

The Leapday Earnings Reaction Alerts predict short-term moves for stocks after earnings events. They are used by top-tier hedge funds and proprietary trading firms to power event-driven trading. We offer approximately 500 of the strongest stock alerts that we generate a year to individual investors to give them economical access to the same research used by the most sophisticated investors in the world.

ABOUT REACTION ALERTS

STOCK ALERT DETAILS

Coverage	quarterly and annual financial statement releases for ~3000 most liquid companies
Threshold	~500 of most powerful stock alerts each year
Value	up or down
Timing	1 st day of trading after the initial market reaction to an earnings event
Duration	3 trading days
Frequency	daily; event-based
History	model live since January 2016

ABOUT LEAPDAY

Investors and traders are constantly inundated with information. This non-stop feed of data often leads to an overload of time-sensitive content without a clear direction to take. **Leapday** was founded to cut through the noise and provide a focused set of event-based stock alerts.

Leapday believes in providing fair access to all levels of investors and democratizes access to its products by offering its strongest stock alerts to individual investors.

DISCLAIMER

This report is solely for informational purposes and is not an offer or solicitation for the purchase or sale of any security. References to securities and strategies are for illustration purposes only and do not constitute buy or sell recommendations. The information in this report should not be used as the basis for any investment decisions. We make no representation or warranty as to the accuracy or completeness of the information contained in this report. Past performance is no guarantee of future performance.

www.leapday.io/alerts

THE OPPORTUNITY

Investor attention and activity is amplified on event days when companies report financial results. In US equity markets, trading activity jumps 150% and daily returns are 2.5x larger on event days than on non-event days. To capitalize on this opportunity, we source event data from various news agencies, websites, and alternative data sources to create a proprietary dataset that links investor reactions to the fundamental, technical, and alternative data that defines each event.

THE MODEL

The Earnings Reaction Alerts exploit well documented behavioral biases in investor activity, such as the anchoring bias, herd mentality and clustering illusion. The underlying models are built from a customized machine learning ensemble that uses our event dataset to predict investor reactions at multiple time horizons. The model is trained to optimize short-term price predictions for a 3 day holding period using a proprietary set of inputs.

VERIFIED ALPHA

Assuming a position size of \$1,000 per trade, below are out-of-sample performance results between 2016-2021.

Avg. Return Per Trade	Hit Rate	Avg W. / Avg L.	Profit Factor	Avg. Signals Per Year
1.12%	54.2%	1.26	1.50	543

In a portfolio setting based on trading capital of \$10,000 with 2x margin available, performance is as follows.



Annual Return	Sharpe Ratio	Max Drawdown	Correlation to SPY
61.0%	2.59	-7.1%	0.07

It should be noted that earnings activity is cyclical and concentrated around a few weeks per quarter. Thus, a trader would not need to deploy their full capital every day. On the median day, a trader will make 1 new trade and need \$1,000 in trading capital. A trader would only need the full \$10,000 or more in trading capital on ~5 days a quarter. For more detailed information and comprehensive results, sign up for the free beta at www.leapday.io/alerts and we will send you our whitepaper.