Quantitative Equity Investing

MGMT 675: AI-Assisted Financial Analysis

RICE | BUSINESS
Jones Graduate School of Business

Outline

- Motivation: Can we profitably trade on quantitative signals?
- Example dataset
- Returns of portfolios formed by sorting on characteristics
- Regressing returns on characteristics at each date
- Training a model on past data and sorting on its predictions

Example Data

[fragile]

- Weekly data on $\approx$ 1,000 stocks from 2021 to present
- Roughly top half of Russell 2000
    - Sorted on marketcap on Jan 1, 2021. Chose stocks from 1,001 through 2,000.
    - Followed them to present. Down to around 800 now due to mergers, etc.
- All items are as of the end-of-week market close except `ret`!
- `lag1! is the return over the week ending on the date shown`
- `lag4! is the return over the prior 4 weeks including the week ending on the date shown, etc.`
- `rsi! is the Relative Strength Index`
- `Download stocks.csv from the Schedule page and upload to Julius. Ask Julius to describe the data.`