

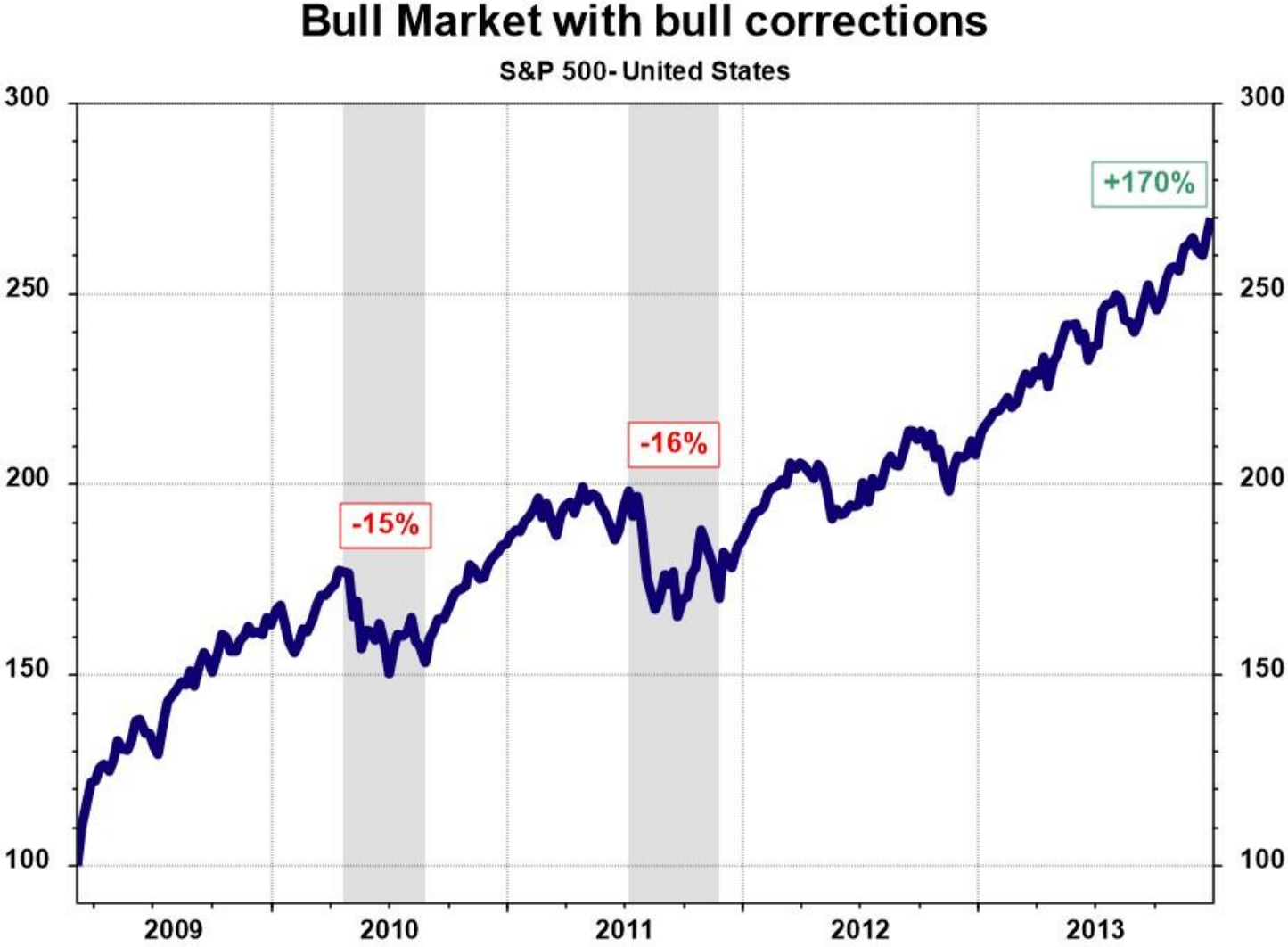
Millesime IS Financial Compass

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Bull correction and Bear rally



Source: Thomson Reuters Datastream



Navigating Financial Markets Regime Shifts

Four different market regimes are identified by using a powerful class of machine-learning algorithms known as “**Hidden Markov Models (HMM)**”

Regimes are not directly observable and so can only be inferred via price trends in a probabilistic framework.

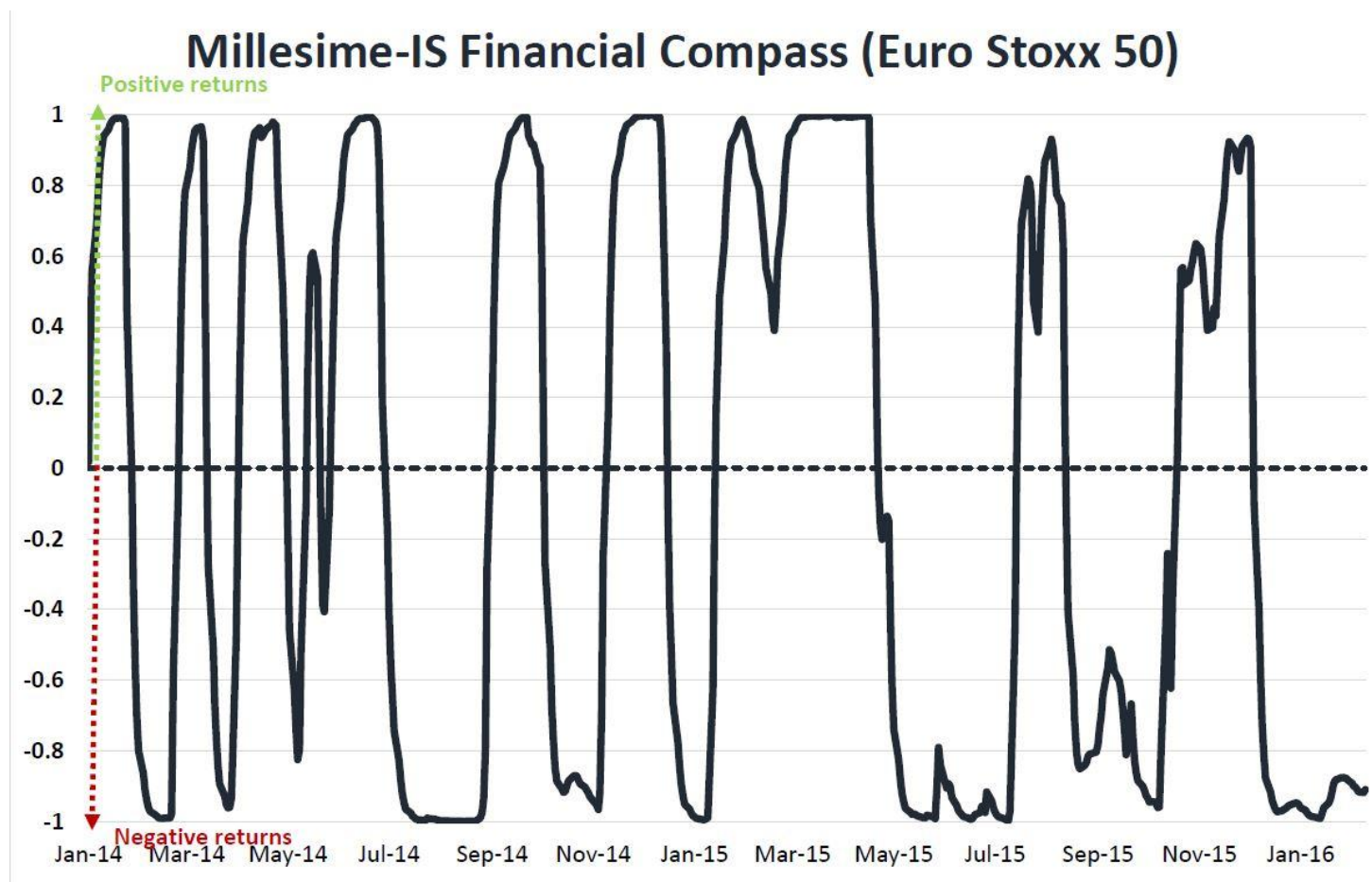
As a quick illustration to decide if it's winter or summer. The only observable fact: how people on the street dress. Obviously, when you see you people wearing heavy coats, or not, you can infer if it's winter or summer. Inferring the current state of the market is more complicated, but the same technique applies.

Providing the state of the equity market helps navigating financial markets regime shifts.



The Financial Compass

$$\text{Financial Compass} = (P_{\text{Bull}} + P_{\text{Bear rally}}) - (P_{\text{Bear}} + P_{\text{Bull correction}})$$



Investment strategy



Available markets

S&P 500

Euro Stoxx 50

FTSE 100



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