An application as robust as your investment strategies

Standard & Poor’s Backtester™ enables you to confidently take your investment strategy from idea to portfolio implementation with compelling backtested results. Gain an accurate reflection of true, real-world performance of your portfolio before you make the actual investment.

You want an application that is as robust as the investment models you construct—Standard & Poor’s Backtester™, powered by the Research Insight analytical engine, built on the Standard & Poor’s Compustat® database—is the tool you need for serious quantitative analysis. Backtester's global data, speed and ease-of-use provides the right combination for the demands of quantitative investment professionals to backtest their investment theories in an application without borders.

Backtesting is the process of historically simulating a quantitative investment strategy in order to analyze the resulting portfolio against a specific benchmark. This process is accomplished by systematically applying a set of rules aimed at replicating the buy/sell/hold decisions in a portfolio context. You need a solution capable of simulating these complex portfolio strategies quickly and reliably against history. Achieving this requires a dataset that enables you to re-create investment conditions at any particular point in time—portraying what investors knew and when they knew it.

Standard & Poor’s Backtester is a robust tool that streamlines the simulation process, all the while providing the analytical capabilities needed to efficiently utilize complex datasets and build expressions. With Backtester, you can focus on building better strategies rather than spending your time and energy dealing with data issues. You can be confident knowing that your portfolio strategy is ready for implementation.

Standard & Poor’s Backtester™

With Standard & Poor’s Backtester you can:

- **Build blended strategies**—create advanced investment strategies based on combining multiple long and short models, which are becoming the norm for quantitative investors. Backtester allows you to blend multiple strategies, such as: Long/Short, Growth/Value, and Small/Mid/Large Cap. These strategies can be dynamically allocated into an overall portfolio strategy.
- **Identify a universe of potential candidates**—access our complete securities database to create your opportunity set, then rank or score the candidates to further evaluate them for inclusion in your portfolio.
- **Create multiple factor scoring and ranking models**—pinpoint the combination of factors that describes and ranks companies accordingly to the desired characteristics.
- **Simulate real-world market details and manage simulation parameters**—specify transaction costs, customize tax rates, reinvest dividends, rebalance, apply entry rules and trading rules. Factor in the effect of management fees and tax disbursements to simulate true after-tax returns. Select payment frequency and percentages and Backtester will debit your cash account accordingly.
- **Analyze portfolio statistics, transaction details and other results data**—create comprehensive reports, charts and tables from the extensive data generated by the simulation.
- **Batch processing**—select multiple simulations and run portfolio simulations or factor tests in an unattended mode for after-hours processing. Complete outputs will be ready for you to analyze at your convenience.
Backtester’s design closely mirrors the typical backtesting workflow. Our application enables you to build your portfolio strategy by creating a selection process, as well as defining rules to buy, sell or hold securities and control the portfolio rebalancing process. The application addresses specific areas of backtesting while remaining flexible enough to accommodate different investment practices. The tabs on the interface represent a step in the backtesting process, significantly reducing your learning curve and required technical expertise.

Backtester consolidates the results of your portfolio simulation in a concise and pictorial presentation. You can perform a fractile analysis on individual factors, presenting those results in a series of useful and flexible analytical charts and tables. All reports can be exported seamlessly to Microsoft Excel® for further analysis.
The Compustat Data Foundation

Knowing that your financial analysis will only be as reliable as the data it is based on, we built Standard & Poor’s Backtester on the unparalleled foundation of Standard & Poor’s Compustat data.

Compustat data has a reputation for extensive coverage, standardization, expertise and timeliness. Since 1962, our specialized knowledge in data collection, standardization and presentation has earned Compustat a level of authority unsurpassed in the financial information industry. Extensively trained financial researchers extract financial information from companies’ annual and quarterly shareholders’ reports, Securities and Exchange Commission (SEC) 10-K and 10-Q reports, daily news services and direct company contact. We constantly monitor the rulings of the Financial Accounting Standards Board (FASB) and the SEC to ensure that we collect and present financial data as consistently as possible.

Standard & Poor’s recognizes that we operate in a global marketplace; therefore, we continue to enhance and grow our worldwide data coverage. Our consistent efforts to increase our global company population, recently focused on the Asian markets, has resulted in a total active population of approximately 28,500 companies—up almost 30%. Compustat’s extensive global data coverage includes 90% of the Asian market capitalization, including 95% of the Taiwanese market capitalization, and 94% of the European market capitalization.

Standard & Poor’s Backtester uses the Compustat Historical, Unrestated Quarterly, Compustat Point-in-Time and Compustat Global databases, to provide the historical data needed to re-create the original investing market conditions. Building on the depth of the Compustat data, coupled with the strength of the Research Insight analytical engine, the Backtester tool gives you the power to transform the data by filtering out restatements, avoiding look-ahead bias, handling corporate actions and preventing survivorship bias.

Transparency

The quality of the data you use in your models affects the reliability of the outputs. Getting the transparency you need from financial reports is not easy; different company reporting practices, changing regulations, variations across industries and over time can hinder effective comparisons. The Compustat standardization and normalization processes make data comparable between companies, across industries and over time, the cornerstone of any serious quantitative analysis.

Additionally, Standard & Poor’s Backtester provides detailed simulation outputs. This high level of granularity provides transparency and confidence in your portfolio results.

System Requirements

Intel® Pentium III processor or higher and 512 MB of RAM; Microsoft® Windows 2000 (SP4 or higher), Windows XP (SP1 or higher) or Windows Vista (with User Account Control turned off); spreadsheet compatibility with Microsoft® Excel 2000, XP, 2003, or 2007; .Net framework 2.0 and Windows Installer 3.1 (included in the install file). Delivery options include DVD or HTTP delivery of the databases over the Internet.

*Note: Standard & Poor’s Research Insight is required for Standard & Poor’s Backtester.

For more information on Standard & Poor’s Backtester™, call your Standard & Poor’s representative. You can also visit us at www.standardandpoors.com.