

# Time to realize your dream?



Less downside risk  
Stack the odds in your favor  
Influence stock selection

Save time and fees  
Win more often than average  
Scientifically quantifiable

“ I got early access in 2012 and used the service for my retirement account. 3 years later, with a 61,33% return, I am set for retirement, 2 years early.

- Henrik Olsen, early adopter

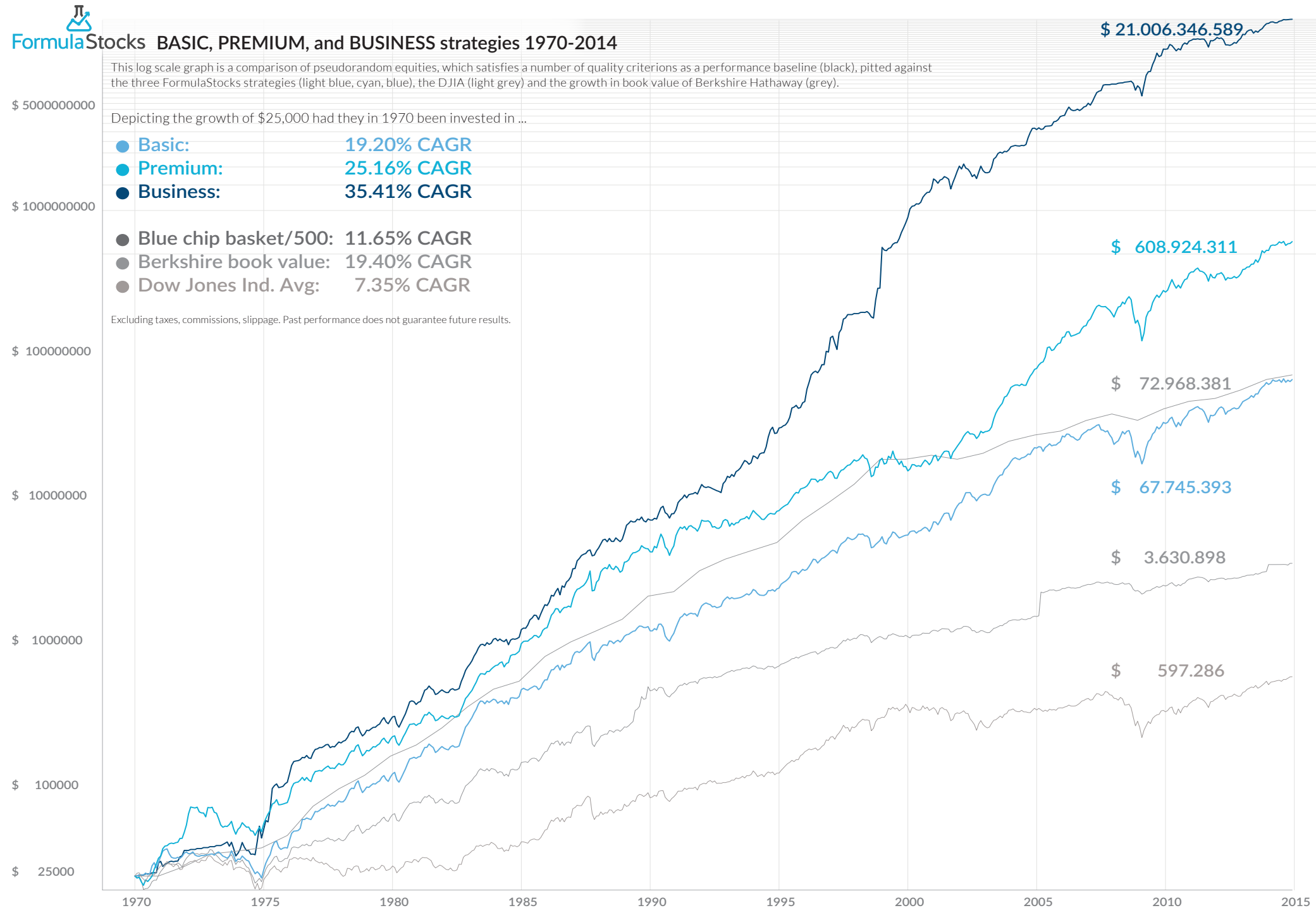
# FormulaStocks

Increase your odds using Intelligent Investment Technology™

What if it was possible to identify some of the coming years' winners in the markets today with an 83, 90, or 95% average success rate(\*)?

Would you want to know more?

(\*) Based on averages of cumulatively 9,800 recommendations



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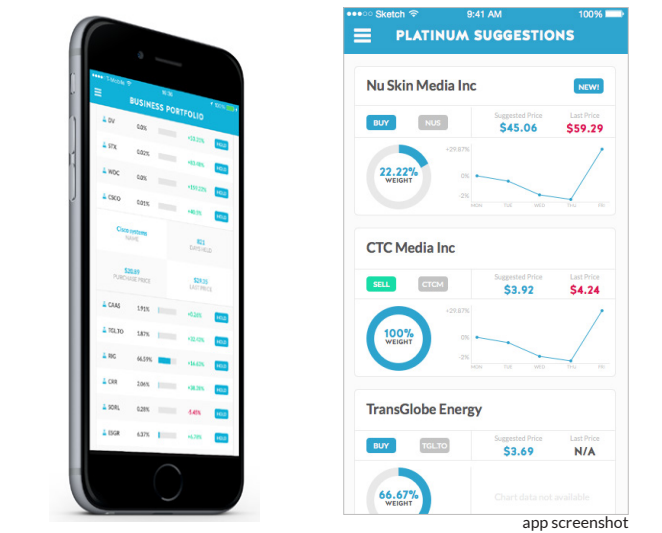
(\*) Based on averages of cumulatively 4,000 investments

Would you want to know more?

# 1. Introduction

FormulaStocks offers an easy-to-use service, providing access to purchase and sales recommendations and a carefully constructed stock portfolio through our website and iOS app. The portfolio is engineered with state-of-the-art technology for the purpose of outperforming the market and optimizing reward versus risk.

On a monthly basis (or weekly if you prefer) you gain access to new purchase and sales recommendations.



If you own a fund or an alternative investment vehicle, you entrust your money to the said entity typically in return for a number of fees levied against your capital. With our model you keep your money and purchase stocks through your own account. You pay only a lower flat fee – rather than a fee based on volume – and no

performance, load, or redemption fees. In most cases you will save on fees.

We do the heavy lifting for you in terms of analysis, but you purchase and sell the equities yourself in your own account. This means that you decide what to invest in, when, and how.

## Outperformance

We have developed a radically improved investment model with which we predict tomorrow's winners with 83, 90, or 95% accuracy. At least these are the predictive success rates experienced so far<sup>(1)</sup>.

(1) Success is defined as a positive ROI between one or more issued purchase and one sell recommendation. Past performance is not necessarily indicative of future results.

Random stocks win approximately 60% of the time when measured in the same way, so the difference is staggering.

We believe the best odds for winning in the future are achieved by using the general strategies that worked best throughout the past 50 years.

If a strategy works today and has worked consistently well for half a century, it is likely to be a strategy worth pursuing in the future. One simple example of such a strategy is value investing.

We have developed 86 different strategies for outperforming the market averages over the long term, most of which are available only through FormulaStocks. The strategies have been developed over a 12-year R&D period by our focused in-house research team, using groundbreaking new technology.

Our portfolio is actively managed utilizing a rules-based formula for outperforming the general stock market. For example, 88% of the time our BUSINESS strategy has outperformed the S&P 500 on a yearly basis over nearly half a century.

Our strategies stack the odds in your favor. Why settle for less?

## Our mission

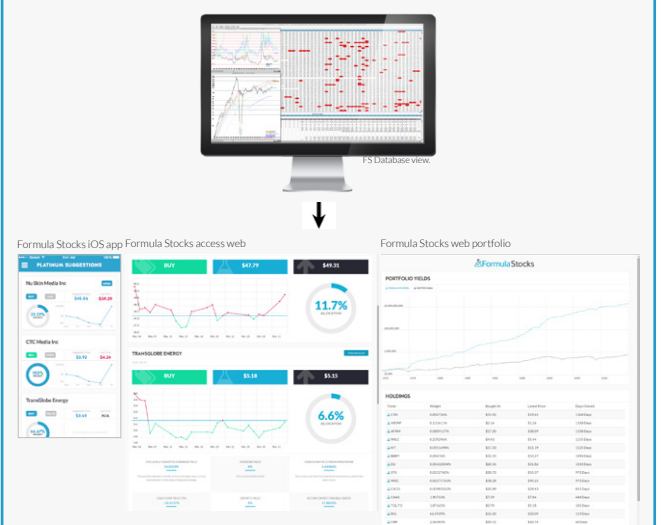
It is our mission to offer our users easy access to this expertise in business analytics and investment strategies, which we believe

contain some of the best odds for outperforming the market in the future. For this, we charge only a modest fee, creating an excellent value proposition for our members.

While your investment grows, your costs remain low and fixed.

## How the service works

The big data and complex numbers are crunched at FormulaStocks, and the output of our capital allocation strategies are funneled into simple and easy-to-use purchase and sell recommendations.



These are easily accessed through our secure website or iOS app for iPhone and iPad devices, due to be released in Q4 2015. The web interface can furthermore be accessed via Android and Blackberry devices.

Once a member, you can log into our app or the members section on our website and see purchase and sales recommendations, performance statistics, investment portfolio and allocation, and much more. Use this information for investing through your regular or prime broker and experience the FormulaStocks advantage.



2. New technology

Outperforming the markets has never been easy. Any industry professional can attest to that.

It follows that generally available knowledge, when applied widely, will in the long run produce only average investment results. To systematically exceed these averages, some form of non-standard advantage is required, specifically one which is not available to the majority of other market participants.

We have created such an advantage, which we call Intelligent Investment Technology™ or IIT™. It establishes an informational advantage relative to other market participants.

The IIT™ has many facets. To name just one, it can automatically analyze a business in greater quantifiable detail than the human cortex is able to, estimating its most likely future based on big data.

This informational advantage is engineered on the basis of a better understanding of business models and analytics, risk and reward, and long-term investment strategies.

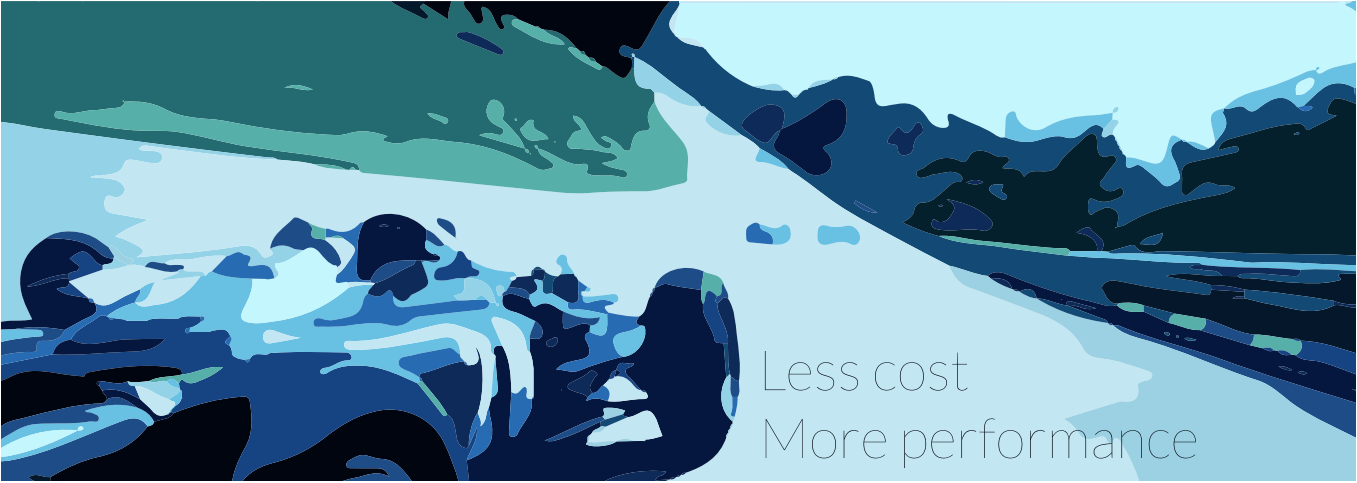
On the basis of this knowledge we design new advanced investment strategies, the output of which is accessible to our members. These exact capabilities are available nowhere else, as all technology and strategies have been developed in house.

One integral new technology applied is machine learning, which can be described as the ability of software to attain an expert-level capability by learning from the consequences of its actions, in this case within business analytics and strategy.

A well-known example of machine learning was publicized in 1997, when IBM's Deep Blue software managed to beat the then defending world champion in chess Garry Kasparov 3.5-2.5 in a chess tournament, effectively proving that software can in fact learn and strategize on an expert level.

You can think of it as a supercomputer capable of learning from its mistakes, acquiring expert knowledge in a very narrow field. It does not think, but it has learned to systematically distinguish the desirable from the undesirable based on experience.

At  **FormulaStocks** we offer investors more for less



The investment strategies we develop are scientifically quantifiable. They work well both in practice and in theory and can be proven to have worked well for at least five decades. Thus, they stand on a solid scientific footing and work hand in hand with other more classic investment tenets, including for example fundamental analysis, business valuation and analytics, intelligent investing, and classic Graham & Dodd security analysis.

Machine learning is currently used by the likes of Microsoft, Google, and IBM for a multitude of purposes, including advertising, content analysis, security, voice and image recognition. Some of the world's largest hedge funds are currently in the process of applying it.

“ **Machine learning is the new wave of investing for the next 20 years and the smart players are focusing on it.**

- As commented on Bloomberg.

FormulaStocks is a pioneer in using machine learning within the investment field. Our R&D process began in 2003, and early adopters started using the product in 2009. The first three years after launch formed a designated 'live' testing period with results of 123,80, 51,80, and 31,84%, respectively.<sup>(1)(2)</sup>

<sup>(1)</sup> Periodically a little leverage has been employed in achieving these numbers. <sup>(2)</sup> Not a backtest, but actual performance net of fees, trading costs, market impact.

Another technological breakthrough available only through FormulaStocks is Alpha Prediction™. Alpha Prediction™ estimates the future alpha component of any given investment. (Alpha is a designation of investment performance above and beyond general market performance, also known as beta).

Our IIT™ advances the leading edge of investing and adds value for retail investors and industry professionals alike.

Specifically, it knows which strategies are worth pursuing over the long term, as it can analyze business models and investments on an expert level – better than most market participants on average. In just a few minutes our supercomputers can analyze many thousands of businesses at a minute level of detail, a task that would take a research team several months to perform manually.

There is a difference between what is past and fact and what is future and unknowable. IIT™ has been designed to work with abstract adaptable strategies in order to win in the future. As a rules-based approach (a very elaborate set of rules, which adapts itself to any environment) it would operate with the exact same adaptive logic in 1914, 1957, and 2024, respectively, but respond differently to what the conditions warrant.

Our BUSINESS strategy, for example, has historically produced

long-term winners in 94% of all investment recommendations, a number probably not matched elsewhere. Will this win-rate performance be able to continue in the coming years? We cannot know for sure; the rate is extremely high, and there is no definitive answer, but based on experience (since launching the first version six years ago to early adopters) we believe it will diverge only marginally, as this win rate has been relatively stable for at least 50 years (and is the average of 1,000 investments).

IIT™ looks for investment opportunities where it has an edge or informational advantage over the broader markets. See returns since launch in 2009 on the right <sup>(1)(2)</sup>.

<sup>(1)</sup> Past performance is not necessarily indicative of future results. <sup>(2)</sup> Trading costs not accounted for.

3. Product lines

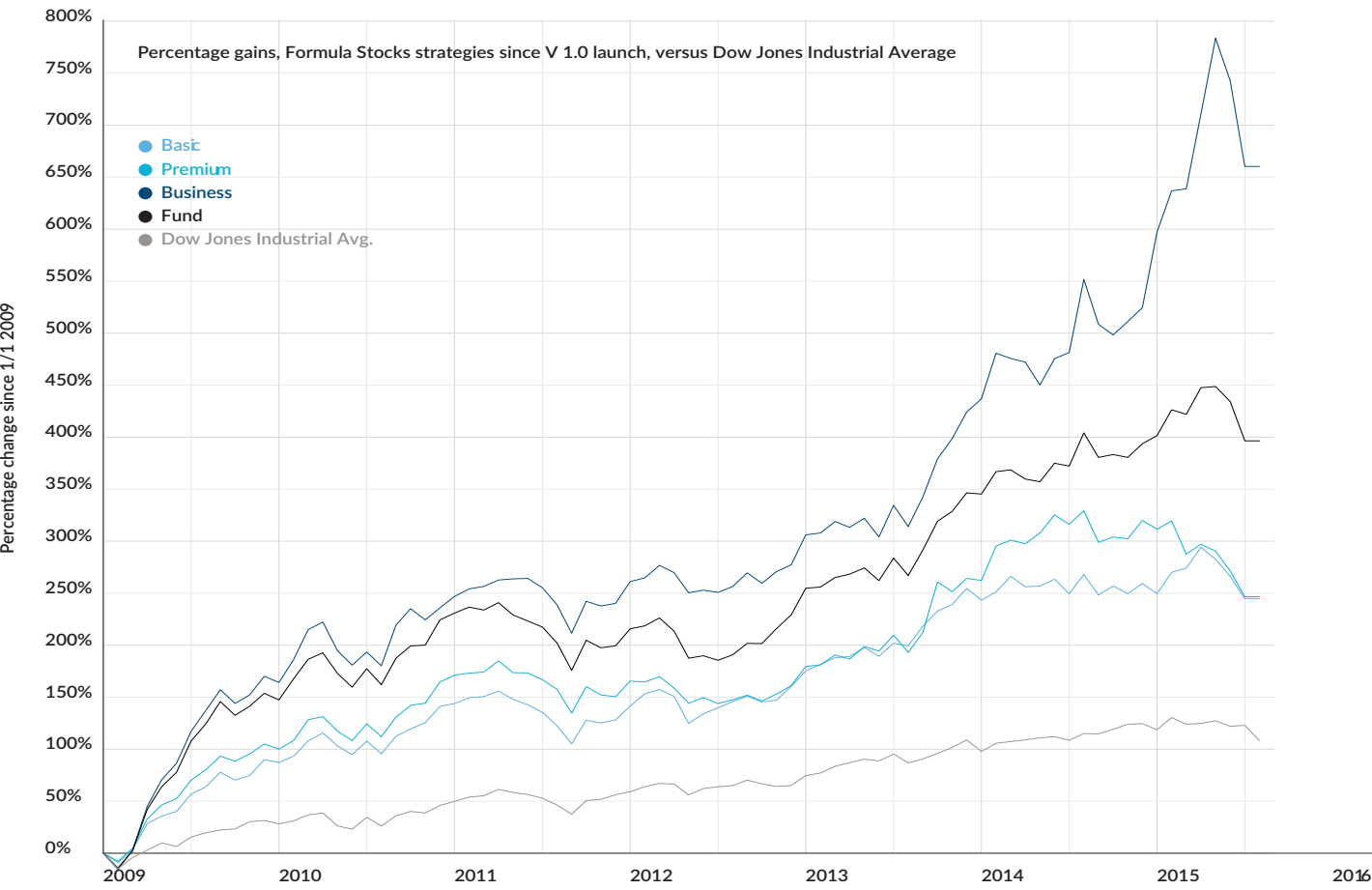
You can choose to follow the FormulaStocks strategies to the letter, or you can add your own flavor or invest only in businesses that you are comfortable with, using FormulaStocks as a source of information and guide to especially attractive investments.

You can even choose which set of odds you will encounter based on our three levels of membership, giving you access to increasingly sophisticated investment methods and increasingly better odds.

These three performance-oriented products are labelled BASIC, PREMIUM, and BUSINESS. Neither of these share any investment logic, meaning that they are fully separate and distinctly different methods for outperforming the markets. In addition, we have another type of product, FUND, specifically for institutional capital.

**BASIC** and **PREMIUM** are for personal use and may add value to anyone catering for their personal portfolio or retirement account. They operate two different and distinctive portfolios using different technologies. The fees of \$50 and \$100 a month, respectively, are very competitive, as they are flat fees for any portfolio size. See details in the fact sheets on the next page.

**BUSINESS** runs a focused portfolio, which destills the very best high-conviction investment ideas we can identify. Focused portfolios can be highly successful and belong with investors that can tolerate large concentrated positions. (continued on page 7)

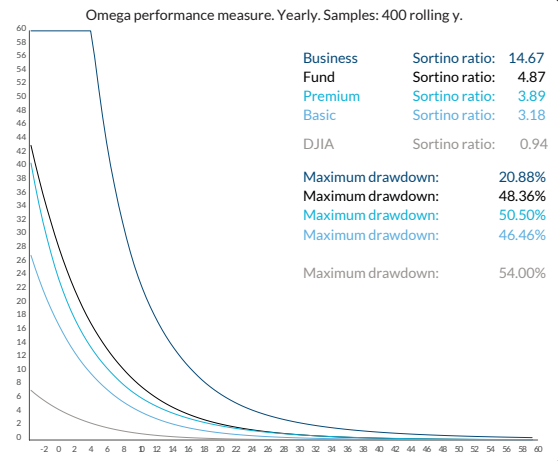


Benchmarking FormulaStocks

The omega function depicted to the right is an unbiased measurement designed to compare risk and performance across investment strategies.

Higher levels indicate higher returns, and steeper slopes indicate lower risk. The yearly return distribution is significantly superior to the DJIA at all thresholds and for all plans. The BUSINESS curve, for instance, is close to ideal and indicates higher returns at lower risk.

The graph indicates that the FormulaStocks strategies have been less risky than the general market. The Sortino ratios listed reach the same conclusion.<sup>(1)</sup> <sup>(1)</sup> Historical lower risk is no guarantee of future lower risk. Risk ratios look back in time.



## BASIC

Our BASIC plan is designed as a low-cost alternative to an index or mutual fund. It is available for a small monthly fee of \$50, regardless of the size of your personal portfolio. We generally believe that the BASIC plan will outperform an index fund over a multiyear period. It certainly has in the past 45 years.

The BASIC plan is based on Alpha Prediction™, which is a technology that predicts the future alpha of any given company (alpha refers to performance above and beyond the general market performance, also known as beta). By predicting the future alpha of a large cross-section of currently traded stocks we can select a subset of companies, which have above-average odds of success in the future. BASIC is reasonably well diversified.

Using the BASIC plan, history has shown that around 83% of the investments made turn out to be winners. An Internal Rate of Return (geometrical IRR) of around 19% is the typical return per investment (when viewed as an average of 2,000 investments). This leads to a compound annual growth rate (CAGR) of approximately 19.24%, which means that over a period of 45 years \$1 could have grown into \$2,747 in a tax-exempt account. (1)

FACT SHEET. (1) Statistics refer to 45 years of strategy results. Past results are no guarantee of future results. Consult our legal disclaimer.

CAGR.....	19.24% (excluding commissions, slippage)	1991:	46.11%	2003:	58.14%
Average win rate.....	83.28%	1992:	19.15%	2004:	33.32%
% of time outperforming the S&P 500.....	71.11%	1993:	12.09%	2005:	12.60%
		1994:	7.89%	2006:	13.20%
Geometric IRR.....	26.24%	1995:	35.36%	2007:	-9.72%
Average portfolio size in number of positions.....	82	1996:	28.47%	2008:	-18.65%
Average holding period in days.....	698	1997:	34.43%	2009:	55.53%
Average number of roundtrip trades per year.....	39	1998:	6.63%	2010:	19.38%
		1999:	5.46%	2011:	-4.08%
Number of investments located.....	1,924	2000:	17.68%	2012:	22.55%
License form.....	Personal usage only	2001:	36.46%	2013:	50.75%
Cost.....	\$50/month (exclusive of VAT if in the EU)	2002:	8.34%	2014:	15.65%

## PREMIUM

The PREMIUM plan is for investors who aspire to outperform the market over the long term. It is a good alternative to an actively managed fund. The plan incorporates several investment strategies, which compete for your attention – much like various species in an ecosystem compete for resources. The strategies which are currently deemed as having the best odds of success in the current investment environment are preferred, and these investment ideas are made available to you.

The PREMIUM plan focuses on the presannumed best-in-class investment candidates available for personal use.

Using the PREMIUM plan, history has shown that around 90% of the investments picked throughout half a century turn out to be winners. An Internal Rate of Return (geometrical IRR) of around 33% is the typical return per investment (when viewed as an average of 1,800 investments). This leads to a CAGR of approximately 25.16%, which means that over a period of 45 years \$1 could have grown into \$24,319 in a tax-exempt account.(1)

FACT SHEET. (1) Statistics refer to 45 years of strategy results. Past results are no guarantee of future results. Consult our legal disclaimer.

CAGR.....	25.16% (excluding commissions, slippage)	1991:	36.90%	2003:	76.76%
Average win rate.....	90.13%	1992:	13.06%	2004:	43.98%
% of time outperforming the S&P 500.....	82.22 %	1993:	9.53%	2005:	53.33%
		1994:	5.82%	2006:	31.71%
Geometric IRR.....	33.76%	1995:	43.83%	2007:	17.67%
Average portfolio size in number of positions.....	93	1996:	31.06%	2008:	-3.87%
Average holding period in days.....	773	1997:	21.60%	2009:	64.97%
Average number of roundtrip trades per year.....	44	1998:	-9.73%	2010:	27.53%
		1999:	-5.23%	2011:	-6.71%
Number of investments located.....	1,987	2000:	1.02%	2012:	8.69%
License form.....	Personal usage only	2001:	31.60%	2013:	37.74%
Cost.....	\$100/month (exclusive of VAT if in the EU)	2002:	22.67%	2014:	21.91%

## BUSINESS

The BUSINESS product is designed for accredited or sophisticated investors, primarily high-net-worth individuals, family offices, trusts, businesses, CEOs, CFOs, and other large investors running their own portfolio.

Approximately 949 out of 1,000 or 95% of all investments selected by this strategy to date have turned out to be long-term winners, outperforming the S&P 500 88% of the time. The exceptionally high win rate permits BUSINESS to run a more concentrated investment portfolio with an average of around 20 new investment candidates per year with unequal weighting. This is the result of up to 44 different investment strategies using our most sophisticated technology, thus destilling the best we have got to offer in terms of sheer performance.

This strategy has yielded massively positive results since 1970. A compound annual growth rate of 35.41% (CAGR) has been possible on the basis of investments with an average Internal Rate ,makof Return (geometrical IRR) of approximately 54%, matched by few, if any unleveraged, long-term equity strategies. Over a period of 45 years \$1 dollar could have grown into \$840,007 in a tax-exempt account.(1)

FACT SHEET. (1) Statistics refer to 45 years of strategy results. Past results are no guarantee of future results. Consult our legal discalimer.

CAGR.....	35.41% (excluding commissions, slippage)	1991:	46.42%	2003:	42.48%
Average win rate.....	95.49%	1992:	14.08%	2004:	44.57%
% of time outperforming the S&P 500.....	88%	1993:	33.18%	2005:	21.21%
		1994:	61.82%	2006:	18.41%
Geometric IRR.....	55.31%	1995:	62.80%	2007:	43.19%
Average portfolio size in number of positions.....	48	1996:	110.35%	2008:	-4.31%
Average holding period in days.....	808	1997:	78.46%	2009:	48.48%
Average number of roundtrip trades per year.....	22	1998:	24.82%	2010:	14.85%
		1999:	182.71%	2011:	6.29%
Number of investments located.....	993	2000:	92.28%	2012:	3.80%
License form.....	Business and personal	2001:	27.21%	2013:	40.95%
Cost.....	\$20,000/year (exclusive of VAT if in the EU)	2002:	12.66%	2014:	19.86%

## FUND

The FUND product is designed for institutional capital. If you oversee any type of investment product sold to a wider audience, represent a financial institution, mutual fund, ETF or hedge fund, or otherwise represent an AUM base with multiple capital owners FUND is the product that adds value to your operation, either as a research product or a joint-venture/franchising model providing both research, strategy, and capital allocation services for a new fund product.

When operating a large AUM base you will have several other considerations besides sheer performance. Diversification, position sizing, and capacity to trade in larger volumes without moving the market disproportionately are all major concerns. The FUND plan is designed to cope well with very diversified AUMs in the range from \$0.1 to \$50 billion, while maintaining adequate diversification at all times and still outperforming the market averages.

Diversification levels are high, with a typical average of 118 concurrent positions in the portfolio.

FACT SHEET. (1) Statistics refer to 45 years of strategy results. Past results are no guarantee of future results. Consult our legal disclaimer.

CAGR.....	20-24% dependent on AUM	1991:	34.22%	2003:	75.59%
Average win rate.....	85.68%	1992:	14.71%	2004:	37.11%
% of time outperforming S&P 500.....	82.77%	1993:	12.27%	2005:	27.26%
		1994:	7.66%	2006:	15.27%
Geometric IRR.....	28.44%	1995:	52.57%	2007:	0.55%
Average portfolio size in number of positions.....	118	1996:	42.18%	2008:	-25.59%
Average holding period in days.....	697	1997:	35.08%	2009:	76.04%
Average number of roundtrip trades per year.....	58	1998:	0.62%	2010:	25.85%
		1999:	21.34%	2011:	-5.66%
Number of investments located.....	2,779	2000:	28.32%	2012:	18.47%
License form.....	Financial services resale/fund usage	2001:	42.62%	2013:	43.98%
Cost.....	\$140,000/year (exclusive of VAT if in the EU)	2002:	31.31%	2014:	20.65%

Your odds of future outperformance increase when you use our BUSINESS product. As a buy-and-hold strategy, we believe it ranges among the very best in the world.

BUSINESS is for accredited or sophisticated investors, CEOs, CIOs, businesses, high-net-worth individuals, family offices, trust funds, and other investors catering for their own personal capital base. Subscription to our BUSINESS product costs \$20,000 per year(\*). We encourage you to download our far more detailed BUSINESS-FUND brochure.

**FUND** is strongly diversified, designed for large-scale institutional capital requirements, and licensed for use in commercial funds and/or resale in commercial end-user products. Subscription to our FUND product costs \$140,000 per year(\*).

(\*) BASIC and PREMIUM licences are personal, for private and non-commercial use within one household only. Sharing is expressly prohibited.

The BUSINESS license is personal and allows one user access to use FormulaStocks, meaning that several users within one company require multiple licenses. This flat fee structure has no limits as regards AUM, under the provision that it is only used within one legal entity, by one user. FormulaStocks reserves the right to allocate only a select number of slots to BUSINESS plan subscribers and to accept subscribers to this particular plan on a subjective basis. (For use relative to institutional capital, please see our FUND product).

FUND licenses are commercial and can be used in most commercial contexts, including the resale of fund products based partially or fully on IIT™.

## 3. Why FormulaStocks?

**Outperform the market.** Beating the market is not an easy task by any length, even for seasoned professionals. That combined with fee structures is why most active professional investment managers underperform the markets on average. Using FormulaStocks you can increase your odds of beating the market. No one can guarantee a given set of results in the future, but we can stack the odds in your favor.

**Save on fees.** Just as you can cut your cord, you can cut back on investment fees imbedded in various products. Using the BASIC plan you pay only a modest flat fee per month to get above-index fund-level performance, or better with other plans. Having direct access to your individual investments may yield tax optimization advantages as well.

**Less downside risk.** By definition risk is something that has not

happened yet. We can only look back when trying to quantify risk, and this has its limitations. When doing so, we discover that the FormulaStocks strategies have been better at handling adverse events than the general market. This is quantifiable using the Sortino or Omega measure. The implication is that our strategies have been less risky to own than the market or an index fund. No leverage, no trading, no speculation, and long-term ownership with a margin of safety in any event place FormulaStocks in the least risky category among equity investment strategies.

**Take the emotion out of investing.** Using IIT™, machine learning, and Alpha Prediction™, our sophisticated rules-based investing methods have worked very well in the past. One clear advantage of following FormulaStocks is that no human emotions will clutter the investment picture, which will instead be in the domain of mathematics, logic, statistics, and quantifiable science. This alone can lead to higher performance

**Acquire an informational advantage.** The participant with the best information tends to win. Our IIT™ gives you information that is scarcely available to even seasoned investment professionals. We only invest in niches where we have an edge – an advantage over the common market. And we share this edge only with our subscribers.

**Scientifically quantifiable.** Using quantitative, scientifically based methods like IIT™ gives you the added advantage of knowing that the technology with which you invest has a scientifically proven level of outperformance historically. We can quantify the results of any strategy we apply. This is a huge benefit compared to ad hoc decision-making based on assumptions.

**Stack the odds in your favor.** Nobody knows what the future entails. Any investment by definition involves risk. But by using IIT™ you lever the odds to your advantage. You will be using strategies which generally worked well this month, last month, last year, last decade, and last century.

**Buy low, sell high.** Everyone knows that this is a good idea. But it can be difficult to achieve. IIT™ generally buys equities that trade with a rebate or a margin of safety relative to the perceived long-term value. A margin of safety generally implies that your odds of winning outweigh the odds of losing.

**Use your time effectively.** Use FormulaStocks instead of spending several days a week absorbing information. It is easy, takes very little time, and leaves you much more time for all the fun stuff.

**Influence stock selection.** One size rarely fits all. Instead of purchasing a fund, you can gain influence on the selection and access to detailed information. Choose your plan relative to your personal cost/benefit preference. Include or exclude specific forms of investments to tailor things to your needs or portfolio composition. View the FormulaStocks portfolio as an alternative to owning a fund or other collective investment vehicle – one that is adjusted to your personal preferences, needs, timeframe, and level of comfort.

## 4. How to get started

Using the service is easy. Subscribe on [www.formulastocks.com](http://www.formulastocks.com). To answer any questions, please consult our how-to guide or the FAQ section on the following page.

You will immediately be able to access your membership area, where you can review the current portfolio of the plan you have chosen. You can choose to purchase some or all of the existing portfolio for the plan in question or simply invest gradually.

On a monthly basis (or weekly if you prefer) new purchase and sales recommendations usually appear on the service. (2) It is preferable to scale slowly into our plans for the purpose of diversification, and because using newer recommendations as opposed to older recommendations yields lower purchase prices on average.

(2) Subject to market conditions, meaning that in highly overpriced market environments there may be periods where few new investments are available.



## 5. Frequently Asked Questions

### Q: What can I save using FormulaStocks instead of other products?

A: FormulaStocks offers a low, flat and transparent fee, which does not scale with volume. What you can save depends on what you otherwise pay in fees. This can be complicated to calculate, as many funds have a number of different costs, some of which can be grouped into sales charges, expense ratios, transaction commissions, and redemption fees. Hedge funds and alternative investment vehicles often include a large performance fee as well. ETFs have trading costs, slippage, and potentially HFTs in the market as additional cost factors in addition to expense ratios. FormulaStocks is usually the less expensive method, sometimes by a very large factor.

From a savers perspective you could view the FormulaStocks model as kind of the IKEA model of the investment world. You buy prefabricated parts (the strategy and technology), do the final assembly yourself (the purchase and sale of equities), and obtain very significant savings in the process.

### Q: How much can I expect in investment returns?

A: FormulaStocks can, like everyone else, not answer this question. We can optimize the odds for you to outperform the market averages. At any rate, the market return going forward is inversely proportional to the current price level. If the price level is high, expect lower returns forward from any form of investment. Given a lower return, we believe it becomes all the more paramount to beat the market averages, and we have tended to outperform the markets during bear markets as well.

### Q: How do I begin to invest?

A: It depends on how you wish to use FormulaStocks. One way to use it is to simply view the recommendations when they appear and use them for investment or further analysis. Nothing more. Another way entirely is to build a portfolio along the lines of your FormulaStocks portfolio. You can access the existing portfolio, which may include mature positions, and invest alongside this portfolio structure from the beginning (mirror it to any extent you choose). Or you can choose to await new investment recommendations as they appear over time. It would probably be prudent to do a bit of both and to keep some cash in reserve for future investment opportunities. A gradual beginning is generally a risk-decreasing (smoothing) measure. One possible allocation for starters could be 33% in the existing FormulaStocks portfolio, 33% towards the first three months' new purchase recommendations, and 33% in cash.

### Q: How often are new stocks recommended for purchase or sale?

A: New recommendations appear on a weekly basis if and when the market offers them. Accessing these once a month is fully sufficient. How many recommendations appear depends very much on current market conditions. FormulaStocks looks for great opportunities in the markets; sometimes we find few, sometimes many. The holding is long term, typically from 600 to 900 days.

### Q: How many new investment candidates are available?

A: The availability of new investment candidates is a function of the available investments we can locate in the marketplace with a sufficient degree of certainty. We buy stocks like you buy steaks in a supermarket. We generally prefer high quality and low prices. The market does not always accommodate our preferences, and the number of candidates does vary greatly with the price level of the general market.

### Q: Which and how many stocks are covered by your service?

A: We do not supply a full list of all the potential stocks analyzed by our systems. It covers many thousands of stocks, however, ranging from micro cap to mega cap companies in all sectors with varying geography.

### Q: Can your products be used in any country?

A: Yes, absolutely. We cater to an international audience, and the stocks we prefer are accessible for purchase in all countries.

### Q: Is your stock selection USA only?

A: No. FormulaStocks can be used from anywhere in the world. It works with a majority of public US companies, a significant part of Canadian companies, and a larger number of international companies with an ADR (American Depositary Receipt). These are international companies which trade on the US exchanges, as if they were US stocks, denominated in USD, even though the company itself may be located in Peru, Canada, Switzerland, or Germany, for instance, and trades in the local currency of this particular country. In practical terms FormulaStocks analyzes international stocks, usually a similar subset to what you might find traded on US exchanges. This is to ensure the availability of all stocks, to all members, no matter their geographical location.

### Q: What about currencies?

A: We use USD as a base currency for the sake of simplicity. No matter what your local currency is, you can easily use FormulaStocks anywhere in the world. If you have reservations about owning USD, you could choose to hedge your exposure.

### Q: How often do I need to think about my portfolio?

A: You need to check for any recommendations once a month, in case you want your portfolio to match the FormulaStocks portfolio exactly. This is not a requirement, though. A loosely managed portfolio or single, handpicked investments can perform just as well. We recommend a once-a-month check for any recommendations, though. If your personality is more in tune with frequent attention to investments, our purchase recommendations are updated on a weekly basis, while our sales recommendations are updated once a month. Our strategies trade only once a month. (This is to allow one full month for accumulation or distribution of larger positions).

### Q: How do I pay for membership?

A: Typically with a credit card, although other options exist for BUSINESS and FUND members.

### Q: Is there a trial period available?

A: We offer a free trial with limited access to membership data. You can sign up without the use of a credit card at [www.formulastocks.com](http://www.formulastocks.com).

### Q: Is there a minimum period for subscription?

A: No. BASIC and PREMIUM are monthly subscriptions, whereas BUSINESS and FUND are yearly subscriptions. Once a period begins, it is non-refundable. You can cancel your subscription anytime before a new period starts.

### Q: How do I get the app?

A: Through Apple's app store. The app is free to download. (avail. Q4 2015).

### Q: Will new versions of the app also be free?

A: Yes.

### Q: What functionality does the app offer?

A: The app offers basically the same as the secure website. You can browse

recommendations, access the advanced data, see the suggested purchase price levels of stocks to be bought in a graphical view, watch the existing portfolio, see the graphs and pie charts of the allocation, and follow the performance of the FormulaStocks plans closely.

### Q: Do I have to choose the portfolio suggested by FormulaStocks or can I continue with my current portfolio?

A: This is entirely up to you. You can freely mix and match with any other portfolio, stock, or product.

### Q: Do I enter my other portfolio positions within the app/website?

A: No. FormulaStocks is not aware of your actual positions. FormulaStocks displays an optimized model portfolio per plan and tracks its performance through time.

### Q: Does FormulaStocks offer direct brokerage services?

A: No, and we have no plans to do so in the future

### Q: What does a FormulaStocks purchase recommendation include?

A: Purchase recommendations are vetted from a quantitative, strategy and business analytics standpoint. When you receive a recommendation, you can access 10 data points, mostly related to relative price, expected return, expected growth rate, etc. Our internal calculations, however, analyze over 400 primary datapoints. We do not write up the usual analyst report, and the reason why we do not will become clear if you analyze the statistical properties of all such available reports. (Hint: As a group they are only about as correct as flipping a coin, seemingly because biases influence the recommendations).

### Q: How does the FormulaStocks portfolios tie in with my existing asset allocation?

A: The FormulaStocks plans are different, but with 86 different strategies used in total they involve diversification both in terms of stocks, sectors, and strategies. FormulaStocks includes equities from all sectors, even though you will statistically speaking see a certain underweight in banking, insurance, and retail. As you have full access to the FormulaStocks portfolio, you can judge the exact portfolio composition for yourself. Adding high-probability investment ideas should be a plus for any portfolio.

### Q: Why does FormulaStocks expect to beat the market averages over the long term, when the majority of investment managers do not?

A: We offer something that most managers simply do not have access to. Our IIT™ quantifies the risks and reward, the odds of success, and the presumed future alpha of an investment candidate. In fact, it quantifies over 400 datapoints about every single business that we analyze. From this we are able to extract enough knowledge to beat the market averages. In testing, our BUSINESS plan, for instance, beats the market (as defined by the S&P 500) 88% of the time on a yearly basis. We have an edge over the general market.

## 6. Contact

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