



Welcome to the October edition of the DB Quantitative Strategy Team's monthly newsletter, **Quantum**. The aim of Quantum is to make it easier for you to keep track of all the research we publish, and to serve as a forum to highlight the latest news and thinking in the quant investing world. If you only read one email from us every month, make it Quantum!

This month we want to say a huge thank you to all of you who supported us in the **2012 Institutional Investor All-America Research Team** survey. In the results that were just released this month, we were honored to be named the **#1 quant research team** in America again, building on our #1 ranking from last year. You can see more detail [here](#). We also want to say thank you to those of you who took the time to vote in the 2013 All-Europe Research Team survey. The results for that survey should be out early next year, and we look forward to sharing them with you when they come out - hopefully we can also defend our current #1 ranking in Europe!

In other exciting news, we are pleased to invite you to our **1st Annual Global Quantitative Strategy Conference** in New York on November 16th. Some of you have already registered, but if you haven't there are still a few seats left (but get in quick as they are going fast). We have a great line-up of academic and industry speakers who will be presenting cutting-edge but practical quantitative investment strategies. We will be holding two separate tracks concurrently: one will focus on bottom-up stock selection, and the other will target top-down asset allocation. For more info on the agenda, and to register for a seat, please click [here](#). We look forward to seeing many of you there.

We also want to bring to your attention another interesting upcoming conference. The **Society of Quantitative Analysts (SQA)** will be hosting a half day conference in New York on Risk, Leverage, and Alpha (**Thursday, November 8th, 2012, 8:00 AM - 2:00 PM**). For more information and to register, please visit their website [here](#).

Regards,

**The Deutsche Bank Quantitative Strategy Team**

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## Recent Research

### North America

- **Emerging Issues: QUANTitative Easing (September 28th, 2012):** Past episodes of Quantitative Easing have had far reaching consequences for quant factor portfolios. In this report we study the implications of the latest round of QE on quant factors, and suggest ways to mitigate its impact and even profit from it. To read the whole report, click [here](#).
- **QCD Model: October update (October 5th, 2012):** In our regular monthly update of our flagship alpha model, we recommended allocating more weight to value, growth, revision, and technical factors, and less weight to momentum and quality factors. To read the whole report, click [here](#).

### Europe

- **Top-Down Monthly Update: MCRM Update (October 1st, 2012):** September was a positive month for risky assets. DM and EM equities were higher across most part of the world, with strong performance witnessed especially across peripheral markets. Spain, Portugal, and Italy were some of the strongest total return performers in Europe. To read the whole report, click [here](#).

### Asia

- **Quantiles: Rationalizing Earnings Forecasts (October 23rd, 2012):** We compare earnings forecasts from a cross-sectional model with analysts' estimates and historical earnings in terms of coverage, accuracy, bias and applications to stock selection in Asian markets. To read the whole report, click [here](#).

### Global

- **Academic Insights: Harnessing the best ideas from academia** (October 25th, 2012): Every month we survey the latest academic research for any ideas relevant to quantitative investing. This month an interesting paper suggests that ESG (Environment, Social and Governance) factors can potentially offer long-term performance benefits. To read the whole report, click [here](#).

Note: to access these links you need a login to the DB Quant website; if you don't have a login, or have forgotten your password, please click [here](#) and fill out the requested details.

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## Quant in the News

Interesting news articles related to quant investing:

- **University Endowments Face a Hard Landing** ([nytimes.com](#), October 12th, 2012): College and university endowment returns have recently been underperforming. Many of these funds stress diversification along alternative investments like hedge funds, venture capital, and private equity funds. Should endowment funds re-adopt the traditional 60 percent stock and 40 percent bond allocation? To read the whole article, click [here](#).
- **Amid Soft Returns, Hedge Funds Return to Roots** ([wsj.com](#), October 1st, 2012): Hedge funds have found it difficult to maneuver through "risk on" and "risk off" markets. And because of this, hedge fund returns are losing the lustre performance experienced during the past two decades. Could hedge funds be returning to their roots? To read the whole article, click [here](#).

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## Quantomatic: Latest trends in quant technology

Each month we use this section to focus on the technological side of quant investing. Our view is that better technology can be a source of alpha in its own right - either via new, cutting-edge data sources or through more data intensive modeling techniques.

For Quants, selecting the appropriate programming language can undoubtedly be a challenge. Should you choose from a wide variety of compiled based languages such as C++ which execute faster but entail longer development time? Or should you choose an interpretive language which is easier to learn but has limited execution speed? We recently came across an interesting [article](#) in AutomatedTrader.net that discussed the factors to consider when selecting a programming language. The article introduced a new math library [ILNumerics](#) which claims to be the only mathematical programming library which combines the simplicity of a scripting language with the performance of a compiled language. As Quants, we should be critical about selecting the appropriate programming language that balances development time and execution speed. Libraries such as ILNumerics may offer this tradeoff.

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