

The Digital Revenue Signal – Fact Sheet

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The Digital Revenue Signal, developed in conjunction with alpha-DNA, is a stock selection score designed to forecast revenue surprises for 2000+ companies ahead of the market based on changes in consumer demand estimated from their digital footprint trajectories. The algorithms underpinning the Digital Revenue Signal leverage alpha-DNA's proprietary organization of near real-time commercially available online consumer behavior information across multiple web Site, Search and Social platforms. The estimated change in demand is compared to market expectations for revenue, to determine how likely a company is to surprise.

Between 2012 and 2017, bottom-ranked stocks based on the Digital Revenue Signal have beaten revenue expectations only 40% of the time, versus 70% for top-ranked stocks. DRS has consistently predicted revenue surprises every quarter, including its out of sample and live periods. A market-neutral portfolio of liquid stocks based on the Digital Revenue Signal has produced annualized returns of 12% with a Sharpe ratio of 1.7 over the period, with modest turnover.

Cumulative dollar neutral returns - Digital Revenue Signal



About ExtractAlpha

ExtractAlpha is an independent research firm dedicated to providing unique, curated, actionable data sets to institutional investors. We apply our extensive experience in quantitative analysis and the design of investment analytics products to interesting new data sets and tools. Our rigorously built quantitative models are designed for institutional investors to gain a measurable edge over their competitors.

ExtractAlpha's founding team held senior positions in the original research and sales teams at StarMine and at top quantitative hedge fund groups including Morgan Stanley PDT.

About alpha-DNA

alpha-DNA was founded in 2014 with the primary goal of leveraging real-time digital information within scalable consumer analytics frameworks to improve high value financial decisions. alpha-DNA client engagements span across corporates, market research and strategy consulting firms, and financial services firms, all with the primary focus on assessing digital performance of companies and brands and translating that into forward looking topline growth acceleration expectations. The predictive power of alpha-DNA algorithms has been developed and refined over a wide range of businesses covering large, mid, and small cap public companies and private SMEs.

alpha-DNA's founding principals have deep experience in customer analytics, having led global analytics & research organizations in Fortune 500 companies, specializing in consumer credit, insurance, payments, retail, and e-commerce.