

# GEKKOINDEX™

A Proprietary Multi-Signal Indicator for Identifying  
Smart Money Activity in U.S. Equities

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## Gekko Research

gekko.app

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# I

## Abstract

GekkoIndex™ (GI) is a proprietary composite indicator that assigns a numerical score from 0 to 100 to every stock and ETF in the U.S. equity market — updated daily for over 5,500 tickers. The score synthesizes multiple on-exchange and off-exchange datasets into a single, interpretable signal designed to identify periods of likely institutional accumulation and distribution.

Backtested across the full universe of covered securities, GekkoIndex demonstrates a statistically significant positive relationship between score and forward equity returns at horizons of 5 to 50 trading days. Stocks entering the **Buying** zone ( $GI \geq 70$ ) exhibit materially higher average forward returns than the universe baseline at every measured horizon, with all five GI zones producing returns directionally consistent with the model's signal.

This paper presents the framework, zone structure, and intended applications of GekkoIndex within the Gekko.app platform. The full formula is proprietary and is not disclosed; however, sufficient detail is provided for the reader to evaluate the indicator's construction philosophy and practical utility.

# II

## The Problem: Signal vs. Noise

The U.S. equity market generates an extraordinary volume of data every trading day. Price movements, volume patterns, order flow, regulatory filings, dark pool activity, options positioning, short interest, and news sentiment — the sheer quantity of information available to a modern market participant is, paradoxically, one of the greatest barriers to making informed decisions.

Institutional investors — hedge funds, pension funds, family offices, and proprietary trading desks — employ teams of quantitative analysts and spend millions annually on data infrastructure. A Bloomberg Terminal alone costs approximately **\$24,000 per year** per seat. The information asymmetry between institutional and retail participants is not a matter of intelligence; it is a matter of access and aggregation.

GekkoIndex was built to compress this asymmetry. Rather than requiring users to interpret dozens of individual signals, GI synthesizes multiple data streams — both conventional and unconventional — into a single score that can be read in seconds. The objective is not to replace fundamental analysis, but to answer a specific question with high fidelity:

*What are the smartest participants in this market doing with this stock right now?*



# GekkoIndex Overview

GekkoIndex is a weighted composite score ranging from 0 to 100, calculated daily for every stock and ETF with sufficient trading history in the U.S. market. Version 2.2 incorporates three primary signal categories:

## 1. Technical Price Dynamics

Momentum and mean-reversion signals derived from price action are inverted to capture conditions where equities are technically oversold — a state frequently associated with institutional accumulation. The inversion is deliberate: GekkoIndex is a contrarian signal aligned with the behavior of value-oriented institutional buyers who accumulate at depressed prices and distribute at elevated ones.

## 2. Volume Flow Analysis

Relative volume metrics compare current trading activity against historical norms, identifying periods of unusual participation. Volume surges — particularly when decoupled from directional price movement — are a well-documented signature of institutional repositioning. GI captures the magnitude of these deviations and weights them accordingly.

## 3. Off-Exchange Activity

Perhaps the most distinctive component of GekkoIndex is its incorporation of off-exchange transaction data. Approximately one-third of all U.S. equity volume occurs in off-exchange venues — commonly referred to as dark pools. Due to the mechanics of market-making, where a liquidity provider must sell short to fill a customer's buy order, short volume in these venues serves as a reliable proxy for buying activity. This counterintuitive relationship has been validated in academic literature and forms a significant input to the GekkoIndex calculation.

These three categories are combined using proprietary weighting, then processed through multiple signal-conditioning stages including trend-strength dampening, amplitude scaling, bias correction, and smoothing. The result is a stable, interpretable score that filters noise while preserving actionable signal.

# Methodology

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While the exact formula and component weights of GekkoIndex are proprietary, the general signal processing pipeline can be described in five stages:

## Stage 1: Component Calculation

Each signal category (price dynamics, volume flow, off-exchange activity) is independently calculated and normalized to a common scale. Lookback periods are calibrated to capture institutional-scale activity patterns that typically manifest over 10 to 30 trading days.

## Stage 2: Weighted Composition

Normalized components are combined using fixed weights reflecting each signal's empirical contribution to forward return prediction. Weights were optimized across multiple market regimes, including the 2022 drawdown, 2023 recovery, and 2024–2025 bull market.

## Stage 3: Trend-Strength Dampening

Raw composite scores are modulated by a measure of prevailing trend strength. In strongly trending markets, the raw signal is dampened to reduce premature contrarian signals. This stage is critical for performance in momentum-driven environments.

## Stage 4: Amplitude Scaling & Bias Correction

The dampened score is amplified and shifted to utilize the full 0–100 range, ensuring the five GI zones each capture meaningful population segments. Without this stage, scores would cluster near the center, reducing the indicator's discriminating power in the tails where signal is strongest.

## Stage 5: Smoothing

A short-period exponential smoothing function is applied as the final step. This reduces day-to-day noise while preserving responsiveness of zone transitions. The smoothing period is kept deliberately short to avoid lag.

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**Validation:** GekkoIndex v2.2 has been cross-validated against an independent reference implementation written in Pine Script (TradingView). Scores diverge by no more than approximately  $\pm 1$  point on major tickers, confirming computational consistency.



# The Five Zones

GekkoIndex scores are divided into five interpretive zones, each corresponding to a distinct characterization of likely institutional positioning:

Zone	GI Range	Interpretation
<b>Buying</b>	70 – 100	Technically oversold; strong evidence of institutional accumulation
<b>Accumulation</b>	60 – 70	Emerging accumulation signals; favorable risk/reward developing
<b>Neutral</b>	45 – 60	No strong directional signal; equilibrium between buyers and sellers
<b>Distribution</b>	33 – 45	Early signs of institutional selling; reduced buying pressure
<b>Selling</b>	0 – 33	Technically overbought; evidence of institutional distribution

A key conceptual point: GekkoIndex is fundamentally a **contrarian** indicator. A high score does not mean a stock is rising — it means the stock is in a technical condition historically associated with institutional buying and subsequent appreciation. Conversely, a low score signals a stock may be technically extended and vulnerable to distribution.

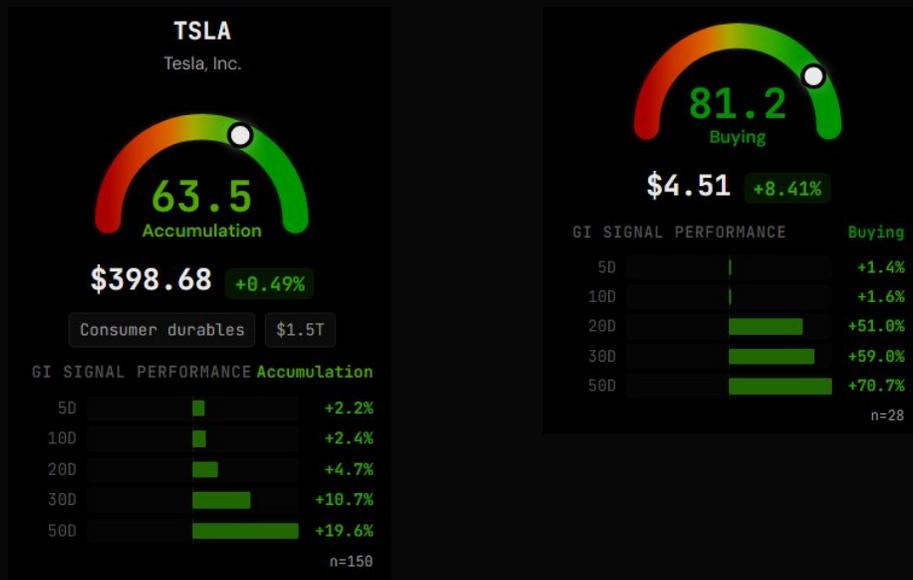


Figure 1. GekkoIndex gauge and Signal Performance display. Left: TSLA at 63.5 (Accumulation). Right: A stock at 81.2 (Buying zone) with historical forward return bars by time horizon.

## GI Signal Performance

Beyond the five-zone framework, GekkoIndex computes forward return statistics for each individual ticker. For every stock and ETF in the database, average forward returns are calculated at five time horizons — 5, 10, 20, 30, and 50 trading days — segmented by the GI zone the stock was in at the time of each observation.

These **GI Signal Performance** tables are displayed in the Charts sidebar, giving users immediate, stock-specific historical context for the current GI signal. This matters because zone behavior varies meaningfully across individual equities: a stock with a history of strong mean-reversion (e.g., large-cap value names) will often show sharper zone differentiation than a momentum-driven growth stock. The per-ticker data allows users to calibrate their expectations accordingly.

Zone	5D	10D	20D	30D	50D
Buying	-0.6	-1.8	+1.1	+5.8	+13.4
Accumulation	+0.2	+0.4	+4.8	+6.4	+12.2
Neutral	+0.7	+1.1	+0.8	+1.8	+2.6
Distribution	+0.2	+0.8	+1.1	+0.8	+1.9
Selling	+0.7	+2.9	+0.6	+3.9	+1.0

Zone	5D	10D	20D	30D	50D
Buying	+3.9	+5.1	+3.5	+7.3	+14.3
Accumulation	+0.1	+0.7	+2.6	+4.1	+8.8
Neutral	+0.4	+0.7	+1.3	+1.9	+2.8
Distribution	-0.5	+0.2	+0.2	+0.9	+1.9
Selling	+0.5	+2.0	+2.4	+4.1	+4.3

Figure 2. Per-ticker GI Signal Performance tables as displayed in Gekko.app. Each cell shows the average forward return (%) for that stock when its GI score was in the given zone at the given time horizon.

### Reading the Table

Each row represents a GI zone (Buying through Selling). Each column represents a forward time horizon in trading days. A value of **+14.3** in the Buying row at the 50D column means that, historically, when this stock's GI score was in the Buying zone, it went on to gain an average of 14.3% over the following 50 trading days. Green values indicate positive average returns; red values indicate negative. The sample count (**n=28**) shows how many observations underlie the averages — higher counts indicate more statistically reliable data.

### Practical Interpretation

When evaluating a stock, users should look for two things in the Signal Performance table: (1) clear separation between zones — ideally, Buying and Accumulation returns meaningfully exceeding Neutral and Distribution — and (2) sufficient sample count to trust the averages. Stocks with strong zone differentiation and adequate samples are the highest-conviction candidates for zone-based entry timing. Stocks where all zones show similar returns may be less responsive to the GI signal and better suited to fundamental-only analysis.

## Application in Gekko.app

GekkoIndex is the analytical backbone of Gekko.app, where it integrates with multiple complementary data sources:

### Charts

Every chart displays the GI as an overlay or lower-panel indicator with an intraday score gauge, zone label, and color-coded line updated every 15 minutes. The GI Signal Performance table in the sidebar shows historical forward returns for the specific ticker by zone.

### Heatmaps

The S&P; 500 heatmap and thematic heatmaps color stocks by GI score, revealing clusters of accumulation or distribution across sectors.

### Screener

Filter 5,500+ stocks by GI zone, sector, market cap, and price to systematically discover opportunities.

### Themes & Rotation

277 ETFs across ~60 market themes display current GI scores. Relative rotation graphs (RRG) visualize how sectors move through momentum cycles. GI scores on these pages help identify thematic trends before they become consensus.

### Smart Money Integration

GekkoIndex is most powerful in combination with Gekko's smart money datasets: insider transactions (SEC Form 4), holdings of 50+ elite institutional investors (13F filings), and portfolios of 57 top-performing fund managers. When a stock held by a prominent investor enters the GI Buying zone, two independent signals converge: fundamental conviction and technical accumulation.



Figure 3. GekkoIndex overlay on IBM (2-year view). The colored line represents the GI score (left axis) alongside price (right axis). Zone transitions from red/orange to green historically precede price appreciation.

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## VII

# Use Cases

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### For Active Traders

Swing and position traders can use GI to time entries in stocks on their watchlist. Rather than buying at an arbitrary price, wait for the score to enter the Accumulation or Buying zone — historically corresponding to favorable forward returns. The per-ticker Signal Performance table provides stock-specific context, as some stocks show dramatically stronger zone differentiation than others.

### For Long-Term Investors

Buy-and-hold investors can optimize the timing of portfolio additions. If you've decided to add to a position based on fundamental analysis, GI provides a systematic framework for determining **when** to execute. A stock in the Buying zone is, by historical measure, at a more favorable entry than one in Neutral or Distribution. The same logic applies to trimming positions.

### Smart Money Convergence

The most compelling application: a stock that is (a) held by billionaire investors or top-performing managers, (b) experiencing insider buying, and (c) entering the GI Buying zone. This three-layer confirmation combines fundamental conviction, management confidence, and technical accumulation. Gekko.app is, to our knowledge, the only platform that surfaces all three signals in an integrated interface.

## VIII

# Ongoing Development

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GekkoIndex is under continuous development. Version 2.2 represents the third major iteration. Planned enhancements include:

**Options flow data** — Unusual options activity, put/call ratios, and implied volatility skew.

**Sentiment analysis** — NLP of social media, news, and analyst commentary.

**Cross-asset signals** — Information from credit markets, currency flows, and commodity positioning.

**Extended coverage** — International equities and cryptocurrency markets.

Every component added must demonstrate incremental predictive value on out-of-sample data before inclusion. The objective: maximize signal quality at the 5-to-50-day horizon while maintaining stability and resistance to overfitting.

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## Methodology Notes & Limitations

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**1. Regime dependency.** Zone return profiles may differ materially in extended bear markets. GI's trend-strength dampening is designed to be regime-adaptive, but no indicator fully immunizes against regime change.

**2. Survivorship considerations.** The universe includes tickers active at any point during the backtest period, including those subsequently delisted. This reduces but does not eliminate survivorship bias.

**3. Transaction costs.** Forward returns are gross of transaction costs, slippage, and taxes.

**4. Not a standalone strategy.** GekkoIndex is a timing overlay, not a complete trading system. It does not incorporate fundamental valuation, earnings quality, or macro factors.

**5. Low-volume tickers.** Stocks with very low volume may produce unreliable scores. Use the Screener's market cap and volume filters to mitigate this.

**6. Data latency.** Off-exchange volume is published T+1. Intraday updates use available real-time data for remaining components.

## Disclaimer

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GekkoIndex™ is provided for informational and educational purposes only. It does not constitute investment advice, a recommendation to buy or sell any security, or a solicitation of any transaction. Past performance, including all forward return statistics presented in this document, is not indicative of future results.

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