



# Stock Forecast Backtest Report

Benchmark Performance Analysis | 11 Quarters (2023 Q2 – 2025 Q4)

## Executive Summary

Across **11 quarters** and **3,477** unique stock tickers, the iQuery forecast target-hit strategy generated a cumulative return of **+45.5%** compared to **+15.5%** for buy-and-hold on the same stocks — a **30.0 percentage point advantage** from using forecast targets as exit signals.

TARGET-HIT RETURN

**+45.5%**

BUY-AND-HOLD RETURN

**+15.5%**

STRATEGY ADVANTAGE

**+30.0pp**

TICKERS COVERED

**3,477**

## Benchmark Performance Analysis

## Forecast Target-Hit Strategy vs Buy-and-Hold

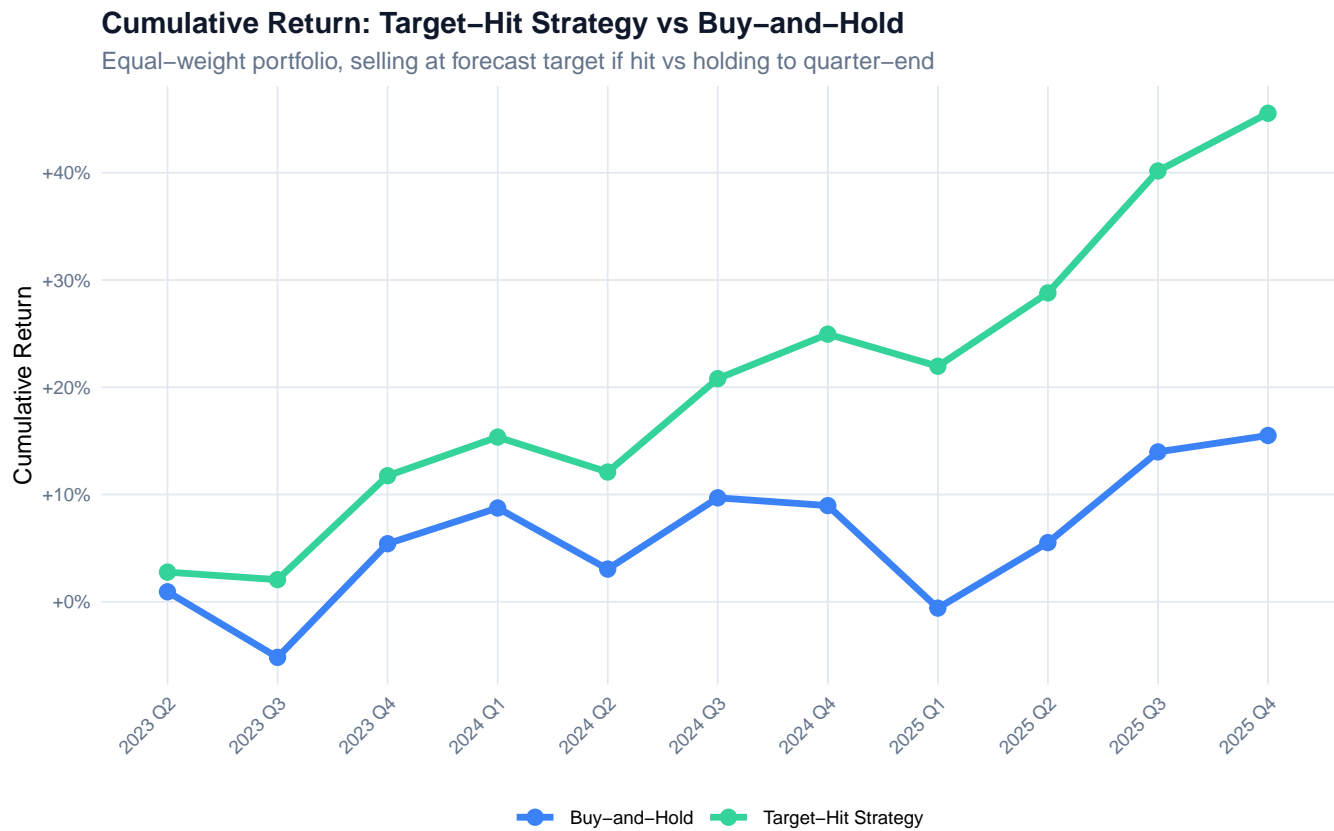


Figure 1: Using forecast targets as an exit signal helped convert predictions into actionable sell levels, improving returns versus simply holding the same stocks to quarter-end.

## Market-Cap Weighted Return vs Major Indices

### Cumulative Return: iQuery MC-Weighted Portfolio vs Major Indices

Stocks weighted by market cap, sold at forecast target if hit, rebalanced quarterly

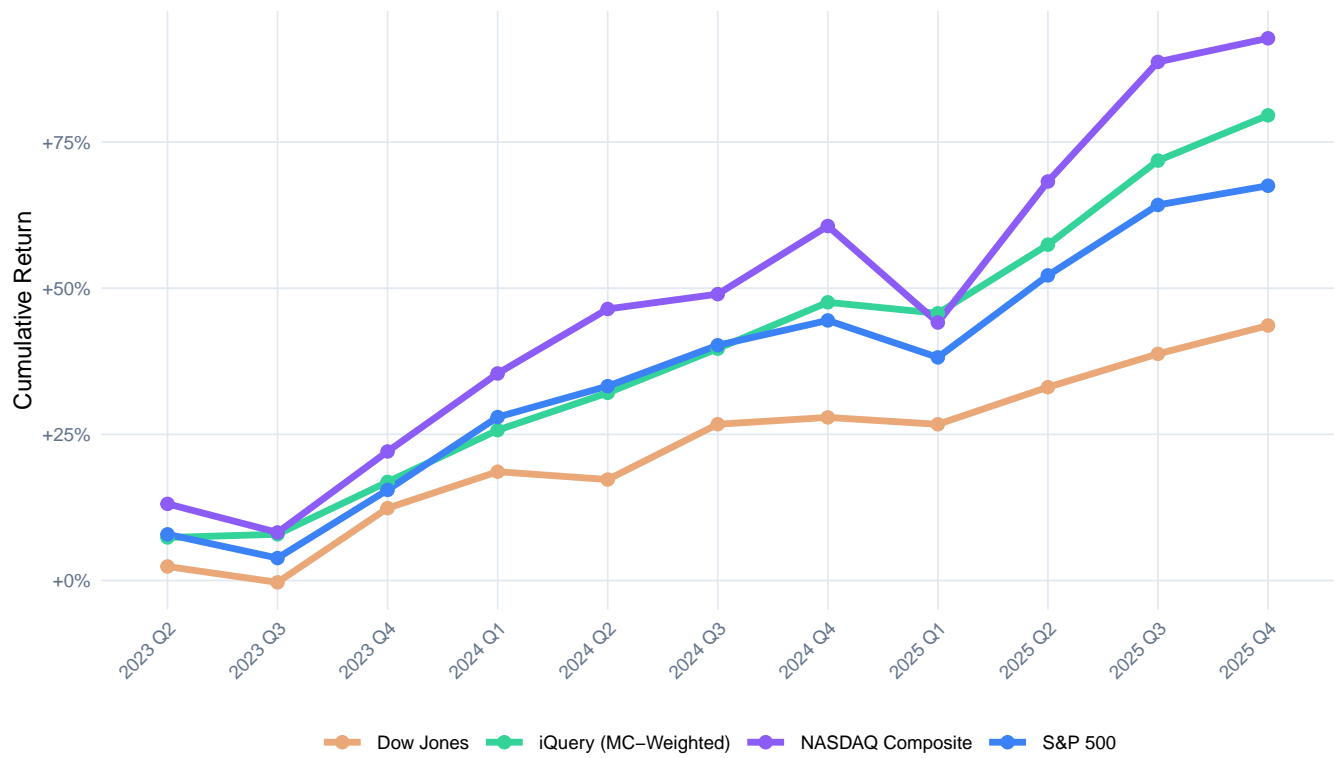


Figure 2: Market-cap weighting shows how the forecast universe performed when larger companies carried proportionally more influence, making the comparison more directly comparable to major index behavior.

## S&P 500 Target Hits That Later Faded Below Target

### S&P 500 Stocks That Hit Forecast Target but Faded Below by Quarter-End

Percentage of target-hit stocks closing below forecast level (S&P 500 constituent stocks)

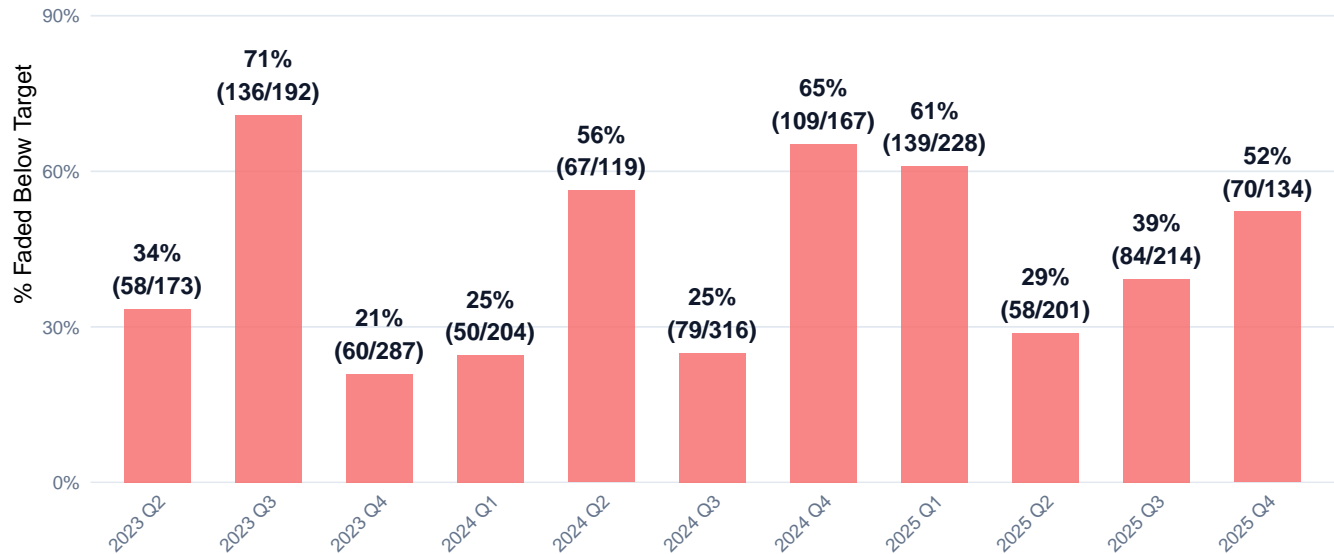
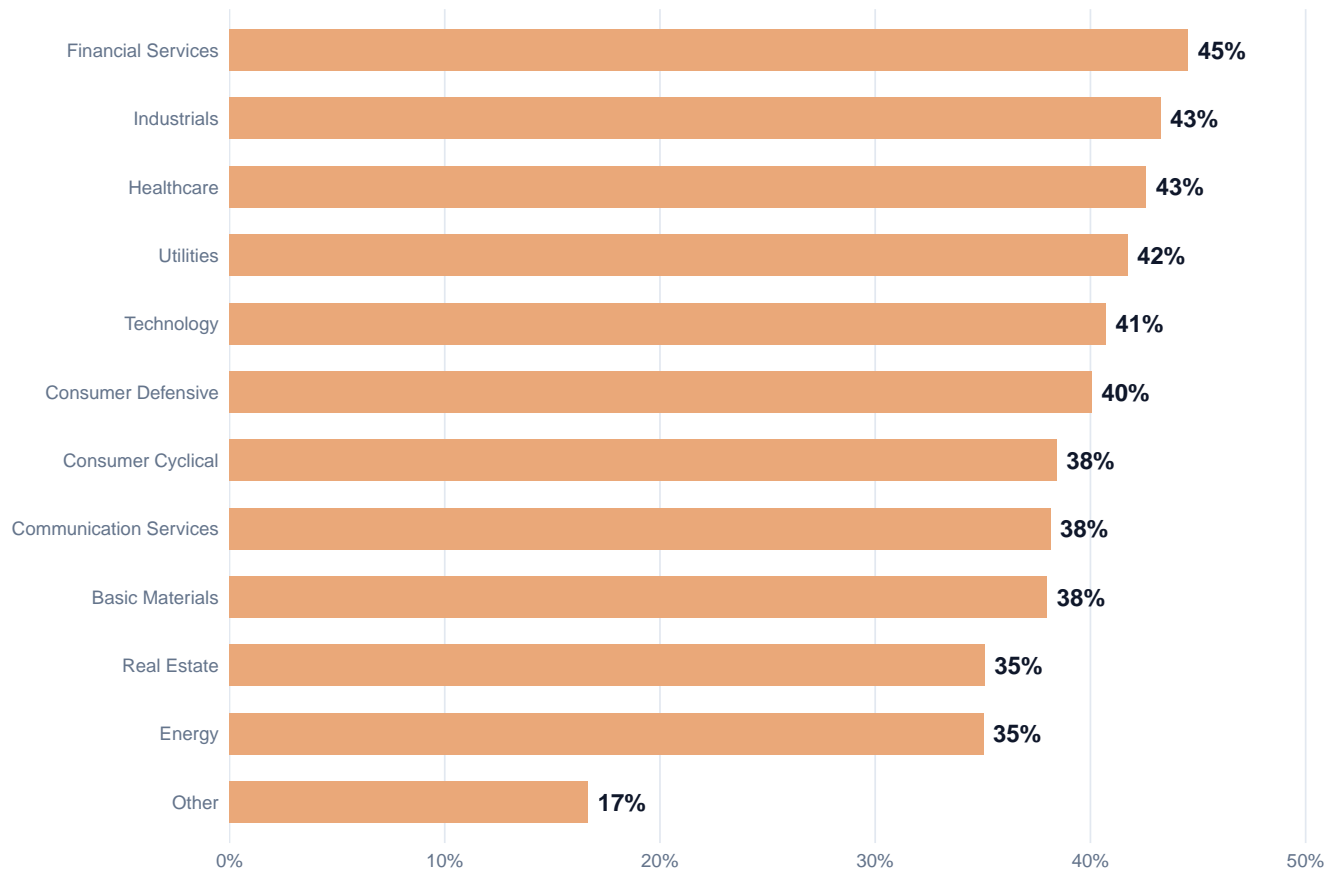


Figure 3: Among S&P 500 stocks that reached their forecast target, many later closed below that level, highlighting how forecast-based exits can help investors protect gains before they fade.

## Hit Rate by Industry Sector

### Forecast Hit Rate by Industry Sector

Stocks hitting or exceeding forecast target, descending



## Sector Performance: iQuery vs Sector ETFs (Avg Quarterly Return)

### Average Quarterly Return: iQuery Target-Hit Strategy vs Sector ETF

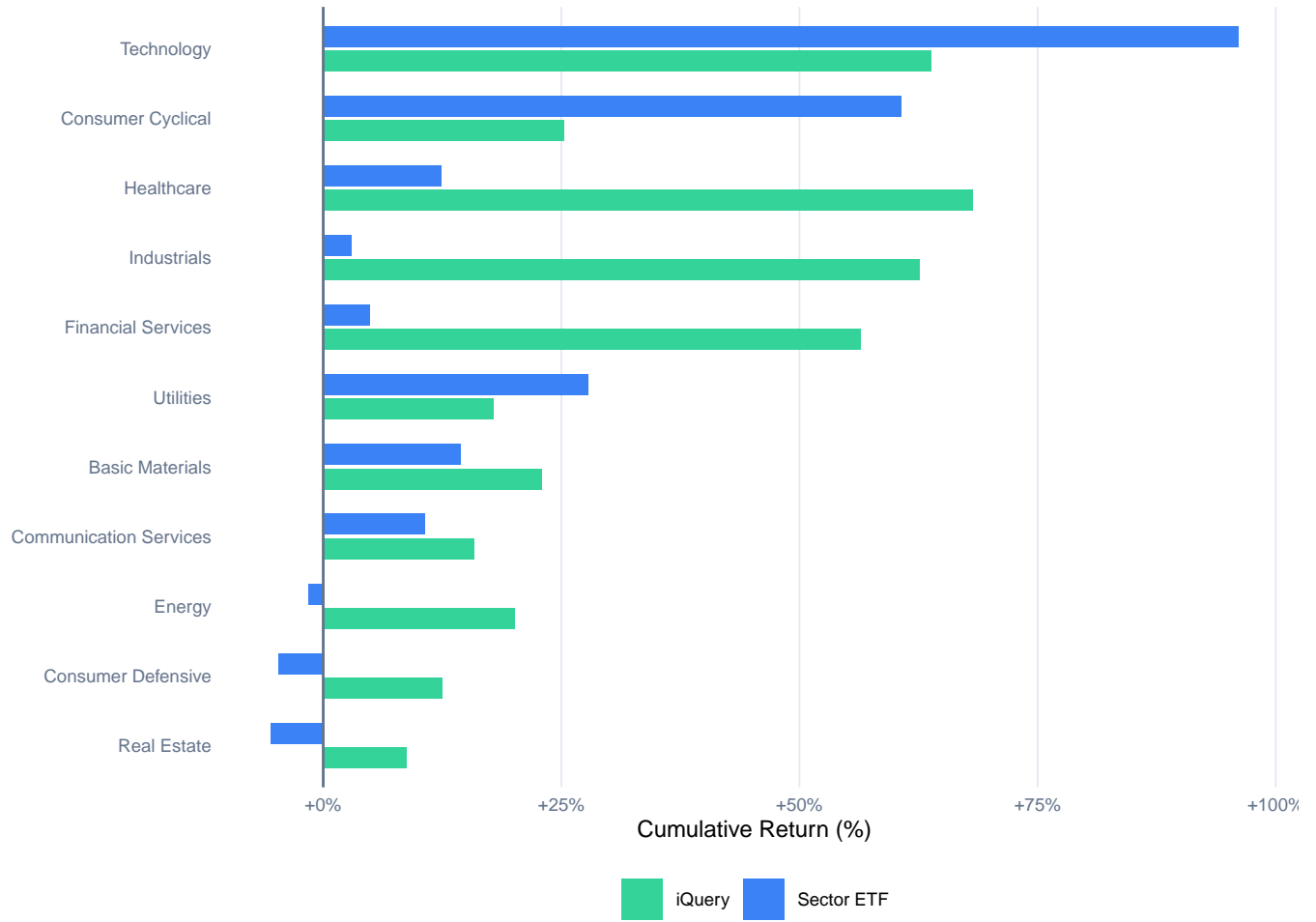
11 quarters (2023 Q2 – 2025 Q4), SPDR Select Sector ETFs as benchmark



## Sector Performance: iQuery vs Sector ETFs (Cumulative Return)

### Cumulative Return: iQuery Target-Hit Strategy vs Sector ETF

Compounded over 11 quarters (2023 Q2 – 2025 Q4)



**Methodology:**

- **Data Source:** Phillip's whitepaper backtest dataset (11 quarters, 2023 Q2 – 2025 Q4, ~2,900 stocks per quarter)
- **Chart 1 — Target-Hit Strategy:** Equal-weight portfolio. `actual_return_med_strat` = sell at forecasted median target if reached during quarter, otherwise hold to quarter-end. `stock_open_close_return` = buy-and-hold baseline. Returns compounded quarterly.
- **Chart 2 — Market-Cap Weighted:** Each stock weighted by market cap (from Milan's `cap_weight_Stocks.csv` using `fmps_historicalMarketCap`). Same target-hit exit strategy. Benchmark indices held through the entire period.
- **Chart 3 — Fade Analysis:** Filtered to S&P 500 constituent stocks. Of those where `day_high_med_target_met` is not NA (target was hit), calculates percentage where `stock_close < target_price`.
- **Hit Rate by Sector:** Sector assigned via `GFORCE.dbo.fmps_companyProfile`. Hit rate = percentage of stocks where forecast target was reached during the quarter.
- **Sector vs ETF:** iQuery target-hit return per sector compared to SPDR Select Sector ETF quarterly returns (XLK, XLV, XLF, XLY, XLI, XLE, XLP, XLU, XLRE, XLC, XLB). Cumulative = compounded quarterly returns over the full period.
- **Target Price:**  $stock\_start \times (1 + \text{Median Performance})$
- **Market Cap Weights:** Last available market cap per quarter from `GFORCE.dbo.fmps_historicalMarketCap`, normalized to sum to 1.0 per quarter.