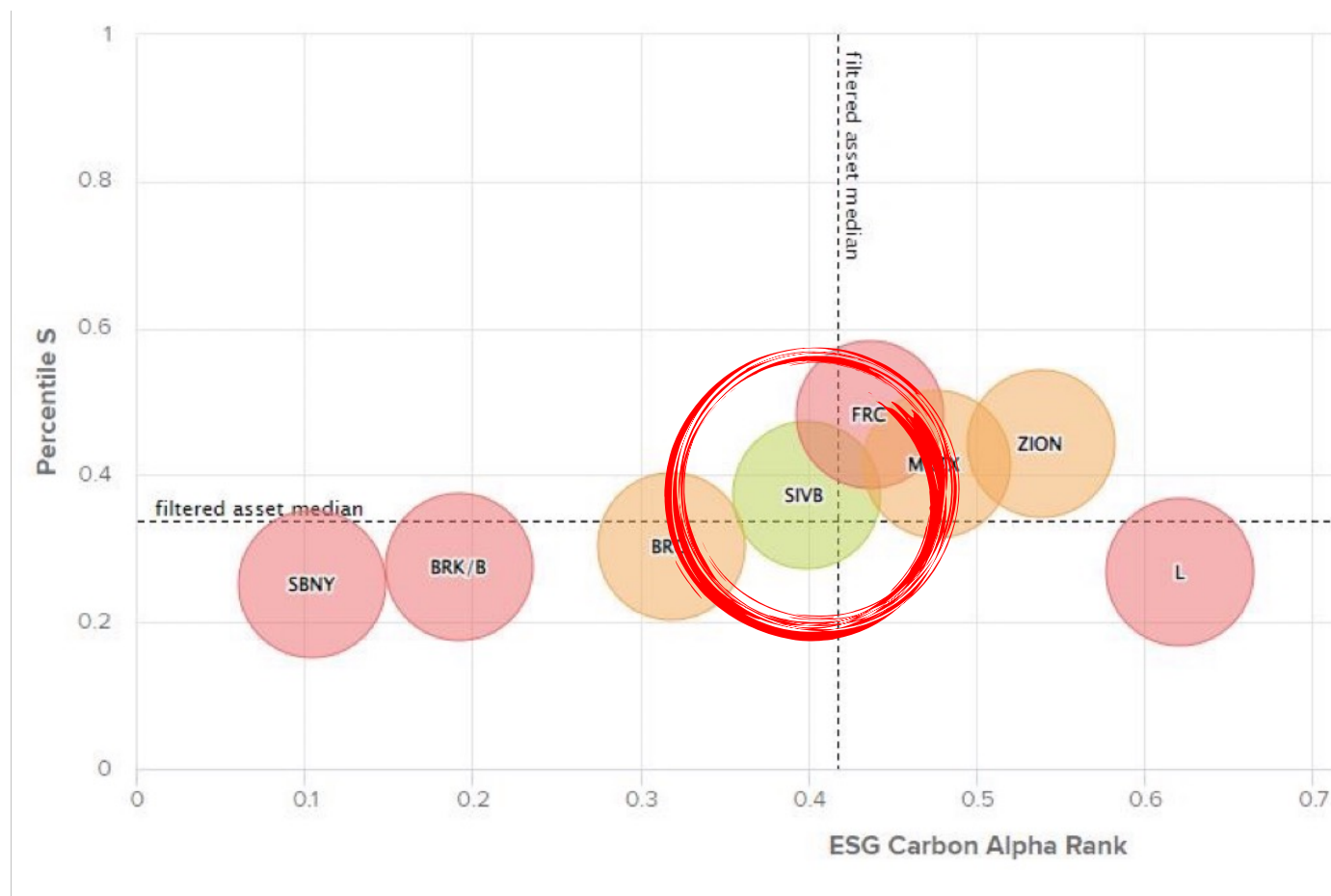
Select 3Q23 Shorts

 Meta

Short The Banks – Feb 2023

Highlighting the Financial sector in our US ESG Short Signal Portfolio
 The portfolio is constructed by looking at the intersection of low ranked Social and ESG Carbon Alpha Signal stocks.

SVB and Signature Bank are both shorts on this metric
Color indicates overall ESG rank



Short Media – April 2023

Highlighting the Media sector in our US
ESG Short Signal Portfolio

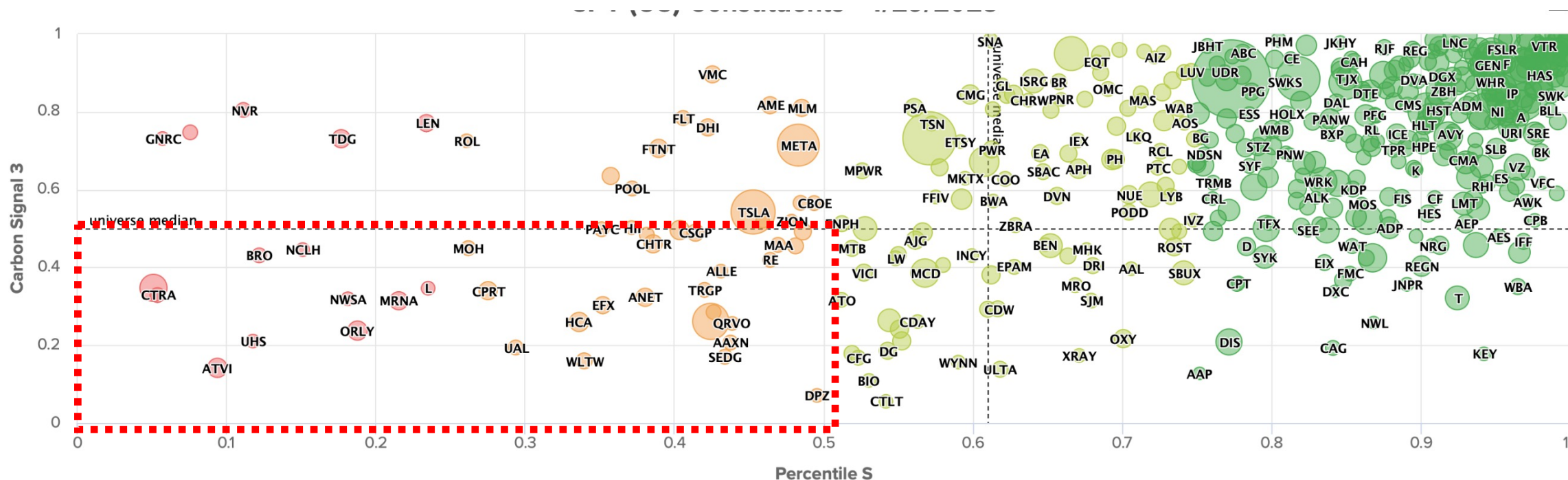
The portfolio is constructed by looking
at the intersection of low ranked Social
and ESG Carbon Alpha Signal stocks

LiveNation and News Corp
are both shorts on this metric

News Corp



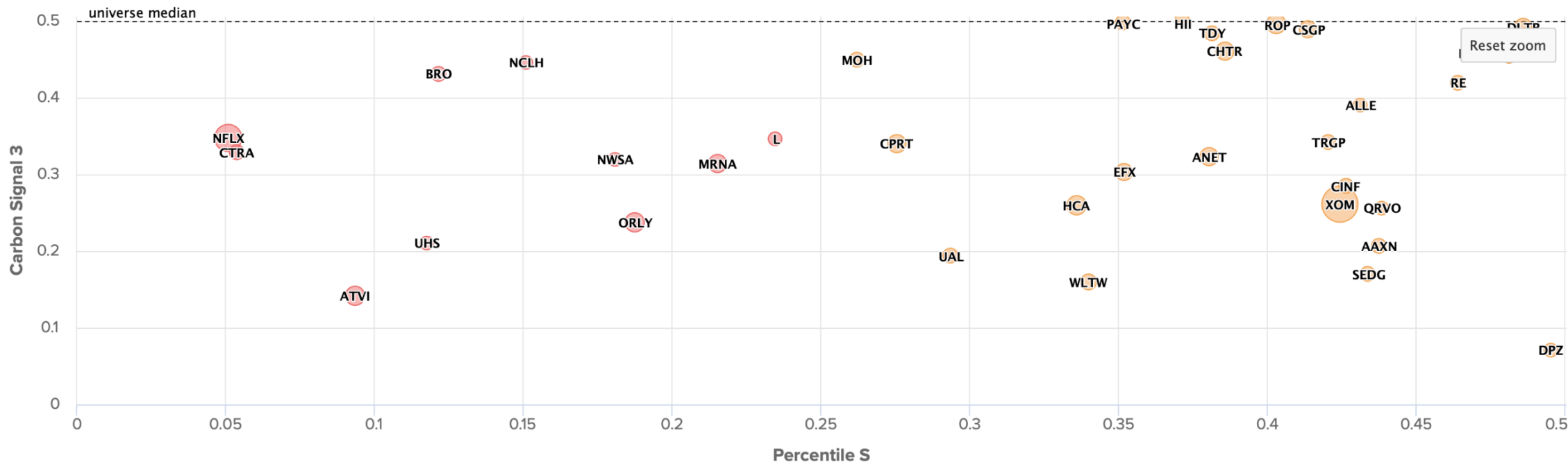
Short Signal Indicator – US Large Caps



A snapshot of the US Large Cap universe with our Carbon Signal 3 vs Social Rank, which is the genesis of the Short Model portfolio.

We highlight in red the companies that would make up our short model portfolio. On the next page we take a closer look at the companies.

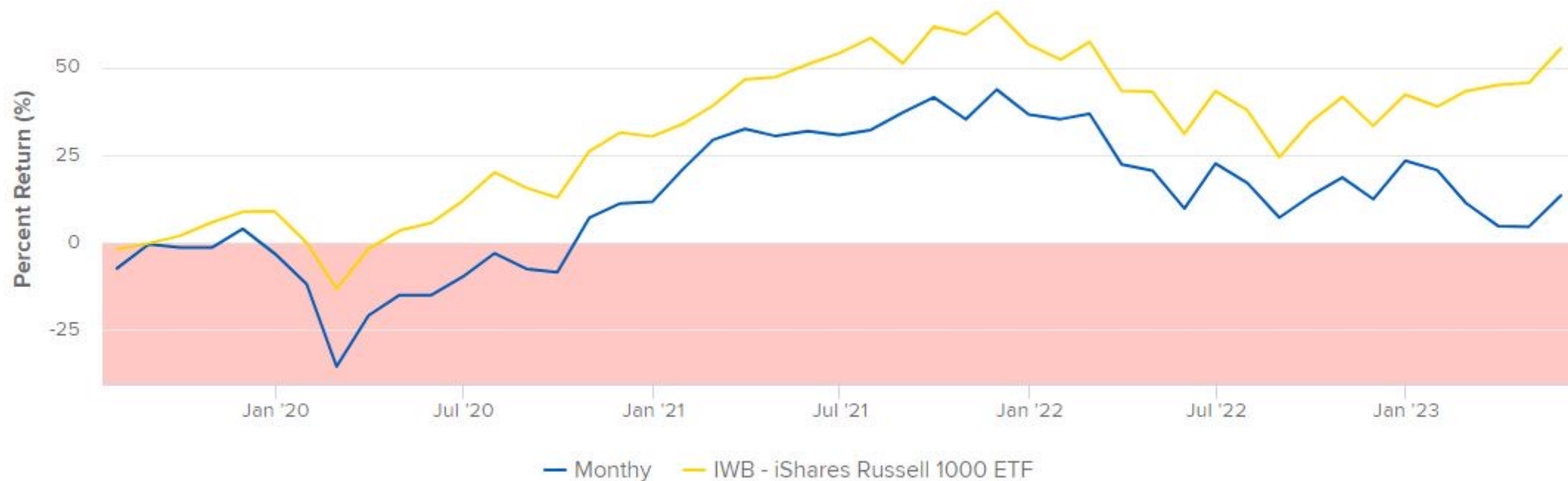
Close-up of US Large Cap Shorts



A closer Look at the short candidates from the US Large Cap universe, specifically companies that are in the bottom 50% of both Carbon Signal 3 & Social Rank.

Some of the notable companies highlighted: XOM, MRNA, NWSA, NFLX, DLTR, UAL to name a few.

Short Model Portfolio Outperforming

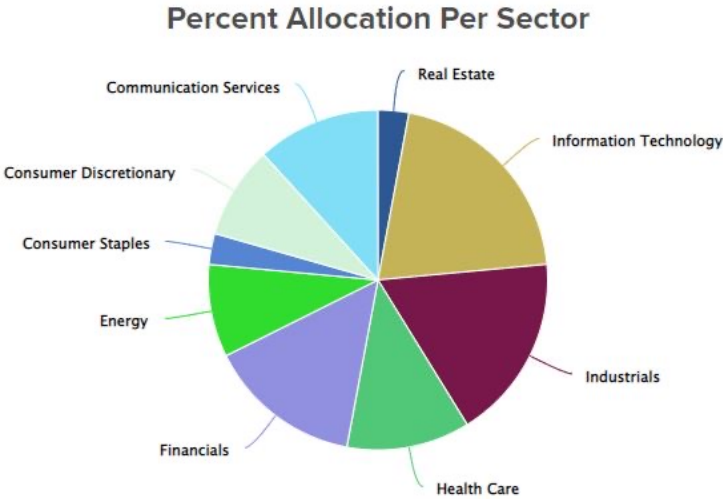
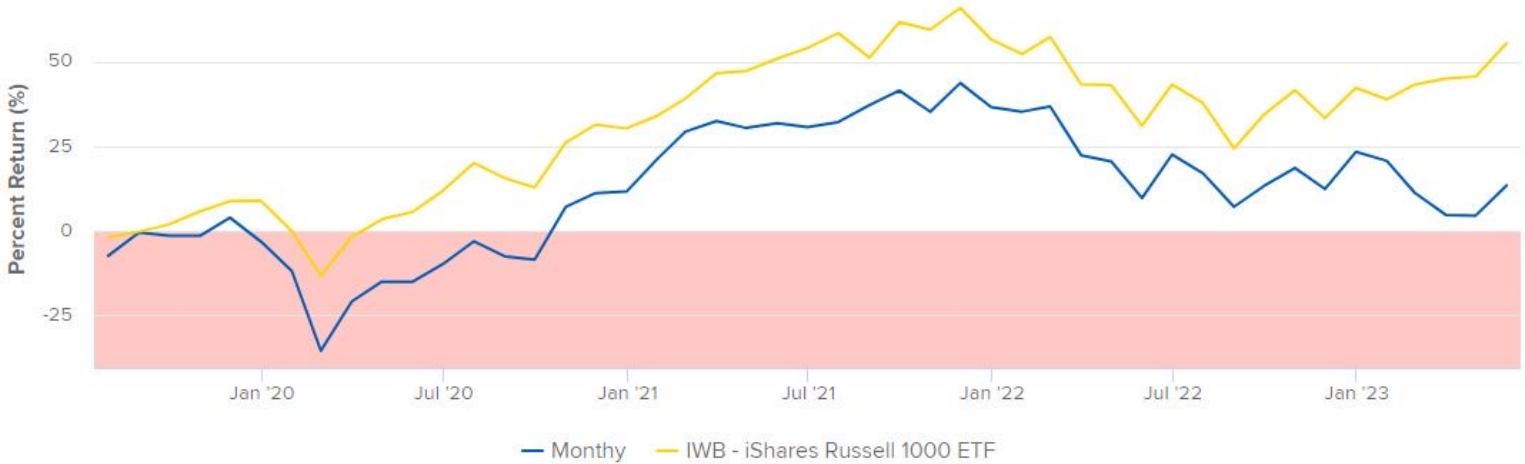


Confluence Analytics

An equally weighted portfolio of companies that rank at the bottom half of the intersection of our Carbon Signal 3 and Social Rank (Blue Line). This portfolio has underperformed, both since inception, and particularly, YTD.

Short Model up 0.93% vs benchmark (Russell 1000 ETF) up 16.59% year to date.

US Short Signals Model – 2023 YTD



Short Signal US Large Cap Model:

Outperformed by ~1500bps

YTD up 0.93% vs 16% (Russell 1000)

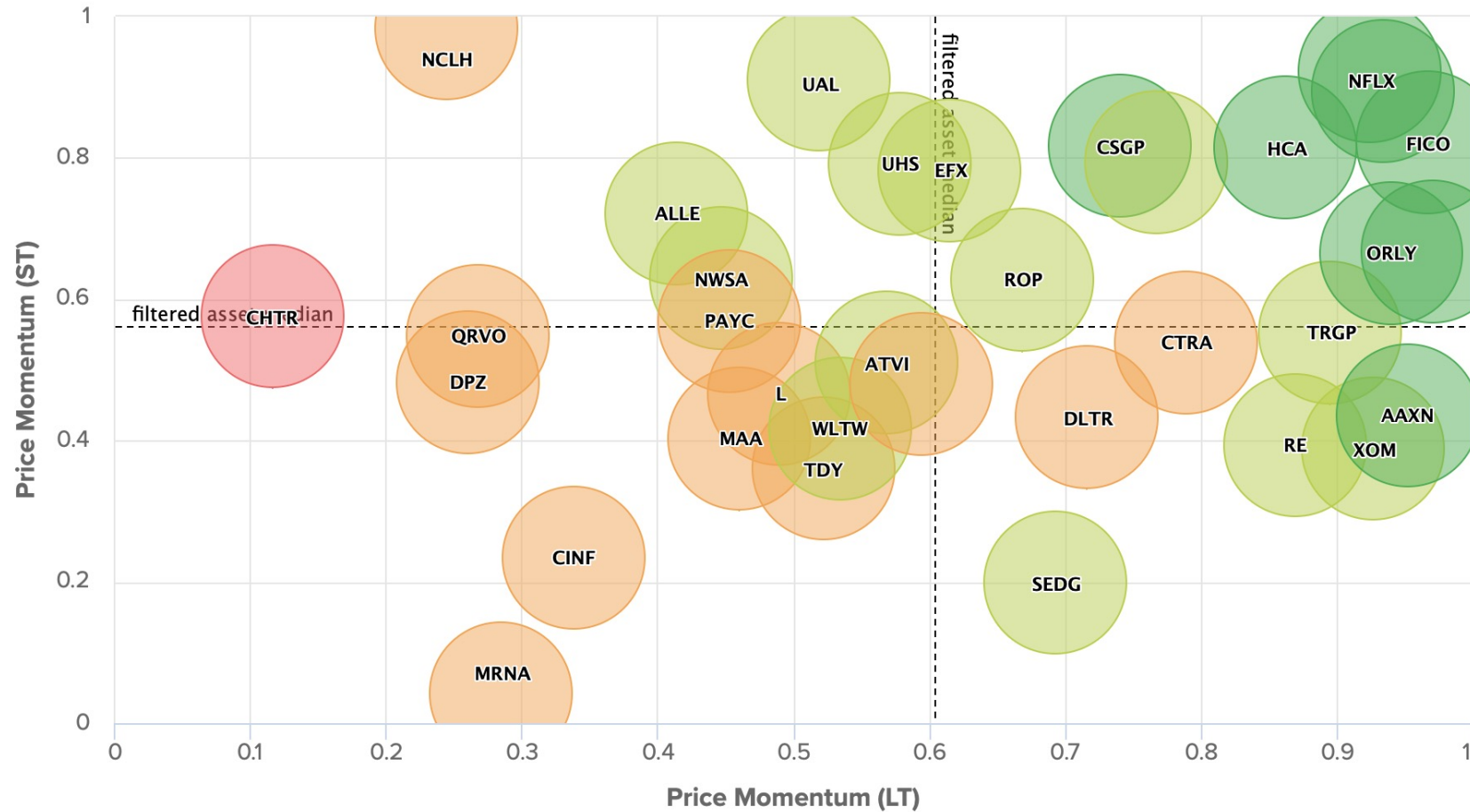
Diverse group of shorts, highlights XOM, MRNA, NWSA, DLTR, etc.

What to Short Now – Price Momentum View

Another view of the short model portfolio from a price momentum perspective.

On the pages that follow we give some of the companies listed a full technical analysis breakdown.

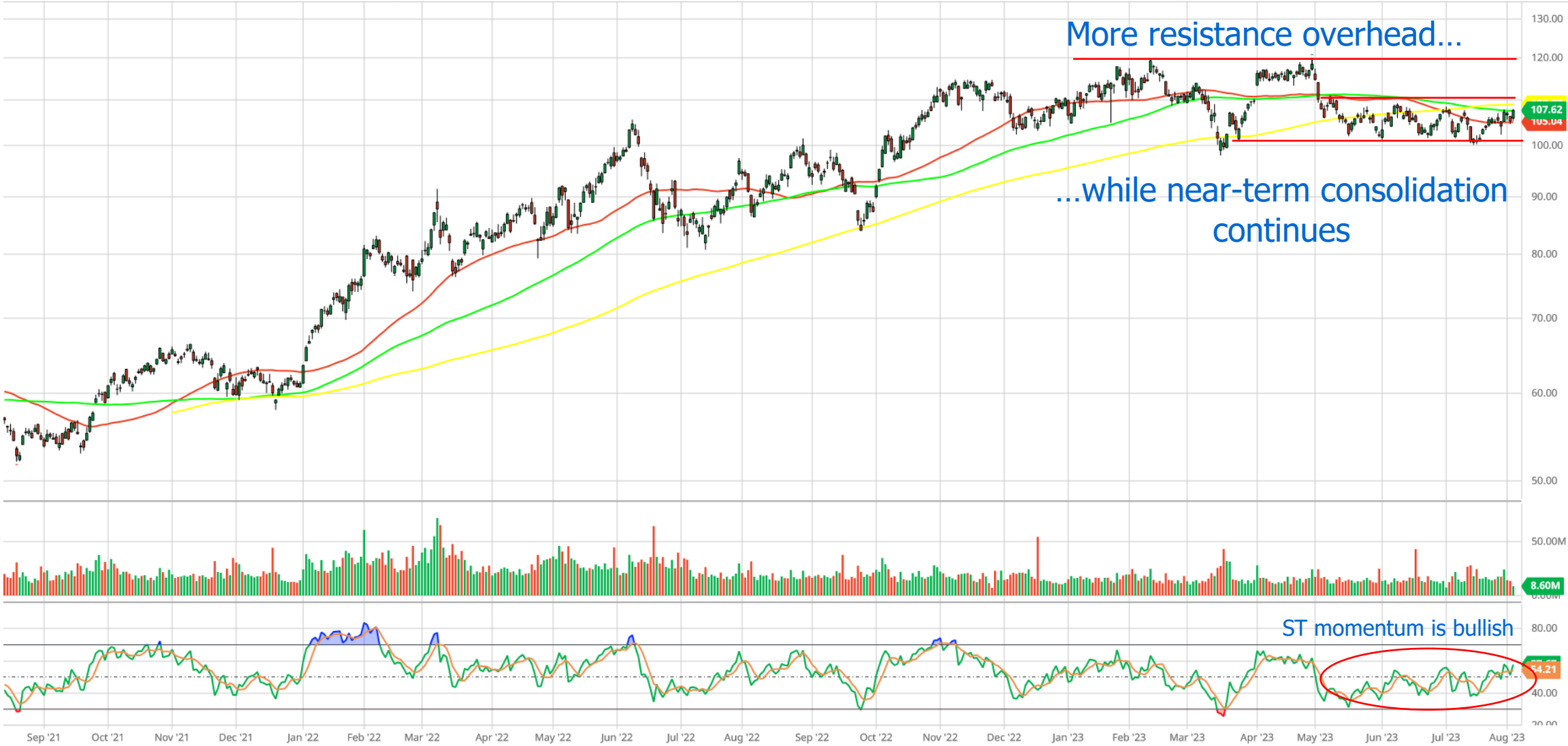
Reach out for a full data package on these companies.



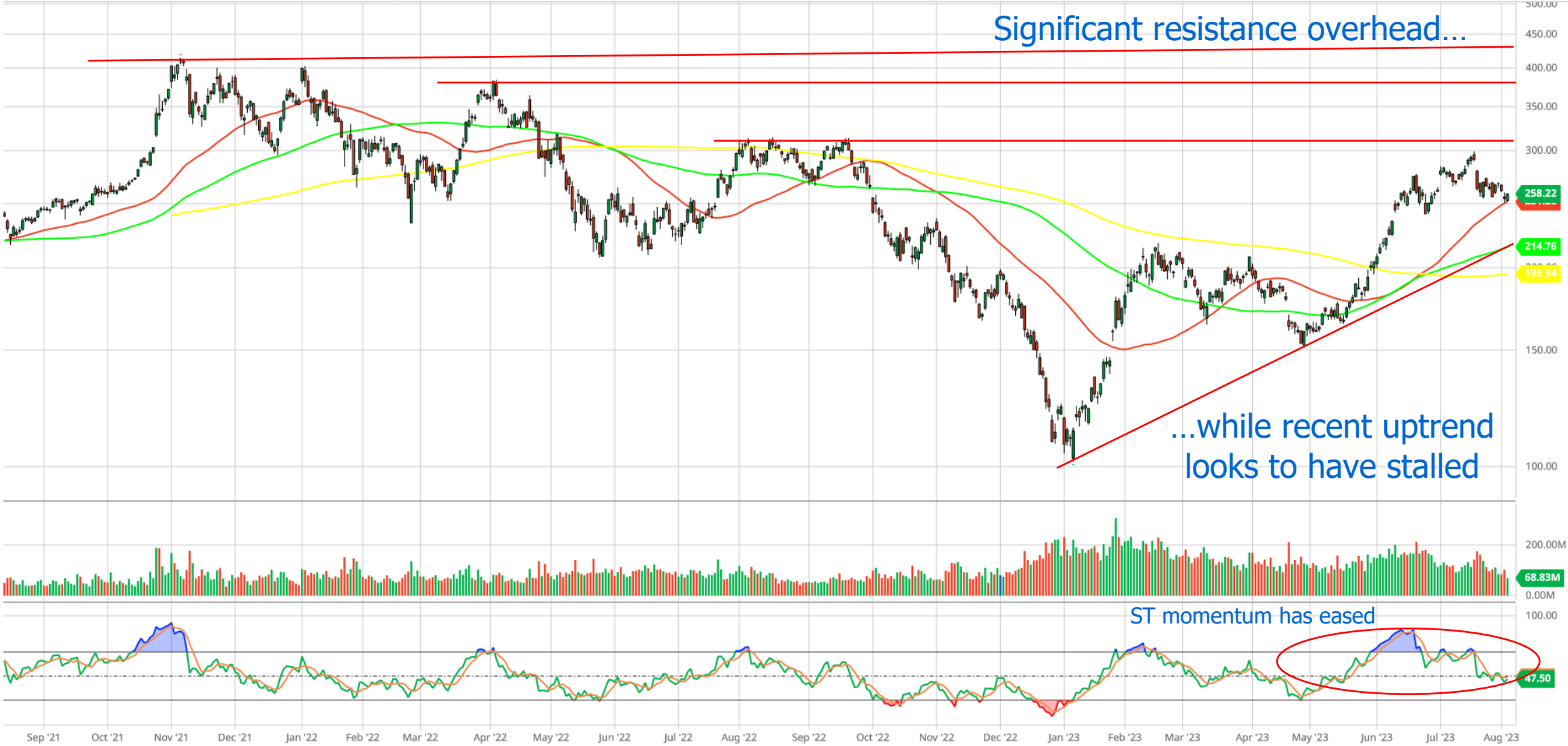
NFLX – HOLD(ST)/HOLD(LT)



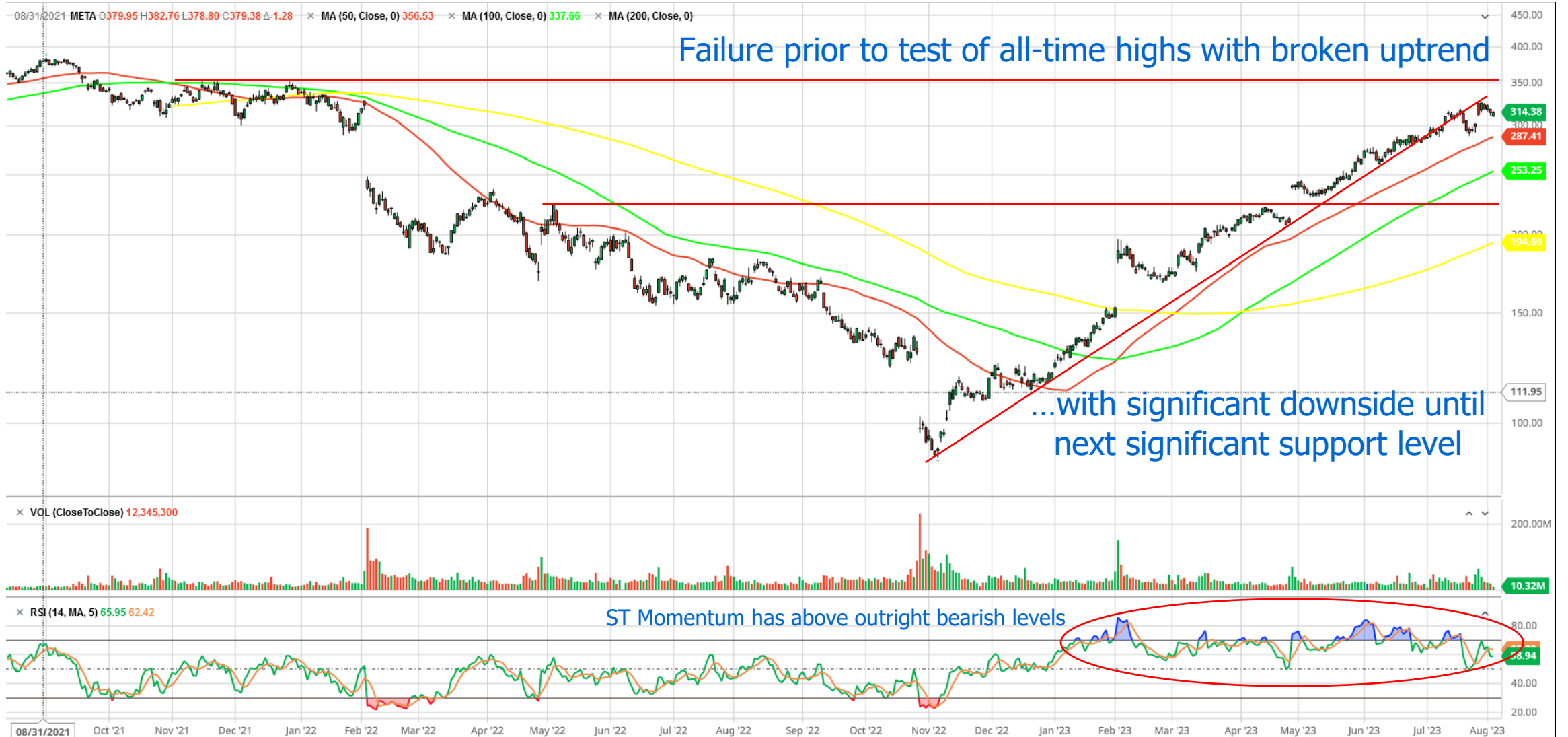
XOM – HOLD(ST)/HOLD(LT)



TSLA – SELL(ST)/HOLD(LT)



META – SELL(ST)/HOLD(LT)



AMZN – SELL(ST)/HOLD(LT)



MRNA – SELL(ST)/SELL(LT)



NWSA – SELL(ST)/SELL(LT)



Lower high on recent rally...

...yet 50DMA has held

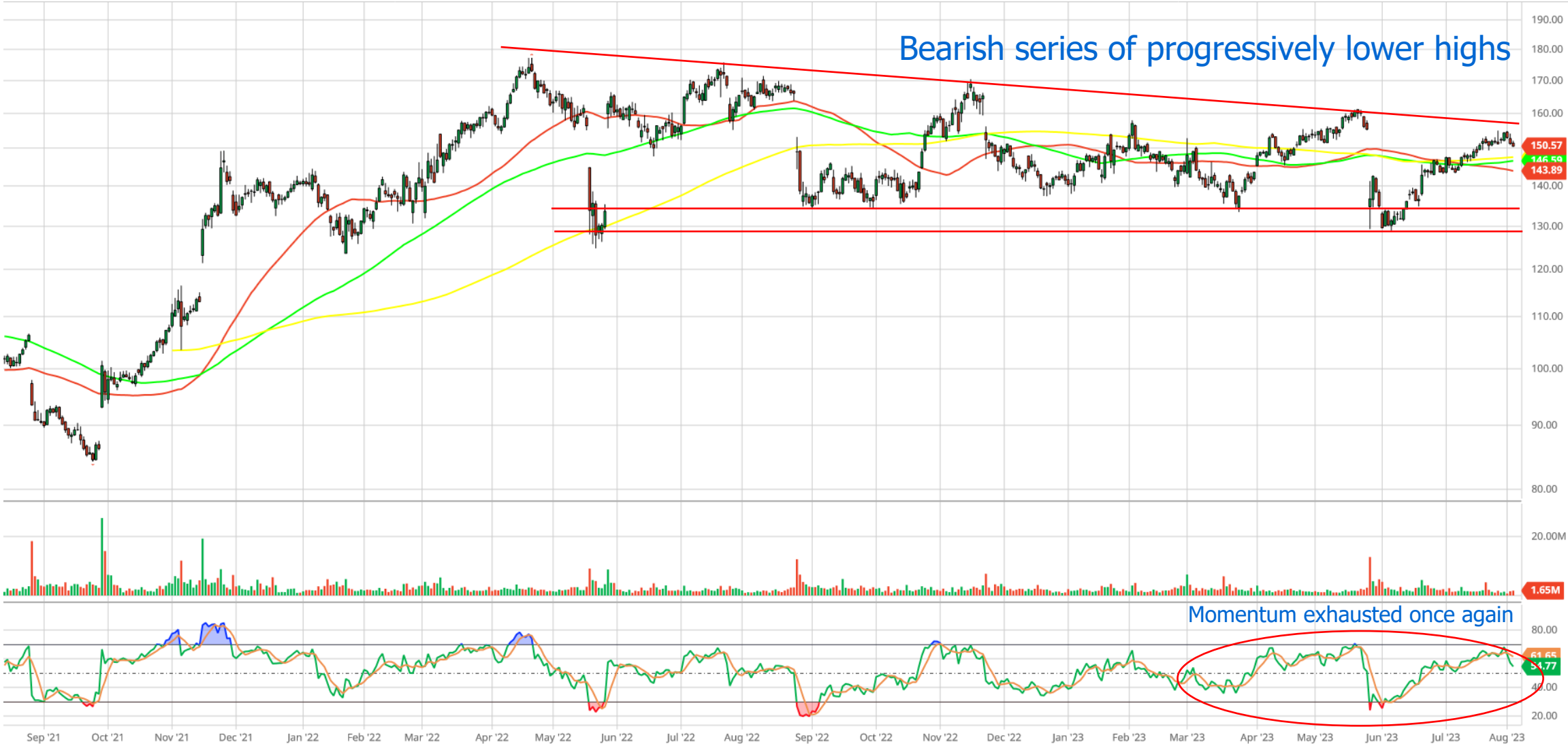
Momentum in neutral zone

27.00
26.00
25.00
24.00
23.00
22.00
21.00
20.00
19.00
18.00
17.00
16.00
15.00
20.00M
10.00M
0
80.00
60.00
40.00
20.00

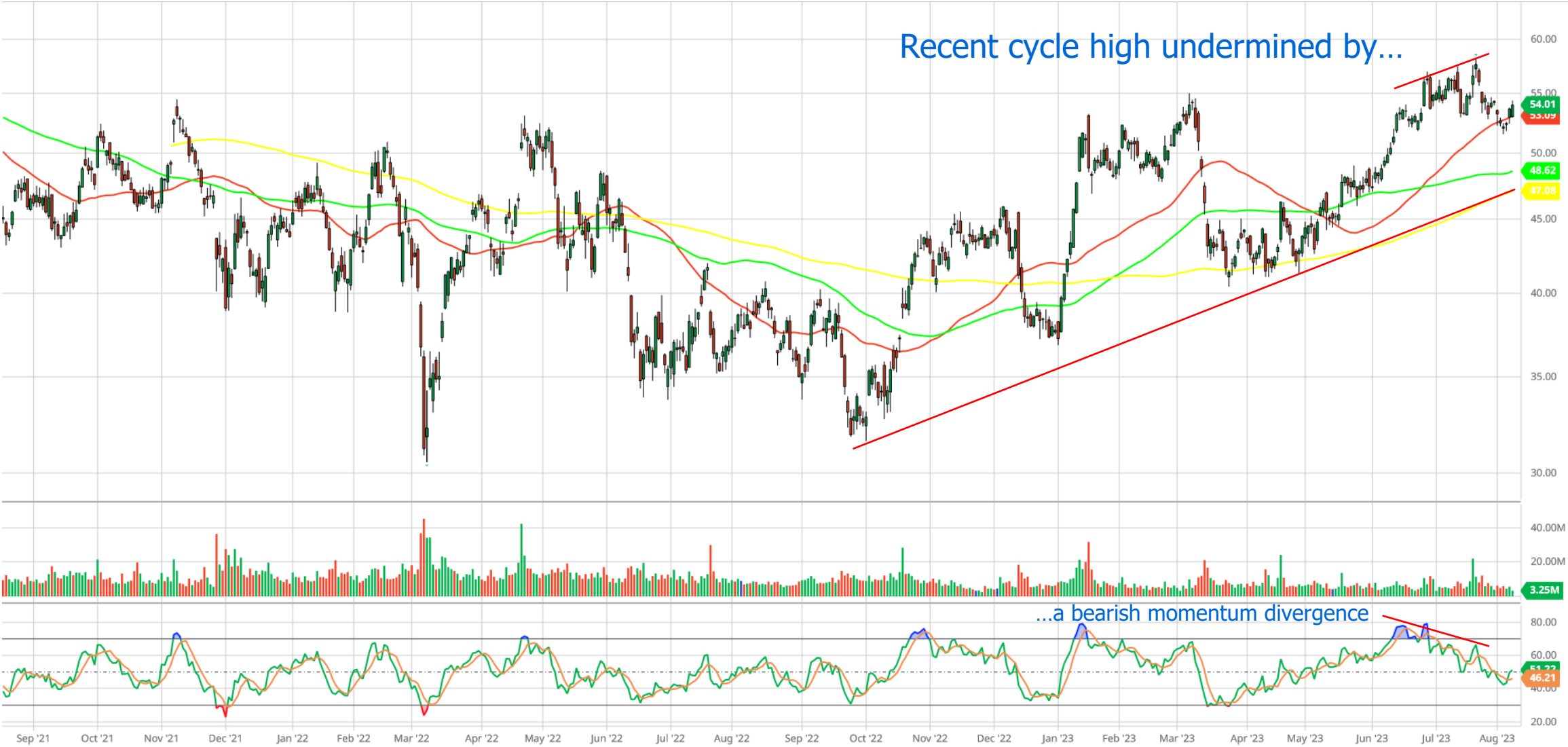
19.68
19.35
18.23
1.50M
57.31

Sep '21 Oct '21 Nov '21 Dec '21 Jan '22 Feb '22 Mar '22 Apr '22 May '22 Jun '22 Jul '22 Aug '22 Sep '22 Oct '22 Nov '22 Dec '22 Jan '23 Feb '23 Mar '23 Apr '23 May '23 Jun '23 Jul '23 Aug '23

DLTR – SELL(ST)/SELL(LT)



UAL – HOLD(ST)/HOLD(LT)

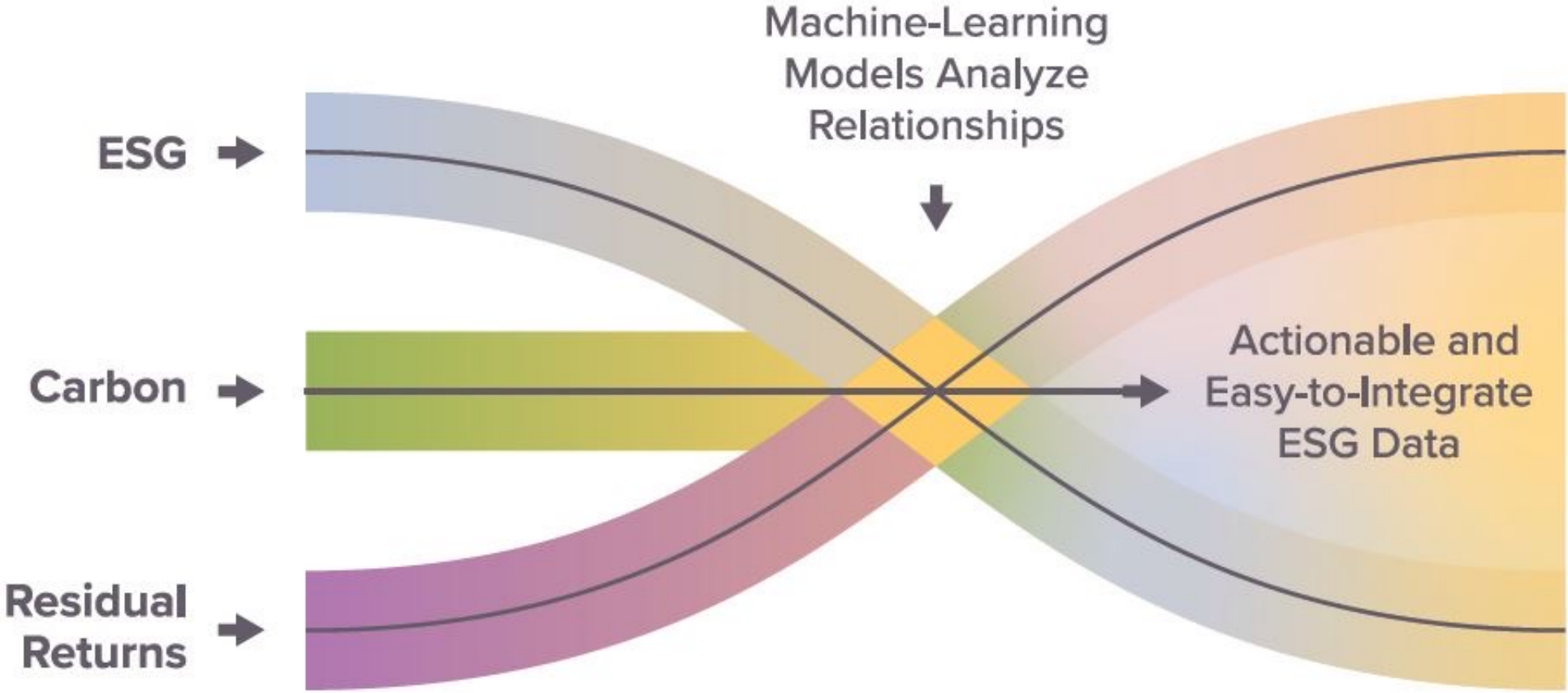


ESG & Carbon Signal Process

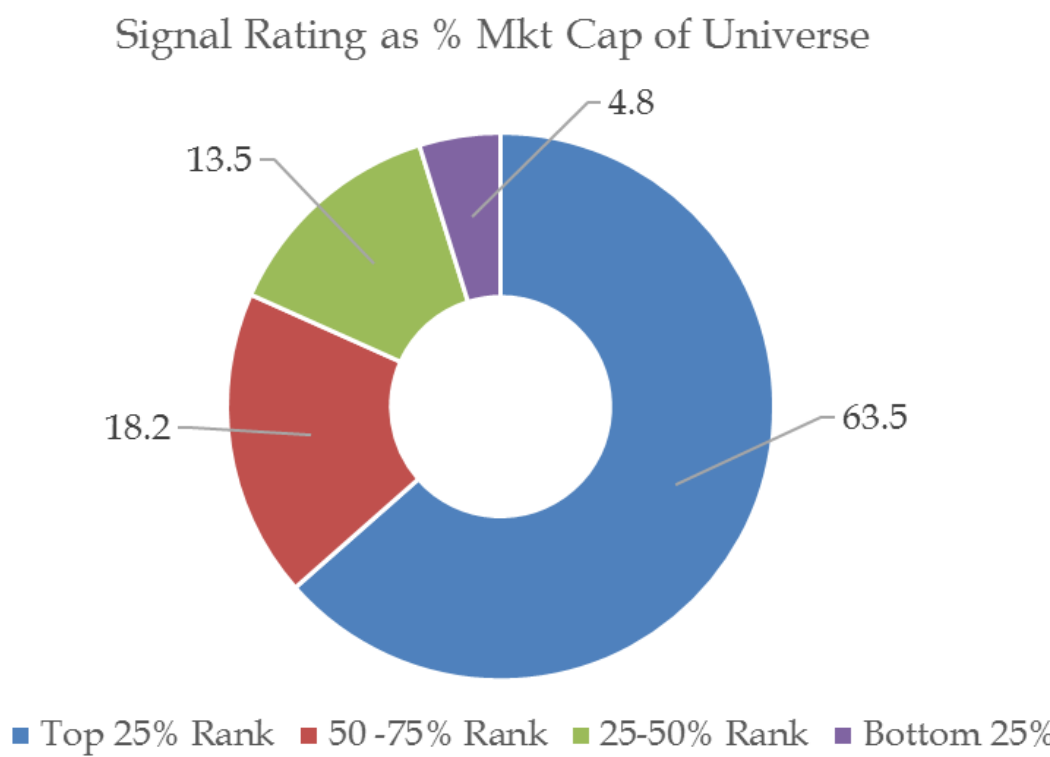
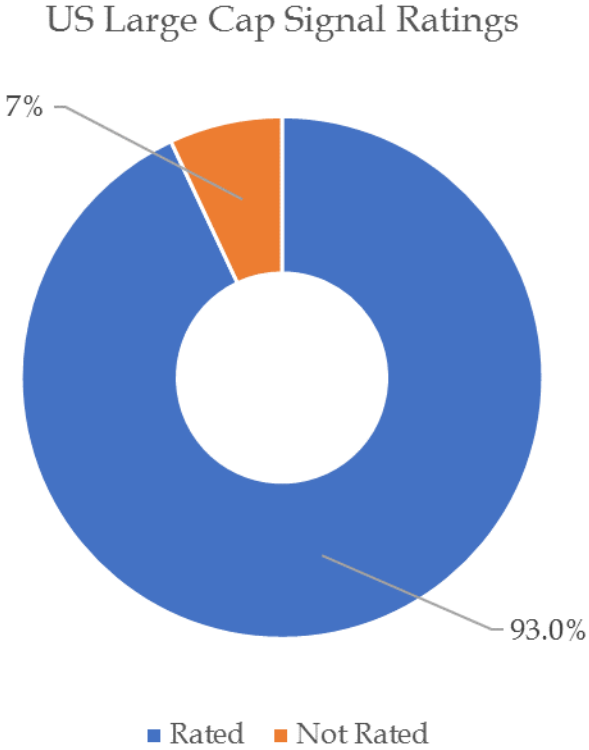
Defining Signals

	Description
ESG Rank	Equal-weighted score of the sub categories of E,S,G pillars
ESG Signal 1	Score based on Top 5 ESG KPIs positively correlated with residual returns
ESG Signal 2	Rank based on 12-month return model of residual returns, ESG Ranks and Deltas
Carbon Signal 3	Rank based on 12-month return model of residual returns, ESG ranks, Carbon data and their deltas

ESG & Carbon Signal Process

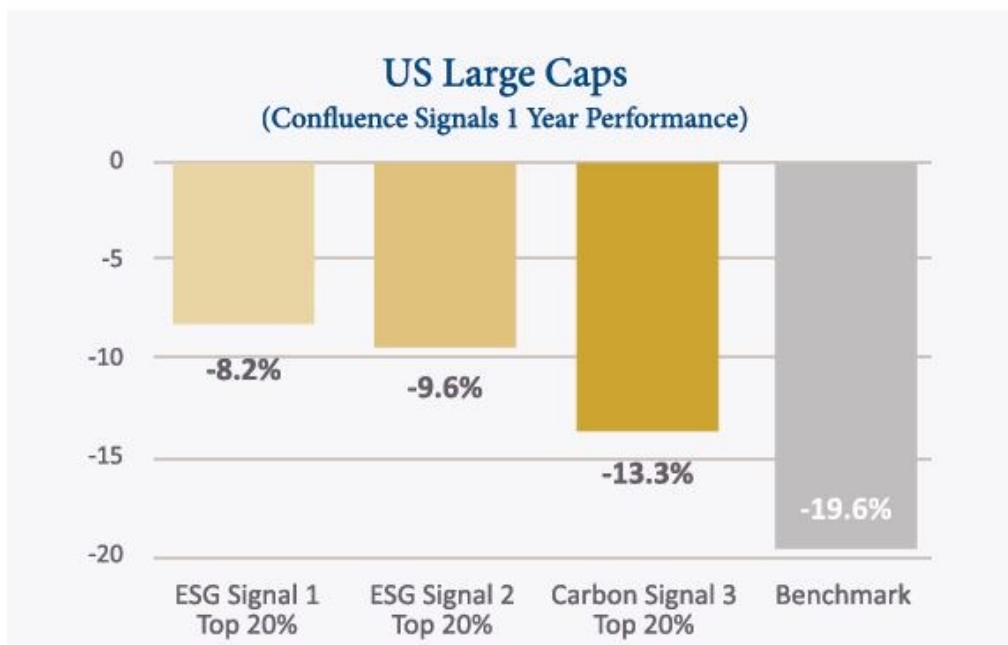


Comprehensive Signals

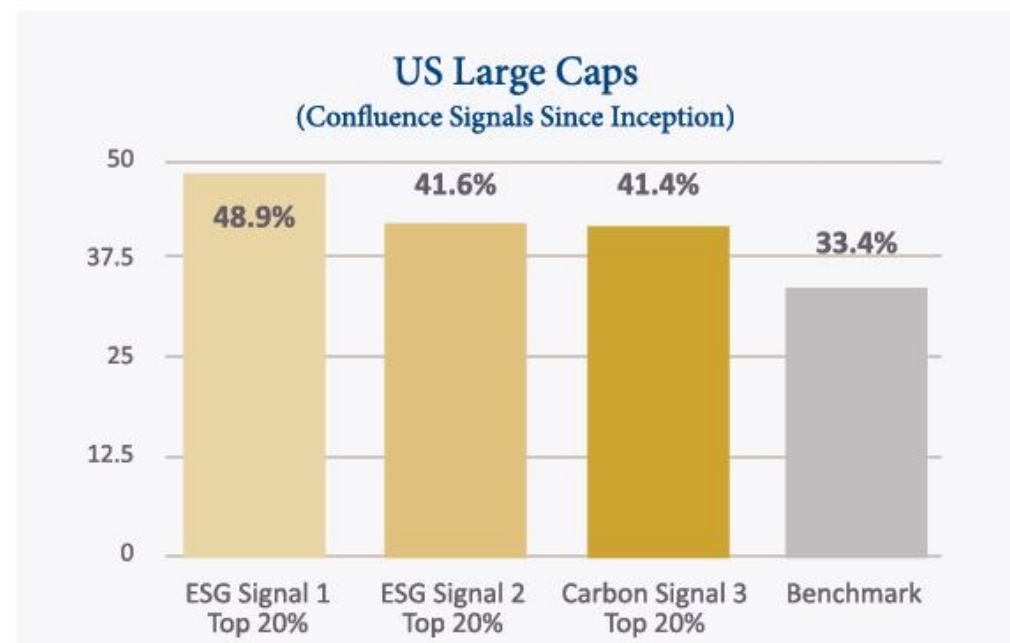


Note: Signals require 12 months of data; IPOs and Spin-offs excluded

Our Signals Lead to Better Outcomes



Equally weighted, updated quarterly. 1 yr performance is 2022.



Equally weighted, updated quarterly. Since Inception starts 7/31/2019.

Eliminate guess work and time spent deciphering which ESG factors will influence future performance for individual stocks.

Our signals determine stock performance and risk without regard for narratives.

Thank you!

