

Smart Insider



SMART INSIDER

Signals Performance

Insider Transactions &

Buyback Data for Alpha Generation

Introduction

It's purely Insider data....

Signals indicate our expert reading of Insider sentiment only - we do not look at wider factors that could affect the stock such as M&A activity, fundamentals, sector sentiment, news flow etc. We leave that to our clients.

Given that thousands of insider transactions are reported to the global regulators each day, it is difficult for clients to distinguish the investable from the merely interesting.

Our transaction analysts reduce the noise from source reports by eliminating inconsistencies and adding context from secondary datasets. Transactions are then filtered and reviewed by our Equity Analysts looking for stock ideas through the convictions shown by board members through their trading decisions. The team members rank stocks where trading patterns are most likely to indicate future share price performance.

Stocks are ranked based on tried and tested criteria such as:

- The historic trading record of each individual buying or selling the stock
- Seniority and longevity of the insiders at the company as well as stock holding requirements.
- Trade proceeds relative to other measures such as director's means - Salary and value of existing stock holdings.



Stock Example

Signal Output and how to read it

Positive Signals indicate our belief that senior management are expressing confidence in future stock performance through the share trades they have made. Conversely, **Negative Signals** follow senior management disposing of stock through trades that we consider outside normal trading patterns.

In the absence of a Signal, stocks are “N” for Neutral indicating there is no recent trading activity that we consider noteworthy. Stocks are returned to a **Neutral Signal** at the end of the Signal period, typically 26 weeks but ranks are reviewed in light of subsequent activity.

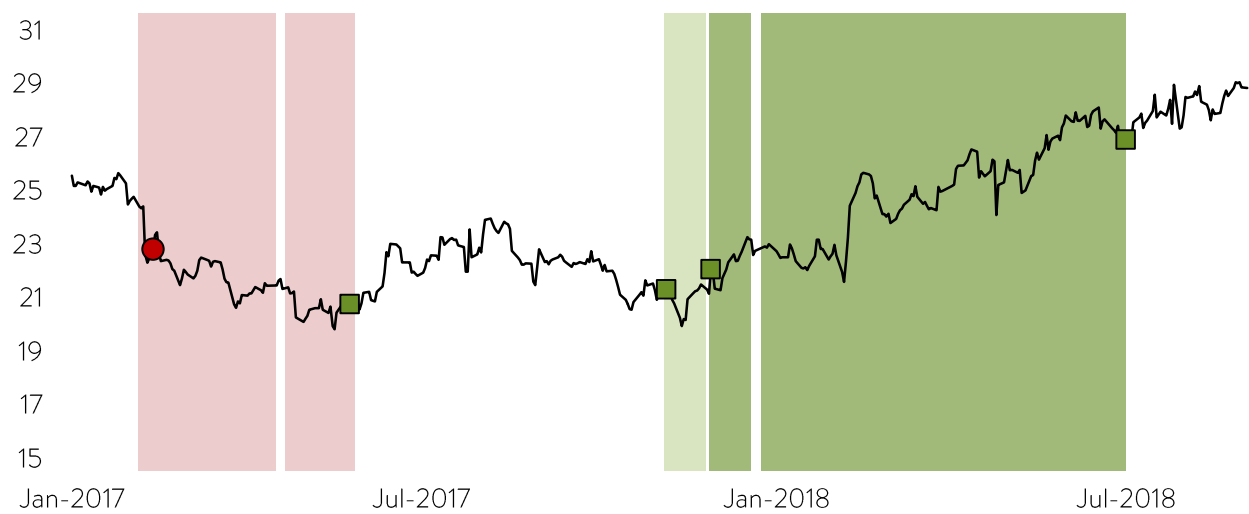
Stocks are assigned a rank that mirrors a typical broker estimate			
+1	Positive strong conviction	-1	Negative strong conviction
+N	Positive	-N	Negative

Stock Example – Amer Sports Corp [AMEAS FH]

Ok, we don’t always get it right like this one, but it illustrates the method:

Feb 2017	Rated Negative Neutral after a Senior Officer sold half his stake
May 2017	Returned to Neutral after 11 weeks* following a purchase by recently appointed Chairman.
Nov 2017 (6th)	Rated Positive Neutral after a pair of buyers emerged
Nov 2017 (29th)	Upgraded to Positive +1 Chairman makes two further purchases
May 2018	Rank due to expire but extended following further buying
July 2018	Rank expires - Returned to Neutral

* Ranks typically last 26 weeks but are reviewed following further activity

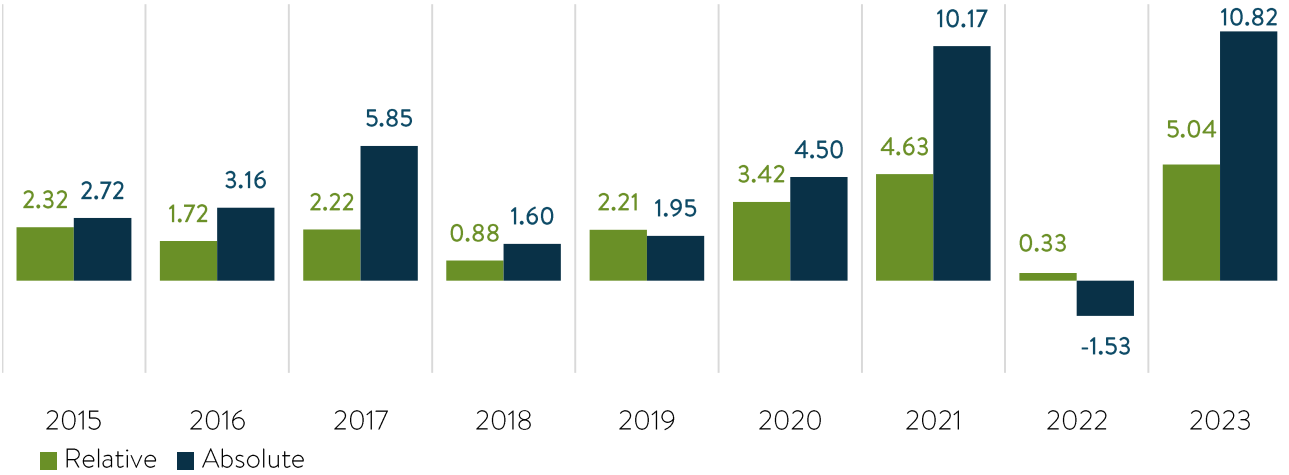


Analysis

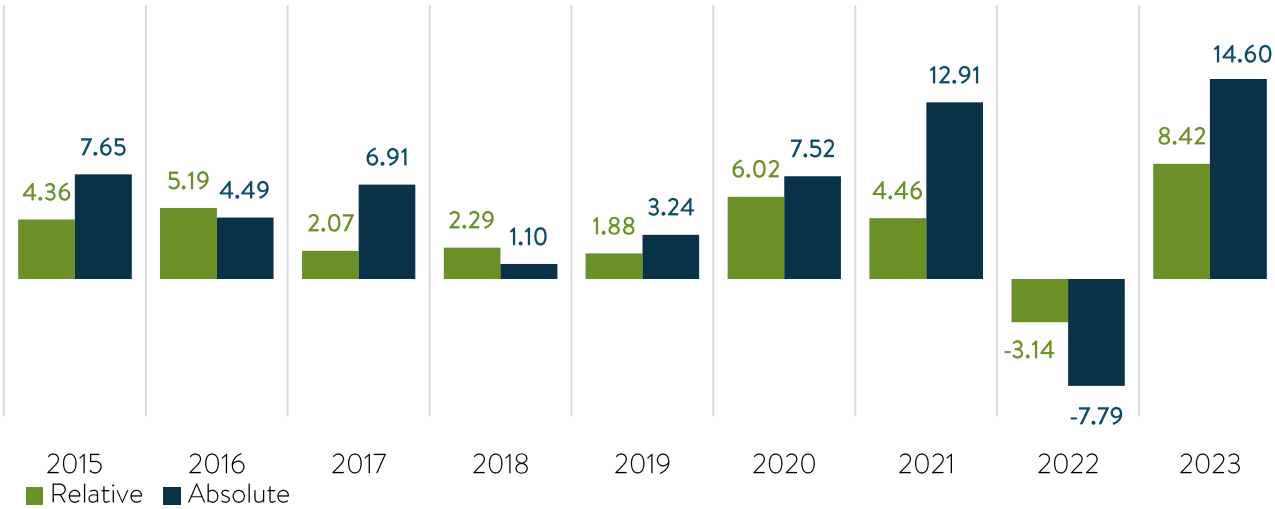
Report Date: February 2023

Below is the historical performance for all our ranks, so it includes Positive and Negative Signals averaged during the year.

Aggregate Rank Performance: Global



Aggregate Rank Performance: Europe



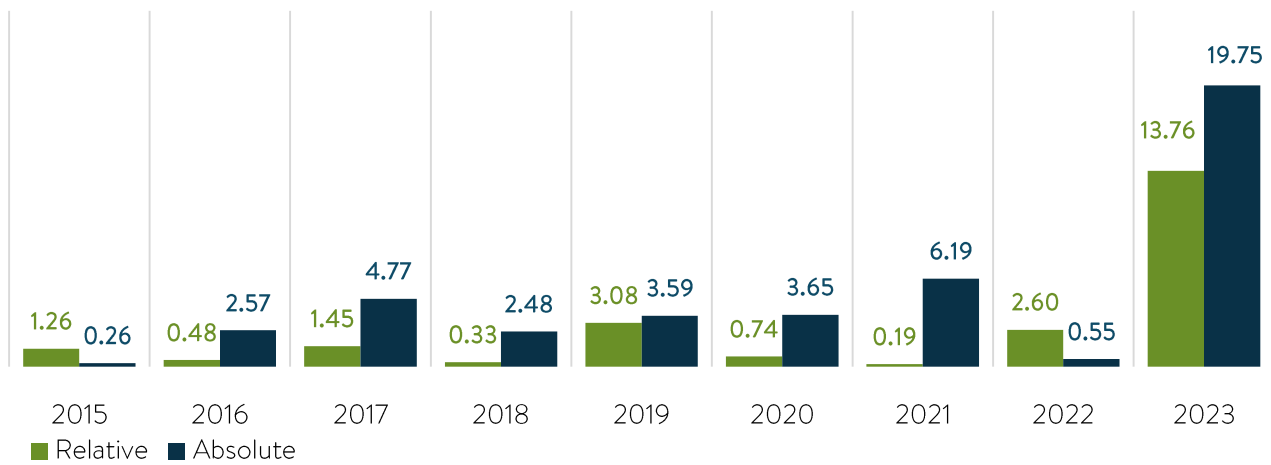
Includes Positive (+1, +N) and Negative (-1, -N) Ranks
Returns for Negative ranked stocks are reversed, as if stock [and Index] was shorted
*Adjusted return shows main index in domiciled market for each stock
The returns are taken at the end of the period when stock was ranked (Review Date)

Analysis

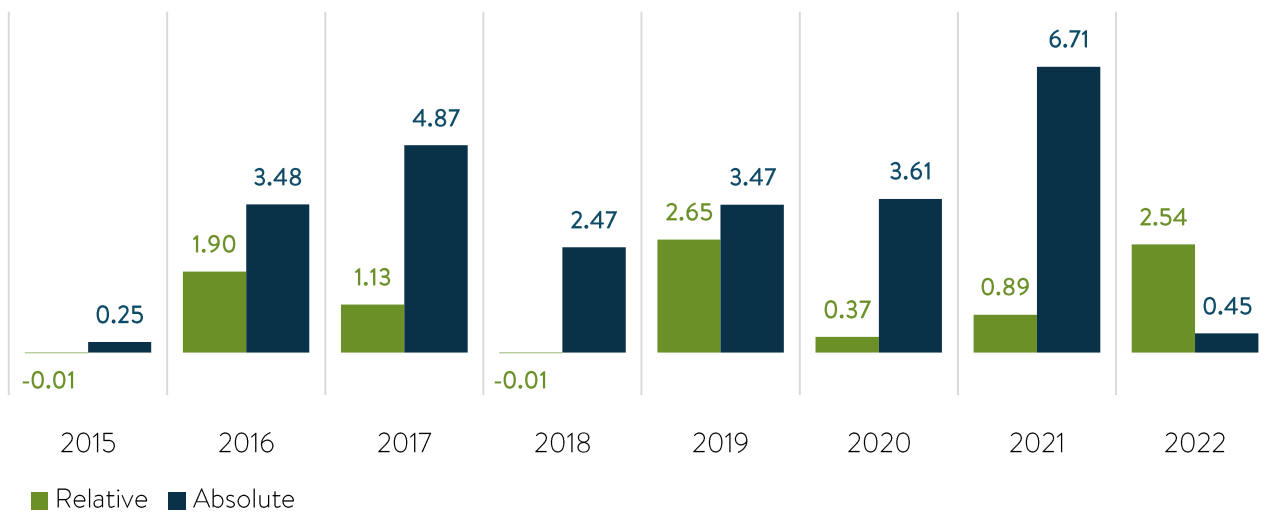
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Aggregate Rank Performance: North America



Aggregate Rank Performance: US



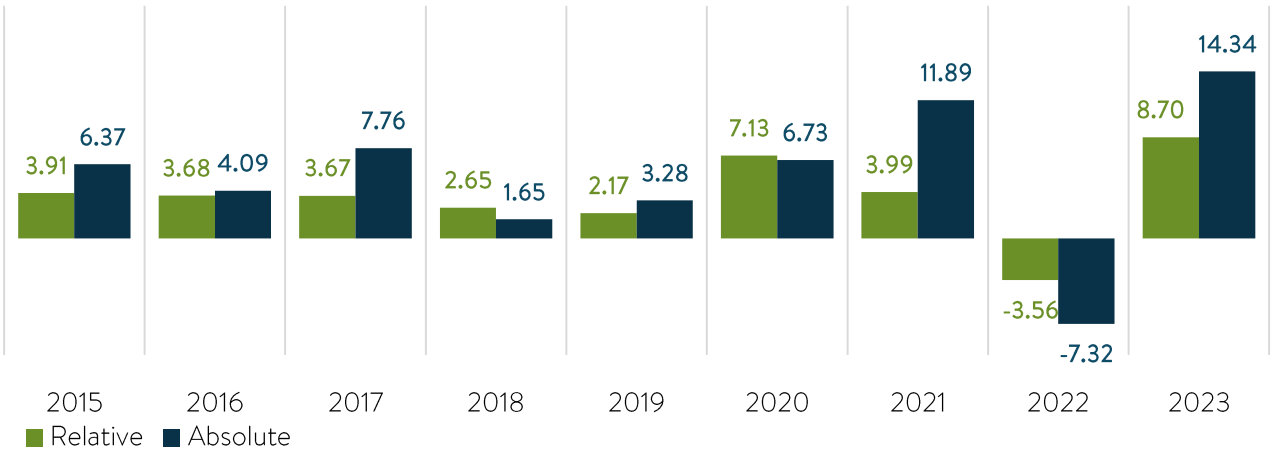
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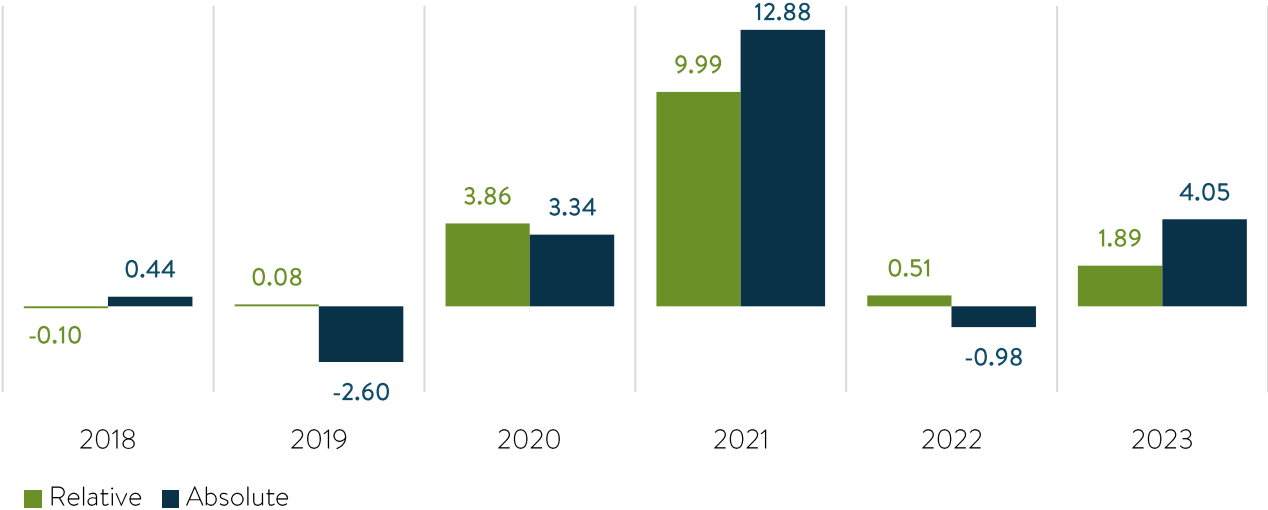
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Aggregate Rank Performance: Europe & UK



Aggregate Rank Performance: Asia & Oceania



Includes Positive (+1, +N) and Negative (-1, -N) Ranks
Returns for Negative ranked stocks are reversed, as if stock [and Index] was shorted
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How to start

NEXT STEPS

- + We have access to extensive research papers from the academic community studying all aspects of insider data
- + Our own research gives clear signals into which transactions offer out-performance.
- + Ask for the latest global coverage and depth of history available for each market.
- + Qualified prospective clients are given access to historic data for back-testing and we can advise on where to look for signals.

ABOUT US

Smart Insider is a United Kingdom limited company owned by the Directors and was formed following the 2016 merger of: **Directors Deals Ltd** of the UK and US based **Muzea Insider Consulting Services**

The company owns subsidiaries in the USA, Colombia, and Pakistan and has offices in London, Connecticut, Bogota and Lahore. Smart Insider Ltd is an appointed representative of Messels Ltd which is authorised and regulated by the Financial Conduct Authority of the UK.

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