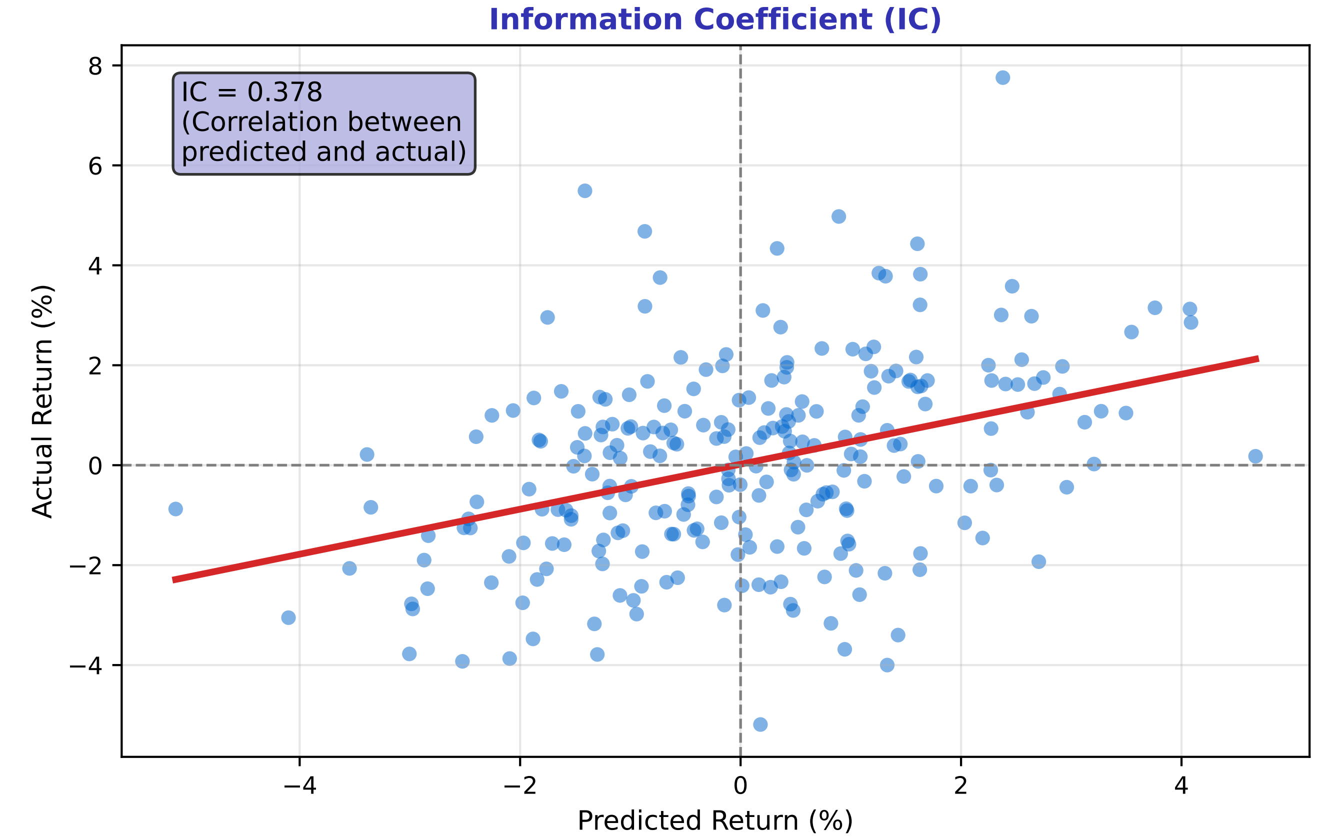
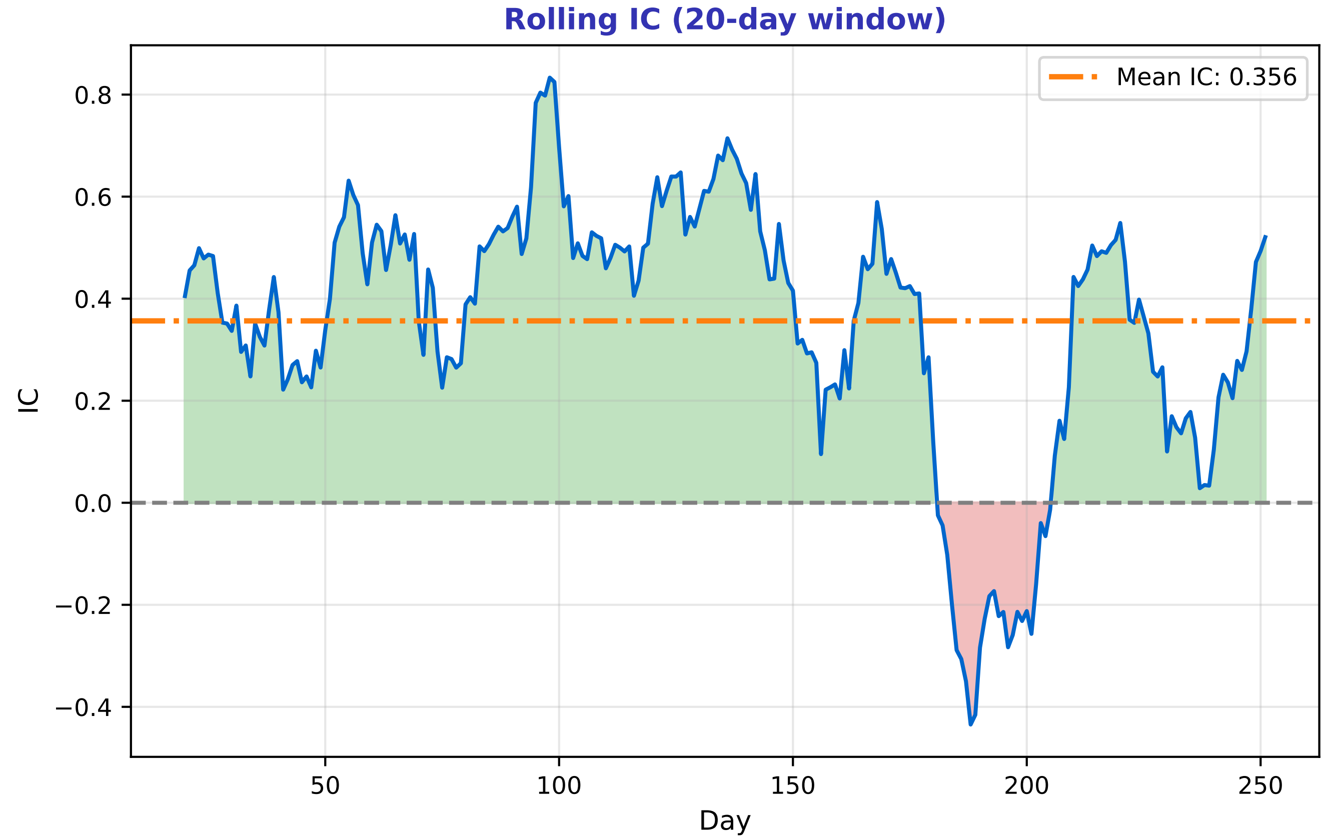
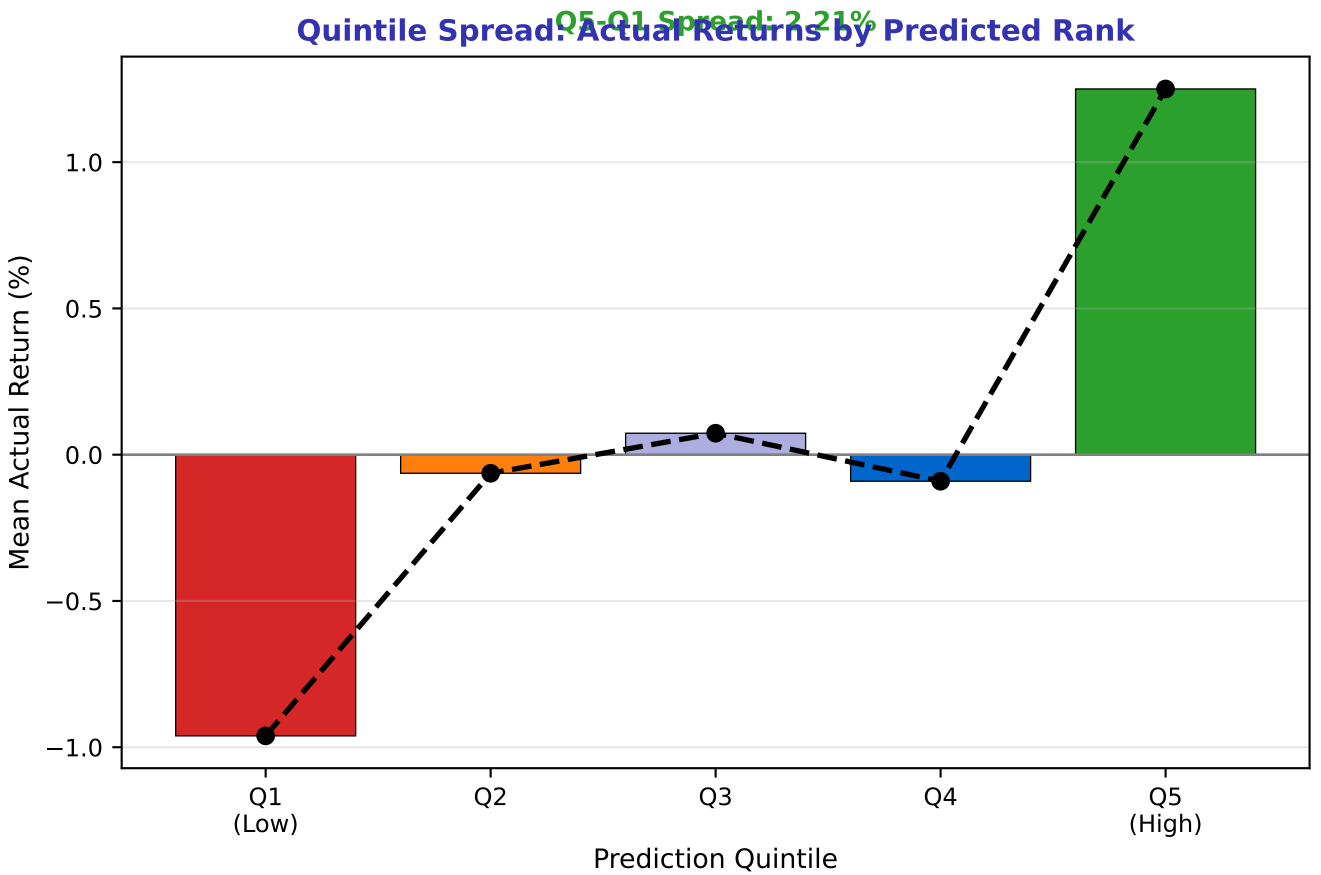
Finance-Specific Model Evaluation Metrics







Finance Metrics Summary

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FINANCE-SPECIFIC METRICS

1. INFORMATION COEFFICIENT (IC)
   - Correlation(predicted, actual)
   - Range: -1 to +1
   - IC > 0.05 is often valuable
   - Current: 0.378

2. IC INFORMATION RATIO (ICIR)
   - Mean(IC) / Std(IC)
   - Consistency of predictions
   - ICIR > 0.5 is good
   - Current: 1.421

3. QUINTILE SPREAD
   - Return(Top) - Return(Bottom)
   - Tests if predictions rank correctly
   - Current: 2.21%

4. HIT RATE
   - % of correct direction predictions
   - > 50% indicates skill
   - Current: 60.3%

WHY NOT JUST USE R-SQUARED?
- In finance, R-sq is often < 5%
- But small R-sq can be very profitable!
- Focus on: direction, ranking, consistency
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