Analyzing 10-Ks to Predict Market Movements

The 10-K Problem:

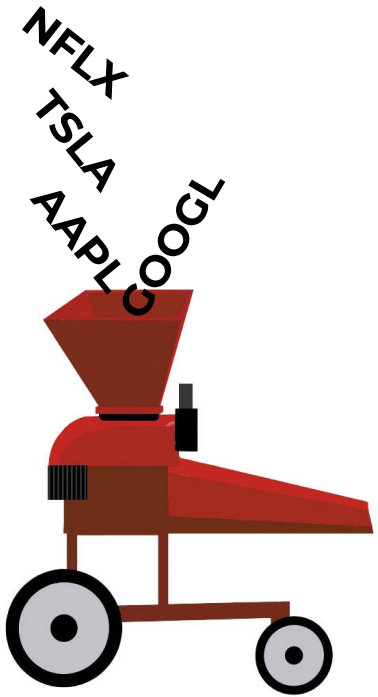
They convey a company's financial stability, but...

- There's lots of boilerplate language
- They are **dense**
- Companies purposely obfuscate their risks

> “Companies generally do not make major changes to their 10-K and 10-Q filings. When they do, it is predictive of significant underperformance in the next quarter.”

—Lucy Wu, Quantopian

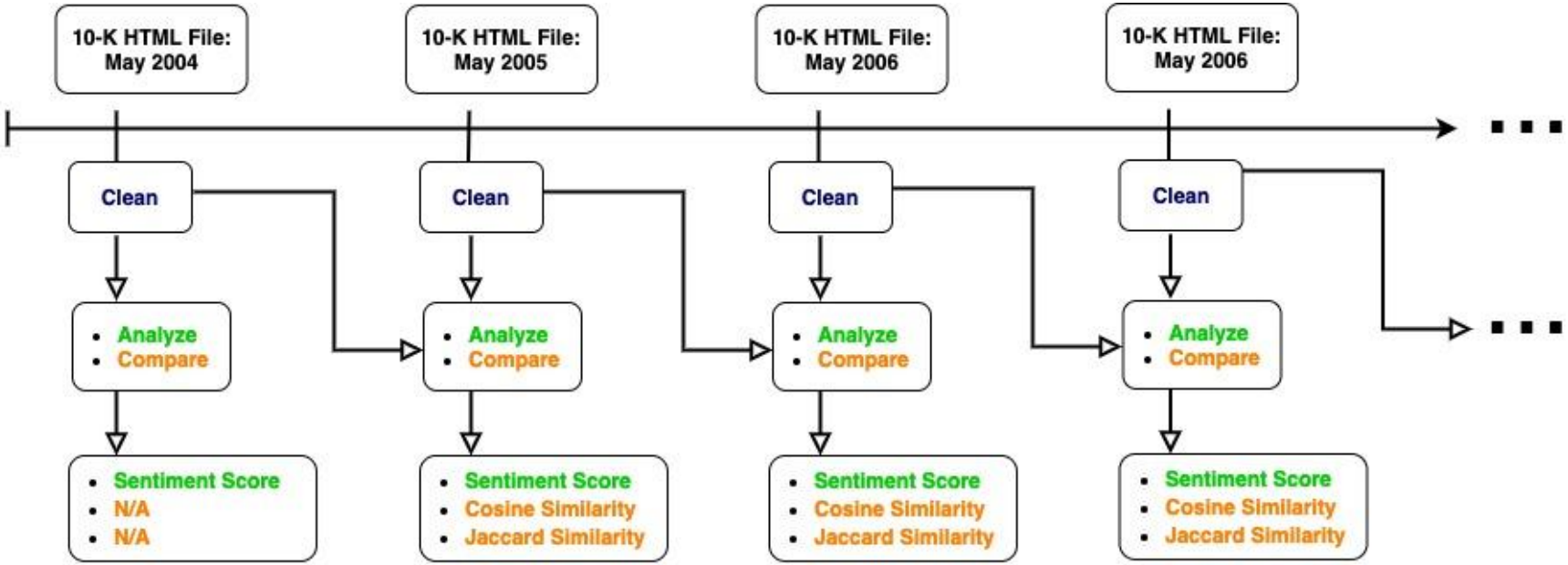
Gathering the Data



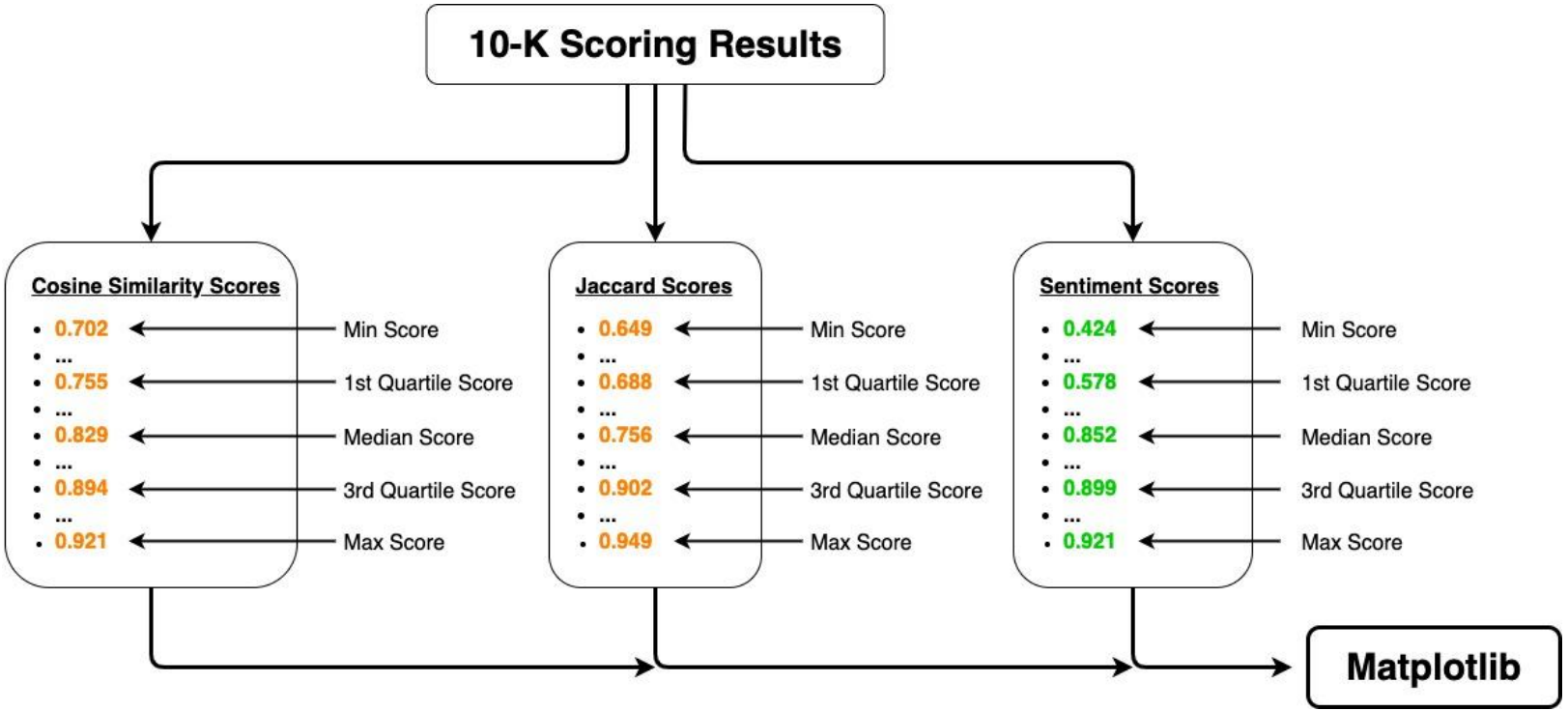
Central Index Keys

1090872, 1675149, 1420529, …, 129028]

Processing the Documents



Filtering the Scores



Analyzing the Results

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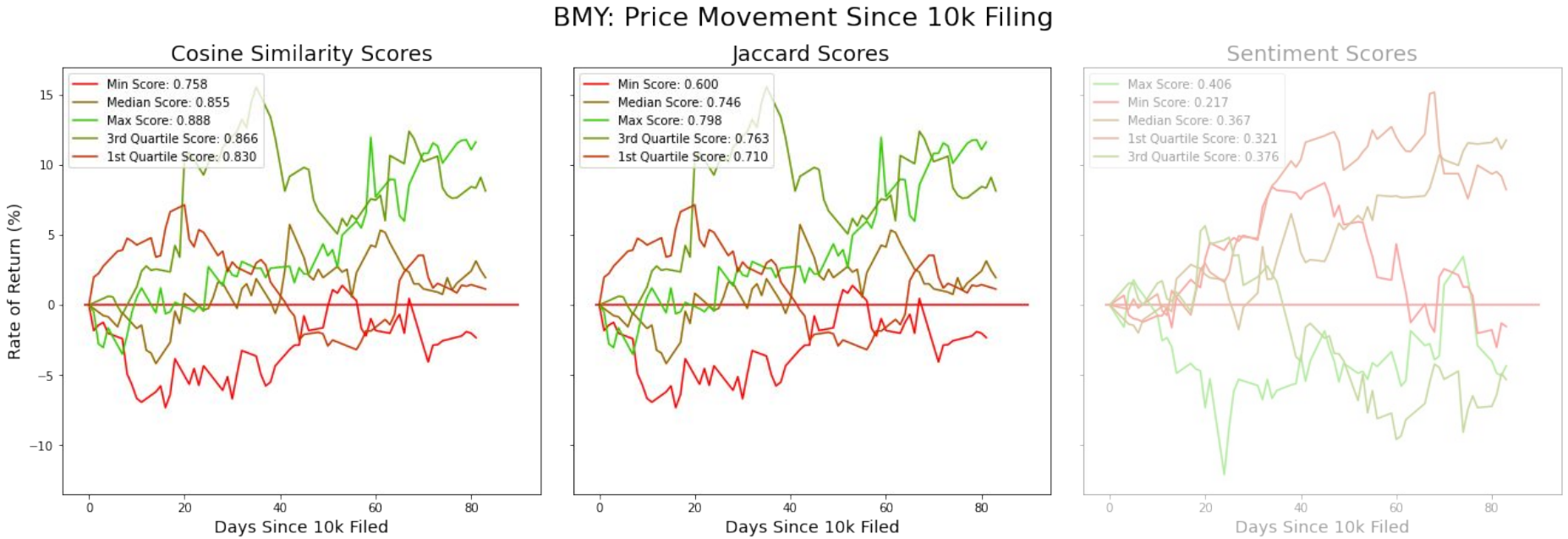

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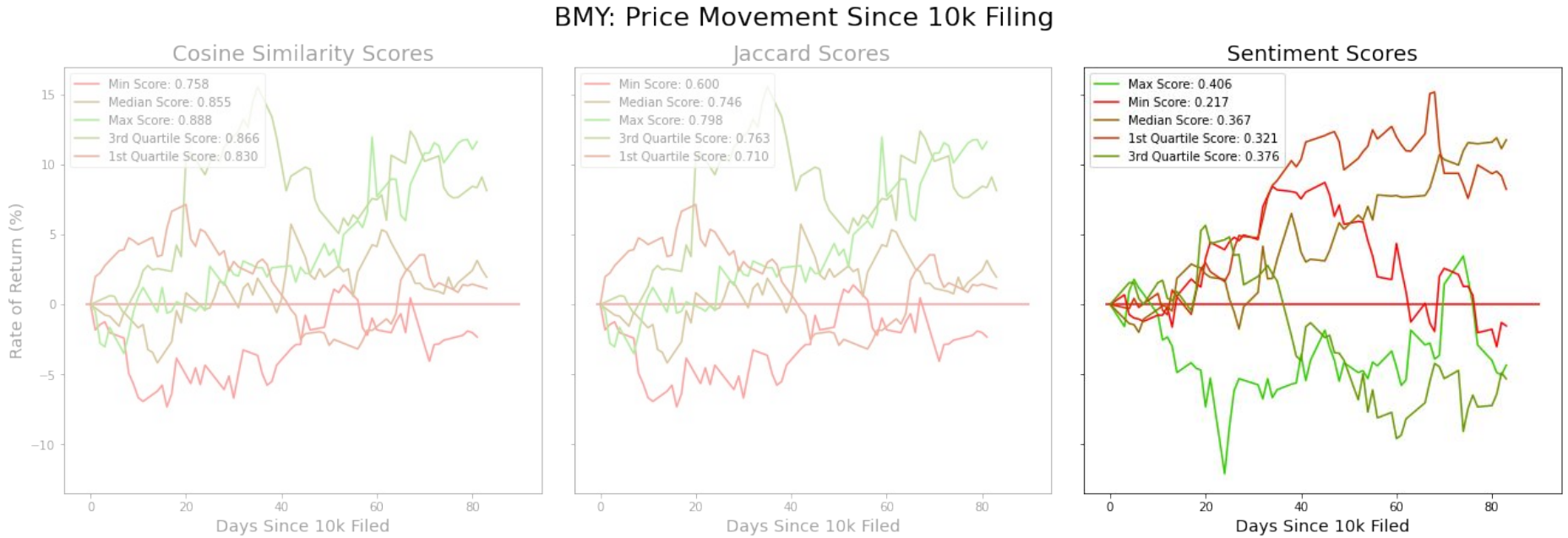

What Does This all Mean?

The metrics generated from 10-Ks could be used in several ways:

- **Suited for medium term investments (30+ days)**
- Apply to traditional algos
- Warning flag

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Questions?