

## VERUS EUROPEAN INSIDER TRADING MODEL

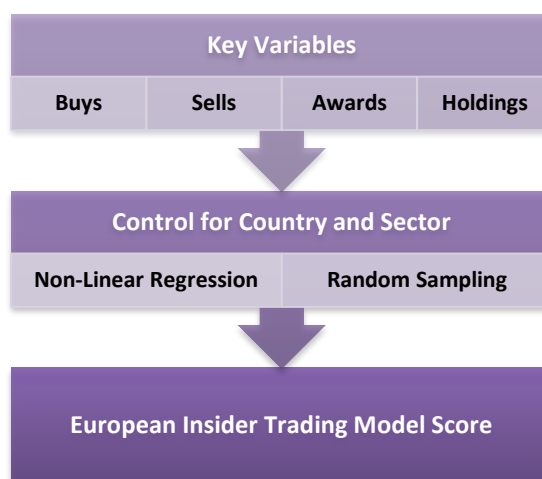
The Verus European Insider Trading Model (EITM) was developed by leveraging over a decade of success modeling the relationship between insider trading behavior and stock returns in the US. EITM uses non-linear, statistically-based approaches providing a platform to yield profitable investment strategies across a wide spectrum of European firms.

### Methodology

EITM utilizes principal component analysis and stepwise regression techniques to model the relationship between insider trading and returns. Each variable is combined with every other variable to capture the effects variables conditional on other variables.

Acknowledging disparate pan-European insider trading rules, reporting standards and levels of reporting between nations, EITM covers only countries subject to the EU Market Abuse Directive and those countries trying to gain admission to the EU to ensure that consistency in variables obtained.

EITM has been designed with advanced statistical and non-linear techniques used in academic studies to mute the noise that is inherent in behavioral data. Testing was conducted using random sampling methodology to obtain the truest representation of the model's power using a relatively short time frame of data with dichotomous economic effects.



### Universe of Coverage

EITM scores stocks on a 10 (best) to 1 (worst) scale for approximately 5,000 European equities, across 31 countries. Scores for stocks with recent significant insider trading activity are generated weekly, on Friday mornings.

Austria	Denmark	Gibraltar	Isle of Man	Luxembourg	Portugal
Belgium	Faroe Islands	Great Britain	Italy	Monaco	Romania
Bulgaria	Finland	Greece	Latvia	Netherlands	Slovakia
Croatia	France	Hungary	Liechtenstein	Norway	Spain
Czech Republic	Germany	Ireland	Lithuania	Poland	Sweden
					Switzerland

### Out of Sample Performance<sup>1</sup>

For the period January 2011 – December 2018:

Score	6 Month Raw	6 Month Excess	12 Month Raw	12 Month Excess
10	9.05%	4.77%	21.06%	10.12%
1	1.90%	-0.97%	4.10%	-4.71%
Annualized Spread	14.30%	11.48%	16.96%	14.83%

<sup>1</sup> Raw returns are computed using compounded, dividend-inclusive returns. Excess returns are calculated for each score by subtracting the equally weighted mean sector and size category from the raw return for the related security.