

# **Amare Capital Management (Pty) Ltd**

Enhancing Signal with Qualitative Research



While our systematic trading strategy is grounded in quantitative value and momentum factors, we've come to recognize that public sentiment, news catalysts, and special situation events can materially affect a stock's performance — sometimes overriding pure fundamentals or price trends.

By researching the context around the signals generated by our models, we aim to build conviction or caution before taking action. This blend of quantitative signals and qualitative overlays ensures we remain both systematic and informed.

### Key Research Areas & Questions to Ask

#### **1. News Catalyst and Market-Moving Events**

- Has there been a recent earnings surprise or guidance revision?
- Are there pending mergers, acquisitions, spin-offs, or divestitures?
- Has the company been mentioned in regulatory filings, lawsuits, or probes (FSCA, etc)?
- Is the stock affected by macroeconomic data releases, commodity price changes, or interest rate shifts?

#### **2. Public Sentiment and Perception**

- What is the prevailing tone of financial news headlines or analysts reports?
- Is the company trending on X (twitter)?
- Have insiders or institutional investors recently bought or sold large positions?
- How are sell-side analysts updating their recommendations and price targets?

#### **3. Special Situations & Fundamental Context**

- Is the company undergoing a turnaround (new CEO, restructuring, cost-cutting)?
- Has it become a short-squeeze candidate due to high short interest and strong fundamentals?
- Are there activist investors involved pushing for changes?
- Is the business in a cyclical industry showing early signs of reversal?

#### **4. Alternative Data & Behavioral Insights**

- What is the web traffic data saying about the company?
- Are there signs of social sentiment divergence from fundamentals (e.g hype vs. value)?
- Do earnings call transcripts or management commentary show confidence or fear?

Due to the subjectivity and inconsistency of technical analysis, we deliberately avoid most forms of technical analysis. Instead, we use only support and resistance levels — not as predictive tools, but as historical price reference zones that help us assess fair value or price memory in the market. This gives us a rough sense of intrinsic value without relying on speculative financial models such as the discounted cash flow model.