

# TrimTabs Free Cash Flow Investment Research

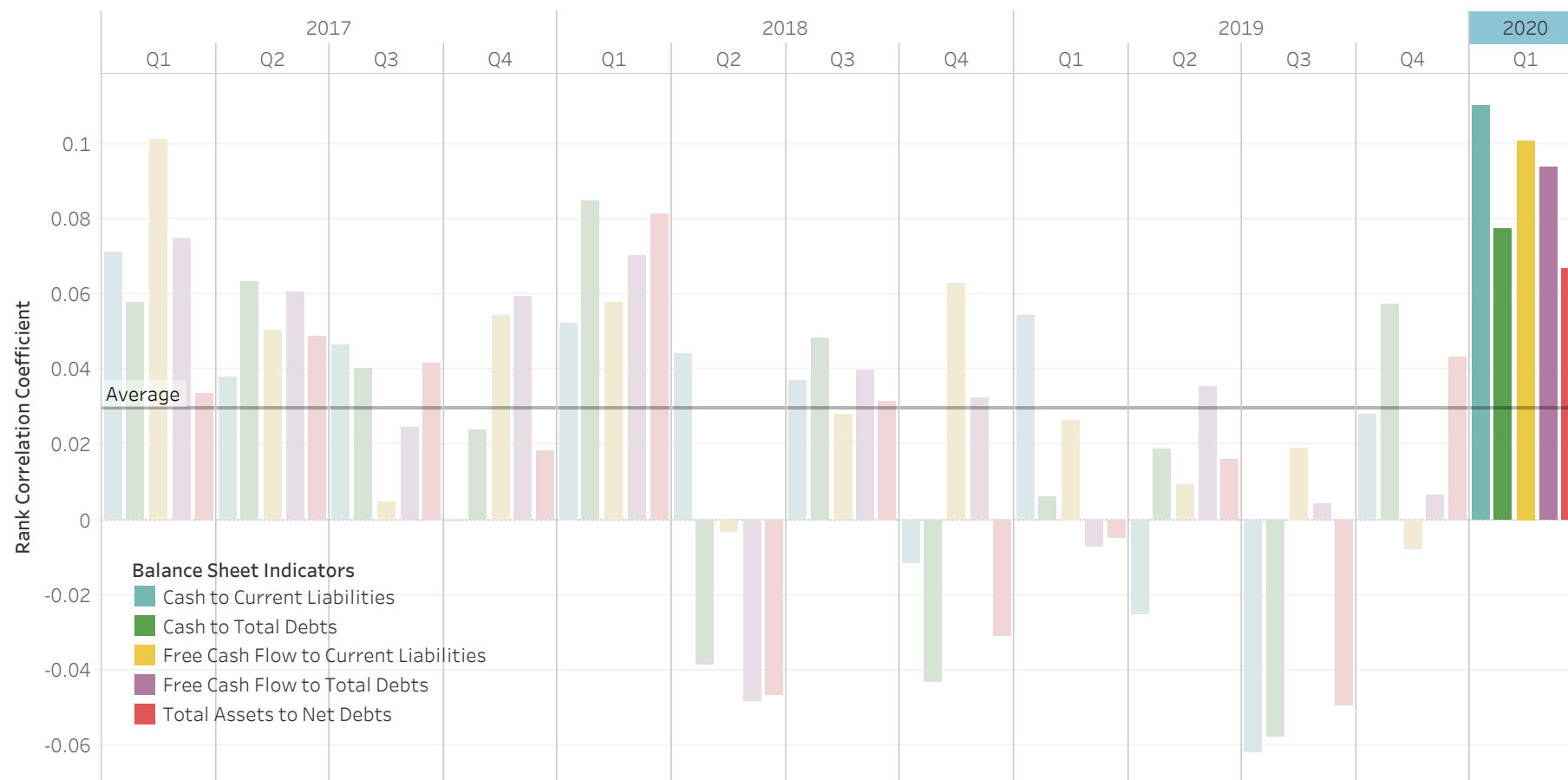
## The Performance of Strong Balance Sheets

Factor Correlations to Return of Balance Sheet Indicators Surged in Q1 2020 Amid Market Selloff



## Rank Correlations of Balance Sheet Indicators to Forward One Month Return

Russell 1000 Universe, 01/01/2017 to 03/31/2020



Source: TrimTabs Asset Management, FactSet

Balance sheet indicators measure the short-term and long-term coverage and leverage of a company. Each indicator is calculated using the trailing twelve-month fundamentals ratio of stocks in the Russell 1000 Index. The factor rank correlation is measured by the Kendall rank Tau test, a non-parametric hypothesis test for statistical dependence based on the tau coefficient. Tau coefficient identifies the rank similarity by factor and returns thus isolates the effects of extreme stock returns. A higher rank correlation coefficient implies a higher similarity between the ranking of forward one-month return and rankings of balance sheet indicators. Free cash flow is the cash a company produces through its operations, less the cost of expenditures on assets. The Russell 1000 Index represents the 1000 top companies by market capitalization in the United States. Past performance does not guarantee future returns. One can not directly invest in these indicators. Research result does not indicate fund performance. Past performance does not guarantee future returns.