

GOOGL: Low Systematic Exposure with Muted Residual Alpha; Outperforming FDN.

GOOGL — Alphabet Inc. Class A · Subsector Benchmark: FDN · As of: 2026-04-07

Alphabet Inc. Class A

GOOGL · 2026-04-07

IDENTITY	
Market Cap	\$7.5T
Sector ETF	XLC
Subsector ETF	FDN

PERFORMANCE STATS

Last Price	\$303.93
Vol (23d ann.)	29.6%
Sharpe (63d)	-0.52
Max Drawdown	-20.8%
Res α Max DD	-13.8%

RANKINGS — Subsector cohort

Peer group: 39 stocks in FDN

Window	Gross return rank	Residual ER rank
1D	44th pct	62nd pct
1M	74th pct	64th pct
3M	85th pct	79th pct
1Y	95th pct	85th pct

RISK DECOMPOSITION — L3 ER

Market ER	+32.8%
Sector ER	+4.1%
Subsector ER	+1.4%
Residual ER	+61.7%

MACRO CORRELATIONS — L3 Res

VIX	-0.67
Oil	+0.04
Gold	+0.09
Bitcoin	+0.33
DXY	+0.05
UST 10y-2y	-0.09

METHODOLOGY — Hierarchical regression (ERM3)

L1 · L2 · L3 orthogonal layers

ERM3 uses three sequential regressions. Each stage explains the prior residual, so hedge ratios are incremental—not stacked betas on the same returns.

L1 (Market): stock vs broad market ETF (SPY) for baseline beta. L2 (Sector): L1 residual vs GICS sector ETF — sector-specific move vs the market. L3 (Subsector): L2 residual vs subsector ETF — finest systematic sleeve before idiosyncratic risk.

Sequential orthogonalization keeps hedge ratios stable and incremental, enabling precise multi-leg hedges without double-counting factor exposures.

Factor set: SPY_unl_mc_3000 · Universe ~3,000 US equities (market-cap cohort)

Learn more [riskmodels.app/docs/l3-decomposition](#)

GOOGL delivered +99.8% total return over the past year, outperforming SPY by 81.6pp, driven largely by systematic factor exposure (38% of risk). Idiosyncratic alpha contributed +61.7% ann. residual ER but ranks below-average on a risk-adjusted basis among FDN peers.

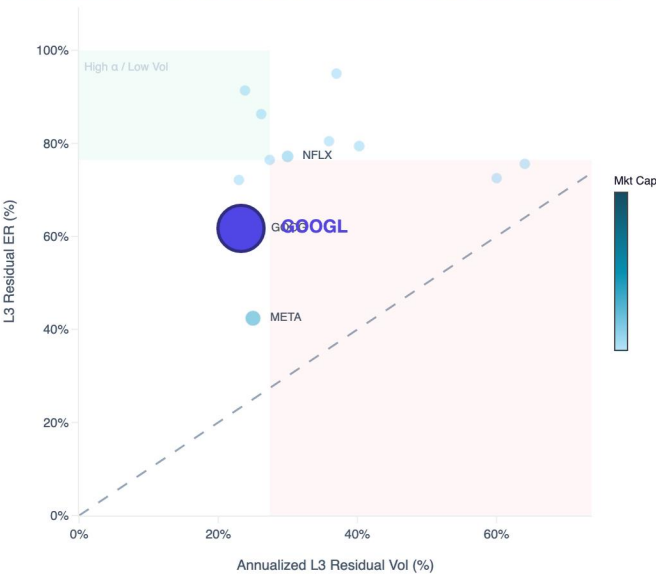
I. Cumulative Returns

GOOGL returned +99.8% vs SPY +18.3% (+81.6pp) and FDN +6.7% (+93.1pp) over the past 252 trading days ending 2026-04-07. Ranks 95th pct (top third of 39 vs subsector peers).



II. L3 Residual Alpha Quality

GOOGL generated +61.7% annualized L3 residual return at 23.3% residual volatility —



III. Subsector Risk DNA

Only 38% of GOOGL's 29.6% vol is systematic — the stock is primarily driven by

