With WhaleWisdom you can invest like your research budget is $70 million.

Hedge funds are very secretive. That's why it was surprising that in a 2015 letter to shareholders, a $10 billion hedge fund revealed its investment research budget for the year. The amount? $70 million. That's right, the fund spent $70 million that year finding the best investment ideas in the word. How much did *you* spend in 2015 researching investments?

Did the firm pay 70 world-class analysts $1 million apiece to scour the globe for ideas? Did it spend millions crunching "Big Data"? Did the manager send the brightest minds money can buy to meet face-to-face with cutting-edge companies?

However it spent its research millions, it appears to have paid off. The firm -- Coatue Management, led by "Tiger Cub" Philippe Laffont -- has had stellar performance. The fund returned 30.32% in 2016, and has had an annualized return over the last three years of 18.48%. And that's after 2% management and 20% performance fees.

Want to place some money with Coatue management? Got 10 million bucks to invest? That might be enough to get you in the door. But don't count on it -- most of the top performing hedge funds have been closed to new investors for years. So you're probably out of luck.

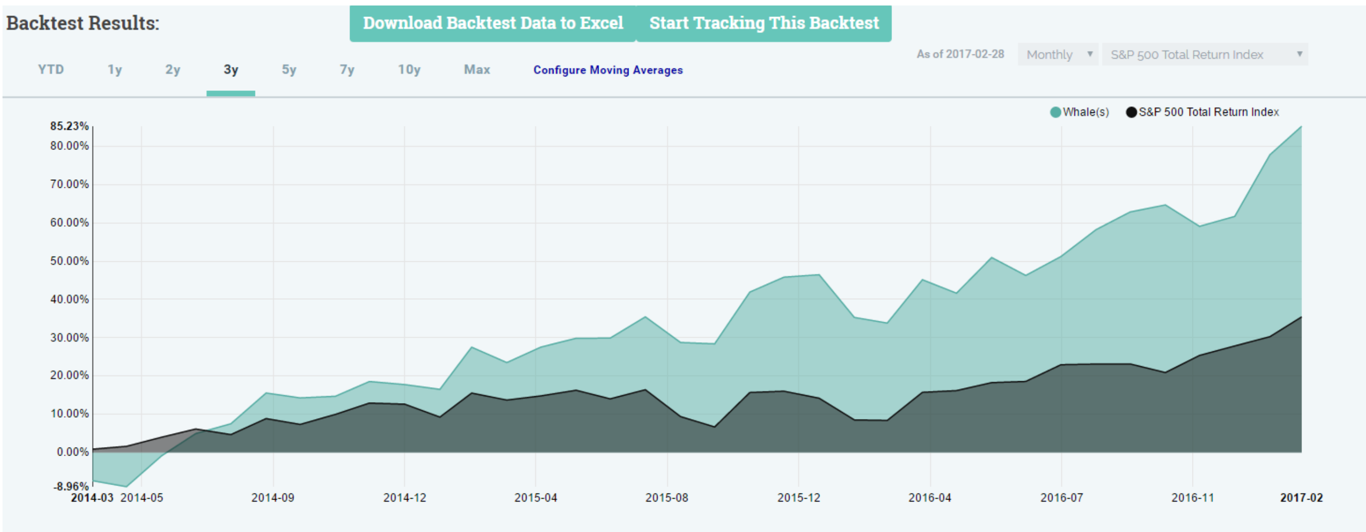
But maybe not. What if I told you there is a "back-door" way to replicate Coatue performance without placing money with the hedge fund? What if you could see the stocks Coatue was buying and selling and replicate the firm's investment process? What if there is a way to benefit from the tens of millions worth of research carried out by hedge funds like Coatue?

With WhaleWisdom, an investor can replicate the portfolios of the most profitable "Whales" -- huge investors with stellar track records. And you can do this without paying any management fees...

By using WhaleWisdom's tools to analyze 13F filings submitted by hedge funds, you can mimic the stock picks of the greatest money managers in the world. Every quarter the SEC requires that fund managers with over $100 million in AUM disclose their holdings. WhaleWisdom enables a user to see the positions of any manager in the U.S within minutes of their being disclosed.

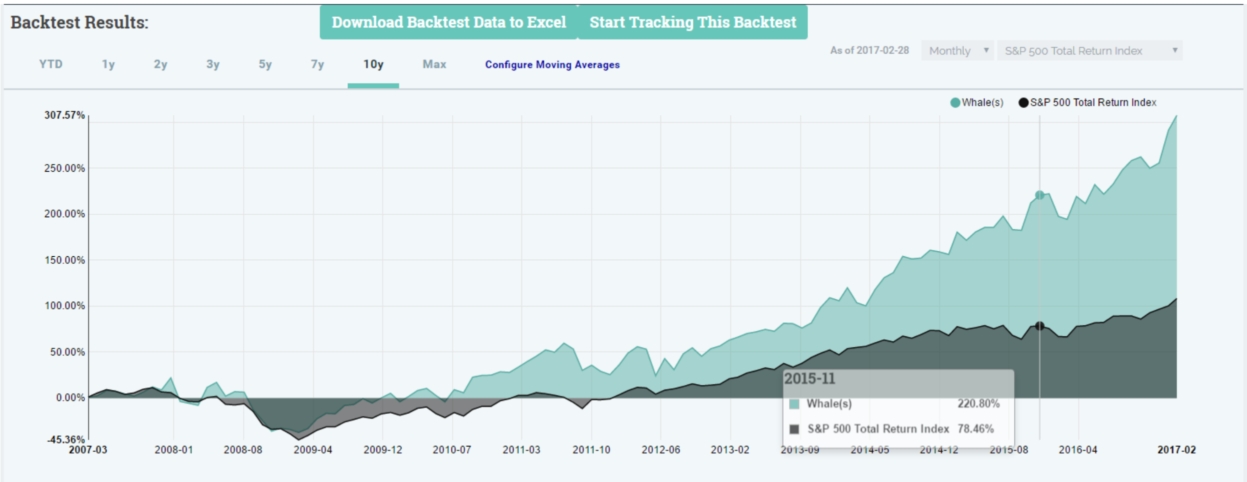
What if over the last 3 years you had replicated Coatue's top ten holdings every time the fund's portfolio was updated via 13F filings?

Below is a chart from WhaleWisdom's backtest feature. The light green shows that since the 1st quarter of 2013, copying Coatue's 13F filings would have resulted in returns of over 85%. Over the same period the S&P 500's total return was 35%.



	YTD	1Y	2Y	3Y	5Y	7Y	10Y	Total Return	Annualized	Std Dev	Sortino
Whale(s)	14.578%	27.64%	50.01%	100.01%	161.37%	276.38%	303.70%	475.970%	11.693%	25.025%	0.533
S&P 500 Total Return Index	5.943%	17.04%	19.12%	34.29%	86.49%	134.08%	106.03%	152.289%	6.019%	14.428%	0.430

What if we look back 10 years? Using WhaleWisdom's backtester, one can create a portfolio of Coatue Management's top ten positions ten years ago, then rebalance it quarterly as new holdings were disclosed. The cloned fund would have resulted in a return of over 300%. That's 3X the return of the S&P 500.



	YTD	1Y	2Y	3Y	5Y	7Y	10Y	Total Return	Annualized	Std Dev	Sortino
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S&P 500 Total Return Index	5.943%	17.04%	19.12%	34.29%	86.49%	134.08%	106.03%	152.289%	6.019%	14.428%	0.430

And WhaleWisdom allows an investor to create portfolios based not on just one fund, but any combination of funds.

Here’s a concept: How about creating a “Dream Team” of the greatest money managers on earth. Buffett, Klarman, Tepper-- combine the top ideas of these and other “Whales” to create a super portfolio of their combined top holdings. Or you could use WhaleWisdom to discover and clone more obscure managers with exceptional performance. WhaleWisdom even rates managers via a “WhaleScore”, helping investors quickly identify Form 13F filers who consistently have beaten the market over the last three years. By the way, Coatue Management gets a Manager Weighted WhaleScore of 96. Very high.

Creating your dream team portfolio is elegantly simple. You create a filer group based on managers you choose. Or you can use WhaleWisdom to create a filer group based on a backtest of which managers would have been the best to clone in the past. Once you’ve established the managers, you can rebalance your fund of funds portfolio based on updated 13F filings.

In addition to replicating top manager’s portfolios, the wealth of information gleaned from 13F filings can be used in customized analysis. With the excel add-in feature, an investor can download 13F data and use in customized models.

Looking for exceptional stock ideas? Consider the implications of this: WhaleWisdom allows you to filter all 13F filings to determine which stocks are being accumulated by the top managers. What if several of the top stock pickers on earth are buying the same stock. That might be good information to have….

13F filings are a goldmine of information...if you know how to use them.

Before we delve more deeply into how WhaleWisdom can help investors profit from analyzing hedge fund portfolios, let's examine the 13F filing in more detail, and discuss the pros and cons of basing investment decisions on these filings.

In 1975 Congress passed legislation that required the manager of every institutional fund with managed assets over $100 million to report its holdings to the Securities and Exchange Commission once a quarter. The idea was to improve the transparency of large funds and foster confidence in the financial markets.

Here are the basics of 13Fs:

1. **Firms are required to submit holdings within 45 days after a quarter's end.** If this falls on a weekend then filings are due the following Monday. While they can obviously file early, most filers tend to wait until the last minute to submit their filing. Of course there are always stragglers that don't file for days or even weeks after that.
2. The SEC maintains 13F filings on its EDGAR database and posts the electronic versions of 13F filings within a day of receiving them. **WhaleWisdom checks with the SEC every hour to see if any new 13F filings have been posted.** As soon as any are found they are automatically processed and released.
3. The SEC determines which assets apply to form 13F filing. Equities as well as certain equity options and warrants, shares of closed-end investment companies and certain convertible debt securities. Short positions are not required to be reported. The shares of open-end mutual funds are not 13F securities, nor are commodities.
4. WhaleWisdom maintains historical 13F filings back to March 31, 2001.

Advantages of using 13F filings to build portfolios.

WhaleWisdom offers many valuable tools allowing insights into fund managers, but possibly the most intriguing use of the database is to create "clone" portfolios of select managers who have beaten the market consistently over time.

As we've mentioned, following 13Fs give an investor **access to the multimillion dollar research of the Whales**. WhaleWisdom allows subscribers to replicate world-class hedge funds that are only available to a select few ultra-wealthy investors.

By using WhaleWisdom’s backtester and other tools, one can determine which managers would have been most profitable to replicate over the years. Investors can compound returns without paying **“2 and 20” fees**, potentially resulting in better net performance than the big investors who’ve placed big money directly with the hedge funds.

By cloning a hedge fund rather than investing directly, one can also **manage risk to suit one’s own unique situation**. Hedge funds have discretion to use leverage or otherwise take risks which may be inappropriate for a particular investor. Fraud is rare, but it’s a real risk of hedge fund investing. With a clone strategy run in your personal brokerage account, you know where every dollar is.

Creating 13F portfolios with the help of WhaleWisdom also offers other advantages compared with investing directly in a hedge fund. **In your own account you have maximum liquidity.** In contrast, hedge funds have monthly, quarterly, or multiyear lockup periods and other provisions which can prevent an investor from withdrawing money.

Individual investors can manage their own holdings to **maximize tax savings**. The difference between realizing short or long term profits can impact net returns substantially. Hedge funds typically operate without regard to investors’ tax situations.

Potential pitfalls of using 13F filings for investment ideas.

Of course, using 13F filings as investment intelligence does potentially have drawbacks.

Fund managers are only required to report *long* holdings in 13Fs. Futures, currencies and short positions are not reported. For some funds, being long and short is a big part of their performance edge. By only seeing the long positions, one may not be truly replicating the fund, and in fact may be taking more risk than the actual manager.

The 45 day delay in reporting after a quarter’s end can misrepresent the current holdings of a fund. It’s possible that an investor replicating 13F filings can buy a stock that was actually sold by the manager 45 days ago. It’s also conceivable that one is mimicking an investment taken by a manager nearly 135 days ago. So it’s possible that investors cloning 13Fs are working off of stale information. Also, some managers may even attempt to hide their holdings by moving positions temporarily off the books at the end of a quarter.

Investment funds with certain strategies do not lend themselves to 13F analysis and cloning. Managers who employ extensive short selling or pairs trading can't be replicated using 13Fs. Also managers with high-turnover portfolios and quant-based short-term strategies are poor candidates for cloning. Managers that employ lots of derivatives and focus on commodities and other non-13F securities will be impossible to replicate.

However, while many investment fund styles do not lend themselves to 13F portfolio cloning, there is a strategy that works well with 13F analysis -- Value Investing.

Here's how to use WhaleWisdom to create a Dream Team fund of funds based on 13F filings.

Value investing is a strategy where stocks are selected because the manager believes they trade for less than intrinsic value. While it occasionally happens that stocks move from undervalued to fairly valued over a short period of time, the fact is that most value managers wait many months -- sometimes years -- before selling an investment holding.

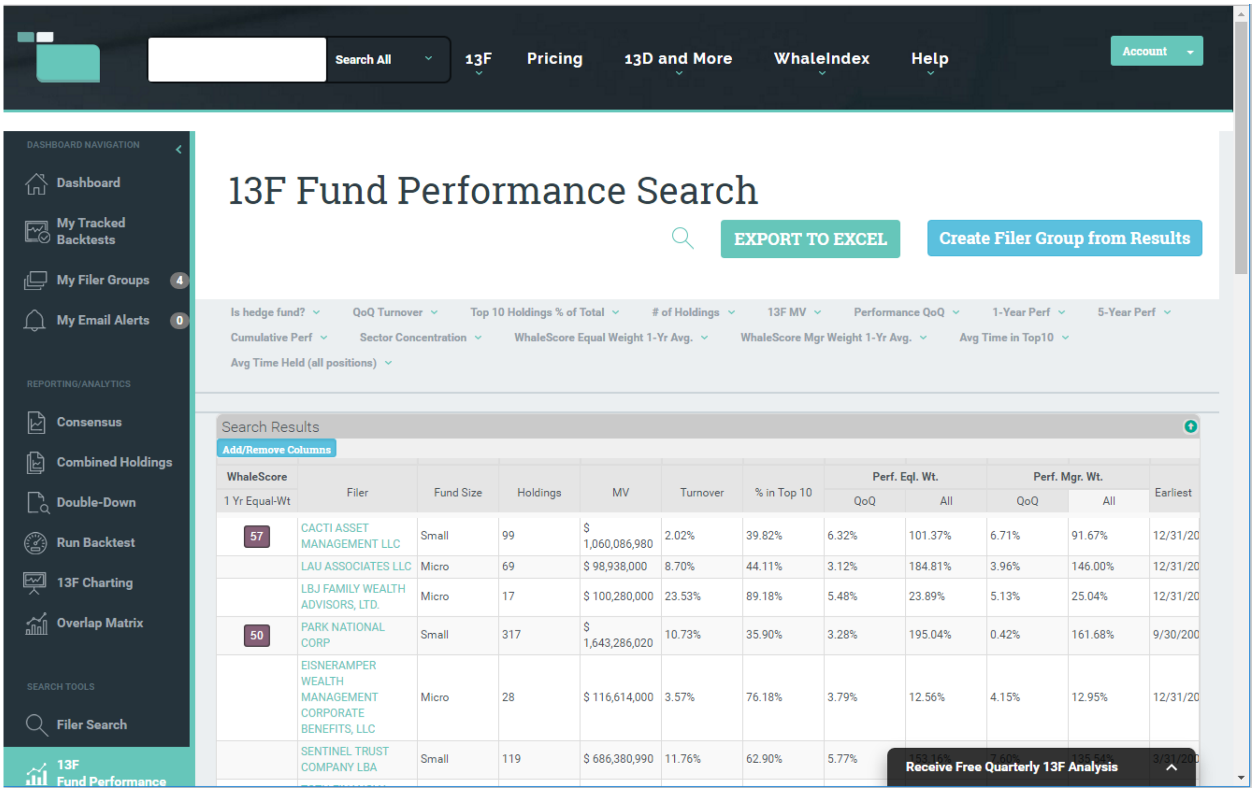
Indeed, Warren Buffett, probably the greatest value investor of all time, likes to say that his preferred holding period is "forever."

That's an extreme case to be sure, but **because value managers typically have long-term holding periods and low turnover, their funds make the best candidates for 13F replication**. This is good news, because value managers are arguably the most profitable, most successful group of all investment managers. And it makes sense that the 45 day delay in reported holdings probably won't significantly affect the cloning of funds with holdings that average several months or more. And any performance shortfall due to timing will likely be more than recouped by avoiding the hefty hedge fund fees.

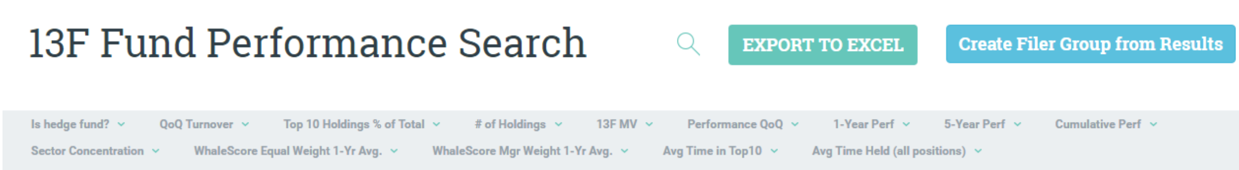
To see how easily cloning funds in WhaleWisdom is, let's create a fund of funds that replicates the portfolios of three of the best fund managers in existence. We'll do this for demonstration purposes -- while this may turn out to be an exceptional group of funds to replicate, you'll want to develop your own strategies based on your unique interest and goals.

First let's apply some basic filters and narrow the universe of funds down to the three best based on our criteria.

From the main menu, choose “13F”. Then from the dropdown, select “13F Fund & Performance Search.” You’ll see over 4200 management companies listed on multiple pages.



Just above “Search Results” is criteria we’ll use to narrow our search. Click on “Is hedge fund?” and choose yes. Hedge funds tend to employ the top, highest paid talent. Also value-oriented hedge funds are likely to be stock pickers with more concentrated positions. We want to piggyback on their best ideas.



Next click on “QoQ Turnover.” As discussed, we want managers with low-turnover strategies, as these funds will be minimally impacted by the 45 day filing delay. Enter “0 to 25” and click “Add.”

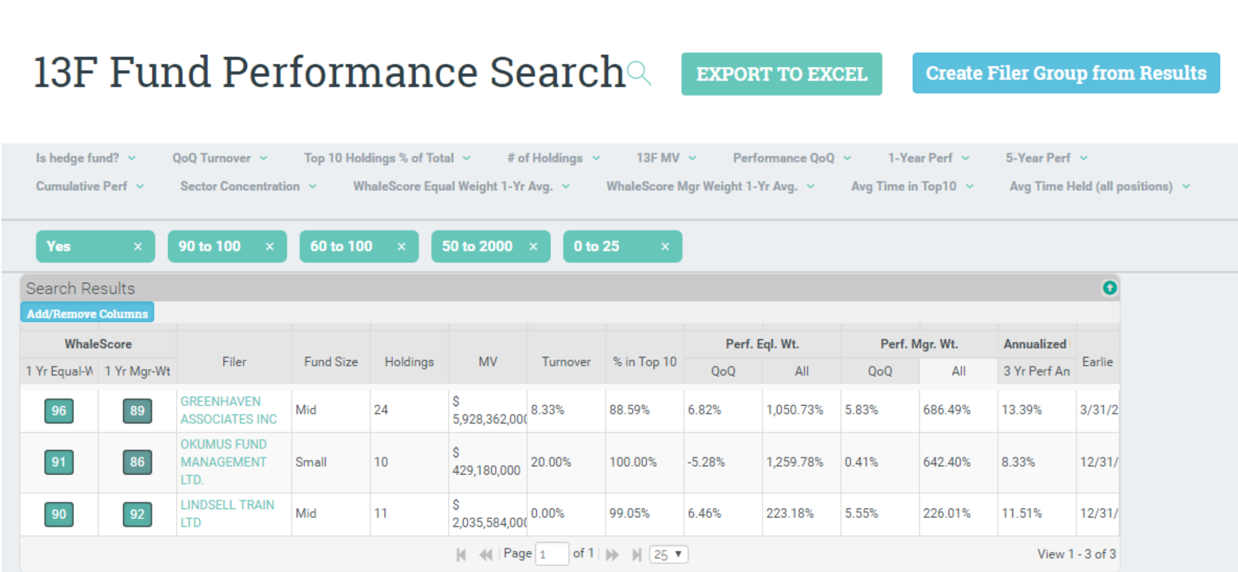
We want to select for funds with concentrated holdings, so click “Top 10 Holdings % of Total”, and enter “60 to 100.”

Now let’s narrow the remaining funds based on performance. Click “5-Year Perf” and enter 50 to 2000.

To further focus the list of top performing hedge funds let's use the [WhaleScore Rating](). WhaleScore uses a mixture of risk-return measures that predict future Alpha. 13F filers are ranked in terms of these measure and scored against each other and against the S&P 500. WhaleScores are updated quarterly and are based primarily on 3-years of data.

Let's select "WhaleScore Equal Weight 1-Yr Avg" and enter scores from 90 to 100. This score uses equal concentration of a manager's holdings in calculating performance. (The WhaleScore Mgr Weight 1-Yr Avg. uses the managers weighting of holdings in its calculation.)

Now we're down to three funds that have meet our filter criteria. These three funds have performed very well in recent years.


13F Fund Performance Search

EXPORT TO EXCEL | Create Filer Group from Results

Is hedge fund? | QoQ Turnover | Top 10 Holdings % of Total | # of Holdings | 13F MV | Performance QoQ | 1-Year Perf | 5-Year Perf
Cumulative Perf | Sector Concentration | WhaleScore Equal Weight 1-Yr Avg. | WhaleScore Mgr Weight 1-Yr Avg. | Avg Time in Top10 | Avg Time Held (all positions)

Yes × | 90 to 100 × | 60 to 100 × | 50 to 2000 × | 0 to 25 ×

Search Results

Add/Remove Columns

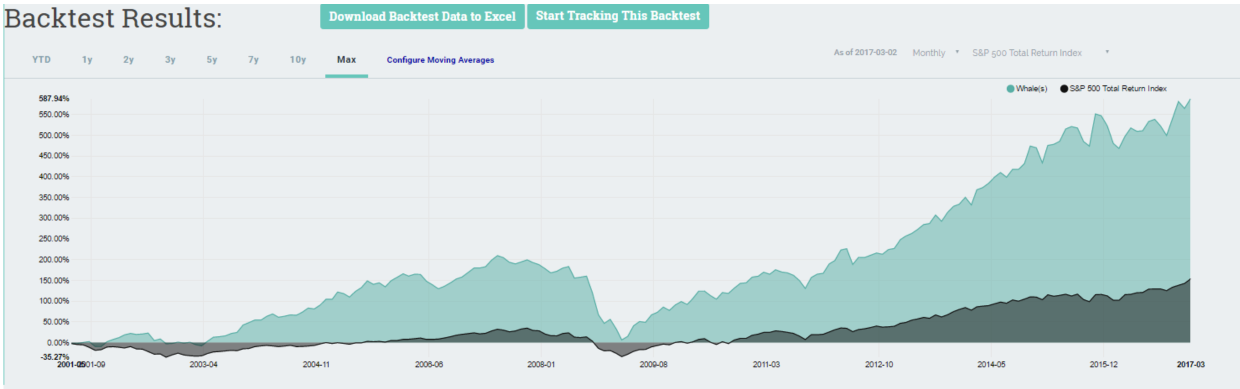
WhaleScore		Filer	Fund Size	Holdings	MV	Turnover	% in Top 10	Perf. Eql. Wt.		Perf. Mgr. Wt.		Annualized	Earlie
1 Yr Equal-W	1 Yr Mgr-Wt							QoQ	All	QoQ	All	3 Yr Perf An	
96	89	GREENHAVEN ASSOCIATES INC	Mid	24	$ 5,928,362,00(	8.33%	88.59%	6.82%	1,050.73%	5.83%	686.49%	13.39%	3/31/2
91	86	OKUMUS FUND MANAGEMENT LTD.	Small	10	$ 429,180,000	20.00%	100.00%	-5.28%	1,259.78%	0.41%	642.40%	8.33%	12/31/
90	92	LINDSELL TRAIN LTD	Mid	11	$ 2,035,584,00(	0.00%	99.05%	6.46%	223.18%	5.55%	226.01%	11.51%	12/31/

Page 1 of 1 | 25 | View 1 - 3 of 3

Click on "Create Filer Group from Results" in the upper right. We'll call our new group "All Stars". Then save the group.

Now let's see how replicating the top ten holdings -- rebalanced quarterly – would have performed. We'll conduct a backtest using the group we just created. On the left vertical menu choose "Run Backtest." Then click "One of your custom groups." Choose the group we just created "All Stars." Note you can manually add in the names of other funds, or remove a fund by clicking on the "x".

Click "GENERATE REPORT" in the top right. Here's what we see:



	YTD	1Y	2Y	3Y	5Y	7Y	10Y	Total Return	Annualized	Std Dev	Sortino
Whale(s)	0.96%	11.39%	17.51%	42.06%	110.73%	206.94%	130.54%	587.94%	12.881%	20.051%	0.698
S&P 500 Total Return Index	6.790%	17.52%	18.93%	34.37%	89.17%	132.29%	98.87%	154.306%	6.039%	14.390%	0.432

The chart shows that the All Star group of three funds has shown stunning performance. Since 2001, our custom group has returned over 500% vs the S&P's total return of 156%. Note that one can change the time period of the chart. Click on "5y" and you can see performance going back to 2012.

Also, scrolling down you'll see the current holdings of the All Star fund which were rebalanced on February 15, 46 days (the day after the filing deadline) after the end of 2016's 4th quarter. If we were running a clone fund of these three managers, we would have sold positions on February 15 that dropped off the top ten list, and added any new positions.

Note that the managers have some big winners on their books -- Dr. Pepper Snapple up 105%, Mondelez and Goldman Sachs up over 50%. But Valeant Pharmaceuticals was a loser -- down over 50%.

Current Holdings Rebalanced on 2017-02-15

Click the "Download Backtest Data to Excel" link above to see all stock activity

Stock Name	% of Portfolio	Avg Price Per Share (total returns price)	Total Return as of 2017-03-01	Original Purchase Date
WEB WEB.COM GROUP INC COM STK	10.00	$16.78	22.81%	2014-11-17
MDLZ Mondelez International Inc.	10.00	$62.92	58.07%	2010-05-17
EIGI Endurance International Group Holdings I	10.00	$7.10	21.85%	2016-11-15
GS Goldman Sachs Group	10.00	$194.83	57.65%	2016-08-15
VRX Valeant Pharmaceuticals International, Inc (ONT)	10.00	$47.49	-58.22%	2016-02-16
DPS Dr. Pepper Snapple Group Inc.	10.00	$56.11	104.66%	2010-02-16
CG Carlyle Group LP	10.00	$17.65	30.82%	2016-02-16
PYPL PayPal Holdings Inc	10.00	$39.02	8.73%	2016-11-15
C Citigroup, Inc.	10.00	$8.61	1.74%	2017-02-15
INTU Intuit, Inc.	10.00	$219.68	20.52%	2016-05-16

Obviously our All Star fund of funds was chosen based on past performance. Will future performance continue to stellar? That's the million dollar question. As the old disclaimer goes: Past performance is no guarantee of future returns.

However, by familiarizing yourself with WhaleWisdom's tools, analyzing 13F filings and studying the managers in the database, an investor can develop confidence that the skills demonstrated by managers in the past, will result in continued good performance going forward.

Whether you replicate the picks of investing Wizards like Warren Buffett, Seth Klarman and David Tepper, or replicate the ideas of emerging superstars, WhaleWisdom allows you to invest alongside the most talented investment managers on the planet.

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