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Leveraging Big Data

Social Mood as a Predictor
of Global Equity Market Inversions

Kevin John Coogan

Founder & CEO, AmalgaMood

Information Growth:

Gutenberg's Impact

"It has been estimated that there were perhaps 30,000 books in all of Europe before Gutenberg printed his Bible; less than 50 years later, there were as many as 10 to 12 million books."*

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12% Annual Growth

(Approximate)

Information Growth:

Modern Revolution

"We estimated during the period from 1986 to 2007 general-purpose computing capacity grew at an annual rate of **58%**."*

"The world's capacity for bidirectional telecommunication grew at 28% per year..."*

"...closely followed by the increase in globally stored information (23%)."*

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*The World's Technological Capacity to Store, Communicate, and Compute Information: Hilbert, Martin & Lopez, Priscila.

Adding Perspective:

Comparing Gutenberg with the Modern Revolution



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Adding Perspective:

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Big Data:

Explosion of Information and Why it is Important

- **Accelerating societal change on many levels**

Enabling quantification of qualitative fields

Supporting Socionomics and related behavioral fields

Fueling new analytics such as...

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amalgam ™

The logo for 'amalgam' features the word 'amalgam' in a white, lowercase, sans-serif font. The word 'mad' is written in a stylized, rounded font with a multi-colored gradient (orange, red, purple, blue, green) and a white outline. A small trademark symbol (TM) is located at the bottom right of the 'd'.

S&P 500 Index

05/93-04/12

April 2012



May 1993

S&P 500 Index

05/93-04/12



S&P 500 Index

05/93-04/12



S&P 500 Index

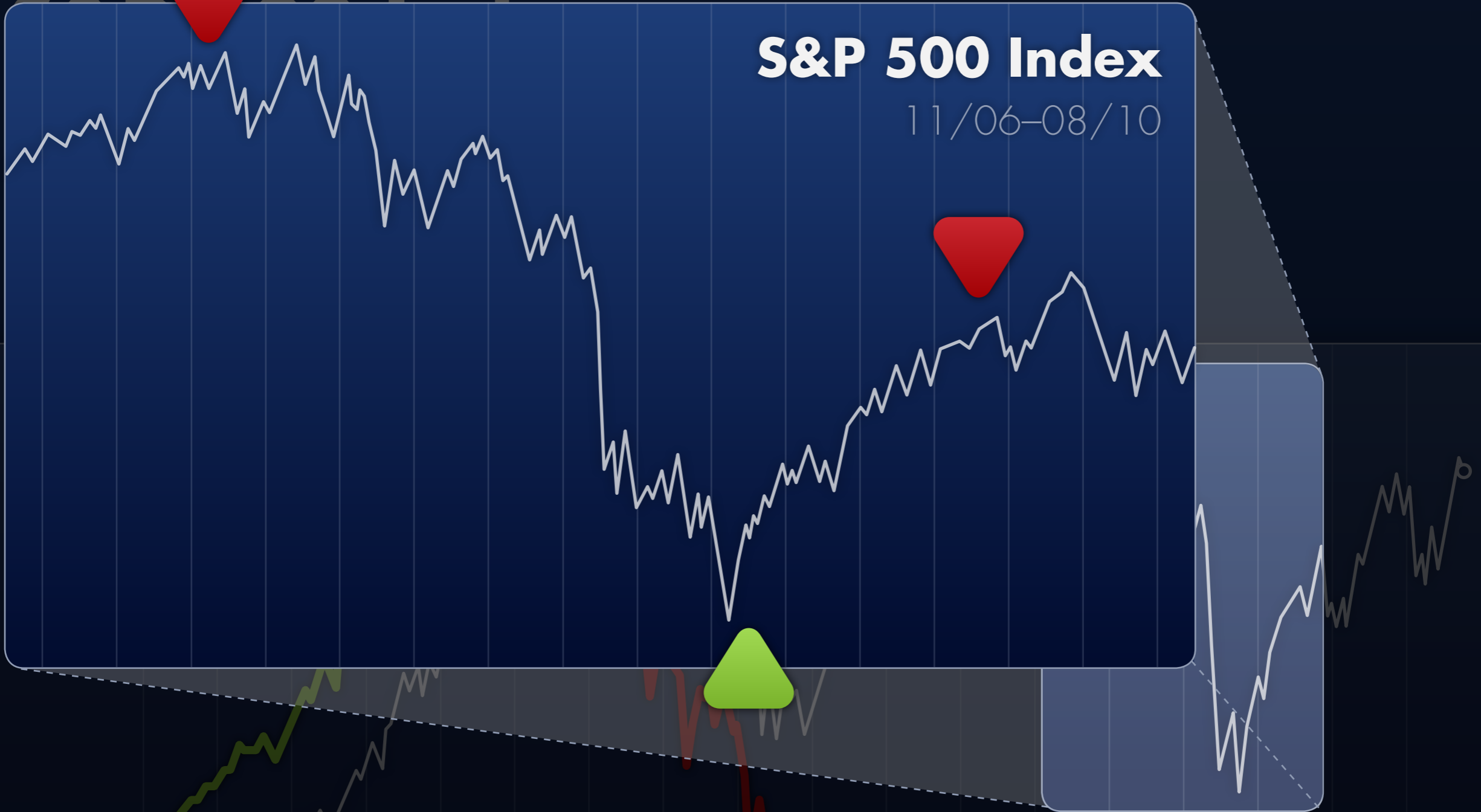
11/06-08/10



Bear Market

S&P 500 Index

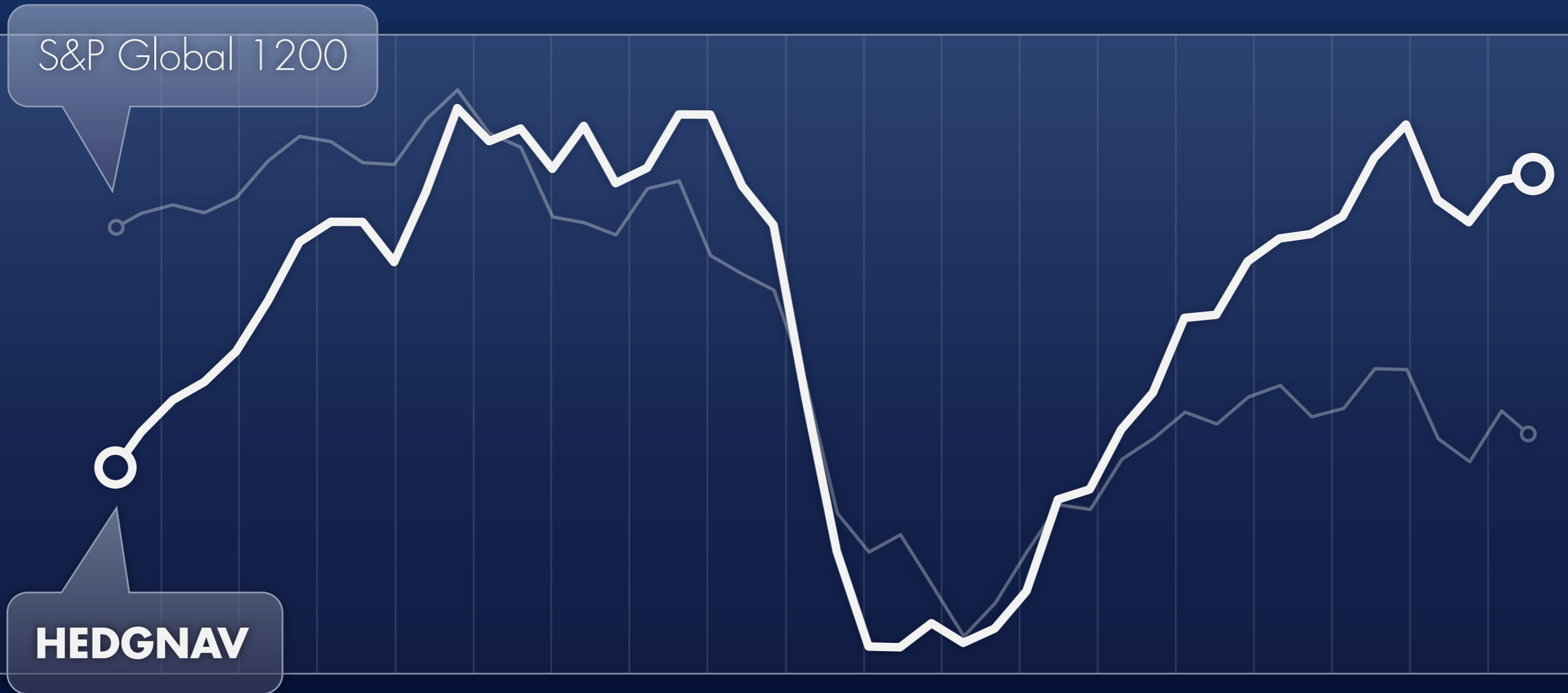
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Bear Market

HEDGNAV vs. S&P Global 1200

11/06-8/10



Lehman Brothers

06/94-02/07



Lehman Brothers

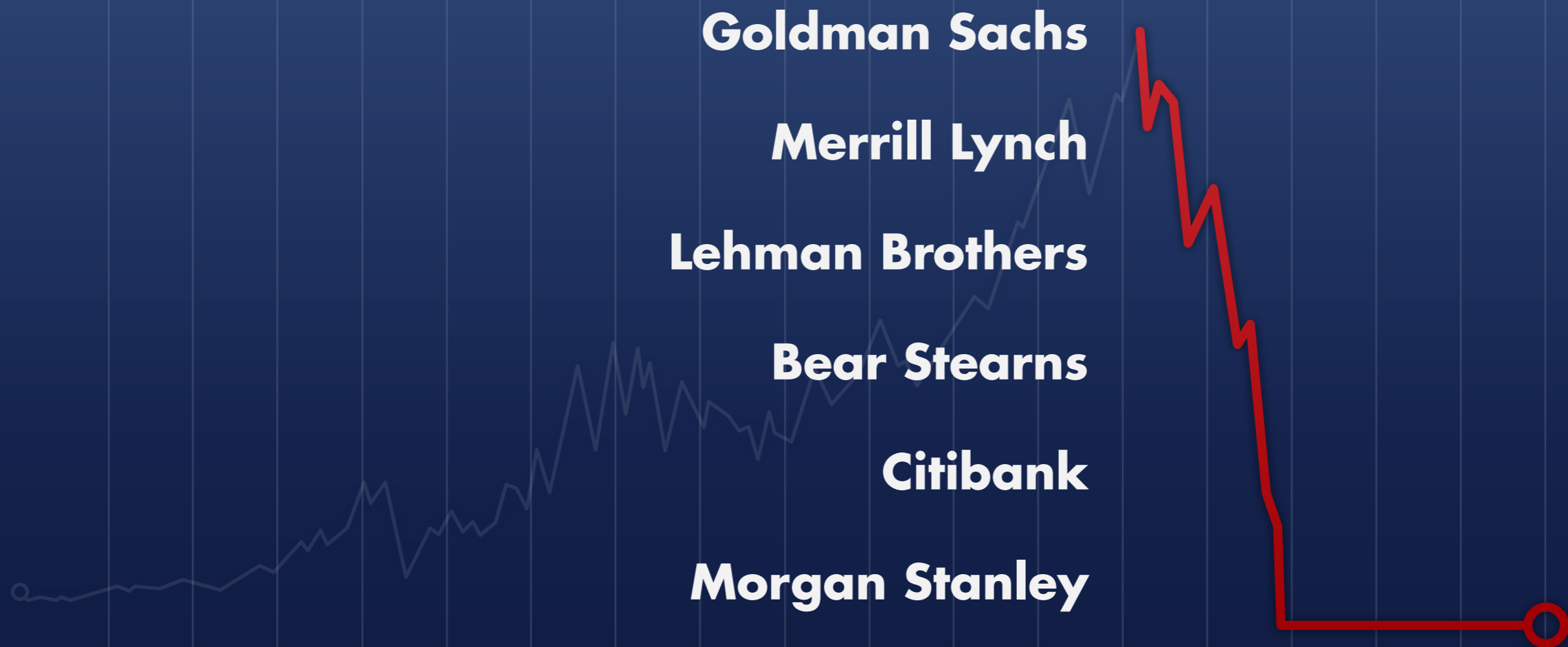
06/94-04/12

02/2007

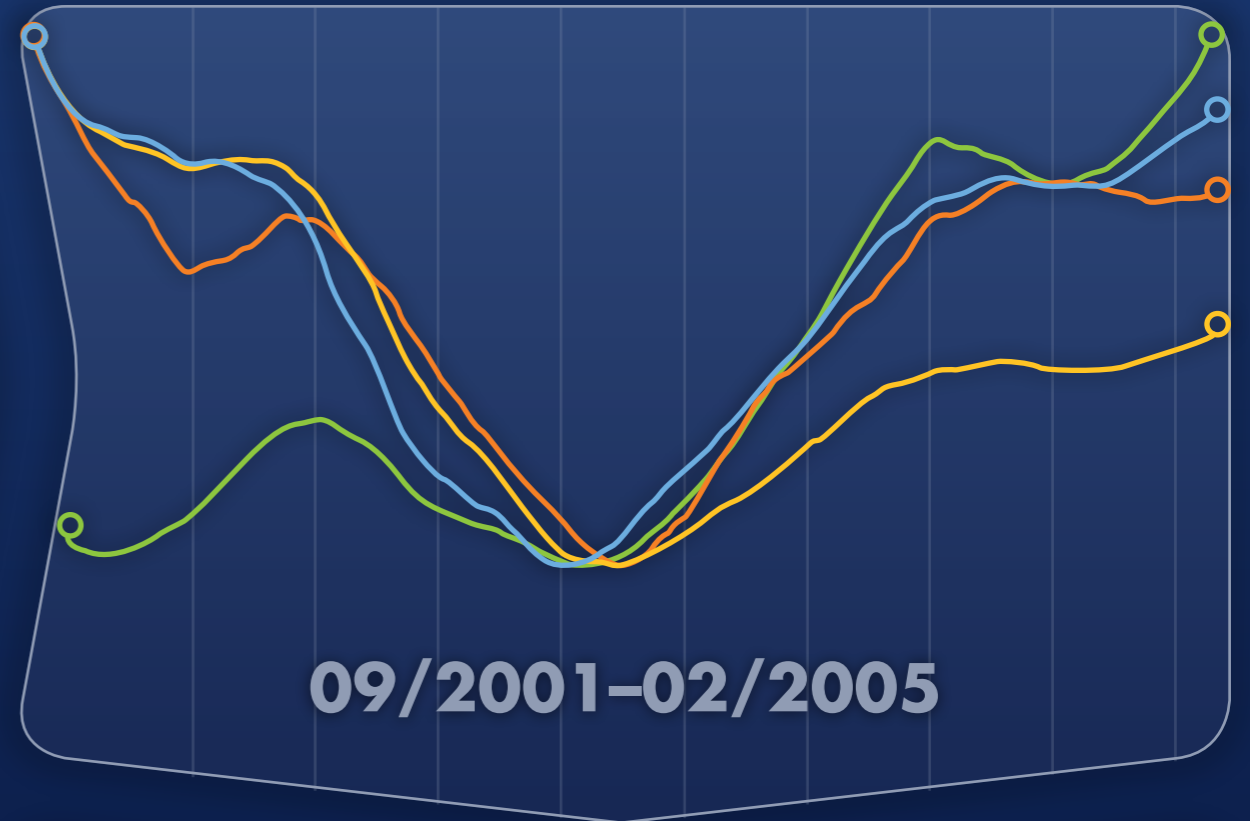
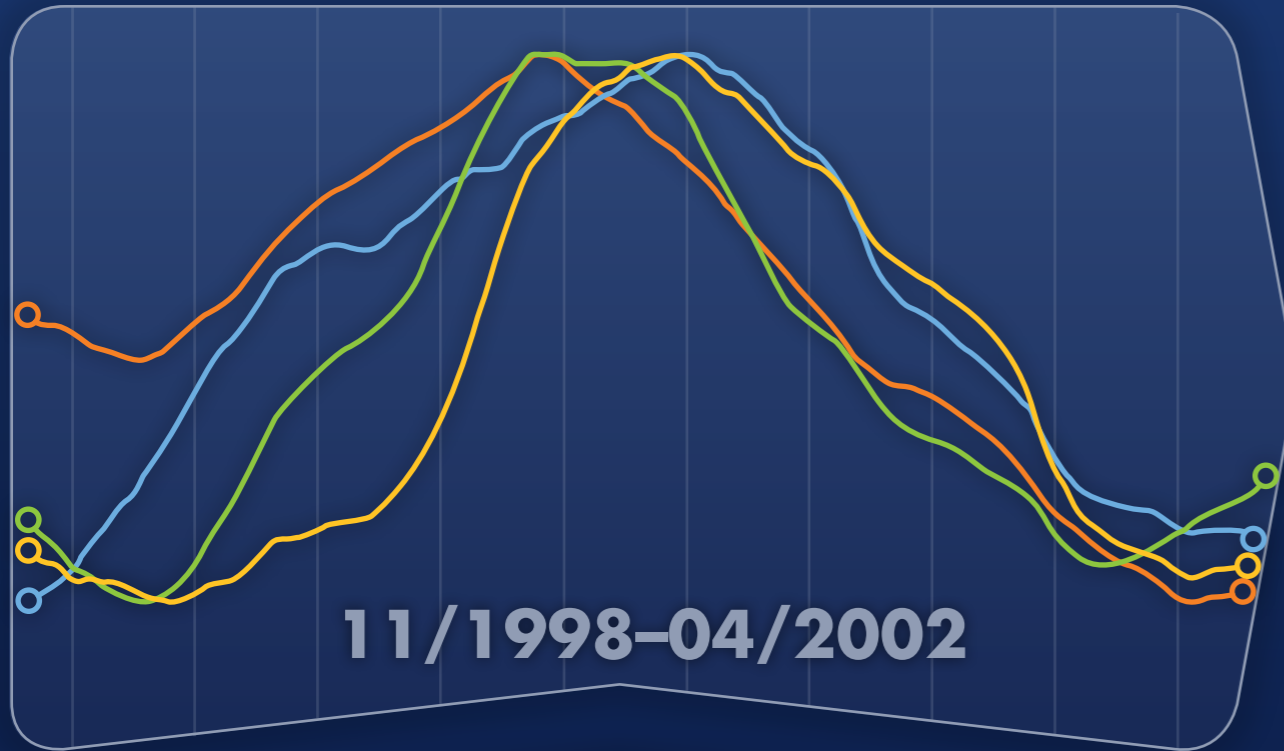


US Investment Banks

Bailed Out, Bankrupt, or Bought



Global Market Synchronization



The Challenge at Hand:

Problems With the Status Quo



Massive Bull and Bear Equity Markets

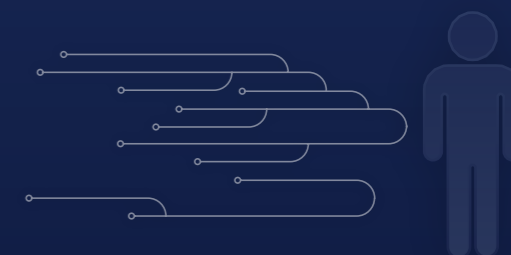
Experts Making Incorrect Market Decisions

Global Equity Market Synchronization

Information Overload



Goldman Sachs
Merril Lynch
Lehman Brothers
Bear Sterns
Citibank
Morgan Stanley



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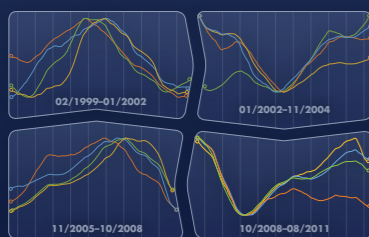


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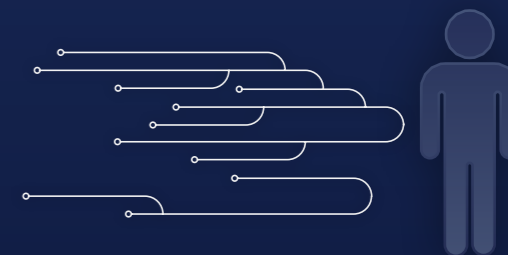
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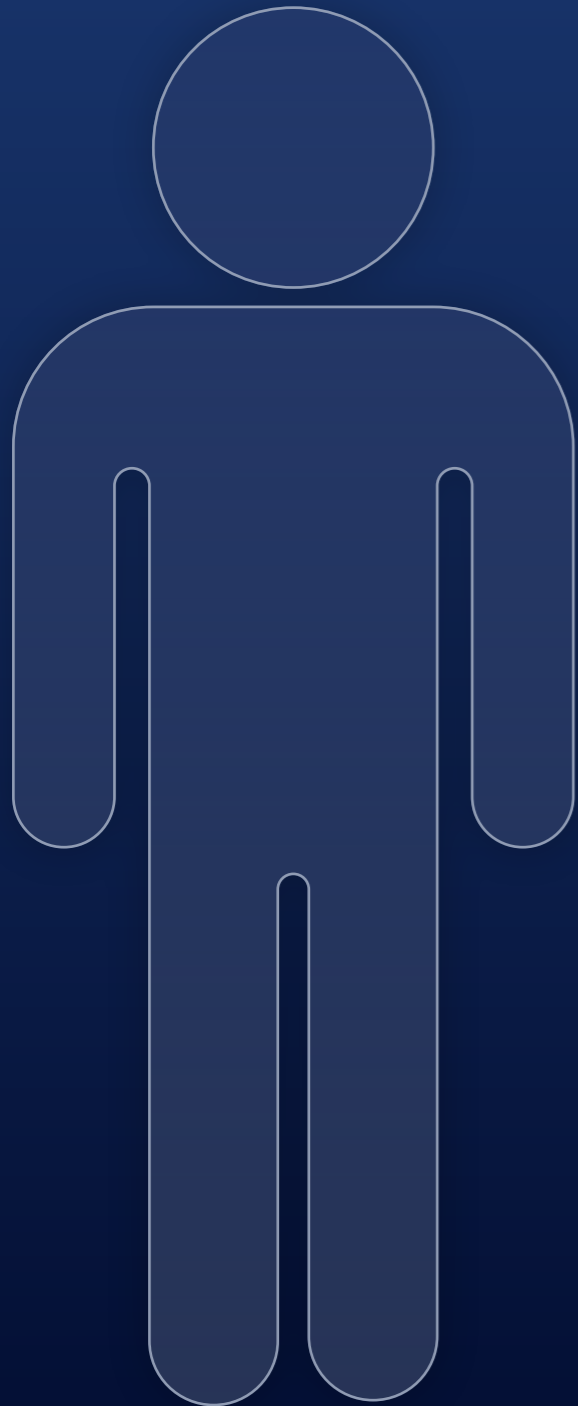


Goldman Sachs
Merril Lynch
Lehman Brothers
Bear Sterns
Citibank
Morgan Stanley



Expert Model

Outdated Approach to Analysis



Potentially Unreliable

Limited Perspective

Not As Consistent As...



Collective Voice Model

The AmalgaMood Advantage





amalgam **mcad**™

Blogs

News Media

Micro Blogs

Social Media

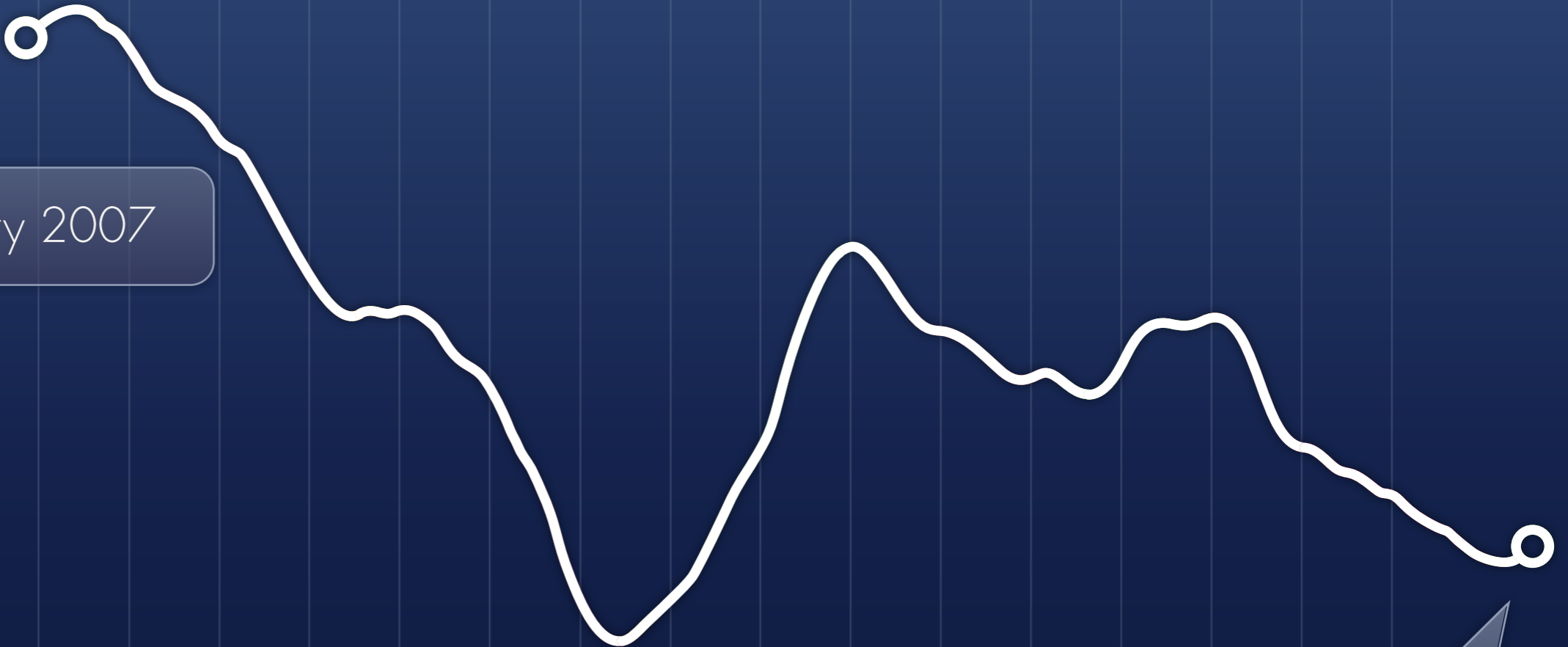
The Mood Index

AmalgaMood's Text Analytics Approach

**Mood
Index**

January 2007

February 2012



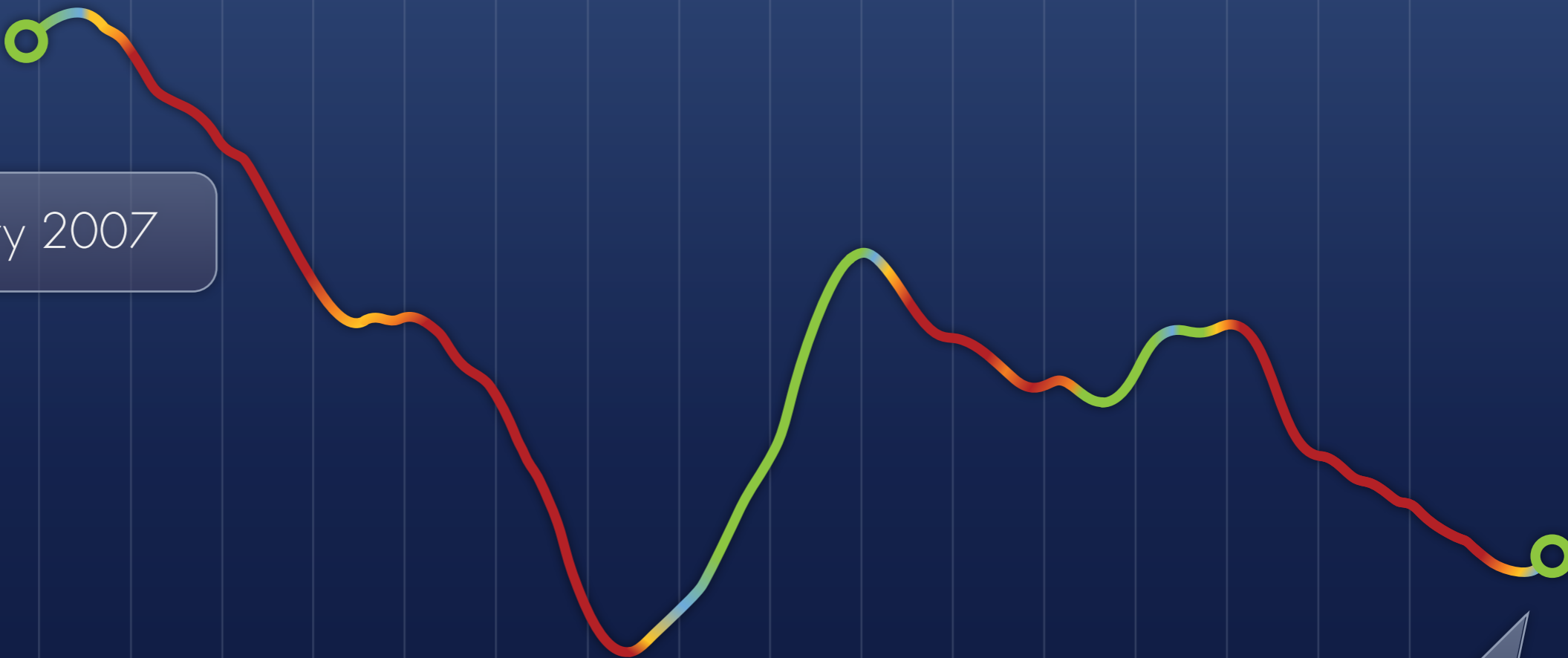
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**Mood
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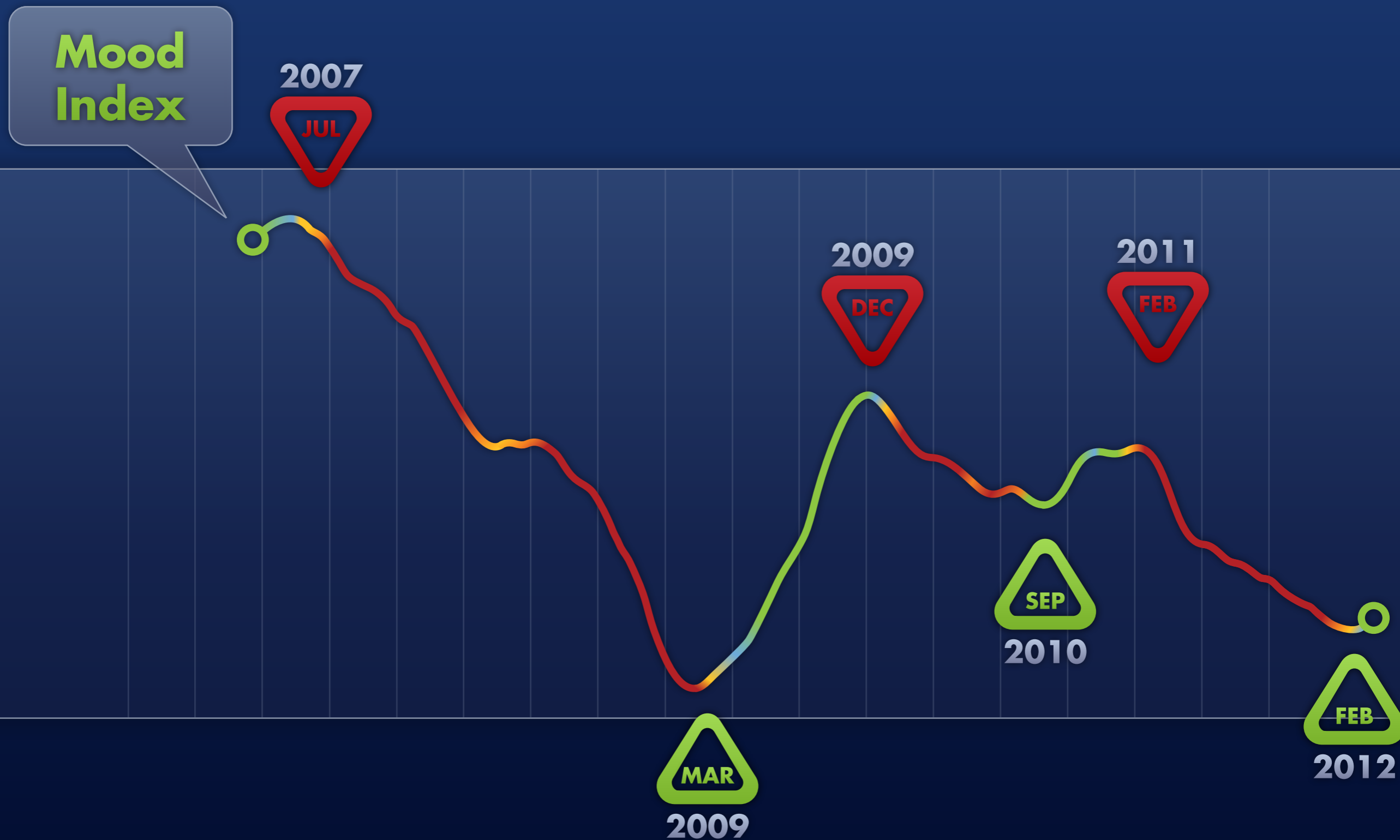
January 2007

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The Mood Index

AmalgaMood's Text Analytics Approach



The Mood Index

AmalgaMood's Text Analytics Approach

Mood Index

2007

JUL

S&P Global 100 Index

2009

DEC

2011

FEB

SEP

2010

MAR

2009

FEB

2012



The Mood Index

AmalgaMood's Text Analytics Approach



Performance—Mood Index

Back-Tested 01/03/2007–2/09/2012*

AmalgaMood vs. the Equity Market:

	No. of Trades	Days Long	Days Short	Performance
Mood Index:	6	33%	66%	198%
S&P Global 100:	1	100%	0%	-16%

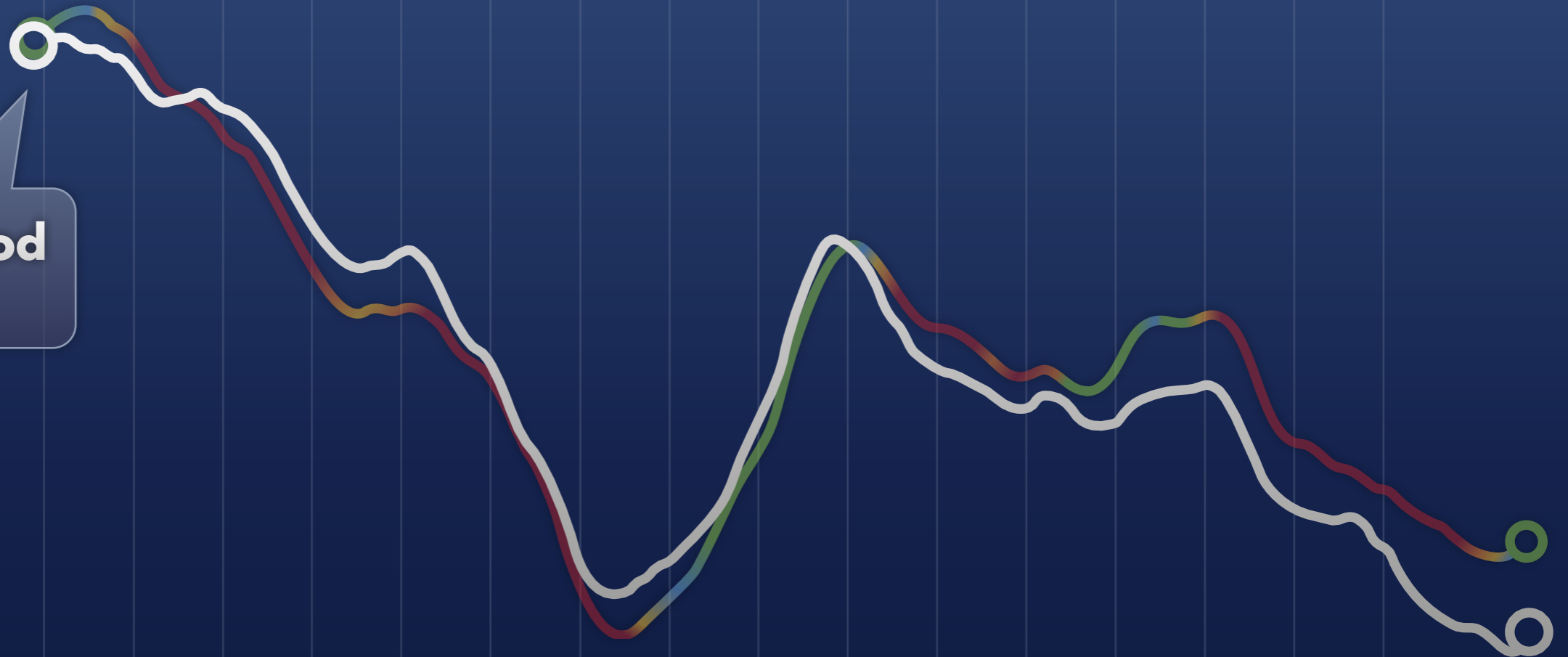
*Does not include transaction costs and taxes, past performance not indicative of future results.

European Underperformance

Regional Sub-Indices

Mood Index

AmalgaMood
Europe



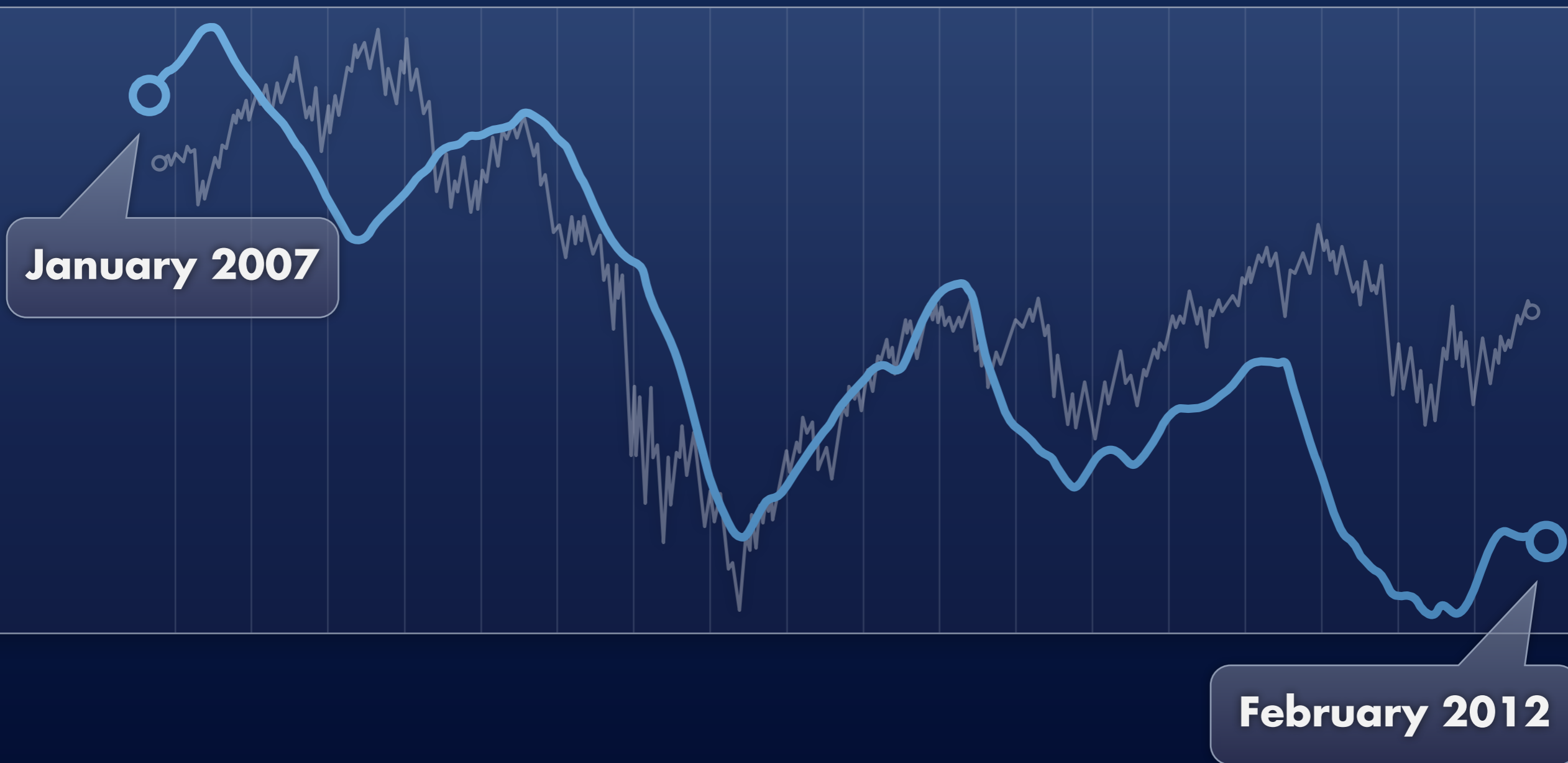
Regional Mood Sub-Indices

11/08-2/12



Mood Stability Index

Measuring Instability of Mood Against the S&P Global 100 Index



Americas Mood Stability Sub-Index

Measuring Instability of Mood Against the S&P Global 100 Index



Potential Growth

The Future of Text Analytics in Finance

	2012e	2016e
TA Focused Funds:		
Funds	5	100
% Total	0.08%	1.20%
Assets Under Management	U.S. \$100 Million	\$50 Billion
% Total Assets Under Management	0.002%	1.52%
TA Going Mainstream:		
Fundamental Stock Analysis	No	Yes
Technical Analysis	No	Yes
Portfolio Risk Analysis	No	Yes (Nobel)



AmalgaMood LLC is a Washington D.C. based Financial Market Information Intelligence company. It focuses on using text analytics and quantitative analysis on such publicly available information as social media, blogs, micro-blogs, traditional news, and user generated content to determine the social mood towards financial market instruments. Its system is based on a patent-pending process.

As applied to equity investing, AmalgaMood's Mood Index would have kept investors out of the equity markets during the entirety of the 2007-09 bear market, while signaling re-entrance within three weeks of the March 2009 low. More recently, its Mood Index highlighted a deteriorating equity environment prior to the July-August 2011 global equity collapse.

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