

Unlocking Data-Driven Insights Across Securities Lending and ETFs

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April 2026

Securities Finance short-sentiment metrics are well established in the Global Quant Community

Short sentiment metrics – strong negative relationship with forward returns

Delivered in advance of Public Short Interest and has stronger signal

Lendable Inventory is a proxy for Institutional Ownership

Orthogonal factor signal - can be used as an overlay on common quant factors to enhance performance

Signal for Factor Crowding and Factor Timing

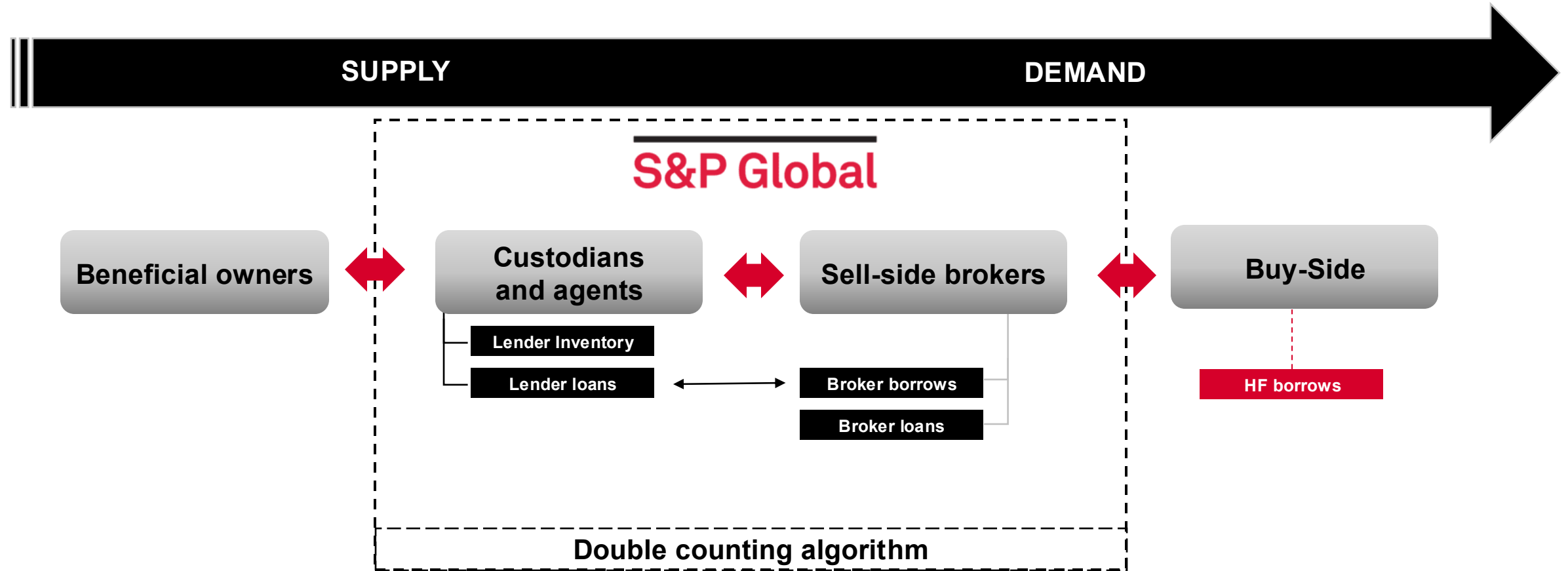
New Data Driven Insights

The new **Transaction** feed provide enhanced granularity into short sentiment and lendable inventory

The new **Intraday** feed offers significant time advantage over the traditional Securities Finance dataset

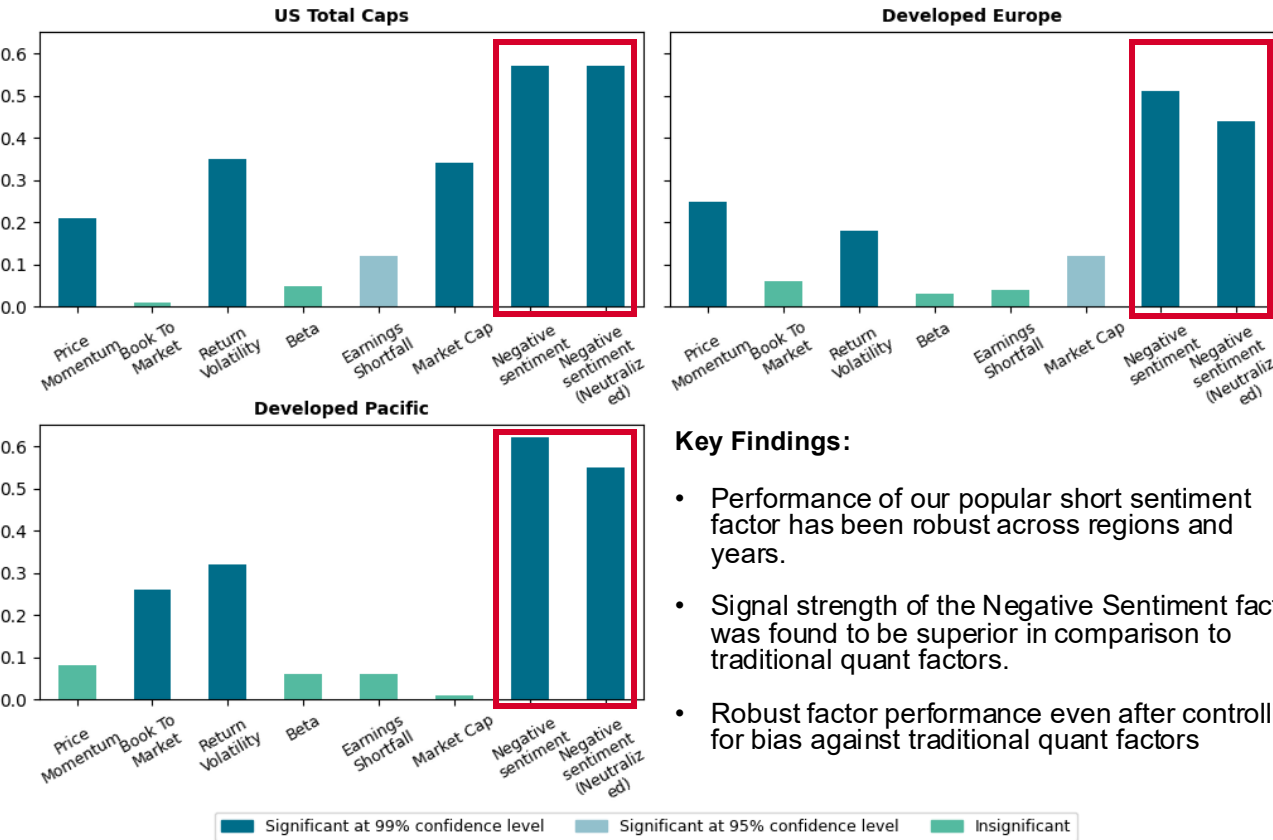
Utilizing **ETF Composition data** and proprietary signals to create unique ETF and stock level factor signals

Sourced daily from industry participants



Short Sentiment – Strong Leading Indicator of Forward Returns across regions

Risk-Adjusted IC – Monthly Rebalance – Jan 2008 – May 2025

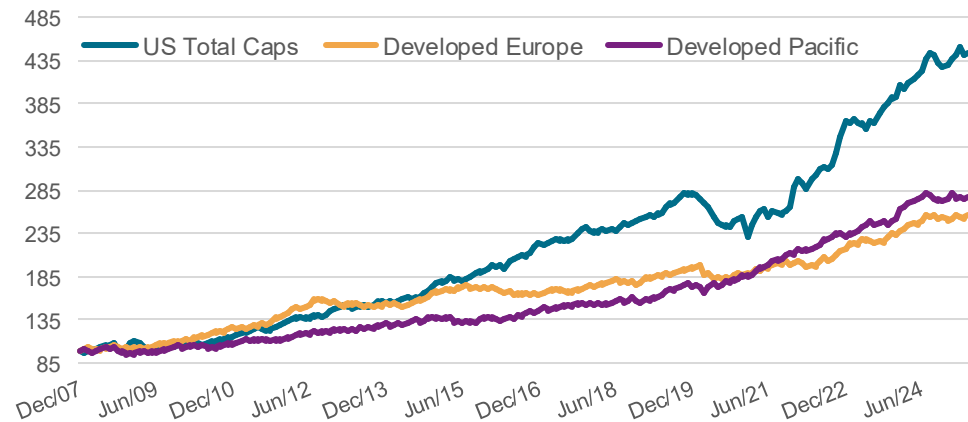


Key Findings:

- Performance of our popular short sentiment factor has been robust across regions and years.
- Signal strength of the Negative Sentiment factor was found to be superior in comparison to traditional quant factors.
- Robust factor performance even after controlling for bias against traditional quant factors

Favourable vs. Unfavourable Leg - Monthly Rebalance - Jan 2008 - May 2025				
Universe	Annualized Returns	Annualized Volatility	Information Ratio	Average Monthly Returns
US Total Caps	8.95%	6.56%	1.36	0.73%
Developed Europe	5.56%	4.62%	1.20	0.46%
Developed Pacific	6.02%	4.83%	1.25	0.50%

Cumulative Long-Short Returns – Monthly Rebalance – Jan 2008 – May 2025



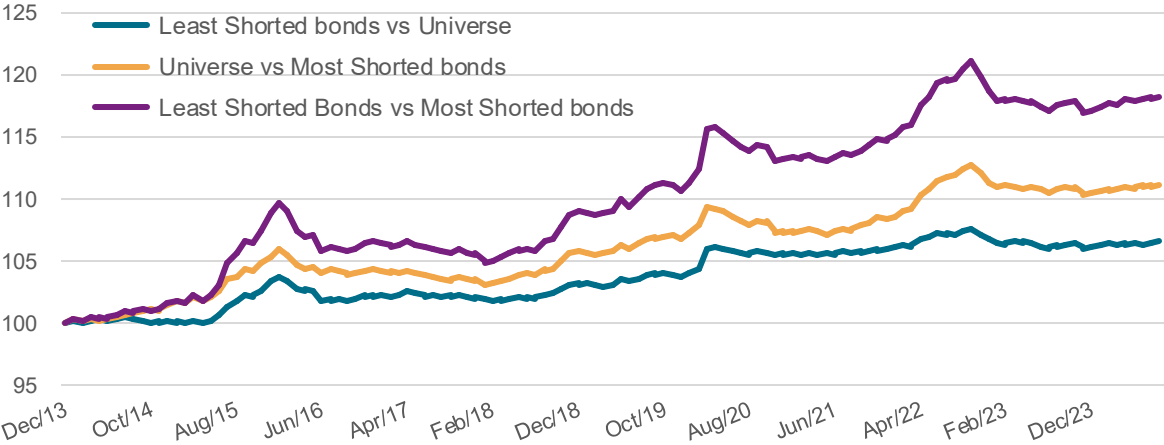
S&P Global Market Intelligence (Securities Finance, Alpha Signals and ClariFI).

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Predictive Short Sentiment in High Yield Bonds

Fixed income managers can profitably incorporate short sentiment metrics derived from the securities lending market in a systematic factor strategy based on a global portfolio of high yield corporate bonds.

Cumulative Returns – Monthly Rebalance – Jan 2014 – Aug 2024



Key findings:

Short sentiment can be used as an additional criterion for bond selection in fixed income portfolio construction and in creation of enhanced indices.

Avg Demand Supply Ratio which captures both the demand & the supply dynamics from the securities lending market was found to be more robust in comparison to other factors.

Avg Demand Supply Ratio generated significant alpha even after **neutralizing exposure towards bond’s credit quality, yield or duration**. with a substantial improvement of 53% in the risk-adjusted returns (0.5x to 0.8x) from a long-short strategy.

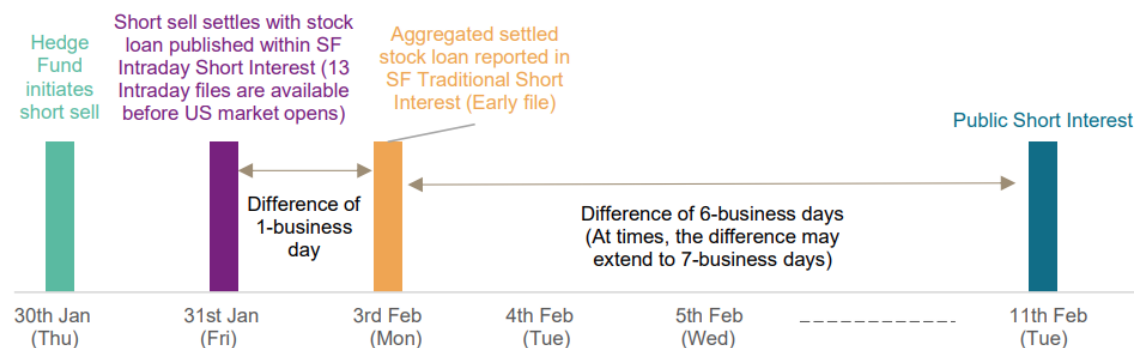
Least Shorted bonds vs. Most Shorted bonds - Monthly Rebalance - Jan 2014 - Aug 2024				
Demand Supply Ratio (after neutralizing exposure)	Annualized Returns	Annualized Volatility	Information Ratio	Average Monthly Returns
Least Shorted bonds vs. Universe	0.59%	0.86%	0.69	0.05%
Universe vs. Most Shorted bonds	0.99%	1.14%	0.87	0.08%
Least Shorted bonds vs. Most Shorted bonds	1.58%	1.91%	0.83	0.13%

Source: S&P Global Market Intelligence Securities Finance, S&P Global Dow Jones Indices.

Benefits of using Securities Lending data in comparison to Public Short Interest For US Equities

Securities Finance (SF) Short Interest offers a significant **time advantage as short interest information is available at least 6 business days** in advance of the release of Public Short Interest.

Using SF Intraday Short Interest data offers an additional time advantage as **intraday positions are available at least 1 business days prior to the availability of the traditional SF Short Interest.**



Findings from our analysis highlight the **importance of using additional analytics from the SF dataset** that are not available in public disclosures in US equities

Key finding:

- Proprietary Securities Finance short interest offered superior risk-adjusted returns in comparison to the US Public Short Interest.

Semi-Monthly Rebalance - Jan 2019 - Sep 2024				
Portfolio	Annualized Return	Annualized Volatility	Information Ratio	Average Semi-Monthly Return
Public Short Interest	9.21%	16.34%	0.56	0.42%
Securities Finance Short Interest (Early)	12.56%	15.64%	0.80	0.55%
Securities Finance Short Interest (Early + Intraday)	15.44%	15.61%	0.99	0.65%

Source: S&P Global Market Intelligence (Securities Finance, Alpha Signals and ClariFI)

Securities Finance Transactions Feed

Granularity into securities lending transactions

- Complete lifecycle of securities lending transactions
- Understand profitability of short positions
- Identify short selling conviction

TSLA	Trade Quantity	Start Date	Data Date	Start Date Price	Data Date Price	Profitability
Trade 1	100	3rd Jul 2025	8th August 2025	\$ 150	\$ 120	In the Money
Trade 2	200	10th Jul 2025	8th August 2025	\$ 110	\$ 120	Out of the Money
Trade 3	400	1st Aug 2025	8th August 2025	\$ 115	\$ 120	Out of the Money

Source: S&P Global Market Intelligence Securities Finance)

Combining Profitability metrics with Short Sentiment based factors boosts short selling gains

High Active Utilization	High Active Utilization and High Profitability	More Profitable from a short seller's perspective in comparison to the High Active Utilization bucket	Increase your short exposure
	High Active Utilization and Low Profitability	Less profitable from a short seller's perspective in comparison to the High Active Utilization bucket	Decrease your short exposure

Source: S&P Global Market Intelligence Securities Finance, Alpha Signals and ClariFI)

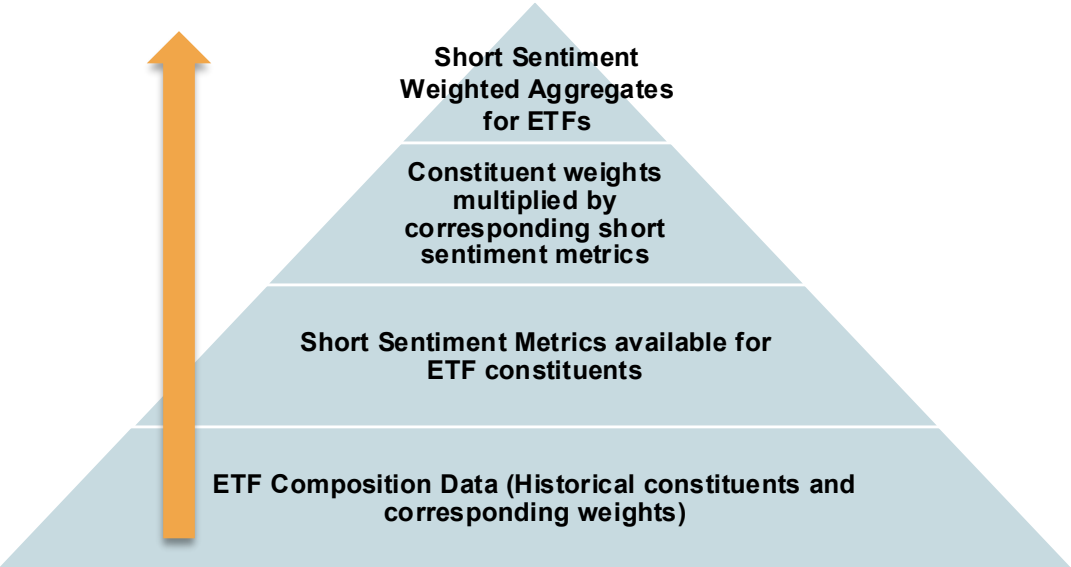


Source: S&P Global Market Intelligence Securities Finance)

Our back-test simulations reveal that performance of the High Active Utilization bucket can be significantly improved by reducing short exposure to stocks where short sellers are less profitable and by increasing short exposure to stocks where short sellers are more profitable.

ETF Factors – Bottom-Up Approach

Creation of Short Sentiment Weighted Aggregates for ETFs

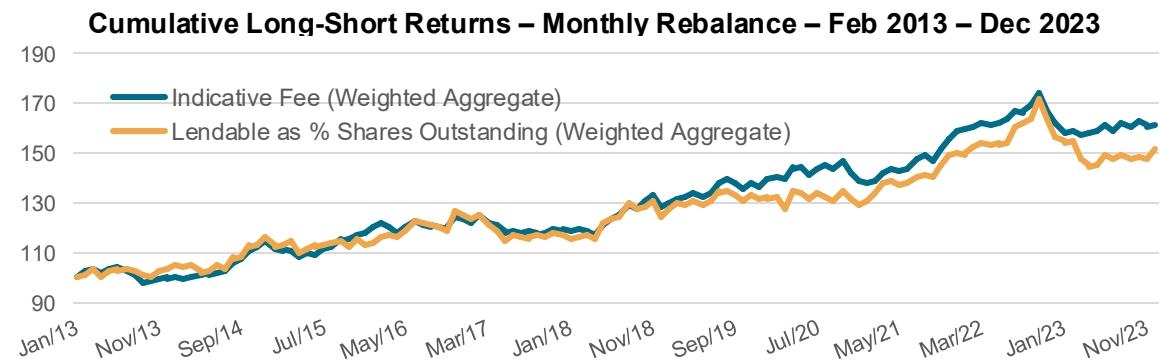


Hypothetical ETF					
Constituent	Weights	Indicative Fee (bps)	Indicative Fee (Weighted Aggregate)		
aapl	0.250	20	20 * 0.250	5 + 7.5 + 50	62.5 bps
tsla	0.250	30	30 * 0.250		
msft	0.500	100	100 * 0.500		

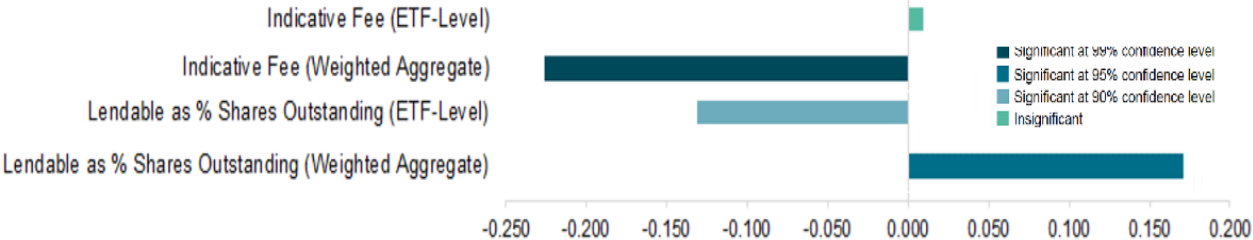
Source : S&P Global Market Intelligence Securities Finance and EBS)

Aggregating short sentiment data at the ETF level can be used for systematic ETF portfolio construction

- ETFs with high Indicative Fee underperform ETFs with low Indicative Fee.
- ETFs with high Lendable Supply outperform ETFs with low Lendable Supply



Risk Adjusted IC – Monthly Rebalance – Feb 2013 – Dec 2023



Source : S&P Global Market Intelligence Securities Finance and EBS)

Closing Thought

Short Sentiment Data is Mature... but Underexploited

- From end-of-day to intraday → Capturing timeliness rather than reacting to stale signals
- From security-level aggregates to transaction-level insight → Capturing behavior, conviction, and positioning
- From traditional signal construction to structure-aware design → Rethinking how signals work inside ETFs

For those building models in an environment where traditional factors are increasingly crowded, these adjacent perspectives offer a way to enhance signal strength.

In crowded factor environments, the edge doesn't come from more data, but it comes from seeing the same data differently.

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