

Online Appendix for

The Importance of Trust for Investment: Evidence from Venture Capital

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This online Appendix consists of four parts. First, we set up our theory model and derive the proofs of all the propositions. Second, we report two tables, one with descriptive statistics and one with pairwise correlations. Third, we provide a detailed commentary of the robustness checks and extensions for Sections 3, 4, and 5. Fourth, we report the tables with the results for these robustness checks and extensions.

1 A Model of Trust in Venture Capital

In the base model there is a focal investor, denoted by A , who can be a domestic or foreign investor. The investor is facing a competitive fringe of domestic investors denoted by C . All investors are considering an investment in an entrepreneurial company that requires an investment k . With some probability the company is successful and generates a value of x , otherwise it is a failure with no liquidation value.

We use a very simple specification of generalized trust where all investors (domestic or foreign) fear that in case of success their returns are captured by some third party. Even though the company may be successful, investors may not benefit. This is because of illiquidity, unanticipated levies or costs, ownership dilution events that are beyond their control, or a variety of other third-party tunneling maneuvers. Specifically we assume that the fraction of returns received in case of success are given by $g(t_i) = \phi t_i$ (< 1), where t_i is the generalized trust of investor $i = A, C$. The parameter ϕ measures the severity of the trust problem, with lower values of ϕ implying more severe rent capture. We use the short-hand $g_i = \phi t_i$.¹

In the base model we assume that entrepreneurs are not directly affected by this trust problem, i.e., their returns in case of success are not captured by a third party - below we relax this assumption. For simplicity we assume that fringe investors are homogenous and that their investments have a success probability p . An investor's equity stake is denoted by α_i .² Investors in the competitive fringe make zero profits, so that $u_C = \alpha_C g_C p x - k = 0$. The entrepreneur's ex-ante utility is given by $u_E = (1 - \alpha_C) p x = p x - \frac{k}{g_C}$. It follows that trust affects the effective cost of capital, given by $\frac{k}{g_C}$.³

We now turn our attention to the focal investor A . We allow A to have differentiated skills, resulting in a different probability of success, denoted by π ($\neq p$). For simplicity we assume that π has a uniform distribution over $[0, a]$, and we denote the cumulative distribution of π by $\Omega(\pi)$. A 's fraction of returns actually received is denoted by $g_A = \phi t_A$. If A is domestic, then $t_A = t_C$, otherwise $t_A < t_C$, reflecting the empirical regularity that domestic trust is higher than foreign trust. We define A 's relative trust as $\tau = \frac{t_A}{t_C}$.

For a given π , A 's utility is given by $u_A = \alpha_A g_A \pi x - k$. In order to make an investment,

¹Note also that we can think of $1 - g_i$ as the fraction of returns captured by third parties, or equivalently as the probability that all the investor's returns are captured.

²With a fixed exit value x there is no loss of generality in assuming that all investors use equity.

³The marginal firm financed by the fringe satisfies the condition: $g_C p x - k = 0$. This immediately suggests that in higher trust countries (where g_C is higher) more companies can be financed. This is consistent with the cross-country evidence shown in Figure 1 (see the discussion in section 2.2). However, our focus here is on the role of *relative* trust, i.e., how investors from different countries compete for investment.

A must match the utility that E gets from C 's investment. E is indifferent at $(1 - \alpha_A)\pi x = (1 - \alpha_C)px$. Using $\alpha_C = \frac{k}{g_C p x}$, we find that A needs to bid $\alpha_A = \frac{g_C \pi x - g_C p x + k}{g_C \pi x}$ to win the investment. This generates a utility $u_A = g_A x(\pi - \Pi)$ where $\Pi = p + \frac{1 - \tau}{\tau} \frac{k}{\phi t_C x}$. We call Π the trust hurdle. A makes an investment whenever $u_A > 0 \Leftrightarrow \pi > \Pi$. The first term, p , is simply the expected success probability of the fringe. The second term captures the trust difference between A and C . It is decreasing in τ . For a domestic investor we have $\tau = 1$ so that the second term equals zero. For $\tau < 1$, however, the second term is positive, suggesting that lower trust constitutes a hurdle to investment.

We define $H = \text{Prob}(\pi > \Pi)$ as the probability that A makes the investment, and $Y = E(\pi | \pi > \Pi)$ as A 's average success rate. We now state and prove our main predictions.

1.1 Trust and Investment

Proposition 1: *The probability of making an investment is increasing in relative trust.*

Proof. Recall that $\Pi = p + \frac{1 - \tau}{\tau} \frac{k}{\phi t_C x}$ so that $\frac{d\Pi}{d\tau} = -\frac{1}{\tau^2} \frac{k}{\phi t_C x} < 0$. We have $H = \text{Prob}(\pi > \Pi) = 1 - \Omega(\Pi) = \frac{a - \Pi}{a}$. Thus $\frac{dH}{d\tau} = -\frac{1}{a} \frac{d\Pi}{d\tau} = \frac{1}{a} \frac{1}{\tau^2} \frac{k}{\phi t_C x} > 0$. QED

1.2 Trust and Investment Success

Proposition 2: *The average success rate is decreasing in relative trust.*

Proof. We have $Y = E(\pi | \pi > \Pi) = \frac{1}{1 - \Omega(\Pi)} \int_{\Pi}^a \pi d\Omega$. Using $\Omega(\Pi) = \frac{\Pi}{a}$ we obtain $Y = \frac{\frac{1}{2a}(a^2 - \Pi^2)}{1 - \frac{\Pi}{a}} = \frac{1}{2} \frac{(a - \Pi)(a + \Pi)}{a - \Pi} = \frac{a + \Pi}{2}$. Thus $\frac{dY}{d\tau} = \frac{1}{2} \frac{d\Pi}{d\tau} = -\frac{1}{2\tau^2} \frac{k}{\phi t_C x} < 0$. QED

1.3 Trust and Investment Stage

We model the investment stage with the parameter ϕ . Lower values of ϕ represent higher risk which we interpret as earlier investment stages. Formally we show that there exists a critical value $\hat{\phi}$, so that A is willing to invest whenever $\phi \geq \hat{\phi}$, and that $\hat{\phi}$ is decreasing in τ . Higher trust investors are thus willing to invest in earlier stages, as reflect by a lower threshold $\hat{\phi}$.

Proposition 3: *The higher investors trust, the more they are willing to invest in earlier stages.*

Proof. We know from before that A invests for $\Pi \leq \pi$, where $\Pi(\phi, \tau) = p + \frac{1 - \tau}{\tau} \frac{k}{\phi t_C x}$. We note that $\frac{d\Pi(\phi, \tau)}{d\tau} = -\frac{1}{\tau^2} \frac{k}{\phi t_C x} < 0$ and $\frac{d\Pi(\phi, \tau)}{d\phi} = -\frac{1 - \tau}{\tau} \frac{k}{\phi^2 t_C x} < 0$. Let us define $\hat{\phi}$ so

that $\Pi(\hat{\phi}, \tau) = \pi$, then A is willing to invest whenever $\phi > \hat{\phi}$. Thus $\hat{\phi}$ measures the highest risk that A is willing to take on an investment, which we interpret as the earliest stage that A is willing to consider. We note that $\frac{d\hat{\phi}}{d\tau} = -\frac{d\Pi(\hat{\phi}, \tau)}{d\tau} / \frac{d\Pi(\hat{\phi}, \tau)}{d\hat{\phi}} = -\frac{\phi}{\tau(1-\tau)} < 0$, provided $\tau < 1$ (which we assume given that C are domestic investors who have the highest level of trust). This establishes that the higher A 's trust, the earlier the stage that A is still willing to invest in. QED

1.4 Trust and Syndication

To model the syndication decision we augment the model by assuming that A can invite a syndication partner B . The cost of syndication is that A has to share the deal with B .⁴ The benefits of syndication are potential synergies that increase the success probability from π to $\tilde{\pi} = \beta\pi$. We assume that β is a random variable with a distribution $\Omega_\beta(\beta)$ over some range $[1, \bar{\beta}]$. For tractability we assume that at the time that A decides on whether or not to invite B , A already knows the realization β . That is, A correctly anticipates the potential for synergies. We now show that there exists a critical value $\hat{\beta}$, so that syndication is worthwhile whenever $\beta \geq \hat{\beta}$, and that $\hat{\beta}$ is increasing in τ . Thus the probability of syndication, given by $1 - \Omega_\beta(\hat{\beta})$, is decreasing in τ .

Proposition 4: *The likelihood of syndication is a decreasing function of trust.*

Proof. In a syndicated deal the utilities of A and B are symmetric. For a given $\tilde{\pi}$, A 's utility under syndication is given by $u_A^{(Syn)} = \frac{1}{2}\alpha_A g_A \tilde{\pi} x - \frac{1}{2}k$. Using $\alpha_A = \frac{g_C \tilde{\pi} x - g_C p x + k}{g_C \tilde{\pi} x}$ we get after transformations $u_A^{(Syn)} = \frac{1}{2}g_A x[\tilde{\pi} - \Pi]$. The expected utility under syndication is given by $U_A^{(Syn)} = \int_{\tilde{\pi}=\Pi}^{\tilde{\pi}=\beta a} \frac{1}{2}g_A x[\tilde{\pi} - \Pi] \frac{1}{\beta a} d\tilde{\pi}$ which yields after transformations $U_A^{(Syn)} = \frac{1}{2} \frac{g_A x}{2\beta a} (\beta a - \Pi)^2$. Similarly the utility without syndication is given by $U_A^{(Alone)} = \frac{g_A x}{2a} (a - \Pi)^2$. A prefers to syndicate whenever $U_A^{(Syn)} > U_A^{(Alone)}$. We define $\hat{\beta}$ so that $U_A^{(Syn)} = U_A^{(Alone)}$. Because $U_A^{(Syn)}$ is increasing in β , we find that $U_A^{(Syn)} > U_A^{(Alone)} \Leftrightarrow \beta > \hat{\beta}$. Totally differentiating $U_A^{(Syn)} = U_A^{(Alone)}$ at $\hat{\beta}$ we find that $\frac{d\hat{\beta}}{d\Pi} = -\frac{(\hat{\beta}a - \Pi) + 2\hat{\beta}(a - \Pi)}{a(\hat{\beta}a - a) + \Pi(a - \Pi)} < 0$. The higher the trust hurdle (i.e., the lower trust), the lower the critical value $\hat{\beta}$ at which A wants to syndicate. To see that this implies less syndication, we note that the probability of syndication is given by $S = 1 - \Omega_\beta(\hat{\beta})$. Thus we have $\frac{dS}{d\tau} = -\omega_\beta \frac{d\hat{\beta}}{d\Pi} \frac{d\Pi}{d\tau} < 0$. This shows that the propensity to syndicate is negatively related to trust. QED

⁴We assume that once B looks at the deal, A and B become symmetric partners, and share the deal in equal proportion. See Casamatta and Haritchabalet (2014) for a similar modelling approach.

1.5 Trust and Contingent Contracts

To model contingent contracts we augment the model by assuming that there are two states. In the first state, the original equity split α is appropriate, i.e., there are no joint benefits to reallocating equity. In the second state, however, there are efficiency gains from reallocating equity from the entrepreneur to the investor.⁵ Specifically, we assume that if E gives A a fraction of equity η , then the expected returns increase from π to $\pi(1 + \delta)$. Different deals can have different benefits, so we assume that δ has a distribution $\Omega_\delta(\delta)$ over some interval $[0, \bar{\delta}]$. At the time of contracting, E and A know the parameter δ , but they do not know which of the two states will occur. We show that there exists some $\hat{\delta}$ (> 1), so that contingent contracts are optimal whenever $\delta \geq \hat{\delta}$. The critical value $\hat{\delta}$ is a decreasing value of the trust parameter τ . The probability of contingent contracting is given by $1 - \Omega_\delta(\hat{\delta})$, which is thus increasing in τ .

Proposition 5: *The use of contingent contracts is increasing with trust.*

Proof. Let σ be probability of state 2 and $\bar{\sigma}$ probability of state 1. In state 1 the probability of success is π , but in state 2 a transfer of η from E to A increases it to $\pi(1 + \delta)$. The expected utilities under contingent contracting are denoted by $u_E^{(\sigma)} = \bar{\sigma}(1 - \alpha_A)\pi x + \sigma(1 - \alpha_A - \eta)\pi x(1 + \delta)$ and $u_A^{(\sigma)} = \bar{\sigma}\alpha_A g_A \pi x + \sigma(\alpha_A + \eta)g_A \pi x(1 + \delta) - k$. E is indifferent between A 's and C 's offer at $u_E^{(\sigma)} = px - \frac{k}{g_C} \Leftrightarrow \alpha_A = \frac{1}{(1 + \sigma\delta)}[1 - \sigma\eta + \sigma\delta - \sigma\eta\delta - \frac{p}{\pi} + \frac{k}{g_C \pi x}]$. A makes an offer whenever $\alpha_A g_A \pi x - k \geq 0 \Leftrightarrow \pi \geq \frac{1}{(1 - \sigma\eta + \sigma\delta - \sigma\eta\delta)}[p - \frac{1}{g_C} \frac{k}{x} + \frac{1 + \sigma\delta}{g_A} \frac{k}{x}] \equiv \Pi$.

In the model there is no transferable utility, precisely because of the rent capture from third parties. Therefore the two parties only chose the contingent contract if it increases their joint utilities, i.e., if $u_E^{(\sigma)} + u_A^{(\sigma)} > u_E + u_A$, where $u_E^{(\sigma)} + u_A^{(\sigma)} = \bar{\sigma}(1 - \alpha_A(1 - g_A))\pi x + \sigma(1 - (\alpha_A + \eta)(1 - g_A))\pi x(1 + \delta) - k$ and $u_E + u_A = \bar{\sigma}(1 - \alpha_A(1 - g_A))\pi x + \sigma(1 - (\alpha_A)(1 - g_A))\pi x - k$. This condition simplifies after straightforward transformations to $\delta > \frac{\eta(1 - g_A)}{1 - (\alpha_A + \eta)(1 - g_A)} \equiv \hat{\delta}$, so that contingent contracting is optimal whenever $\delta > \hat{\delta}$. At $g_A = 1$ we have $\hat{\delta} = 0$, but for all $g_A > 0$ we have $\hat{\delta} > 0$. The probability of contingent contracting is given by $1 - \Omega_\delta(\hat{\delta})$. Using $\frac{d\hat{\delta}}{d\tau} = \frac{-\eta g_C}{[1 - (\alpha_A + \eta)(1 - g_A)]^2} < 0$ we find that contingent contracting is increasing in τ . QED

1.6 Investor Effort

In the main text we briefly discuss the role of investor efforts, here we briefly outline the formal model extension. For tractability we assume that A can exert private effort, but C cannot. Let $\pi = qe$, where q is a random variable with a distribution $\Omega(q)$ over some $[0, \bar{q}]$. Also, e is A 's private effort, which comes at a private cost that we normalize at $\frac{1}{2}e^2$.

For a given α_A , A maximizes $u_A = \alpha_A g_A \pi x - \frac{1}{2}e^2 - k$. From the first order condition we obtain $e = q\alpha_A g_A x$ and thus $\pi = q^2 \alpha_A g_A x$. We note that e and π are increasing in

⁵Our theory focuses on cash flow rights, but can be extended to control rights.

g_A . This shows that for a given company (i.e. for a given value of q), investor effort in increasing in (absolute and relative) trust.

Consider now A 's investment behavior. To match the utility that E obtains from C , A needs to offer α_A^* that satisfies $(1 - \alpha_A^*)\pi x = px - \frac{k}{g_C}$. It is easy to show that the utility frontier between E and A is not backward bending as long as $\alpha_A \geq \frac{1}{2}$, which we assume. Standard calculations reveal that $\alpha'_A = \frac{d\alpha_A^*}{dq} = \frac{2\alpha_A^*(1 - \alpha_A^*)}{(2\alpha_A^* - 1)q} > 0$. A invests as long as $u_A(q) = \frac{1}{2}(q\alpha_A^*(q)g_Ax)^2 - k \geq 0$. The marginal company is given by $\underline{q}$ satisfying $u_A(\underline{q}) = 0$. Totally differentiating w.r.t. g_A we obtain $\frac{d\underline{q}}{dg_A} = -\frac{q\alpha_A^*(\underline{q})x}{\alpha_A^*(\underline{q}) + \underline{q}\alpha'_A(\underline{q})} < 0$. To evaluate the effect of trust on effort and success, we differentiate $Y = \frac{1}{1 - \Omega(\underline{q})} \int_{\underline{q}} \pi d\Omega(q)$ w.r.t. g_A . Standard calculations reveal that $\frac{dY}{dg_A} = \frac{Y}{g_A} + \frac{d\underline{q}}{dg_A} \frac{\omega(\underline{q})}{1 - \Omega(\underline{q})} [Y - (q^2\alpha_A(\underline{q})g_Ax)]$. The first term is positive, but the second term is negative, making the overall effect ambiguous. The second term reflects the fact that higher trust VCs invest in less promising companies, where the incentives to provide value-adding effort is lower.

1.7 Investor Quality

In the main text we briefly mention the role of investor quality, here we provide a brief sketch of how to extend the model for that. Suppose that returns are given by $\tilde{\pi} = \pi(1 + \chi)$ where χ is an index of investor quality. The investment condition is then given by $\tilde{\pi} \geq \Pi = p + \frac{1 - \tau}{\tau} \frac{k}{\tau_C x}$. Define minimum trust by $\hat{\tau}$ so that $\Pi(\hat{\tau}) = \chi\pi$, then $\frac{d\Pi}{d\hat{\tau}} d\hat{\tau} = \pi d\chi$ and $\frac{d\hat{\tau}}{d\chi} = \pi / \frac{d\Pi}{d\hat{\tau}} < 0$. This shows that higher quality VCs are more willing to invest in low trust deals.

1.8 Exit value distributions

In our empirical analysis we briefly explore the role of exit value distributions. In our theory expected returns are characterized by πx . For the main model we look at distributions of π , holding x constant. Given the simple multiplicative structure of πx , the model can easily be modified to focus on distributions of x . We only need an assumption that the focal investor faces a different distribution of exit values than the competitive fringe (analogous to the difference between π and p). With that, we can directly apply the logic of Proposition 2 to generate a prediction of a negative relationship between trust and exit values.

1.9 Rent Capture by Entrepreneurs

In the base model only third parties dissipate rents. Consider a variation of the model where E can obtain some of the rents captured by third parties. Let E 's payoff now given by $(1 - \alpha_A + \alpha_A(1 - g_A)\lambda)\pi x$, so that E captures a fraction λ (with $0 < \lambda < 1$)

of the rents diverted from investors. Define $\Lambda_i = (1 - \lambda + g_i \lambda)$, $i = A, C$, then E is indifferent for $(1 - \alpha_A \Lambda_A) \pi x = (1 - \alpha_C \Lambda_C) p x$. Using standard transformations we find that A 's minimal offer to win over E is $\alpha_A = \frac{g_C \pi x - g_C p x + \Lambda_C k}{\Lambda_A g_C \pi x}$. A makes such an offer whenever $\alpha_A g_A \pi x - k > 0 \Leftrightarrow \pi > \Pi$, where Π is now given by $\Pi = p + (\frac{\Lambda_A}{g_A} - \frac{\Lambda_C}{g_C}) \frac{k}{x}$. We note that $\frac{d\Pi}{d\tau} = -\frac{1 - \lambda}{\tau^2 g_C} < 0$ as before. This implies that Proposition 1 and 2 continue to hold. Note that all that matters is that $\lambda < 1$, i.e., that there is no transferable utility between E and A . Note also that it does not even matter whether third parties gain anything, all that matters is that A loses more from a lack of trust than E can gain.

2. Additional Tables

Appendix Descriptive Statistics Table

This Table provides descriptive statistics for the potential deals sample and for the realized deals sample. We report the mean, minimum and maximum values of the dependent and independent variables. For dummy variables we report the frequency of observations. Variables are defined in Table 1.

VARIABLE	POTENTIAL DEALS SAMPLE			REALIZED DEALS SAMPLE		
	Mean	Minimum	Maximum	Mean	Minimum	Maximum
Deal	0.012	0	1	–	–	–
IPO	–	–	–	0.085	0	1
Exit	–	–	–	0.378	0	1
Failure	–	–	–	0.542	0	1
Pr(IPO)	–	–	–	0.087	0.001	0.819
Pr(Exit)	–	–	–	0.380	0.021	0.780
Pr(Failure)	–	–	–	0.540	0.125	0.914
Syndication	–	–	–	0.644	0	1
Contingent Contracts–Index	–	–	–	1.331	0	4
Contingent Contracts–Board	–	–	–	0.381	0	1
Contingent Contracts–Voting	–	–	–	0.338	0	1
Contingent Contracts–Liquidation	–	–	–	0.324	0	1
Contingent Contracts–Termination	–	–	–	0.311	0	1
Trust	0.203	0.037	0.716	0.434	0.071	0.716
Trust-residual	1.150	–13.652	42.776	23.639	–11.218	42.776
Information	0.085	0	0.664	0.029	0	0.664
GDP Difference	0.106	0	0.618	0.056	0	0.284
Language Overlap	0.153	0	1	0.834	0	1
Legal Difference	0.179	0	1	0.051	0	1
Distance	6.720	0	9.323	3.843	0	9.176
Foreign Deal	0.893	0	1	0.182	0	1
Common Border	0.211	0	1	0.046	0	1
Industry Fit	0.146	0	1	0.368	0.018	1
Stage Fit	0.508	0	1	0.705	0.049	1
Independent-VC	0.679	0	1	0.599	0	1
VC Size	170.505	1.300	4,100.000	223.405	1.300	4,100.000
VC Age	78.433	12	390	97.568	12	390
VC US Experience	0.544	0	1	0.581	0	1
Early Stage	0.586	0	1	0.586	0	1
Syndication	–	–	–	0.644	0	1
Deal-1998	0.073	0	1	0.126	0	1
Deal-1999	0.170	0	1	0.213	0	1
Deal-2000	0.394	0	1	0.365	0	1
Deal-2001	0.363	0	1	0.296	0	1
Exports	0.093	0	0.469	–	–	–
Industry-Biotech and pharma	0.131	0	1	0.145	0	1
Industry-Medical products	0.070	0	1	0.070	0	1
Industry-Software and Internet	0.312	0	1	0.307	0	1
Industry-Financial services	0.037	0	1	0.037	0	1
Industry-Industrial services	0.035	0	1	0.036	0	1
Industry-Electronics	0.064	0	1	0.059	0	1
Industry-Telecom	0.079	0	1	0.079	0	1
Industry-Consumer services	0.121	0	1	0.121	0	1
Industry-Food and consumer goods	0.022	0	1	0.021	0	1
Industry-Industrial products	0.012	0	1	0.011	0	1
Industry-Media & entertainment	0.064	0	1	0.060	0	1
Industry-Other industries	0.053	0	1	0.032	0	1
<i>Number of observations</i>	<i>101,620</i>			<i>1,228</i>		
<i>Number of companies</i>	<i>1,170</i>			<i>1,170</i>		
<i>Number of deals</i>	<i>1,228</i>			<i>1,228</i>		
<i>Number of venture firms</i>	<i>107</i>			<i>107</i>		

Appendix Correlations Table

This Table reports pairwise correlations (significance levels in brackets). Panel A reports correlations among variables in the potential deals sample. Panels B and C report correlations among variables in the realized deals sample. Variables are defined in Table 1.

Panel A: Potential deals sample

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1. Deal	1.000									
2. Trust	0.202 (0.00)	1.000								
3. Information	-0.066 (0.00)	-0.219 (0.00)	1.000							
4. GDP Diff.	-0.053 (0.00)	-0.384 (0.00)	0.011 (0.03)	1.000						
5. Lang. Overlap	-0.217 (0.00)	0.673 (0.00)	-0.200 (0.00)	-0.238 (0.00)	1.000					
6. Legal Differ.	-0.037 (0.00)	-0.064 (0.00)	0.210 (0.00)	0.127 (0.00)	0.128 (0.00)	1.000				
7. Distance	-0.231 (0.00)	-0.464 (0.00)	0.219 (0.00)	0.298 (0.00)	-0.525 (0.00)	0.019 (0.00)	1.000			
8. Foreign Deal	-0.255 (0.00)	-0.723 (0.00)	0.314 (0.00)	0.211 (0.00)	-0.842 (0.00)	0.161 (0.00)	0.616 (0.00)	1.000		
9. Comm. Border	-0.045 (0.00)	0.031 (0.00)	0.310 (0.00)	-0.099 (0.00)	-0.017 (0.00)	0.379 (0.00)	-0.127 (0.00)	0.178 (0.00)	1.000	
10. Exports	-0.097 (0.00)	-0.193 (0.00)	0.663 (0.00)	-0.036 (0.00)	-0.150 (0.00)	0.328 (0.00)	0.115 (0.00)	0.391 (0.00)	0.534 (0.00)	1.000

Panel B: Realized deals sample: outcomes

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1. IPO	1.000																	
2. Exit	0.391 (0.00)	1.000																
3. Failure	-0.332 (0.00)	-0.849 (0.00)	1.000															
4. Trust	-0.105 (0.00)	-0.101 (0.00)	0.141 (0.00)	1.000														
5. Information	0.039 (0.20)	0.094 (0.00)	-0.160 (0.00)	-0.505 (0.00)	1.000													
6. GDP Diff.	0.110 (0.00)	0.155 (0.00)	-0.191 (0.00)	-0.587 (0.00)	0.276 (0.00)	1.000												
7. Lang. Over.	-0.072 (0.01)	-0.078 (0.00)	0.119 (0.00)	0.664 (0.00)	-0.726 (0.00)	-0.313 (0.00)	1.000											
8. Legal Differ.	0.010 (0.74)	0.060 (0.04)	-0.051 (0.00)	-0.246 (0.00)	0.238 (0.00)	0.189 (0.00)	-0.346 (0.00)	1.000										
9. Distance	-0.001 (0.98)	0.510 (0.09)	-0.105 (0.00)	-0.389 (0.00)	0.501 (0.00)	0.184 (0.00)	-0.548 (0.00)	0.209 (0.00)	1.000									
10. For. Deal	0.065 (0.03)	0.079 (0.01)	-0.120 (0.00)	-0.684 (0.00)	0.740 (0.00)	0.313 (0.00)	-0.963 (0.00)	0.492 (0.00)	0.563 (0.00)	1.000								
11. C. Border	0.107 (0.00)	0.095 (0.00)	-0.073 (0.01)	0.083 (0.00)	0.252 (0.00)	0.156 (0.00)	-0.366 (0.00)	0.586 (0.00)	0.176 (0.00)	0.463 (0.00)	1.000							
12. Early Stage	-0.100 (0.00)	-0.055 (0.06)	0.056 (0.06)	0.046 (0.11)	0.005 (0.87)	0.048 (0.09)	-0.033 (0.25)	0.023 (0.42)	-0.078 (0.00)	0.033 (0.25)	0.033 (0.25)	1.000						
13. Industry Fit	-0.013 (0.66)	-0.014 (0.65)	0.022 (0.45)	-0.096 (0.00)	0.099 (0.00)	-0.091 (0.00)	-0.117 (0.00)	-0.963 (0.00)	0.095 (0.00)	0.113 (0.00)	-0.019 (0.51)	0.061 (0.03)	1.000					
14. Stage Fit	-0.016 (0.60)	-0.100 (0.31)	0.012 (0.69)	0.015 (0.59)	-0.086 (0.00)	0.082 (0.00)	0.065 (0.00)	-0.019 (0.50)	-0.042 (0.14)	-0.069 (0.02)	-0.005 (0.86)	0.212 (0.00)	0.090 (0.00)	1.000				
15. Indep. VC	-0.134 (0.26)	-0.043 (0.15)	0.008 (0.80)	0.051 (0.07)	0.127 (0.00)	-0.155 (0.00)	-0.110 (0.00)	0.032 (0.26)	0.055 (0.06)	0.119 (0.00)	0.043 (0.13)	0.066 (0.02)	0.099 (0.02)	0.152 (0.00)	1.000			
16. VC Size	0.164 (0.00)	0.246 (0.00)	-0.291 (0.00)	-0.244 (0.00)	0.244 (0.00)	0.393 (0.00)	-0.300 (0.00)	0.081 (0.00)	0.200 (0.26)	0.296 (0.00)	0.119 (0.00)	-0.073 (0.01)	0.051 (0.07)	-0.145 (0.00)	-0.101 (0.00)	1.000		
17. VC Age	0.092 (0.02)	0.065 (0.03)	-0.066 (0.03)	-0.093 (0.00)	0.061 (0.03)	0.113 (0.00)	-0.086 (0.00)	-0.033 (0.25)	0.070 (0.01)	0.064 (0.03)	0.098 (0.00)	-0.081 (0.02)	-0.124 (0.00)	-0.200 (0.00)	-0.104 (0.00)	0.318 (0.00)	1.000	
18. VC US Exp.	0.104 (0.00)	0.120 (0.00)	-0.151 (0.00)	-0.286 (0.00)	0.207 (0.00)	0.297 (0.00)	-0.021 (0.00)	0.010 (0.72)	0.029 (0.31)	0.204 (0.00)	0.083 (0.00)	0.102 (0.25)	0.240 (0.00)	-0.051 (0.08)	0.020 (0.47)	0.229 (0.00)	0.062 (0.03)	1.000

Panel C: Realized deals sample: deal structure

	(1)	(2)	(3)	(4)	(5)	(6)
1. Syndication	1.000					
2. CC-Index	-0.013 (0.97)	1.000				
3. CC-Board	-0.097 (0.00)	0.682 (0.00)	1.000			
4. CC-Voting	-0.001 (0.99)	0.703 (0.00)	0.250 (0.00)	1.000		
5. CC-Liquidation.	-0.012 (0.70)	0.732 (0.00)	0.343 (0.00)	0.328 (0.00)	1.000	
6. CC-Termination	-0.086 (0.00)	0.809 (0.00)	0.379 (0.00)	0.508 (0.00)	0.512 (0.00)	1.000
7. Trust	-0.076 (0.01)	0.262 (0.00)	0.147 (0.00)	0.412 (0.00)	0.048 (0.11)	0.170 (0.00)
8. Information	0.136 (0.00)	-0.049 (0.10)	-0.142 (0.00)	-0.116 (0.00)	0.101 (0.00)	0.046 (0.13)
9. GDP Diff.	0.020 (0.50)	-0.294 (0.00)	-0.293 (0.00)	-0.286 (0.00)	-0.132 (0.00)	-0.134 (0.00)
10. Lang. Overlap	-0.092 (0.00)	0.069 (0.02)	0.109 (0.00)	0.172 (0.00)	-0.109 (0.00)	-0.008 (0.80)
11. Legal Differ.	0.039 (0.19)	-0.042 (0.16)	-0.023 (0.45)	-0.060 (0.05)	-0.010 (0.73)	-0.028 (0.36)
12. Distance	0.061 (0.04)	-0.076 (0.01)	-0.055 (0.07)	-0.177 (0.00)	0.068 (0.02)	-0.033 (0.28)
13. For. Deal	0.087 (0.00)	-0.062 (0.04)	-0.112 (0.00)	-0.157 (0.00)	0.115 (0.00)	-0.085 (0.37)
14. Comm. Border	0.001 (0.87)	-0.140 (0.00)	-0.123 (0.00)	-0.087 (0.00)	-0.091 (0.00)	-0.111 (0.00)
15. Early Stage	0.054 (0.07)	0.012 (0.68)	-0.040 (0.20)	-0.058 (0.05)	-0.009 (0.77)	0.028 (0.36)
16. Industry Fit	0.094 (0.00)	-0.040 (0.19)	0.049 (0.11)	-0.147 (0.00)	0.033 (0.28)	-0.051 (0.09)
17. Stage Fit	-0.036 (0.24)	0.021 (0.49)	0.127 (0.00)	0.022 (0.47)	-0.069 (0.03)	-0.019 (0.53)
18. Indep. VC	-0.018 (0.56)	-0.040 (0.18)	0.010 (0.74)	-0.009 (0.76)	0.026 (0.40)	0.121 (0.00)
19. VC Size	0.110 (0.00)	-0.055 (0.07)	-0.236 (0.00)	-0.112 (0.00)	0.126 (0.00)	-0.078 (0.01)
20. VC Age	0.015 (0.62)	-0.312 (0.00)	-0.308 (0.03)	-0.213 (0.00)	-0.230 (0.00)	0.143 (0.00)
21. VC US Exp.	0.154 (0.00)	-0.097 (0.00)	-0.298 (0.00)	-0.089 (0.00)	0.086 (0.00)	-0.025 (0.41)

Panel D: Realized deals sample: trust measures

	(1)	(2)	(3)	(4)	(5)
1. Trust	1.000				
2. Trust–Demographic	0.996 (0.00)	1.000			
3. Company–Trust	0.981 (0.00)	0.981 (0.00)	1.000		
4. Trust–Residual	0.831 (0.00)	0.830 (0.00)	0.771 (0.03)	1.000	
5. Trust–Odds	0.939 (0.00)	0.940 (0.00)	0.933 (0.00)	0.690 (0.00)	1.000

3. Empirical Extensions and Robustness

In this section we discuss several extensions of our analysis and robustness checks for all our results. We run different additional analyses for each of the main sections of the paper: deal formation, investment success, and investment structure. The results are reported in the Appendix Tables, following the order in which the analyses are discussed below.

3.1 The relationship between trust and investment

In this section we consider the results of Table 2 in the main text. We report our robustness analysis and extensions in the Appendix Tables 2.

3.1.1 Alternative measures of trust

We start by considering some alternative measure of trust among nations. Panel D of the Appendix Correlations Table reports their correlation coefficients. Since our trust variable measures the trust of an average citizen, a potential concern is that it doesn't reflect the beliefs of venture capitalists. That is, the average citizen's trust may not apply to the socio-economic group venture capitalists belong to.⁶ We therefore recalculate our measure of trust for a subset of the population that is likely to correspond to the average venture capitalist. Since the Eurobarometer includes some information on respondents' characteristics, we restrict our attention to those whose profile broadly corresponds to that of professionals. More precisely, we consider respondents who are in the upper half of the income distribution, were at least 20 years old when finishing their last studies (implying they have at least a bachelor degree), and are between 34 and 50 years old—an interval that covers one standard deviation around the mean age of the venture partners in our sample. This additional measure of trust has a very high correlation coefficient with the main measure of trust (0.99), suggesting that socio-economic differences have little effect on trust. When we use this alternative measure, TRUST-DEMOGRAPHIC, all the results of Table 2 remain unaffected.

Our analysis so far focuses on the trust of the investor's country in the company's country. This reflects the notion that investors are those who decide whether to make a deal or not. However, entrepreneurs have to accept their investors, too. We then consider trust also from the company's perspective (TRUST-COMPANY). These two measures contain strong elements of reciprocity and are therefore highly correlated, so that we cannot include both measures in the same regression. Instead, we re-estimate our regressions substituting 'investor' trust with 'company' trust. The information variable is our only other asymmetric country dyadic variable, so we also rebuild it from the company's perspective (INFORMATION-COMPANY). Interestingly, trust matters also from the point of view of companies, suggesting that the decision to team up is mutual and not one-sided.

We measure trust using the investor's home country. Since venture capital firms are small partnerships where the decision-making process is confined within the partners, we ask whether the presence of partners of different nationality affects deal formation.

⁶For example, while it may be true that the French hardly enjoy a high level of trust in the pubs of East London, what we care about is what trust they enjoy in the wine bars of the City of London.

Our data contains information on the nationality of each venture capital partner, which allows to examine two possible effects. First, we consider whether any of the partners of the venture capital firm have the same nationality as the company, since a partner from the company's country may increase the likelihood of investing. For example, since the British have low trust in the French, we ask whether a British firm with a French partner is more likely to invest in a French company than a British firm without French partners. The PARTNER-MATCH variable captures this effect. Second, we build a measure of 'average partners' trust' of the venture partnership in a company's country. For this, we average the trust scores of all of the venture firm's partners, based on their country of birth, and subtract TRUST from this average. PARTNER-TRUST measures the *differential* trust of individual venture capitalists within the firm. Suppose that the British venture capital firm had an Italian partner. Italians have higher trust for the French than the British. PARTNER-TRUST measures this increase in trust.⁷ The results show that the composition of partners inside the venture capital firm indeed matters for investment decisions. Both PARTNER-MATCH and PARTNER-TRUST are positive and statistically highly significant, without much affecting the size of the TRUST variable, which remains stable in size and highly significant. These results indicate that the national composition of partners is related the likelihood of a deal.

We then compute TRUST-RESIDUAL, a measure of trust that filters out investor and company country fixed effects. We also compute TRUST-ODDS, the odds ratio transformation of TRUST, to account of its nature of ordinal categorical variable.⁸ With both these alternative measures, our results are unchanged.⁹

3.1.2 Alternative specifications

There is a long tradition in economics of distinguishing beliefs from preferences, dating back at least to the seminal work of Becker (1957) and Arrow (1973). In our context, a concern is to distinguish how much investors 'trust' other countries, based on beliefs, and how much investors 'like' other countries, based on taste. To measure liking (a subjective concept that is difficult to measure) we use the Eurovision Song Contest, a popular European event, to construct a measure of taste-based preferences that varies within country pairs. Eurovision is an annual televised music contest among European countries, where each country is allowed to send one candidate. Viewers from around Europe rank the

⁷While generalized trust is clearly exogenous to the venture firm's investment decisions, the choice of partners might be endogenous. A venture capital firm that plans to make investments in a certain country might hire a partner from that country. Therefore, when we use these variables we only aim to establish correlation, not causation.

⁸See chapter 12 of James Aitchinson, *The Statistical Analysis of Compositional Data*, New York, Chapman and Hall, 1986.

⁹To make our results more comparable to Guiso, Sapienza and Zingales (2009) who focus on exports and FDI, we performed some additional analyses on foreign subsamples. The 'broad' foreign subsample excludes investors that only invest domestically. It consists of 48 investors and 1,170 companies. Each company is fundable by all its domestic venture capital firms and by those foreign venture firms that invest abroad. The 'narrow' foreign subsample excludes all domestic deals, potential or realized. It consists of 48 investors and 217 companies. The narrow sample is closer to one used in the prior literature, but it throws away relevant information and it alters the economic interpretation of the logit model which now estimates choices from an artificially constrained choice set. When using these subsamples we find that the coefficients of trust retain their size and significance as in Table 2 (unreported).

contestants from other countries on a scale from 0 to 12. We use these scores to build EUROVISION, a normalized measure of the votes from citizens of country i to the song of country j in the Eurovision Song Contest, averaged over the period from 1993 to 2001. While the absolute ranking presumably depends on contestants' quality, prior research has argued that the relative vote ranking reflect patterns of how much people from one European country like others (Clerides and Stengos (2006), Fenn et al. (2006)). As in Felbermayr and Toubal (2010), we control for song quality through a comprehensive set of song-specific fixed effects. We find that the effect of trust is not affected by the inclusion of the Eurovision variable, that is itself statistically not significant.

In Table 2 we cluster the standard errors at the country-dyad level for all logit regressions. We consider this a natural choice for clustering, since the main dependent variable, TRUST, varies at that level. However, there may also be other reasonable approaches to clustering the standard errors. For instance, because each country appears multiple times across country-dyads we also implement two-dimensional clustering (Petersen (2009)) where we cluster both at the company-country and the investor-country level. We find that this does not change the sign or statistical significance of any coefficient. Note that we can only do this clustering in the logit model, because such clustering would violate the assumption of independence of individual errors across groups of the conditional logit model.¹⁰

Some venture capital firms have multiple offices (Chen et al. (2010)). This may affect our measure of effective distance between investors and companies. We therefore compute the minimal distance between each company and all (potential and actual) investors.

We also employ FDI instead of Exports as a measure of trade flows. In unreported regressions we find that none of our results are affected. Moreover, to make our results more comparable to Guiso, Sapienza and Zingales (2009) who focus on exports and FDI, we performed some additional analyses on foreign sub-samples. The 'broad' foreign sub-sample excludes investors that only invest domestically. It consists of 48 investors and 1,170 companies. Each company can be funded by all its domestic venture capital firms and by those foreign venture firms that invest abroad. The 'narrow' foreign sub-sample excludes all domestic deals, potential or realized. It consists of 48 investors and 217 companies. The narrow sample is closer to one used in the prior literature, but it throws away relevant information and it alters the economic interpretation of the logit model which now estimates choices from an artificially constrained choice set. In unreported regressions using these sub-samples we find that the coefficients of trust retain their size and significance as in Table 2.

Finally, we rerun the regressions of Table 2 in the dataset obtained from ThomsonOne, which we described in section 2.1. The regression specification is identical. Within this alternative sample we also find a positive and highly significant effect of trust on deal formation, confirming that this result is not specific to our sample.

¹⁰The conditional logit is a fixed effect model that exploits repeated observations of deals for each investor (i.e., investors are the 'groups'). It tests how the characteristics of the investor-company pair affect the likelihood of the deal, controlling for all the unobserved investor characteristics—which are removed from the model. Double clustering implies that we cluster for both company and investor nationality. Since venture capital firms invest in companies located in different countries, some of the deals within a group are domestic and others are foreign. The violation of the independence of individual errors across different groups occurs whenever we cluster the standard errors by company nationality.

3.2 The relationship between trust and outcomes

We now consider the results from Table 3 and Table 4, Panel B, in the main text. We report the robustness analysis and model extensions in Appendix Tables 3 and 4.

As a preliminary step, let us briefly provide an explanation for the different number of observations in Tables 3 and 4 of the main text. The Appendix Descriptive Statistics Table shows that our sample includes 1,228 deals in 1,170 companies. In Tables 3 and 4 of the main text, the number of deals is less for several reasons. For 93 deals we are unable to measure the exit event because the company name was kept anonymous. This leaves us with 1,131 deals, as in columns (i) and (ii) of Table 3. We do not have information on the size or US VC experience of 2 VC firms, so we lose their 6 deals, leading to the 1129 deals in Table 6B. The number of deals in the IPO regressions is still lower because four countries have no IPOs. In conditional logits we further lose observations because all 4 Greek companies in our sample are failures and because some VC firms do experience only one type of exit.

As we did for Table 2, we employ alternative measures of trust: the socio-economic measure of trust, and the measure of trust from the company perspective. In both cases our baseline results are confirmed, with very similar patterns in terms of coefficients and statistical significance. We then add the PARTNER-MATCH and PARTNER-TRUST variables in order to explore the role of partner nationality in investment outcomes. PARTNER-TRUST is statistically significant in Appendix Table 3, but not in Appendix Table 2. The baseline role of TRUST, however, remains significant throughout, just like in the main analysis. When we use TRUST-RESIDUAL and TRUST-ODDS as alternative measures of TRUST, we also find very similar results than in Tables 3 and 4.

We include some robustness checks unique to the investment outcome regressions. First, for the few companies with multiple deals we keep the earliest and delete all others. This does not affect any results of Table 3. Second, we consider the sub-sample of non-syndicated deals. This sample is considerably smaller, with less statistical power, but the trust coefficient pattern remains in place, and even remains significant in the IPO regression. Third, we re-estimate the Heckman models of Table 4 replacing EXPORTS with FDI. We find that FDI is positive and significant in the selection equation, and that the effect of trust remains very similar both in the selection and outcome equations.

We also run the regressions for investment outcomes using the ThomsonOne sample, which we described in section 2.1. In this database we cannot employ the variable US VC EXPERIENCE, as the information necessary to build it is not available. We find a pattern of results that is very similar to the one in our sample, with the minor difference that TRUST is now statistically significant in the EXIT instead of the IPO regression.

3.3 The relationship between trust and deal structure

We now consider the results from Tables 3, 4 and 5 in the main text. We report the robustness analysis and model extensions in Appendix Tables 3, 4 and 5. We concentrate on those robustness checks that are most relevant for deal structuring decisions.

The socio-economic measure of trust provides very similar results as our baseline trust measure used in the main text. Also, adding the two measures of PARTNER TRUST retains the baseline results. For EARLY STAGE and SYNDICATION the role of PART-

NER TRUST is not very strong, but for contingent contracts we often observe a positive correlation for PARTNER TRUST that reinforces the main effect of TRUST.

For TRUST-ODDS and TRUST-RESIDUAL we find the same results as for TRUST with the exception of the regressions for EARLY STAGE, where TRUST-ODDS is insignificant. Finally, we also run a negative binomial regressions instead of the Poisson regression for CC-INDEX, and find again a positive effect of TRUST.

For Table 3 we verify that the results of EARLY STAGE continue to hold in the subsample of non-syndicated deals. We also consider using COMPANY AGE as an alternative to EARLY-STAGE. We do not use COMPANY AGE for our main analysis because it implies a drop in the number of observations. However, our robustness analysis confirms that trust is negatively related to COMPANY AGE, as predicted by Proposition 3.

Another potential deal structure variable is the investment amount. We use the natural logarithm of the amount raised by the company, but find no statistically significant relationship with trust.

We also employ conditional logit and Heckman models to further analyze the relationship between trust and deal structures. For EARLY-STAGE the conditional logit has a trust coefficient that is negative and almost significant at conventional levels (p-value of 0.104); this suggests that when we look at decision within VC investors, trust still has some effect on the decision to invest in companies at different stages. The Heckman selection model does not fit this equation as the dependent variable, EARLY-STAGE, is already determined at the time of selection. For SYNDICATION, the conditional logit suggest that within-VC decisions are not affected by trust, unlike across-VC decisions. The Heckman model does not point to selection on unobservables. For contracting, our data has limited within-VC variation in the use of contingent clauses, so that a conditional logit does not converge. The Heckman model detects selection in three out of four equations (the equation for CC-VOTING does not achieve convergence). Even accounting for selection on unobservables, TRUST retains its sign, magnitude, and statistical significance.

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4. Appendix Tables

For each table, the title is the same as in the corresponding main table of the paper, and the subtitle identifies the robustness check. For instance:

Appendix Table 2
Deal Regressions
Socio-economic measure of trust

refers to the variation of Table 2 in the paper where we substitute the main trust measure with the socio-economic one. The caption of each Table explains the details of each robustness check, and refers to the section of the Appendix where we discuss it.

The Tables are in the same order as in the main text. For each Table we report all the common robustness checks in the same order, followed by robustness checks specific to that Table. Table titles and captions describe the content of the reported analyses.

Appendix Tables for Deal Regressions
(robustness for Table 2 in the paper)

Appendix Table 2
Deal regressions
Socio-economic measure of trust

This Table reports results of logit and conditional logit regressions for the potential deals sample, corresponding to those of columns (i) and (ii) of Table 4 in the main text. Variables are defined in Table 1. The dependent variable is DEAL. TRUST-DEMOGRAPHIC is a socio-economic measure of trust defined in section 3.1.1 of the Appendix, where these models are discussed. All regressions include investor fixed effects. Company controls are a set of dummies for each company's country, industry and stage, and for the year the deal was completed. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors. In the logit regressions, standard errors are clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) DEAL Logit	(ii) DEAL Cond. Logit
Trust-Demographic	7.017*** (3.844)	6.997*** (4.189)
Information	4.066*** (3.342)	4.031*** (3.126)
GDP Difference	-4.549** (-2.536)	-4.387** (-2.561)
Language Overlap	0.753* (1.663)	0.738 (1.299)
Legal Difference	-0.214 (-0.711)	-0.199 (-0.635)
Distance	-0.223** (-2.568)	-0.219*** (-5.514)
Foreign Deal	-1.469* (-1.817)	-1.456* (-1.840)
Common Border	-0.266 (-0.966)	-0.271 (-0.900)
Industry Fit	6.934*** (27.732)	6.841*** (25.165)
Stage Fit	2.975*** (13.877)	2.940*** (17.511)
Investor Fixed Effects	Yes	Yes
Company Controls	Yes	Yes
<i>Observations</i>	<i>101,620</i>	<i>101,620</i>
<i>Pseudo R²</i>	<i>0.508</i>	–
<i>Wald $\chi^2(42)$</i>	–	<i>4,063</i>
<i>Number of Investors</i>	<i>107</i>	<i>107</i>
<i>Number of Companies</i>	<i>1,170</i>	<i>1,170</i>

Appendix Table 2
Deal regressions
Company perspective trust

This Table reports results of logit and conditional logit regressions for the potential deals sample, corresponding to those of columns (i) and (ii) of Table 2 in the main text. Variables are defined in Table 1. The dependent variable is DEAL. TRUST-COMPANY is the measure of trust from the point of view of the company, and INFORMATION-COMPANY is the measure of information from the point of view of the company. Both are defined in section 3.1.1 of the Appendix, where these models are discussed. All regressions include investor fixed effects. Company controls are a set of dummies for each company's country, industry and stage, and for the year the deal was completed. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors. In the logit regressions, standard errors are clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) DEAL Logit	(ii) DEAL Cond. Logit
Trust-Company	6.626*** (4.509)	0.064*** (4.208)
Information-Company	3.196 (1.390)	3.194 (1.261)
GDP Difference	-10.414*** (-3.369)	-10.364*** (-3.317)
Language Overlap	1.119*** (2.635)	1.064* (1.687)
Legal Difference	-0.265 (-0.836)	-0.212 (-0.570)
Distance	-0.225** (-2.533)	-0.221*** (-5.369)
Foreign Deal	-0.839 (-0.983)	-0.942 (-1.051)
Common Border	-0.500** (-2.070)	-0.492* (-1.686)
Industry Fit	7.032*** (25.575)	6.912*** (23.812)
Stage Fit	3.129*** (14.335)	3.090*** (16.278)
Investor Fixed Effects	Yes	Yes
Company Controls	Yes	Yes
<i>Observations</i>	<i>92,784</i>	<i>93,210</i>
<i>Pseudo R²</i>	<i>0.533</i>	–
<i>Wald $\chi^2(28)$</i>	–	<i>2,926</i>
<i>Number of Investors</i>	<i>107</i>	<i>107</i>
<i>Number of Companies</i>	<i>1,170</i>	<i>1,079</i>

Appendix Table 2

Deal regressions

Partners' trust

This Table reports results of logit and conditional logit regressions for the potential deals sample, corresponding to those of columns (i) and (ii) of Table 2 in the main text. Variables are defined in Table 1. The dependent variable is DEAL. PARTNER-MATCH is a dummy variable that takes value 1 if the investor has a partner of the same nationality of the company, and 0 otherwise; PARTNER-TRUST is the difference between the average trust in the company's country by the investor's individual partners (based on their nationality) and TRUST. Both measures are defined in section 3.1.1 of the Appendix, where these models are discussed. All regressions include investor fixed effects. Company controls are a set of dummies for each company's country, industry and stage, and for the year the deal was completed. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors. In the logit regressions, standard errors are clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) DEAL Logit	(ii) DEAL Cond. Logit	(iii) DEAL Logit	(iv) DEAL Cond. Logit
Trust	6.035*** (3.477)	6.029*** (3.868)	7.119*** (3.736)	7.990*** (2.611)
Partner-Match	2.185*** (4.182)	2.162*** (4.006)		
Partner-Trust			0.088*** (4.200)	0.087*** (3.101)
Information	4.472*** (3.590)	4.431*** (3.396)	4.107*** (3.319)	4.068*** (3.142)
GDP Difference	-5.651*** (-3.076)	-5.466*** (-3.085)	-4.796*** (-2.651)	-4.617*** (-2.711)
Language Overlap	-0.017 (-0.032)	-0.028 (-0.040)	0.318 (0.680)	0.303 (0.533)
Legal Difference	-0.239 (-0.794)	-0.223 (-0.699)	-0.139 (-0.457)	-0.123 (-0.384)
Distance	-0.224** (-2.557)	-0.220*** (-5.532)	-0.227*** (-2.579)	-0.223*** (-5.516)
Foreign Deal	-2.514*** (-3.022)	-2.493*** (-2.746)	-2.037** (-2.469)	-2.023** (-2.525)
Common Border	-0.247 (-0.917)	-0.253 (-0.799)	-0.254 (-0.910)	-0.258 (-0.845)
Industry Fit	6.894*** (26.920)	6.800*** (24.784)	6.994*** (27.241)	6.899*** (24.983)
Stage Fit	2.976*** (13.749)	2.940*** (17.382)	2.992*** (14.066)	2.956*** (17.537)
Investor Fixed Effects	Yes	Yes	Yes	Yes
Company controls	Yes	Yes	Yes	Yes
Observations	101,620	101,620	101,620	101,620
Pseudo R^2	0.512	—	0.510	—
Wald $\chi^2(43)$	—	4,170	—	3,686
Number of investors	107	107	107	107
Number of companies	1,170	1,170	1,170	1,170

Appendix Table 2
Deal regressions
Residual trust measure

This Table reports results of logit and conditional logit regressions for the potential deals sample, corresponding to those of columns (i) and (ii) of Table 2 in the main text. Variables are defined in Table 1. TRUST-RESIDUAL is the residual of a regression of TRUST on investor and company country dummies. It is defined in section 3.1.1 of the Appendix, where these models are discussed. All regressions include investor fixed effects. Company controls are a set of dummies for each company's country, industry and stage, and for the year the deal was completed. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors. In the logit regressions, standard errors are clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) DEAL Logit	(ii) DEAL Cond. Logit
Trust-Residual	6.498*** (3.490)	6.484*** (3.917)
Information	4.122*** (3.245)	4.087*** (3.120)
GDP Difference	-4.594** (-2.495)	-4.431*** (-2.597)
Language Overlap	0.680 (1.491)	0.666 (1.160)
Legal Difference	-0.174 (-0.579)	-0.159 (-0.507)
Distance-Minimal	-0.223** (-2.574)	-0.219*** (-5.529)
Foreign Deal	-1.699** (-2.072)	-1.685** (-2.093)
Common Border	-0.249 (-0.893)	-0.254 (-0.838)
Industry Fit	6.930*** (27.717)	6.838*** (25.123)
Stage Fit	2.976*** (13.906)	2.941*** (17.532)
Investor Fixed Effects	Yes	Yes
Company controls	Yes	Yes
<i>Observations</i>	<i>101,620</i>	<i>101,620</i>
<i>Pseudo R²</i>	<i>0.507</i>	–
<i>Wald $\chi^2(42)$</i>	–	<i>4,032</i>
<i>Number of investors</i>	<i>107</i>	<i>107</i>
<i>Number of companies</i>	<i>1,170</i>	<i>1,170</i>

Appendix Table 2
Deal regressions
Trust odds ratio measure

This Table reports results of logit and conditional logit regressions for the potential deals sample, corresponding to those of columns (i) and (ii) of Table 4 in the main text. Variables are defined in Table 1. The dependent variable is DEAL. TRUST-ODDS is the odds-ratio transformation of TRUST defined in section 3.1.1 of the Appendix, where these models are discussed. All regressions include investor fixed effects. Company controls are a set of dummies for each company's country, industry and stage, and for the year the deal was completed. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors. In the logit regressions, standard errors are clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) DEAL Logit	(ii) DEAL Cond. Logit
Trust-odds	1.950*** (3.235)	1.941*** (3.921)
Information	4.355*** (3.129)	4.316** (2.571)
GDP Difference	-4.382** (-2.569)	-4.226*** (-2.650)
Language Overlap	0.858* (1.663)	0.841 (1.240)
Legal Difference	-0.227 (-0.706)	-0.211 (-0.586)
Distance	-0.221** (-2.557)	-0.217*** (-5.489)
Foreign Deal	-1.944** (-2.359)	-1.934** (-2.180)
Common Border	-0.125 (-0.449)	-0.129 (-0.422)
Industry Fit	6.970*** (27.861)	6.877*** (24.488)
Stage Fit	2.981*** (13.959)	2.946*** (17.588)
Investor Fixed Effects	Yes	Yes
Company Controls	Yes	Yes
<i>Observations</i>	<i>101,620</i>	<i>101,620</i>
<i>Pseudo R²</i>	<i>0.508</i>	–
<i>Wald $\chi^2(42)$</i>	–	<i>4,048</i>
<i>Number of Investors</i>	<i>107</i>	<i>107</i>
<i>Number of Companies</i>	<i>1,170</i>	<i>1,170</i>

Appendix Table 2

Deal regressions

The Eurovision measure of liking

This Table reports results of logit and conditional logit regressions for the potential deals sample, corresponding to those of columns (i) and (ii) of Table 2 in the main text. Variables are defined in Table 1. The dependent variable is DEAL. EUROVISION is a measure of liking between nations defined in section 3.1.2 of the Appendix, where these models are discussed. All regressions include investor fixed effects. Company controls are a set of dummies for each company's country, industry and stage, and for the year the deal was completed. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors. In the logit regressions, standard errors are clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) DEAL Logit	(ii) DEAL Cond. Logit
Trust	6.781*** (3.800)	6.834*** (4.110)
Eurovision	-0.199 (-0.908)	-0.165 (-0.751)
Information	6.947*** (2.756)	6.997*** (3.055)
GDP Difference	-8.001*** (-3.959)	-7.578*** (-4.502)
Language Overlap	0.590 (1.362)	0.624 (1.050)
Legal Difference	-0.189 (-0.625)	-0.228 (-0.892)
Distance	-0.226** (-2.545)	-0.221*** (-5.434)
Foreign Deal	-1.656* (-1.706)	-1.589* (-1.747)
Common Border	-0.431* (-1.751)	-0.435* (-1.723)
Industry Fit	6.972*** (26.077)	6.864*** (23.328)
Stage Fit	3.082*** (14.166)	3.042*** (16.524)
Investor Fixed Effects	Yes	Yes
Company controls	Yes	Yes
<i>Observations</i>	<i>94,342</i>	<i>94,342</i>
<i>Pseudo R²</i>	<i>0.528</i>	<i>—</i>
<i>Wald $\chi^2(42)$</i>	<i>—</i>	<i>3,266</i>
<i>Number of Investors</i>	<i>107</i>	<i>107</i>
<i>Number of Companies</i>	<i>1,091</i>	<i>1,091</i>

Appendix Table 2
Deal regressions
Double clustering

This Table reports results of logit regressions for the potential deals sample. It replicates columns (i) and (iii) of Table 2 in the main text, clustering standard errors both by investor country and by company country. Variables are defined in Table 1. The dependent variable is DEAL. All regressions include investor fixed effects. Company controls are a set of dummies for each company's country, industry and stage, and for the year the deal was completed. These models are discussed in Section 3.1 f the Appendix. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) DEAL Logit	(ii) DEAL Logit
Trust	6.498*** (3.064)	5.080** (2.253)
Exports		11.494*** (3.496)
Information	4.122*** (3.579)	2.376* (1.827)
GDP Difference	-4.594* (-1.743)	-5.570** (-2.258)
Language Overlap	0.680 (1.026)	-0.767 (-0.768)
Legal Difference	-0.174 (-0.466)	-0.055 (-0.159)
Distance	-0.223** (-2.367)	-0.219** (-2.361)
Foreign Deal	-1.699* (-1.799)	-4.489*** (-2.657)
Common Border	-0.249 (-0.749)	-0.802* (-1.796)
Industry Fit	6.930*** (23.824)	6.978*** (23.677)
Stage Fit	2.976*** (13.177)	2.977*** (12.962)
Investor Fixed Effects	Yes	Yes
Company Controls	Yes	Yes
<i>Observations</i>	<i>101,620</i>	<i>101,620</i>
<i>Pseudo R²</i>	<i>0.507</i>	<i>0.510</i>
<i>Number of Investors</i>	<i>107</i>	<i>107</i>
<i>Number of Companies</i>	<i>1,170</i>	<i>1,170</i>

Appendix Table 2

Deal regressions

Minimal distance from investors with multiple offices

This Table reports results of logit and conditional logit regressions for the potential deals sample, corresponding to those of columns (i) and (ii) of Table 2 in the main text. The dependent variable is DEAL. Variables are defined in Table 1. DISTANCE-MINIMAL is the smallest distance from a company and all of a (potential) investor's main and secondary offices; it is defined in section 3.1.2 of the Appendix, where these models are discussed. All regressions include investor fixed effects. Company controls are a set of dummies for each company's country, industry and stage, and for the year the deal was completed. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors. In the logit regressions, standard errors are clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) DEAL Logit	(ii) DEAL Cond. Logit
Trust	6.345*** (3.401)	6.331*** (3.864)
Information	4.225*** (3.415)	4.185*** (3.345)
GDP Difference	-4.678*** (-2.609)	-4.513*** (-2.680)
Language Overlap	0.740* (1.652)	0.725 (1.310)
Legal Difference	-0.235 (-0.797)	-0.219 (-0.749)
Distance-Minimal	-0.229*** (-2.629)	-0.225*** (-5.800)
Foreign Deal	-1.655** (-1.997)	-1.642** (-2.053)
Common Border	-0.252 (-0.911)	-0.257 (-0.860)
Industry Fit	6.909*** (30.376)	6.816*** (25.959)
Stage Fit	2.978*** (13.897)	2.943*** (17.553)
Investor Fixed Effects	Yes	Yes
Company controls	Yes	Yes
<i>Observations</i>	<i>101,620</i>	<i>101,620</i>
<i>Pseudo R²</i>	<i>0.508</i>	–
<i>Wald $\chi^2(42)$</i>	–	<i>3,487</i>
<i>Number of Investors</i>	<i>107</i>	<i>107</i>
<i>Number of Companies</i>	<i>1,170</i>	<i>1,170</i>

Appendix Table 2

Deal regressions

Regressions for the ThomsonOne dataset

This Table reports results of logit and conditional logit regressions for the potential deals sample with ThomsonOne data, replicating the regressions reported in Table 2 in the paper. Variables are defined in Table 1. The dependent variable is DEAL. All regressions include investor fixed effects. Company controls are a set of dummies for each company's country, industry and stage, and for the year the deal was completed. Columns (i) and (iii) report results of logit regressions. Columns (ii) and (iv) report results of conditional logit regressions. These models are discussed in Section 3.1 of the Appendix. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors. In the logit regressions, standard errors are clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) DEAL Logit	(ii) DEAL Cond. Logit	(iii) DEAL Logit	(iv) DEAL Cond. Logit
Trust	4.993*** (4.540)	4.992*** (4.884)	4.440*** (4.087)	4.467*** (4.233)
Exports			5.454*** (3.695)	5.262*** (2.801)
Information	0.973* (1.807)	0.973 (1.634)	0.049 (0.080)	0.086 (0.132)
GDP Difference	-3.683*** (-3.390)	-3.469*** (-3.007)	-4.004*** (-3.659)	-3.781*** (-3.237)
Language Overlap	0.753** (2.278)	0.738*** (2.580)	0.075 (0.191)	0.085 (0.228)
Legal Difference	-1.747 (-1.535)	-1.736*** (-6.776)	-1.748 (-1.535)	-1.738*** (-6.796)
Distance	-0.233*** (-4.163)	-0.229*** (-7.866)	-0.225*** (-3.923)	-0.222*** (-7.528)
Foreign Deal	-0.031 (-0.044)	-0.031 (-0.087)	-1.275 (-1.619)	-1.228** (-2.455)
Common Border	-0.084 (-0.375)	-0.078 (-0.471)	-0.357 (-1.401)	-0.341* (-1.650)
Industry Fit	6.615*** (50.907)	6.544*** (40.894)	6.622*** (50.777)	6.549*** (40.821)
Stage Fit	2.959*** (39.118)	2.927*** (43.220)	2.960*** (38.960)	2.927*** (43.166)
Investor Fixed Effects	Yes	Yes	Yes	Yes
Company Controls	Yes	Yes	Yes	Yes
Observations	895,364	895,364	895,364	895,364
Pseudo R^2	0.393	—	0.394	—
Wald $\chi^2(41)$	—	7,132	—	7,154
Number of Investors	1,965	1,965	1,965	1,965
Number of Companies	500	500	500	500

Appendix Table 2
Deal regressions
Nested Logit and Conditional Logit Models

This Table reports results of logit and conditional logit regressions for the potential deals sample. Variables are defined in Table 1. The dependent variable is DEAL. All regressions include investor fixed effects. Company controls are a set of dummies for each company's country, industry and stage, and for the year the deal was completed. Columns (i) and (iii) report results of (nested) logit regressions. Columns (ii) and (iv) report results of (nested) conditional logit regressions. These models are discussed in Section 3.3 of the main text. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors. In the logit regressions, standard errors are clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) DEAL Logit	(ii) DEAL Logit	(iii) DEAL Logit	(iv) DEAL Cond. Logit	(v) DEAL Cond. Logit	(vi) DEAL Cond. Logit
Trust	7.666*** (5.489)	7.138*** (4.963)	5.812*** (3.229)	7.620*** (6.098)	7.731*** (5.947)	6.484*** (3.917)
Foreign Deal	-2.499*** (-6.492)	-2.717*** (-6.834)	-2.098*** (-2.621)	-2.579*** (-6.197)	-2.617*** (-5.824)	-1.685** (-2.093)
Information			3.960*** (3.037)			4.087*** (3.120)
GDP Difference			-3.774** (-2.028)			-4.431*** (-2.597)
Language Overlap			0.466 (1.009)			0.666 (1.160)
Legal Difference			-0.039 (-0.127)			-0.159 (-0.507)
Distance			-0.208*** (-3.391)			-0.219*** (-5.529)
Common Border			-0.155 (-0.549)			-0.254 (-0.838)
Industry Fit		4.082*** (13.020)	4.091*** (12.534)		6.787*** (24.757)	6.838*** (25.123)
Stage Fit		1.813*** (8.958)	1.859*** (8.864)		2.885*** (18.037)	2.941*** (17.532)
Investor Fixed Effects	Country Level	Country Level	Country Level	Investor Level	Investor Level	Investor Level
Company Controls	Country only	All	All	Country only	All	All
<i>Observations</i>	<i>101,620</i>	<i>101,620</i>	<i>101,620</i>	<i>101,620</i>	<i>101,620</i>	<i>101,620</i>
<i>Pseudo R²</i>	<i>0.310</i>	<i>0.417</i>	<i>0.434</i>			
<i>Wald $\chi^2(19, 36, 42)$</i>				<i>662</i>	<i>3,489</i>	<i>4,032</i>
<i>Number of Investors</i>	<i>107</i>	<i>107</i>	<i>107</i>	<i>107</i>	<i>107</i>	<i>107</i>
<i>Number of Companies</i>	<i>1,170</i>	<i>1,170</i>	<i>1,170</i>	<i>1,170</i>	<i>1,170</i>	<i>1,170</i>

Appendix Tables for Outcome Regressions
(robustness for Table 3 in the paper)

Appendix Table 3
Outcome regressions
Socio-economic measure of trust

This Table reports results of regressions for the realized deals sample, corresponding to those of columns (iii) and (iv) of each panel of Table 3 in the main text. Variables are defined in Table 1. The dependent variables are IPO, EXIT, and FAILURE. TRUST-DEMOGRAPHIC is a socio-economic measure of trust defined in section 3.1.1 of the Appendix. These models are discussed in section 3.2 of the Appendix. All regressions include investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) IPO Logit	(ii) IPO Cond. Logit	(iii) EXIT Logit	(iv) EXIT Cond. Logit	(v) FAILURE Logit	(vi) FAILURE Cond. Logit
Trust-Demographic	-15.093 (-1.597)	-13.868 (-1.583)	-4.131 (-1.586)	-2.287 (-0.715)	6.291** (2.123)	6.200* (1.696)
Information	-3.831 (-0.786)	-4.483 (-0.908)	1.712 (0.960)	1.420 (0.534)	-4.499*** (-2.940)	-5.572** (-2.224)
GDP Difference	-2.026 (-0.248)	-4.108 (-0.575)	-2.065 (-0.784)	-0.146 (-0.041)	4.206 (1.326)	2.485 (0.684)
Language Overlap	-3.945* (-1.893)	-5.688 (-1.212)	-1.223* (-1.654)	-0.818 (-0.893)	0.660 (0.846)	0.290 (0.340)
Legal Difference	0.098 (0.109)	0.112 (0.103)	1.086** (2.300)	0.585 (0.930)	-1.307** (-2.380)	-1.125** (-2.078)
Distance	-0.100** (-2.247)	-0.132*** (-2.623)	0.031 (0.823)	0.036 (1.022)	-0.047 (-1.082)	-0.057 (-1.538)
Foreign Deal	-7.966*** (-2.659)	-9.479** (-1.981)	-3.071*** (-2.720)	-2.010 (-1.324)	3.509*** (2.742)	3.245** (2.275)
Common Border	1.243 (1.044)	1.563 (1.463)	0.645 (1.505)	0.690* (1.866)	-0.327 (-0.812)	-0.494 (-1.033)
Early Stage	-1.338*** (-7.326)	-1.191*** (-3.682)	-0.425*** (-2.735)	-0.315** (-2.162)	0.525*** (2.974)	0.446** (2.554)
Industry Fit	0.036 (0.081)	1.571 (1.591)	-0.102 (-0.234)	0.653 (1.202)	0.245 (0.609)	-0.439 (-1.046)
Stage Fit	0.653 (1.287)	2.571*** (3.197)	0.041 (0.213)	0.208 (0.560)	-0.307 (-1.522)	-0.575 (-1.388)
Independent VC	-0.174 (-0.888)		0.067 (0.576)		-0.339** (-2.451)	
VC Size	0.388*** (4.174)		0.358*** (5.839)		-0.395*** (-8.159)	
VC Age	-0.111 (-0.725)		-0.147* (-1.730)		0.172** (2.101)	
US Experience	0.317 (1.079)		0.594*** (3.198)		-0.673*** (-3.401)	
Investor Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes	Yes
Company Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes	Yes
<i>Observations</i>	<i>1,054</i>	<i>621</i>	<i>1,125</i>	<i>1,037</i>	<i>1,125</i>	<i>1,045</i>
<i>Pseudo R²</i>	<i>0.236</i>	<i>0.185</i>	<i>0.124</i>	<i>0.0515</i>	<i>0.147</i>	<i>0.051</i>

Appendix Table 3
Outcome regressions
Company perspective trust

This Table reports results of regressions for the realized deals sample, corresponding to those of columns (iii) and (iv) of each panel of Table 3 in the main text. Variables are defined in Table 1. The dependent variables are IPO, EXIT, and FAILURE. TRUST-COMPANY is the measure of trust from the point of view of the company, and INFORMATION-COMPANY is the measure of information from the point of view of the company. Both are defined in section 3.1.1 of the Appendix. These models are discussed in section 3.2. of the Appendix. All models include investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) IPO Logit	(ii) IPO Cond. Logit	(iii) EXIT Logit	(iv) EXIT Cond. Logit	(v) FAILURE Logit	(vi) FAILURE Cond. Logit
Trust-Company	-20.165** (-2.236)	-24.986*** (-2.766)	-2.402 (-0.836)	0.003 (0.001)	6.630** (2.120)	7.417** (2.062)
Information-Company	-11.341 (-1.464)	7.230 (0.496)	5.781 (1.376)	8.122* (1.908)	-3.135 (-0.752)	-5.250 (-1.062)
GDP Difference	-21.482 (-0.669)	-153.744 (-1.522)	-10.029 (-1.601)	-11.065* (-1.878)	11.919* (1.949)	13.000** (2.237)
Language Overlap	-9.588* (-1.943)	-25.037** (-2.352)	-3.694** (-2.333)	-4.361** (-2.303)	1.860 (1.296)	2.079 (1.639)
Legal Difference	0.880 (0.479)	-0.415 (-0.294)	1.528** (2.383)	1.092 (1.478)	-1.895*** (-2.926)	-1.856*** (-2.732)
Distance	-0.106** (-2.523)	-0.139*** (-2.876)	0.030 (0.813)	0.045 (1.285)	-0.048 (-1.124)	-0.068* (-1.825)
Foreign Deal	-14.526*** (-2.655)	-32.568** (-2.352)	-5.205*** (-2.977)	-5.221** (-2.185)	4.508*** (2.705)	5.066** (2.545)
Common Border	1.389 (1.554)	-0.006 (-0.004)	0.356 (0.750)	0.031 (0.073)	-0.108 (-0.215)	-0.072 (-0.147)
Early Stage	-1.453*** (-7.817)	-1.020*** (-2.707)	-0.499*** (-2.865)	-0.389** (-2.354)	0.586*** (3.067)	0.561*** (2.774)
Industry Fit	-0.524 (-1.289)	0.621 (0.702)	-0.021 (-0.046)	1.091* (1.950)	0.384 (0.859)	-0.449 (-0.912)
Stage Fit	0.585 (0.971)	3.552*** (3.052)	-0.109 (-0.539)	0.056 (0.134)	-0.216 (-1.066)	-0.510 (-1.095)
Independent VC	-0.101 (-0.464)		-0.025 (-0.249)		-0.279** (-2.089)	
VC Size	0.464*** (5.210)		0.385*** (6.356)		-0.418*** (-9.996)	
VC Age	-0.138 (-0.982)		-0.213*** (-2.593)		0.232*** (2.897)	
VC US Experience	0.294 (1.072)		0.500*** (2.649)		-0.625*** (-3.056)	
Investor Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes	Yes
Company Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes	Yes
<i>Observations</i>	<i>934</i>	<i>520</i>	<i>1,026</i>	<i>937</i>	<i>1,026</i>	<i>951</i>
<i>Pseudo R²</i>	<i>0.223</i>	<i>0.168</i>	<i>0.129</i>	<i>0.063</i>	<i>0.138</i>	<i>0.058</i>

Appendix Table 3
Outcome regressions
Partners' trust

This Table reports results of regressions for the realized deals sample, corresponding to those of columns (iii) and (iv) of each panel of Table 3 in the main text. Variables are defined in Table 1. The dependent variables are IPO, EXIT, and FAILURE. Panel A reports results using PARTNER-MATCH, a dummy variable that takes value 1 if the investor has a partner of the same nationality of the company, and 0 otherwise; Panel B reports results using PARTNER-TRUST, the difference between the average trust in the company's country by the investor's individual partners (based on their nationality) and TRUST. Both variables are defined in section 3.1.1 of the Appendix; These models are discussed in section 3.2 of the Appendix. All models include investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

Panel A: Partner Match

	(i) IPO Logit	(ii) IPO Cond. Logit	(iii) EXIT Logit	(iv) EXIT Cond. Logit	(v) FAILURE Logit	(vi) FAILURE Cond. Logit
Trust	-14.887 (-1.601)	-14.835 (-1.541)	-4.013 (-1.576)	-2.530 (-0.803)	5.923** (2.014)	5.975 (1.603)
Partner-Match	-0.637 (-1.054)	-0.311 (-0.544)	-0.230 (-0.561)	0.334 (0.695)	0.281 (0.766)	-0.086 (-0.205)
Information	-3.542 (-0.718)	-4.536 (-0.903)	1.770 (0.931)	1.087 (0.403)	-4.477*** (-2.922)	-5.187** (-2.046)
GDP Difference	-1.319 (-0.161)	-4.835 (-0.694)	-1.992 (-0.750)	-0.413 (-0.112)	4.184 (1.300)	2.559 (0.693)
Language Overlap	-3.511 (-1.622)	-5.769 (-1.312)	-1.103 (-1.420)	-0.899 (-1.058)	0.514 (0.629)	0.297 (0.348)
Legal Difference	0.063 (0.064)	0.259 (0.222)	1.065** (2.220)	0.643 (1.043)	-1.267** (-2.267)	-1.129** (-2.107)
Distance	-0.100** (-2.255)	-0.132*** (-2.617)	0.031 (0.824)	0.036 (1.021)	-0.047 (-1.086)	-0.057 (-1.538)
Foreign Deal	-7.475** (-2.260)	-9.851** (-2.000)	-2.910*** (-2.635)	-2.155 (-1.532)	3.240** (2.541)	3.158** (2.223)
Common Border	1.163 (0.964)	1.607 (1.384)	0.648 (1.515)	0.683* (1.823)	-0.332 (-0.823)	-0.489 (-1.013)
Early Stage	-1.326*** (-7.268)	-1.187*** (-3.654)	-0.427*** (-2.744)	-0.313** (-2.143)	0.528*** (2.985)	0.446** (2.551)
Industry Fit	0.011 (0.024)	1.587 (1.601)	-0.103 (-0.238)	0.661 (1.210)	0.250 (0.620)	-0.447 (-1.060)
Stage Fit	0.687 (1.330)	2.599*** (3.178)	0.042 (0.217)	0.202 (0.544)	-0.305 (-1.504)	-0.572 (-1.383)
Independent VC	-0.179 (-0.903)		0.068 (0.578)		-0.341** (-2.454)	
VC Size	0.396*** (4.247)		0.361*** (5.940)		-0.398*** (-8.226)	
VC Age	-0.101 (-0.663)		-0.146* (-1.709)		0.172** (2.074)	
VC US Experience	0.315 (1.068)		0.594*** (3.194)		-0.672*** (-3.396)	
Investor Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes	Yes
Company Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,054	621	1,125	1,037	1,125	1,045
Pseudo R ²	0.236	0.185	0.124	0.052	0.147	0.051

Panel B: Partner Trust

	(i) IPO Logit	(ii) IPO Cond. Logit	(iii) EXIT Logit	(iv) EXIT Cond. Logit	(v) FAILURE Logit	(vi) FAILURE Cond. Logit
Trust	-15.917* (-1.652)	-15.334* (-1.681)	-4.071 (-1.579)	-2.505 (-0.785)	5.879** (1.967)	5.937 (1.591)
Partner–Trust	0.018 (0.673)	-0.084 (-1.205)	0.016 (1.591)	0.013 (0.401)	-0.028** (-2.363)	-0.028 (-0.536)
Information	-4.163 (-0.838)	-4.960 (-1.089)	1.582 (0.911)	1.381 (0.523)	-4.262*** (-2.817)	-5.388** (-2.092)
GDP Difference	-3.062 (-0.381)	-4.406 (-0.664)	-2.245 (-0.837)	-0.389 (-0.107)	4.360 (1.348)	2.818 (0.756)
Language Overlap	-4.257** (-2.022)	-7.009 (-1.506)	-1.199 (-1.610)	-0.843 (-0.891)	0.620 (0.790)	0.299 (0.377)
Legal Difference	0.286 (0.317)	0.257 (0.219)	1.097** (2.281)	0.625 (1.000)	-1.296** (-2.299)	-1.142** (-2.080)
Distance	-0.100** (-2.241)	-0.129** (-2.513)	0.028 (0.755)	0.035 (0.999)	-0.043 (-0.973)	-0.057 (-1.499)
Foreign Deal	-8.544*** (-2.665)	-11.115** (-2.239)	-3.038*** (-2.718)	-2.129 (-1.401)	3.367*** (2.634)	3.231** (2.387)
Common Border	1.363 (1.110)	1.641 (1.459)	0.655 (1.518)	0.702* (1.883)	-0.343 (-0.847)	-0.501 (-1.038)
Early Stage	-1.338*** (-7.279)	-1.194*** (-3.613)	-0.427*** (-2.770)	-0.314** (-2.155)	0.529*** (3.046)	0.443** (2.536)
Industry Fit	0.041 (0.092)	1.573 (1.590)	-0.094 (-0.215)	0.658 (1.209)	0.228 (0.558)	-0.458 (-1.080)
Stage Fit	0.646 (1.257)	2.594*** (3.125)	0.034 (0.179)	0.208 (0.559)	-0.296 (-1.523)	-0.571 (-1.383)
Independent VC	-0.159 (-0.784)		0.081 (0.696)		-0.365*** (-2.657)	
VC Size	0.384*** (4.017)		0.357*** (5.916)		-0.393*** (-8.371)	
VC Age	-0.115 (-0.752)		-0.153* (-1.778)		0.181** (2.185)	
VC US Experience	0.344 (1.104)		0.620*** (3.161)		-0.718*** (-3.386)	
Investor Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes	Yes
Company Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes	Yes
<i>Observations</i>	<i>1,054</i>	<i>621</i>	<i>1,125</i>	<i>1,037</i>	<i>1,125</i>	<i>1,045</i>
<i>Pseudo R²</i>	<i>0.236</i>	<i>0.186</i>	<i>0.125</i>	<i>0.052</i>	<i>0.148</i>	<i>0.051</i>

Appendix Table 3
Outcome regressions
Residual trust measure

This Table reports results of regressions for the realized deals sample, corresponding to those of columns (iii) and (iv) of each panel of Table 3 in the main text. Variables are defined in Table 1. The dependent variables are IPO, EXIT, and FAILURE. TRUST-RESIDUAL is the residual of a regression of TRUST on investor and company country dummies. It is defined in section 3.1.1 of the Appendix. These models are discussed in section 3.2 of the Appendix. All models include investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors. In the logit regressions, standard errors are clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) IPO Logit	(ii) IPO Cond. Logit	(iii) EXIT Logit	(iv) EXIT Cond. Logit	(v) FAILURE Logit	(vi) FAILURE Cond. Logit
Trust-Residual	-15.947* (-1.668)	-14.922 (-1.550)	-4.116 (-1.602)	-2.489 (-0.781)	5.980** (2.023)	5.976 (1.605)
Information	-4.170 (-0.850)	-4.583 (-0.913)	1.548 (0.894)	1.339 (0.512)	-4.204*** (-2.796)	-5.262** (-2.093)
GDP Difference	-3.125 (-0.397)	-5.384 (-0.744)	-2.211 (-0.826)	-0.290 (-0.081)	4.293 (1.340)	2.576 (0.704)
Language Overlap	-4.232** (-2.037)	-6.166 (-1.331)	-1.206 (-1.624)	-0.813 (-0.891)	0.638 (0.817)	0.272 (0.320)
Legal Difference	0.284 (0.317)	0.307 (0.269)	1.099** (2.306)	0.611 (0.981)	-1.301** (-2.354)	-1.121** (-2.049)
Distance	-0.100** (-2.249)	-0.132*** (-2.613)	0.031 (0.824)	0.036 (1.024)	-0.047 (-1.085)	-0.057 (-1.541)
Foreign Deal	-8.499*** (-2.677)	-10.285** (-2.023)	-3.035*** (-2.734)	-2.059 (-1.396)	3.371*** (2.685)	3.133** (2.205)
Common Border	1.343 (1.098)	1.660 (1.482)	0.642 (1.494)	0.695* (1.867)	-0.320 (-0.793)	-0.492 (-1.019)
Early Stage	-1.339*** (-7.329)	-1.190*** (-3.665)	-0.426*** (-2.742)	-0.315** (-2.163)	0.526*** (2.979)	0.447** (2.559)
Industry Fit	0.035 (0.077)	1.579 (1.599)	-0.101 (-0.232)	0.654 (1.205)	0.243 (0.602)	-0.445 (-1.059)
Stage Fit	0.659 (1.288)	2.568*** (3.156)	0.038 (0.199)	0.209 (0.561)	-0.303 (-1.502)	-0.573 (-1.384)
Independent VC	-0.177 (-0.902)		0.068 (0.578)		-0.341** (-2.462)	
VC Size	0.387*** (4.141)		0.357*** (5.815)		-0.394*** (-8.112)	
VC Age	-0.113 (-0.731)		-0.148* (-1.735)		0.172** (2.100)	
VC US Experience	0.316 (1.075)		0.595*** (3.200)		-0.673*** (-3.397)	
Investor Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes	Yes
Company Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes	Yes
<i>Observations</i>	<i>1,054</i>	<i>621</i>	<i>1,125</i>	<i>1,037</i>	<i>1,125</i>	<i>1,045</i>
<i>Pseudo R²</i>	<i>0.236</i>	<i>0.185</i>	<i>0.124</i>	<i>0.052</i>	<i>0.146</i>	<i>0.051</i>

Appendix Table 3
Outcome regressions
Trust odds ratio measure

This Table reports results of regressions for the realized deals sample, corresponding to those of columns (iii) and (iv) of each panel of Table 3 in the main text. Variables are defined in Table 1. The dependent variables are IPO, EXIT, and FAILURE. TRUST-ODDS is the odds-ratio transformation of TRUST defined in section 3.1.1 of the Appendix. These models are discussed in section 3.2. of the Appendix. All models include investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) IPO Logit	(ii) IPO Cond. Logit	(iii) EXIT Logit	(iv) EXIT Cond. Logit	(v) FAILURE Logit	(vi) FAILURE Cond. Logit
Trust-odds	-2.311** (-2.107)	-3.853*** (-2.776)	-0.374 (-0.657)	0.075 (0.091)	0.981 (1.492)	0.928 (1.039)
Information	-2.765 (-0.630)	-3.012 (-0.520)	1.544 (0.940)	1.293 (0.516)	-4.304*** (-2.815)	-5.340** (-2.058)
GDP Difference	-5.938 (-0.771)	-8.105 (-0.961)	-1.234 (-0.453)	0.717 (0.198)	3.528 (1.120)	1.801 (0.448)
Language Overlap	-5.075* (-1.881)	-6.376* (-1.690)	-1.116 (-1.472)	-0.741 (-0.791)	0.514 (0.665)	0.167 (0.194)
Legal Difference	-0.167 (-0.180)	0.075 (0.069)	0.812* (1.793)	0.345 (0.571)	-1.024** (-2.023)	-0.835 (-1.333)
Distance	-0.100** (-2.260)	-0.135*** (-2.670)	0.032 (0.852)	0.036 (1.041)	-0.048 (-1.096)	-0.058 (-1.546)
Foreign Deal	-6.142** (-2.237)	-8.789** (-2.270)	-2.014** (-2.377)	-1.185 (-1.016)	2.227** (2.402)	1.947* (1.726)
Common Border	0.558 (0.494)	0.889 (0.823)	0.534 (1.257)	0.620* (1.694)	-0.142 (-0.354)	-0.304 (-0.661)
Early Stage	-1.358*** (-7.517)	-1.188*** (-3.636)	-0.431*** (-2.777)	-0.317** (-2.183)	0.531*** (3.004)	0.452*** (2.606)
Industry Fit	0.070 (0.158)	1.622* (1.658)	-0.097 (-0.224)	0.676 (1.232)	0.248 (0.616)	-0.461 (-1.080)
Stage Fit	0.605 (1.189)	2.562*** (3.015)	0.025 (0.133)	0.189 (0.508)	-0.286 (-1.409)	-0.556 (-1.345)
Independent VC	-0.150 (-0.773)		0.080 (0.685)		-0.350** (-2.533)	
VC Size	0.391*** (4.169)		0.358*** (5.847)		-0.397*** (-8.106)	
VC Age	-0.123 (-0.777)		-0.145* (-1.696)		0.168** (2.053)	
VC US Experience	0.321 (1.096)		0.586*** (3.146)		-0.664*** (-3.333)	
Investor Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes	Yes
Company Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes	Yes
<i>Observations</i>	<i>1,054</i>	<i>621</i>	<i>1,125</i>	<i>1,037</i>	<i>1,125</i>	<i>1,045</i>
<i>Pseudo R²</i>	<i>0.234</i>	<i>0.185</i>	<i>0.123</i>	<i>0.051</i>	<i>0.146</i>	<i>0.050</i>

Appendix Table 3
Outcome regressions
Double clustering

This Table reports results of logit regressions for the realized deals sample. It replicates column (iii) of Table 3 in the main text, clustering standard errors both by investor country and by company country. Variables are defined in Table 1. The dependent variables are IPO, EXIT, and FAILURE. All models include investor and company country fixed effects. These models are discussed in Section 3.2 of the Appendix. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors. In the logit regressions, standard errors are clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) IPO Logit	(ii) EXIT Logit	(iii) FAILURE Logit
Trust	-15.947 (-1.092)	-4.116* (-1.829)	5.980** (2.360)
Information	-4.170 (-1.245)	1.548 (0.765)	-4.204*** (-2.816)
GDP Difference	-3.125 (-0.364)	-2.211 (-0.909)	4.293*** (2.672)
Language Overlap	-4.232*** (-3.103)	-1.206* (-1.807)	0.638* (1.834)
Legal Difference	0.284 (0.269)	1.099*** (5.334)	-1.301 (.)
Distance	-0.100* (-1.804)	0.031 (0.734)	-0.047 (-0.988)
Foreign Deal	-8.499** (-2.354)	-3.035*** (-2.896)	3.371*** (4.706)
Common Border	1.343 (1.133)	0.642* (1.785)	-0.320 (-0.841)
Early Stage	-1.339*** (-5.966)	-0.426*** (-3.011)	0.526*** (2.945)
Industry Fit	0.035 (0.068)	-0.101 (-0.201)	0.243 (0.571)
Stage Fit	0.659 (1.098)	0.038 (0.242)	-0.303*** (-2.585)
Independent VC	-0.177 (-0.739)	0.068 (0.623)	-0.341** (-2.405)
VC Size	0.387*** (5.041)	0.357*** (5.947)	-0.394*** (-6.946)
VC Age	-0.113 (-0.512)	-0.148 (-1.481)	0.172* (1.929)
VC US Experience	0.316 (0.823)	0.595*** (2.920)	-0.673*** (-3.681)
Investor Country Fix. Eff.	Yes	Yes	Yes
Company Country Fix. Eff.	Yes	Yes	Yes
Observations	1,054	1,125	1,125
Pseudo R^2	0.236	0.124	0.146

Appendix Table 3
Outcome regressions

Minimal distance from investors with multiple offices

This Table reports results of regressions for the realized deals sample, corresponding to those of columns (iii) and (iv) of each panel of Table 3 in the main text. Variables are defined in Table 1. The dependent variables are IPO, EXIT, and FAILURE. DISTANCE-MINIMAL is the smallest distance from a company and a (potential) investor's main and secondary offices; it is defined in section 3.1.2 of the Appendix. These models are discussed in section 3.2 of the Appendix. All models include investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors. In the logit regressions, standard errors are clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) IPO Logit	(ii) IPO Cond. Logit	(iii) EXIT Logit	(iv) EXIT Cond. Logit	(v) FAILURE Logit	(vi) FAILURE Cond. Logit
Trust	-15.985* (-1.674)	-15.235 (-1.577)	-4.163 (-1.632)	-2.391 (-0.752)	5.996** (2.047)	5.959 (1.607)
Information	-4.001 (-0.826)	-4.359 (-0.852)	1.523 (0.877)	1.348 (0.509)	-4.197*** (-2.799)	-5.240** (-2.088)
GDP Difference	-3.622 (-0.472)	-5.983 (-0.807)	-2.208 (-0.825)	-0.208 (-0.058)	4.265 (1.328)	2.463 (0.681)
Language Overlap	-4.238** (-2.086)	-6.167 (-1.283)	-1.227* (-1.645)	-0.844 (-0.923)	0.673 (0.853)	0.309 (0.366)
Legal Difference	0.350 (0.403)	0.398 (0.341)	1.109** (2.336)	0.617 (1.003)	-1.314** (-2.380)	-1.131** (-2.092)
Distance-Minimal	-0.089** (-1.993)	-0.122** (-2.311)	0.012 (0.307)	0.032 (0.924)	-0.030 (-0.635)	-0.050 (-1.352)
Foreign Deal	-8.572*** (-2.728)	-10.442** (-2.014)	-3.008*** (-2.711)	-2.049 (-1.379)	3.355*** (2.669)	3.137** (2.209)
Common Border	1.342 (1.089)	1.701 (1.526)	0.640 (1.496)	0.688* (1.856)	-0.316 (-0.786)	-0.492 (-1.017)
Early Stage	-1.335*** (-7.364)	-1.186*** (-3.634)	-0.431*** (-2.793)	-0.316** (-2.170)	0.530*** (3.025)	0.448** (2.565)
Industry Fit	0.040 (0.089)	1.575 (1.583)	-0.087 (-0.202)	0.667 (1.226)	0.231 (0.569)	-0.465 (-1.108)
Stage Fit	0.656 (1.283)	2.562*** (3.115)	0.041 (0.214)	0.214 (0.576)	-0.304 (-1.536)	-0.579 (-1.411)
Independent VC	-0.178 (-0.910)		0.068 (0.595)		-0.344** (-2.476)	
VC Size	0.382*** (4.014)		0.360*** (5.708)		-0.397*** (-7.956)	
VC Age	-0.115 (-0.743)		-0.148* (-1.750)		0.173** (2.120)	
VC US Experience	0.341 (1.157)		0.576*** (3.150)		-0.654*** (-3.365)	
Investor Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes	Yes
Company Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes	Yes
<i>Observations</i>	<i>1,054</i>	<i>621</i>	<i>1,125</i>	<i>1,037</i>	<i>1,125</i>	<i>1,045</i>
<i>Pseudo R²</i>	<i>0.235</i>	<i>0.184</i>	<i>0.124</i>	<i>0.051</i>	<i>0.146</i>	<i>0.051</i>

Appendix Table 3
Outcome regressions
One deal per company

This Table reports results of regressions for the realized deals sample, corresponding to those of columns (iii) and (iv) of each panel of Table 3 in the main text. Variables are defined in Table 1. The dependent variables are IPO, EXIT, and FAILURE. These models are discussed in section 3.2 of the Appendix. All models include investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors. In the logit regressions, standard errors are clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) IPO Logit	(ii) IPO Cond. Logit	(iii) EXIT Logit	(iv) EXIT Cond. Logit	(v) FAILURE Logit	(vi) FAILURE Cond. Logit
Trust	-21.038*** (-2.937)	-27.212*** (-4.479)	-4.765 (-1.630)	-3.400 (-0.902)	6.618** (2.200)	7.563** (1.993)
Information	-1.619 (-0.358)	2.131 (0.339)	1.932 (1.000)	1.539 (0.553)	-4.408** (-2.508)	-5.581* (-1.653)
GDP Difference	-5.095 (-0.635)	-11.186 (-1.440)	-2.085 (-0.706)	-0.171 (-0.043)	4.786 (1.414)	3.889 (0.912)
Language Overlap	-5.128** (-2.542)	-9.405 (-1.589)	-1.631* (-1.946)	-1.398 (-1.360)	0.953 (1.140)	0.818 (0.744)
Legal Difference	1.143* (1.800)	1.566 (1.335)	1.198** (2.369)	0.736 (1.061)	-1.411** (-2.488)	-1.382** (-2.076)
Distance	-0.109*** (-3.692)	-0.149*** (-3.484)	0.024 (0.585)	0.023 (0.634)	-0.040 (-0.923)	-0.040 (-1.113)
Foreign Deal	-11.508*** (-4.648)	-18.359*** (-2.966)	-3.818*** (-3.142)	-2.997* (-1.893)	3.961*** (3.081)	4.233*** (2.667)
Common Border	1.759 (1.580)	2.272** (2.053)	0.745* (1.678)	0.846* (1.819)	-0.444 (-1.103)	-0.699 (-1.506)
Early Stage	-1.320*** (-7.194)	-1.173*** (-3.040)	-0.421** (-2.547)	-0.323** (-2.155)	0.514*** (2.883)	0.443** (2.463)
Industry Fit	0.278 (0.636)	1.783* (1.767)	-0.116 (-0.270)	0.540 (0.990)	0.325 (0.770)	-0.284 (-0.637)
Stage Fit	0.632 (1.311)	2.606*** (3.023)	0.035 (0.186)	0.206 (0.585)	-0.262 (-1.268)	-0.567 (-1.319)
Independent VC	-0.196 (-0.725)		0.046 (0.333)		-0.302* (-1.892)	
VC Size	0.426*** (4.665)		0.374*** (6.466)		-0.416*** (-8.111)	
VC Age	-0.108 (-0.733)		-0.147* (-1.648)		0.185** (2.081)	
VC US Experience	0.214 (0.744)		0.594*** (3.249)		-0.640*** (-3.453)	
Investor Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes	Yes
Company Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes	Yes
<i>Observations</i>	<i>1,000</i>	<i>573</i>	<i>1,069</i>	<i>983</i>	<i>1,069</i>	<i>991</i>
<i>Pseudo R²</i>	<i>0.225</i>	<i>0.180</i>	<i>0.130</i>	<i>0.055</i>	<i>0.148</i>	<i>0.050</i>

Appendix Table 3
Outcome regressions
Non-syndicated deals sub-sample

This Table reports results of logit regressions for the realized deals sample, replicating the regressions reported in Table 3 in the paper. Only non-syndicated deals are included. The dependent variables in Panels A, B, and C, are IPO, EXIT, and FAILURE, respectively. Variables are defined in Table 1. In each Panel columns (i) to (iii) report results of logit regressions, and column (iv) reports results of conditional logit regressions. These models are discussed in Section 3.3 of the Appendix. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) IPO Logit	(ii) EXIT Logit	(iii) FAILURE Logit
Trust	-20.077* (-1.777)	15.131 (1.597)	-5.013 (-0.521)
Information	-12.090 (-1.109)	11.887** (2.509)	-11.219* (-1.883)
GDP Difference	57.266** (2.259)	21.314*** (3.095)	-10.082 (-1.246)
Language Overlap	-8.688*** (-2.705)	-4.605** (-2.231)	3.009 (0.958)
Legal Difference	2.078 (1.022)	2.326* (1.780)	-3.442** (-2.499)
Distance	-0.176** (-2.366)	0.038 (0.666)	-0.011 (-0.219)
Foreign Deal	-18.865*** (-3.611)	-6.267* (-1.694)	6.077 (1.450)
Common Border	2.592*** (2.641)	1.784** (2.276)	-0.940 (-1.112)
Early Stage	-2.304*** (-4.019)	-0.292 (-0.938)	0.407 (1.642)
Industry Fit	0.232 (0.138)	-0.254 (-0.308)	0.412 (0.450)
Stage Fit	-0.695 (-0.611)	0.966* (1.695)	-1.100 (-1.552)
Independent VC	0.992 (0.745)	0.206 (0.823)	-0.640** (-2.137)
VC Size	0.907* (1.645)	0.640*** (4.034)	-0.555*** (-5.079)
VC Age	0.239 (0.615)	0.032 (0.107)	-0.020 (-0.088)
VC US Experience	0.706 (0.632)	0.592*** (3.301)	-0.653*** (-2.883)
Investor Country Fix. Eff.	Yes	Yes	Yes
Company Country Fix. Eff.	Yes	Yes	Yes
Observations	275	377	377
Pseudo R^2	0.412	0.240	0.199

Appendix Table 3
Outcome regressions
Regressions for the ThomsonOne dataset

This Table reports results of regressions for the realized deals sample with ThomsonOne data, replicating the regressions reported in Table 3 in the paper. Variables are defined in Table 1. The dependent variables in Panels A, B, and C, are IPO, EXIT, and FAILURE, respectively. In each Panel columns (i) to (iii) report results of logit regressions, and column (iv) reports results of conditional logit regressions. These models are discussed in Section 3.2 of the Appendix. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

Panel A: IPO				
	(i)	(ii)	(iii)	(iv)
	IPO	IPO	IPO	IPO
	Logit	Logit	Logit	Cond. Logit
Trust	2.531 (0.553)	2.593 (0.510)	2.618 (0.480)	6.390 (1.132)
Information	-4.157 (-1.563)	-5.016** (-2.263)	-5.717*** (-2.638)	-4.421* (-1.654)
GDP Difference	-2.157 (-0.464)	-3.400 (-0.813)	-3.774 (-0.797)	0.097 (0.013)
Language Overlap	-0.053 (-0.048)	-0.458 (-0.399)	-0.809 (-0.705)	-0.219 (-0.144)
Legal Difference	-0.956 (-1.050)	-0.791 (-0.762)	-0.681 (-0.631)	-1.272 (-1.050)
Distance		-0.070 (-1.103)	-0.079 (-1.214)	-0.014 (-0.196)
Foreign Deal	0.934 (0.556)	0.895 (0.428)	0.389 (0.183)	1.894 (0.710)
Common Border	1.029* (1.867)	0.917* (1.702)	1.126* (1.865)	0.960 (1.409)
Early Stage		-0.279 (-1.560)	-0.243 (-1.274)	-0.229 (-0.876)
Industry Fit		-0.531 (-1.396)	-0.279 (-0.723)	0.705 (0.783)
Stage Fit		0.287 (0.414)	0.409 (0.552)	-0.266 (-0.408)
Independent VC			-0.196 (-0.658)	
VC Size			0.093 (1.383)	
VC Age			0.334*** (3.490)	
Observations	1,769	1,755	1,739	699
Pseudo R^2	0.058	0.114	0.126	0.118

Panel B: EXIT

	(i) EXIT Logit	(ii) EXIT Logit	(iii) EXIT Logit	(iv) EXIT Cond. Logit
Trust	-5.149** (-2.405)	-5.877*** (-2.603)	-5.579** (-2.448)	-2.247 (-0.956)
Information	-1.379* (-1.675)	-1.373 (-1.564)	-1.886** (-1.985)	-2.041 (-1.643)
GDP Difference	-2.241 (-0.973)	-2.937 (-1.226)	-2.632 (-1.055)	-4.046 (-1.285)
Language Overlap	-0.987* (-1.774)	-1.060* (-1.895)	-1.605** (-2.424)	-1.366* (-1.824)
Legal Difference	0.107 (0.252)	0.224 (0.512)	0.631 (1.226)	0.470 (0.944)
Distance		0.004 (0.234)	0.001 (0.066)	-0.015 (-0.394)
Foreign Deal	-1.724* (-1.925)	-2.044** (-2.179)	-2.527** (-2.497)	-1.438 (-1.268)
Common Border	0.206 (0.620)	0.211 (0.618)	0.266 (0.708)	0.308 (0.689)
Early Stage		-0.210* (-1.755)	-0.173 (-1.479)	-0.087 (-0.654)
Industry Fit		-0.301 (-1.282)	-0.186 (-0.748)	-0.814* (-1.926)
Stage Fit		0.234 (1.205)	0.375* (1.843)	0.201 (0.621)
Independent VC			-0.075 (-0.465)	
VC Size			0.099*** (2.742)	
VC Age			0.104** (2.424)	
Investor Country Fix. Eff.	Yes	Yes	Yes	Yes
Company Country Fix. Eff.	Yes	Yes	Yes	Yes
Observations	1,961	1,961	1,880	1,417
Pseudo R^2	0.050	0.064	0.070	0.036

Panel C: FAILURE

	(i) FAILURE Logit	(ii) FAILURE Logit	(iii) FAILURE Logit	(iv) FAILURE Cond. Logit
Trust	4.802* (1.821)	5.095* (1.919)	6.187** (2.101)	3.876 (1.447)
Information	0.290 (0.237)	0.182 (0.144)	0.763 (0.564)	-0.131 (-0.089)
GDP Difference	2.129 (0.765)	2.259 (0.798)	3.758 (1.269)	4.726 (1.461)
Language Overlap	0.449 (0.857)	0.506 (0.916)	1.133* (1.761)	0.968 (1.227)
Legal Difference	0.131 (0.266)	0.155 (0.305)	-0.467 (-0.779)	-0.174 (-0.271)
Distance		-0.053 (-1.289)	-0.035 (-0.863)	-0.044 (-0.954)
Foreign Deal	1.169 (1.206)	1.448 (1.423)	2.242** (2.030)	1.597 (1.296)
Common Border	0.012 (0.029)	-0.061 (-0.143)	0.106 (0.227)	-0.337 (-0.735)
Early Stage		0.213 (1.482)	0.198 (1.364)	0.202 (1.496)
Industry Fit		-0.126 (-0.706)	-0.239 (-1.480)	0.042 (0.090)
Stage Fit		-0.044 (-0.250)	-0.123 (-0.697)	-0.248 (-0.787)
Independent VC			0.088 (0.673)	
VC Size			-0.098*** (-3.622)	
VC Age			-0.033 (-0.700)	
Investor Country Fix. Eff.	Yes	Yes	Yes	Yes
Company Country Fix. Eff.	Yes	Yes	Yes	Yes
Observations	1,959	1,959	1,878	1,501
Pseudo R^2	0.034	0.048	0.053	0.041

Appendix Table 3
Outcome regressions
Exit Performance

This Table reports results of regressions for the realized deals sample. The dependent variables are defined as follows. Exit Value is the market capitalization of the company at IPO or company valuation at acquisition; Exit Performance assigns value 0 when FAILURE=1. All values are log-transformed. Independent variables are defined in Table 1. Columns (i) and (ii) report results of OLS regressions and column (iii) reports results from a Tobit regression. In all columns the specification is the same as column (iii) of Table 3. These models are discussed in Section 4.3 of the main text. For each independent variable, we report the estimated coefficient and the tstat (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) Exit Value OLS	(ii) Exit Performance OLS	(iii) Exit Performance Tobit
Trust	-4.439 (-0.732)	-26.285** (-2.323)	-100.639*** (-242.545)
Information	1.920 (0.229)	15.156*** (3.509)	92.383*** (42.332)
GDP Difference	-9.408 (-0.700)	-9.100 (-0.757)	-80.300*** (-41.841)
Language Overlap	0.126 (0.019)	-3.992 (-1.152)	-5.495*** (-36.885)
Legal Difference	0.302 (0.174)	1.316 (0.586)	6.107*** (6.591)
Distance	-0.006 (-0.188)	0.138 (1.619)	0.563*** (11.090)
Foreign Deal	-0.931 (-0.170)	-11.997** (-2.399)	-42.826*** (-74.260)
Common Border	-0.657 (-0.839)	2.646 (1.648)	4.935*** (6.779)
Early Stage	-0.178 (-0.447)	-2.219*** (-3.406)	-9.572*** (-40.193)
Industry Fit	0.294 (0.428)	-1.574 (-1.321)	-10.061*** (-19.047)
Stage Fit	0.195 (0.299)	0.620 (0.707)	2.910*** (9.362)
Independent VC	-0.297 (-0.790)	-0.024 (-0.058)	0.132 (0.548)
VC Size	0.522*** (2.919)	1.054*** (3.763)	3.991*** (73.271)
VC Age	-0.458*** (-3.110)	-0.447 (-1.139)	-2.505*** (-44.647)
VC US Experience	0.070 (0.105)	0.882 (1.420)	4.302*** (15.971)
Investor country Fixed Effects	Yes	Yes	Yes
Company country Fixed Effects	Yes	Yes	Yes
<i>Observations</i>	<i>181</i>	<i>809</i>	<i>809</i>
<i>R²</i>	<i>0.363</i>	<i>0.238</i>	
<i>Pseudo R²</i>			<i>0.085</i>

Appendix Tables for Heckman Selection Models
(robustness for Table 4 in the paper)

Appendix Table 4
Heckman selection models
Socio-economic measure of trust

This Table reports results of regressions for the realized deals sample, corresponding to those of Table 4 in the main text. Variables are defined in Table 1. The dependent variables are IPO, EXIT, and FAILURE. TRUST-DEMOGRAPHIC is a socio-economic measure of trust defined in section 3.1.1 of the Appendix. This model is discussed in section 3.2 of the Appendix. Investor controls are measures of investors size and age, and a set of dummies for each investor's country, type (independent vs. captive), and US experience. Company controls are a set of dummies for each company's country, industry and stage, and for the year the deal was completed. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) IPO Heckman	(ii) EXIT Heckman	(iii) FAILURE Heckman
Trust-Demographic	-1.027*** (-2.695)	-1.020 (-1.539)	1.358** (2.039)
Information	-0.309 (-1.389)	0.174 (0.451)	-0.654* (-1.683)
GDP Difference	-0.579 (-1.272)	-0.302 (-0.382)	0.666 (0.836)
Language Overlap	-0.124 (-0.974)	-0.265 (-1.195)	0.181 (0.812)
Legal Difference	0.067 (0.882)	0.209 (1.585)	-0.255* (-1.923)
Distance	-0.002 (-0.425)	0.011 (1.559)	-0.014* (-1.944)
Foreign Deal	-0.246 (-1.359)	-0.566* (-1.797)	0.670** (2.117)
Common Border	0.082 (1.366)	0.155 (1.478)	-0.086 (-0.815)
Early Stage	-0.071*** (-3.905)	-0.067** (-2.131)	0.092*** (2.925)
Industry Fit	-0.102* (-1.788)	-0.135 (-1.367)	0.150 (1.517)
Stage Fit	-0.026 (-0.627)	-0.041 (-0.583)	-0.026 (-0.368)
Independent VC	-0.003 (-0.144)	0.027 (0.746)	-0.082** (-2.227)
VC Size	0.017* (1.897)	0.068*** (4.346)	-0.081*** (-5.105)
VC Age	-0.012 (-1.036)	-0.037* (-1.820)	0.043** (2.108)
US Experience	0.024 (1.025)	0.127*** (3.065)	-0.145*** (-3.504)
SELECTION EQUATION			
Trust-Demographic	2.031*** (3.991)	2.031*** (3.991)	2.031*** (3.991)
Exports	5.267*** (6.594)	5.267*** (6.594)	5.267*** (6.594)
Mill's λ	-0.068** (-2.593)	-0.078* (-1.708)	0.063 (1.368)
Investor Controls	Yes	Yes	Yes
Company Controls	Yes	Yes	Yes
<i>Observations</i>	<i>100,098</i>	<i>100,098</i>	<i>100,098</i>
<i>Realized deals</i>	<i>1,129</i>	<i>1,129</i>	<i>1,129</i>
<i>Wald χ^2 (59)</i>	<i>212.49</i>	<i>205.90</i>	<i>259.89</i>

Appendix Table 4
Heckman Selection Models
Company perspective trust

This Table reports results of regressions for the realized deals sample, corresponding to those of Table 4 in the main text. Variables are defined in Table 1. The dependent variables are IPO, EXIT, and FAILURE. TRUST-COMPANY is the measure of trust from the point of view of the company, and INFORMATION-COMPANY is the measure of information from the point of view of the company. Both are defined in section 3.1.1 of the Appendix. This model is discussed in section 3.2 of the Appendix. Investor controls are measures of investors size and age, and a set of dummies for each investor's country, type (independent vs. captive), and US experience. Company controls are a set of dummies for each company's country, industry and stage, and for the year the deal was completed. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i)	(ii)	(iii)
	IPO	EXIT	FAILURE
	Heckman	Heckman	Heckman
Trust-Company	-0.824*	-0.740	1.308
	(-1.827)	(-0.935)	(1.614)
	-0.310	1.130	0.261
	(-0.560)	(1.163)	(0.209)
GDP Difference	0.168	-0.882	1.713
	(0.251)	(-0.752)	(1.426)
Language Overlap	-0.210	-0.581*	0.382
	(-1.076)	(-1.695)	(1.081)
Legal Difference	0.048	0.245	-0.354**
	(0.524)	(1.523)	(-2.151)
Distance	-0.001	0.013*	-0.015*
	(-0.325)	(1.759)	(-1.954)
Foreign Deal	-0.290	-0.825*	0.860*
	(-1.104)	(-1.788)	(1.812)
Common Border	0.077	0.086	0.006
	(1.133)	(0.726)	(0.045)
Early Stage	-0.075***	-0.072**	0.102***
	(-3.964)	(-2.195)	(3.056)
Industry Fit	-0.142**	-0.155	0.177*
	(-2.438)	(-1.520)	(1.699)
Stage Fit	-0.031	-0.079	-0.009
	(-0.739)	(-1.070)	(-0.123)
Independent VC	0.004	0.013	-0.069*
	(0.175)	(0.335)	(-1.812)
VC Size	0.024***	0.073***	-0.085***
	(2.599)	(4.553)	(-5.240)
VC Age	-0.013	-0.050**	0.055***
	(-1.129)	(-2.412)	(2.624)
VC US Experience	0.023	0.112***	-0.136***
	(0.954)	(2.686)	(-3.210)
SELECTION EQUATION			
Trust-Company	2.526***	2.526***	2.526***
	(4.489)	(4.489)	(4.489)
Exports	4.250***	4.250***	4.250***
	(4.304)	(4.304)	(4.304)
Mill's λ	-0.074***	-0.100**	0.064
	(-2.758)	(-2.134)	(1.338)
Investor Controls	Yes	Yes	Yes
Company Controls	Yes	Yes	Yes
<i>Observations</i>	<i>91,822</i>	<i>91,822</i>	<i>91,822</i>
<i>Realized deals</i>	<i>1,030</i>	<i>1,030</i>	<i>1,030</i>
<i>Wald $\chi^2(55)$</i>	<i>156.75</i>	<i>194.64</i>	<i>220.26</i>

Appendix Table 4
Heckman Selection Models
Partners' trust

This Table reports results of regressions for the realized deals sample, corresponding to those of Table 4 in the main text. Variables are defined in Table 1. Panel A reports results using PARTNER-MATCH, and Panel B using PARTNER-TRUST; both are defined in section 3.1.1 of the Appendix. This model is discussed in section 3.2 of the Appendix. Investor controls are measures of investors size and age, and a set of dummies for each investor's country, type, and US experience. Company controls are a set of dummies for each company's country, industry and stage, and for the deal's year. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

Panel A: Partner Match			
	(i) IPO Heckman	(ii) EXIT Heckman	(iii) FAILURE Heckman
Trust	-0.934** (-2.413)	-0.995 (-1.478)	1.286* (1.899)
Partner-Match	-0.138** (-2.192)	-0.100 (-0.910)	0.094 (0.849)
Information	-0.250 (-1.088)	0.172 (0.431)	-0.653 (-1.627)
GDP Difference	-0.502 (-1.090)	-0.254 (-0.316)	0.622 (0.771)
Language Overlap	-0.062 (-0.474)	-0.221 (-0.976)	0.137 (0.603)
Legal Difference	0.051 (0.660)	0.204 (1.516)	-0.247* (-1.826)
Distance	-0.002 (-0.412)	0.012* (1.654)	-0.015** (-1.984)
Foreign Deal	-0.155 (-0.839)	-0.499 (-1.552)	0.597* (1.848)
Common Border	0.083 (1.383)	0.157 (1.498)	-0.086 (-0.817)
Early Stage	-0.071*** (-3.893)	-0.065** (-2.074)	0.092*** (2.903)
Industry Fit	-0.105* (-1.838)	-0.149 (-1.514)	0.157 (1.580)
Stage Fit	-0.025 (-0.609)	-0.047 (-0.656)	-0.024 (-0.339)
Independent VC	-0.002 (-0.094)	0.029 (0.798)	-0.083** (-2.260)
VC Size	0.019** (2.069)	0.069*** (4.362)	-0.081*** (-5.136)
VC Age	-0.011 (-0.983)	-0.038* (-1.855)	0.043** (2.110)
US Experience	0.025 (1.046)	0.129*** (3.113)	-0.147*** (-3.523)
SELECTION EQUATION			
Trust	1.856*** (3.575)	1.856*** (3.575)	1.856*** (3.575)
Exports	4.917*** (6.062)	4.917*** (6.062)	4.917*** (6.062)
Mill's λ	-0.069*** (-2.607)	-0.087* (-1.908)	0.067 (1.451)
Investor Controls	Yes	Yes	Yes
Company Controls	Yes	Yes	Yes
<i>Observations</i>	<i>100,098</i>	<i>100,098</i>	<i>100,098</i>
<i>Realized deals</i>	<i>1,129</i>	<i>1,129</i>	<i>1,129</i>
<i>Wald $\chi^2(59)$</i>	<i>215.03</i>	<i>206.71</i>	<i>260.56</i>

Panel B: Partner Trust

	(i) IPO Heckman	(ii) EXIT Heckman	(iii) FAILURE Heckman
Trust	-0.980** (-2.527)	-1.009 (-1.497)	1.287* (1.899)
Partner-Trust	-0.000 (-0.203)	0.001 (0.253)	-0.004 (-0.929)
Information	-0.347 (-1.557)	0.131 (0.338)	-0.611 (-1.570)
GDP Difference	-0.579 (-1.259)	-0.314 (-0.393)	0.682 (0.847)
Language Overlap	-0.118 (-0.927)	-0.259 (-1.168)	0.172 (0.771)
Legal Difference	0.065 (0.850)	0.210 (1.571)	-0.253* (-1.880)
Distance	-0.002 (-0.382)	0.012 (1.589)	-0.014* (-1.876)
Foreign Deal	-0.222 (-1.223)	-0.547* (-1.734)	0.641** (2.020)
Common Border	0.080 (1.333)	0.156 (1.485)	-0.087 (-0.825)
Early Stage	-0.070*** (-3.865)	-0.066** (-2.086)	0.092*** (2.922)
Industry Fit	-0.104* (-1.824)	-0.143 (-1.454)	0.151 (1.528)
Stage Fit	-0.028 (-0.673)	-0.046 (-0.647)	-0.025 (-0.344)
Independent VC	-0.003 (-0.133)	0.029 (0.797)	-0.086** (-2.330)
VC Size	0.017* (1.850)	0.067*** (4.266)	-0.079*** (-5.004)
VC Age	-0.012 (-1.037)	-0.038* (-1.876)	0.044** (2.182)
US Experience	0.025 (1.024)	0.131*** (3.116)	-0.155*** (-3.665)
SELECTION EQUATION			
Trust	2.144*** (4.125)	2.144*** (4.125)	2.144*** (4.125)
Exports	5.172*** (6.431)	4.917*** (6.062)	4.917*** (6.062)
Mill's λ	-0.070*** (-2.643)	-0.084* (-1.837)	0.064 (1.388)
Investor Controls	Yes	Yes	Yes
Company Controls	Yes	Yes	Yes
<i>Observations</i>	<i>100,098</i>	<i>100,098</i>	<i>100,098</i>
<i>Realized deals</i>	<i>1,129</i>	<i>1,129</i>	<i>1,129</i>
<i>Wald $\chi^2(59)$</i>	<i>211.88</i>	<i>206.57</i>	<i>261.42</i>

Appendix Table 4
Heckman selection models
Residual trust measure

This Table reports results of regressions for the realized deals sample, corresponding to those of Table 4 in the main text. Variables are defined in Table 1. The dependent variables are IPO, EXIT, and FAILURE. TRUST—RESIDUAL is the residual of a regression of TRUST on investor and company country dummies. It is defined in section 3.1.1 of the Appendix. This model is discussed in section 3.2 of the Appendix. Investor controls are measures of investors size and age, and a set of dummies for each investor's country, type (independent vs. captive), and US experience. Company controls are a set of dummies for each company's country, industry and stage, and for the year the deal was completed. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i)	(ii)	(iii)
	IPO	EXIT	FAILURE
	Heckman	Heckman	Heckman
Trust-Residual	-0.973** (-2.511)	-0.998 (-1.481)	1.301* (1.920)
Information	-0.345 (-1.548)	0.139 (0.358)	-0.606 (-1.555)
GDP Difference	-0.591 (-1.285)	-0.328 (-0.410)	0.688 (0.855)
Language Overlap	-0.120 (-0.944)	-0.262 (-1.181)	0.176 (0.791)
Legal Difference	0.066 (0.862)	0.211 (1.581)	-0.256* (-1.901)
Distance	-0.002 (-0.438)	0.011 (1.547)	-0.014* (-1.930)
Foreign Deal	-0.226 (-1.243)	-0.555* (-1.761)	0.648** (2.041)
Common Border	0.081 (1.336)	0.154 (1.468)	-0.084 (-0.795)
Early Stage	-0.071*** (-3.930)	-0.067** (-2.146)	0.093*** (2.946)
Industry Fit	-0.100* (-1.758)	-0.132 (-1.345)	0.147 (1.490)
Stage Fit	-0.026 (-0.627)	-0.041 (-0.579)	-0.026 (-0.370)
Independent VC	-0.003 (-0.136)	0.027 (0.745)	-0.082** (-2.230)
VC Size	0.017* (1.886)	0.068*** (4.340)	-0.080*** (-5.096)
VC Age	-0.012 (-1.028)	-0.037* (-1.816)	0.043** (2.101)
US Experience	0.024	0.126***	-0.145***
SELECTION EQUATION			
Trust-Residual	1.856*** (3.615)	1.856*** (3.615)	1.856*** (3.615)
FDI	2.441*** (7.558)	2.441*** (7.558)	2.441*** (7.558)
Mill's λ	-0.066** (-2.478)	-0.085* (-1.853)	0.063 (1.357)
Investor Controls	Yes	Yes	Yes
Company Controls	Yes	Yes	Yes
<i>Observations</i>	<i>100,098</i>	<i>100,098</i>	<i>100,098</i>
<i>Realized deals</i>	<i>1,129</i>	<i>1,129</i>	<i>1,129</i>
<i>Wald $\chi^2(57)$</i>	<i>207.79</i>	<i>199.29</i>	<i>242.42</i>

Appendix Table 4
Heckman selection models
Trust odds ratio measure

This Table reports results of regressions for the realized deals sample, corresponding to those of Table 4 in the main text. Variables are defined in Table 1. The dependent variables are IPO, EXIT, and FAILURE. TRUST—ODDS is the odds-ratio transformation of TRUST defined in section 3.1.1 of the Appendix. This model is discussed in section 3.2 of the Appendix. Investor controls are measures of investors size and age, and a set of dummies for each investor's country, type (independent vs. captive), and US experience. Company controls are a set of dummies for each company's country, industry and stage, and for the year the deal was completed. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) IPO Heckman	(ii) EXIT Heckman	(iii) FAILURE Heckman
Trust-odds	-0.181** (-2.044)	-0.108 (-0.705)	0.220 (1.425)
Information	-0.330 (-1.479)	0.160 (0.414)	-0.630 (-1.618)
GDP Difference	-0.465 (-1.026)	-0.083 (-0.106)	0.490 (0.619)
Language Overlap	-0.106 (-0.834)	-0.245 (-1.108)	0.155 (0.694)
Legal Difference	0.029 (0.406)	0.152 (1.199)	-0.200 (-1.571)
Distance	-0.002 (-0.451)	0.011 (1.530)	-0.014* (-1.914)
Foreign Deal	-0.064 (-0.417)	-0.338 (-1.270)	0.416 (1.553)
Common Border	0.052 (0.876)	0.127 (1.226)	-0.046 (-0.442)
Early Stage	-0.072*** (-4.001)	-0.069** (-2.206)	0.095*** (3.010)
Industry Fit	-0.100* (-1.758)	-0.128 (-1.292)	0.145 (1.465)
Stage Fit	-0.027 (-0.656)	-0.041 (-0.578)	-0.026 (-0.357)
Independent VC	-0.001 (-0.057)	0.030 (0.819)	-0.084** (-2.298)
VC Size	0.017* (1.923)	0.069*** (4.376)	-0.081*** (-5.131)
VC Age	-0.011 (-0.956)	-0.035* (-1.747)	0.041** (2.036)
VC US Experience	0.023	0.124***	-0.143***
SELECTION EQUATION			
Trust-odds	0.515*** (3.865)	2.144*** (4.125)	2.144*** (4.125)
Exports	4.982*** (6.157)	4.917*** (6.062)	4.917*** (6.062)
Mill's λ	-0.066** (-2.506)	-0.073 (-1.589)	0.058 (1.273)
Investor Controls	Yes	Yes	Yes
Company Controls	Yes	Yes	Yes
<i>Observations</i>	<i>100,098</i>	<i>100,098</i>	<i>100,098</i>
<i>Realized deals</i>	<i>1,129</i>	<i>1,129</i>	<i>1,129</i>
<i>Wald χ^2(59)</i>	<i>209.30</i>	<i>204.06</i>	<i>257.61</i>

Appendix Table 4
Heckman selection models
FDI instead of Exports

This Table reports results of regressions for the realized deals sample, corresponding to those of Table 4 in the main text. Variables are defined in Table 1. The dependent variables are IPO, EXIT, and FAILURE. TRUST—RESIDUAL is the residual of a regression of TRUST on investor and company country dummies. It is defined in section 3.1.1 of the Appendix. This model is discussed in section 3.2 of the Appendix. Investor controls are measures of investors size and age, and a set of dummies for each investor's country, type (independent vs. captive), and US experience. Company controls are a set of dummies for each company's country, industry and stage, and for the year the deal was completed. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) IPO Heckman	(ii) EXIT Heckman	(iii) FAILURE Heckman
Trust	-0.912** (-2.206)	-1.118 (-1.573)	1.466** (2.047)
Information	-0.443 (-1.428)	0.240 (0.450)	-0.921* (-1.712)
GDP Difference	-0.696 (-1.049)	-0.594 (-0.520)	1.367 (1.187)
Language Overlap	-0.184 (-1.235)	-0.335 (-1.309)	0.137 (0.531)
Legal Difference	0.109 (1.260)	0.267* (1.799)	-0.314** (-2.102)
Distance	-0.002 (-0.468)	0.012* (1.662)	-0.014* (-1.940)
Foreign Deal	-0.266 (-1.345)	-0.677** (-1.989)	0.684** (1.994)
Common Border	0.118* (1.651)	0.167 (1.355)	-0.082 (-0.663)
Early Stage	-0.072*** (-3.902)	-0.068** (-2.152)	0.097*** (3.022)
Industry Fit	-0.101* (-1.720)	-0.129 (-1.289)	0.135 (1.338)
Stage Fit	-0.022 (-0.527)	-0.053 (-0.732)	-0.017 (-0.231)
Independent VC	-0.003 (-0.152)	0.028 (0.755)	-0.083** (-2.238)
VC Size	0.017* (1.772)	0.068*** (4.176)	-0.081*** (-4.960)
VC Age	-0.011 (-0.959)	-0.042** (-2.038)	0.048** (2.308)
VC US Experience	0.027 (1.094)	0.127*** (2.981)	-0.143*** (-3.349)
SELECTION EQUATION			
Trust	2.525*** (4.687)	2.525*** (4.687)	2.525*** (4.687)
FDI	2.442*** (7.561)	2.442*** (7.561)	2.442*** (7.561)
Mill's λ	-0.066** (-2.478)	-0.085* (-1.853)	0.063 (1.357)
Investor Controls	Yes	Yes	Yes
Company Controls	Yes	Yes	Yes
<i>Observations</i>	<i>94,597</i>	<i>94,597</i>	<i>94,597</i>
<i>Realized deals</i>	<i>1,081</i>	<i>1,081</i>	<i>1,081</i>
<i>Wald $\chi^2(57)$</i>	<i>207.79</i>	<i>199.29</i>	<i>242.42</i>

Appendix Table 4
Heckman selection models
Non-syndicated deals sub-sample

This Table reports results of regressions for the realized deals sample, corresponding to those of Table 4 in the main text. Only non-syndicated deals are included. Variables are defined in Table 1. The dependent variables are IPO, EXIT, and FAILURE. The outcome equation is a logit regression with the same specification as in column (iii) of Table 3; the excluded variable is EXPORTS. Investor controls are measures of investors size and age, and a set of dummies for each investor's country, type (independent vs. captive), and US experience. Company controls are a set of dummies for each company's country, industry and stage, and for the year the deal was completed. The Heckman model is discussed in Section 4.2 of the main text. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) IPO Heckman	(ii) EXIT Heckman	(iii) FAILURE Heckman
Trust	-1.484 (-1.123)	0.810 (0.338)	1.907 (0.766)
Information	0.497 (0.801)	1.620 (1.438)	-1.482 (-1.268)
GDP Difference	-1.954 (-1.468)	1.577 (0.653)	-2.092 (-0.834)
Language Overlap	-0.761*** (-2.656)	-0.643 (-1.236)	0.342 (0.634)
Legal Difference	0.461*** (2.839)	0.225 (0.764)	-0.267 (-0.873)
Distance	-0.003 (-0.570)	0.012 (1.164)	-0.009 (-0.768)
Foreign Deal	-1.078** (-2.210)	-0.932 (-1.053)	1.330 (1.448)
Common Border	-0.214 (-0.976)	0.257 (0.646)	-0.382 (-0.923)
Early Stage	-0.090*** (-3.083)	-0.052 (-0.971)	0.069 (1.243)
Industry Fit	0.007 (0.074)	-0.089 (-0.529)	0.125 (0.719)
Stage Fit	0.034 (0.541)	0.138 (1.199)	-0.166 (-1.386)
Independent VC	0.010 (0.280)	0.041 (0.616)	-0.121* (-1.759)
VC Size	0.030** (2.060)	0.116*** (4.330)	-0.109*** (-3.920)
VC Age	0.019 (0.802)	-0.013 (-0.297)	0.022 (0.491)
VC US Experience	0.046 (1.154)	0.150** (2.079)	-0.165** (-2.208)
SELECTION EQUATION			
Trust	4.829*** (2.971)	4.829*** (2.971)	4.829*** (2.971)
Exports	12.342*** (4.279)	12.342*** (4.279)	12.342*** (4.279)
Mill's λ	-0.015 (-0.442)	-0.054 (-0.898)	0.060 (0.963)
Investor Controls	Yes	Yes	Yes
Company Controls	Yes	Yes	Yes
Observations	31,824	31,824	31,824
<i>Realized deals</i>	381	381	381
<i>Wald χ^2 (56)</i>	175.16	142.63	122.98

Appendix Tables for Deal Structure Regressions
(robustness for Tables 5, 6, and 7 in the paper)

Appendix Table 5
Deal structure regressions: Early Stage
Socio-economic measure of trust

This Table reports results of logit regressions for the realized deals sample, corresponding to those of columns (ii) and (iv) of Table 5 in the main text. Variables are defined in Table 1. The dependent variable is EARLY-STAGE. TRUST-DEMOGRAPHIC is a socio-economic measure of trust defined in section 3.1.1 of the Appendix. These models are discussed in section 3.3 of the Appendix. All regressions include investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) Early Stage Logit	(ii) Early Stage Ord. Logit
Trust-Demographic	5.998* (1.937)	-5.810** (-1.990)
Information	-2.988 (-1.286)	-0.544 (-0.399)
GDP Difference	0.419 (0.082)	1.130 (0.413)
Language Overlap	-0.165 (-0.221)	-0.307 (-0.499)
Legal Difference	0.580 (0.675)	-0.250 (-0.470)
Distance	-0.096** (-2.415)	0.088*** (2.913)
Foreign Deal	2.063 (1.518)	-2.389* (-1.900)
Common Border	-0.163 (-0.285)	0.320 (0.731)
Industry Fit	0.068 (0.247)	0.393* (1.702)
Stage Fit	1.872** (2.062)	-1.704*** (-2.680)
Independent VC	-0.130 (-0.574)	-0.052 (-0.137)
VC Size	-0.325*** (-3.544)	0.375*** (5.111)
VC Age	-0.043 (-0.298)	0.069 (0.533)
VC US Experience	0.185 (0.554)	-0.256 (-0.800)
Investor Country Fix. Eff.	Yes	Yes
Company Country Fix. Eff.	Yes	Yes
<i>Observations</i>	<i>1,222</i>	<i>1,216</i>
<i>Pseudo R²</i>	<i>0.178</i>	<i>0.119</i>

Appendix Table 5
Deal structure regressions: Early Stage
Partners' trust

This Table reports results of logit regressions for the realized deals sample, corresponding to those of columns (ii) and (iv) of Table 5 in the main text. Variables are defined in Table 1. The dependent variable is EARLY-STAGE. PARTNER-MATCH is a dummy variable that takes value 1 if the investor has a partner of the same nationality of the company, and 0 otherwise; PARTNER-TRUST is the difference between the average trust in the company's country by the investor's individual partners (based on their nationality) and TRUST. Both variables are defined in section 3.1.1 of the Appendix. These models are discussed in section 3.3 of the Appendix. All regressions include investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) Early Stage Logit	(ii) Early Stage Ord. Logit	(iii) Early Stage Logit	(iv) Early Stage Ord. Logit
Trust	5.630* (1.774)	-5.315* (-1.706)	5.665* (1.748)	-5.547* (-1.776)
Partner-Match	0.012 (0.020)	-0.856* (-1.908)	—	—
Partner-Trust	—	—	0.003 (0.113)	0.021 (0.573)
Information	-2.709 (-1.181)	0.065 (0.044)	-2.699 (-1.192)	-0.768 (-0.553)
GDP Difference	0.421 (0.081)	1.449 (0.536)	0.445 (0.086)	0.955 (0.351)
Language Overlap	-0.189 (-0.235)	-0.040 (-0.064)	-0.185 (-0.246)	-0.288 (-0.465)
Legal Difference	0.584 (0.665)	-0.356 (-0.655)	0.579 (0.663)	-0.248 (-0.453)
Distance	-0.096** (-2.420)	0.088*** (2.908)	-0.096** (-2.544)	0.085*** (2.821)
Foreign Deal	1.915 (1.334)	-2.001 (-1.534)	1.925 (1.400)	-2.298* (-1.776)
Common Border	-0.172 (-0.300)	0.323 (0.752)	-0.170 (-0.296)	0.325 (0.739)
Industry Fit	0.067 (0.243)	0.387* (1.759)	0.068 (0.245)	0.392* (1.700)
Stage Fit	1.874** (2.062)	-1.691*** (-2.670)	1.875** (2.065)	-1.713*** (-2.653)
Independent VC	-0.132 (-0.580)	-0.048 (-0.127)	-0.129 (-0.531)	-0.034 (-0.085)
VC Size	-0.325*** (-3.500)	0.387*** (5.129)	-0.325*** (-3.531)	0.372*** (5.102)
VC Age	-0.043 (-0.295)	0.077 (0.594)	-0.045 (-0.290)	0.059 (0.449)
VC US Experience	0.186 (0.555)	-0.256 (-0.806)	0.191 (0.531)	-0.214 (-0.594)
Investor Country Fix. Eff.	Yes	Yes	Yes	Yes
Company Country Fix. Eff.	Yes	Yes	Yes	Yes
<i>Observations</i>	<i>1,222</i>	<i>1,216</i>	<i>1,222</i>	<i>1,216</i>
<i>Pseudo R²</i>	<i>0.178</i>	<i>0.120</i>	<i>0.178</i>	<i>0.119</i>

Appendix Table 5
Deal structure regressions: Early Stage
Trust residual measure

This Table reports results of logit regressions for the realized deals sample, corresponding to those of columns (ii) and (iv) of Table 5 in the main text. Variables are defined in Table 1. The dependent variable is EARLY-STAGE. TRUST-RESIDUAL is the residual of a regression of TRUST on investor and company country dummies. It is defined in section 3.1.1 of the Appendix. These models are discussed in section 3.3. of the Appendix. All regressions include investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) Early Stage Logit	(ii) Early Stage Ord. Logit
Trust-Residual	5.637* (1.784)	-5.691* (-1.858)
Information	-2.700 (-1.194)	-0.797 (-0.573)
GDP Difference	0.439 (0.085)	0.995 (0.362)
Language Overlap	-0.185 (-0.247)	-0.287 (-0.464)
Legal Difference	0.582 (0.669)	-0.238 (-0.437)
Distance	-0.096** (-2.420)	0.088*** (2.913)
Foreign Deal	1.920 (1.401)	-2.313* (-1.798)
Common Border	-0.173 (-0.302)	0.314 (0.713)
Industry Fit	0.067 (0.243)	0.394* (1.708)
Stage Fit	1.875** (2.065)	-1.708*** (-2.686)
Independent VC	-0.132 (-0.582)	-0.051 (-0.135)
VC Size	-0.325*** (-3.538)	0.374*** (5.103)
VC Age	-0.043 (-0.296)	0.068 (0.529)
VC US Experience	0.186 (0.555)	-0.256 (-0.800)
Investor Country Fix. Eff.	Yes	Yes
Company Country Fix. Eff.	Yes	Yes
<i>Observations</i>	<i>1,222</i>	<i>1,216</i>
<i>Pseudo R²</i>	<i>0.178</i>	<i>0.119</i>

Appendix Table 5
Deal structure regressions: Early Stage
Trust odds ratio measure

This Table reports results of logit regressions for the realized deals sample, corresponding to those of columns (ii) and (iv) of Table 5 in the main text. Variables are defined in Table 1. The dependent variable is EARLY-STAGE. TRUST-ODDS is the odds-ratio transformation of TRUST defined in section 31.1 of the Appendix. These models are discussed in section 3.3. of the Appendix. All regressions include investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) Early Stage Logit	(ii) Early Stage Ord. Logit
Trust-odds	0.557 (0.824)	-0.848 (-1.135)
Information	-2.733 (-1.236)	-0.709 (-0.493)
GDP Difference	-1.429 (-0.293)	1.878 (0.671)
Language Overlap	-0.339 (-0.438)	-0.133 (-0.204)
Legal Difference	0.914 (1.139)	-0.534 (-0.992)
Distance	-0.097** (-2.459)	0.088*** (2.931)
Foreign Deal	0.576 (0.514)	-1.120 (-1.077)
Common Border	-0.070 (-0.119)	0.133 (0.333)
Industry Fit	0.076 (0.274)	0.387* (1.679)
Stage Fit	1.882** (2.065)	-1.718*** (-2.691)
Independent VC	-0.148 (-0.669)	-0.035 (-0.095)
VC Size	-0.326*** (-3.545)	0.374*** (5.080)
VC Age	-0.047 (-0.330)	0.072 (0.559)
VC US Experience	0.192 (0.574)	-0.259 (-0.811)
Investor Country Fix. Eff.	Yes	Yes
Company Country Fix. Eff.	Yes	Yes
<i>Observations</i>	<i>1,222</i>	<i>1,216</i>
<i>Pseudo R²</i>	<i>0.177</i>	<i>0.118</i>

Appendix Table 5
Deal structure regressions: Early Stage
Conditional logit

This Table reports results of a conditional logit regression for the realized deals sample, corresponding to the logit specification of column (ii) of Table 5 in the main text. Variables are defined in Table 1. The dependent variable is EARLY-STAGE. This model is discussed in section 3.3 of the Appendix. All regressions include investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors. In the logit regressions, standard errors are clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) Early Stage Cond. Logit
Trust	5.979 (1.629)
Information	-6.040** (-2.536)
GDP Difference	0.578 (0.094)
Language Overlap	-0.880 (-0.711)
Legal Difference	0.463 (0.438)
Distance	-0.075* (-1.762)
Foreign Deal	1.213 (0.651)
Common Border	-0.058 (-0.100)
Industry Fit	0.117 (0.276)
Stage Fit	1.446 (0.864)
Investor Country Fix. Eff.	Yes
Company Country Fix. Eff.	Yes
<i>Observations</i>	<i>972</i>
<i>Pseudo R²</i>	<i>0.092</i>

Appendix Table 5
Deal structure regressions: Early Stage
Non-syndicated deals sub-sample

This Table reports results of ordered logit regressions for the realized deals sample, corresponding to the logit specification of column (iv) of Table 5 in the main text.. Variables are defined in Table 1. The dependent variable is STAGE. These models are discussed in section 3.3 of the Appendix. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) STAGE Ord. Logit Non-syndicated
Trust	-20.665** (-2.360)
Information	3.665* (1.749)
GDP Difference	-2.431 (-0.575)
Language Overlap	-0.434 (-0.571)
Legal Difference	-0.160 (-0.227)
Distance	0.086*** (2.973)
Foreign Deal	-5.831* (-1.944)
Common Border	-0.336 (-0.353)
Industry Fit	0.786 (1.618)
Stage Fit	-0.907 (-0.982)
Independent VC	-0.180 (-0.298)
VC Size	0.642*** (6.296)
VC Age	0.563** (2.100)
VC US Experience	-0.357 (-1.202)
Investor Controls	Yes
Company Controls	Yes
Observations	395
Pseudo R^2	0.249

Appendix Table 5
Deal structure regressions: Early Stage
Company age instead of Early Stage

This Table reports results of OLS regressions for the realized deals sample. Variables are defined in Table 1. The dependent variable is COMPANY-AGE, the logarithm of the age of the company, in months, at the date of funding. Column (i) does not include EARLY STAGE as regressor, column (ii) does. These models are discussed in section 3.3 of the Appendix. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) COMPANY-AGE Regression	(ii) COMPANY-AGE Regression
Trust	-5.001*** (-2.858)	-3.851** (-2.005)
Information	0.051 (0.082)	-0.362 (-0.506)
GDP Difference	-5.233*** (-2.795)	-5.579*** (-3.236)
Language Overlap	0.704 (1.519)	0.653 (1.292)
Legal Difference	0.036 (0.108)	0.153 (0.456)
Distance	0.059*** (4.805)	0.036*** (2.727)
Foreign Deal	-1.071 (-1.456)	-0.689 (-0.877)
Common Border	0.275 (1.164)	0.229 (0.917)
Early Stage		-1.213*** (-10.393)
Industry Fit	0.168 (0.475)	0.186 (0.542)
Stage Fit	0.094 (0.280)	0.507** (2.218)
Independent VC	-0.324 (-1.619)	-0.324** (-2.023)
VC Size	0.127** (2.270)	0.055 (1.149)
VC Age	0.139 (1.241)	0.117 (1.230)
VC US Experience	0.096 (0.546)	0.109 (0.815)
Investor Country Fixed Effects	Yes	Yes
Company Country Fixed Effects	Yes	Yes
<i>Observations</i>	<i>1,136</i>	<i>1,136</i>
<i>R-squared</i>	<i>0.140</i>	<i>0.244</i>

Appendix Table 5
Deal structure regressions: Amount invested

This Table reports results of OLS regressions for the realized deals sample. Variables are defined in Table 1. The dependent variable is AMOUNT, the logarithm of the amount (in euros) raised by the company in the funding deal. This model is discussed in section 3.3 of the Appendix. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) AMOUNT Regression
Trust	-0.745 (-0.396)
Information	-0.910 (-1.143)
GDP Difference	-1.070 (-0.629)
Language Overlap	-0.123 (-0.271)
Legal Difference	-0.129 (-0.454)
Distance	0.010 (0.373)
Foreign Deal	0.137 (0.150)
Common Border	0.202 (0.912)
Early Stage	-0.393*** (-3.165)
Industry Fit	0.217 (1.102)
Stage Fit	0.211* (1.830)
Independent VC	0.284*** (2.931)
VC Size	0.376*** (4.023)
VC Age	-0.258 (-1.317)
VC US Experience	0.189 (0.714)
Investor Country Fixed Effects	Yes
Company Country Fixed Effects	Yes
<i>Observations</i>	<i>893</i>
<i>R-squared</i>	<i>0.384</i>

Appendix Table 6
Deal structure regressions: Syndication
Socio-economic, residual trust, and odds ratio measures of trust

This Table reports results of logit and conditional logit regressions for the realized deals sample, corresponding to that of column (ii) of Table 6 in the main text. Variables are defined in Table 1. The dependent variable is SYNDICATION. TRUST-DEMOGRAPHIC is a socio-economic measure of trust; TRUST-RESIDUAL is the residual of a regression of TRUST on investor and company country dummies; TRUST-ODDS is the odds-ratio transformation of TRUST. These variables are defined in section 3.1.1 of the Appendix. These models are discussed in section 3.3 of the Appendix. All logit models include investor and company country fixed effects (the conditional logit by construction). For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i)	(ii)	(iii)	(iv)
	Syndication	Syndication	Syndication	Syndication
	Logit	Logit	Logit	Cond. Logit
Trust				-4.624 (-0.877)
Trust-Demographic	-8.801** (-2.164)			
Trust-residual		-9.280** (-2.255)		
Trust-odds			-2.340*** (-2.661)	
Information	2.581 (1.138)	2.136 (0.952)	1.944 (0.852)	-1.087 (-0.487)
GDP Difference	-12.483*** (-3.026)	-12.867*** (-3.109)	-12.550*** (-3.518)	-10.716** (-2.030)
Language Overlap	-3.112*** (-2.772)	-3.125*** (-2.775)	-3.203*** (-2.871)	-3.363** (-2.059)
Legal Difference	2.042*** (3.007)	2.125*** (3.069)	2.082*** (3.459)	1.383* (1.954)
Distance	-0.032 (-1.204)	-0.032 (-1.209)	-0.033 (-1.228)	-0.069 (-1.202)
Foreign Deal	-5.029*** (-2.798)	-5.150*** (-2.845)	-4.295*** (-2.967)	-3.338 (-1.251)
Common Border	-0.007 (-0.012)	0.012 (0.020)	-0.233 (-0.367)	0.087 (0.136)
Early Stage	0.361* (1.663)	0.362* (1.664)	0.359* (1.655)	-0.252 (-0.896)
Industry Fit	0.451 (0.704)	0.451 (0.703)	0.441 (0.689)	0.602 (0.639)
Stage Fit	0.026 (0.048)	0.025 (0.046)	0.026 (0.047)	-0.378 (-0.579)
Independent VC	-0.272 (-0.518)	-0.274 (-0.521)	-0.271 (-0.515)	
VC Size	0.213 (1.393)	0.213 (1.391)	0.216 (1.405)	
VC Age	-0.042 (-0.102)	-0.043 (-0.105)	-0.043 (-0.106)	
VC US Experience	0.436 (1.273)	0.437 (1.277)	0.441 (1.285)	
Investor Country Fix. Eff.	Yes	Yes	Yes	Yes
Company Country Fix. Eff.	Yes	Yes	Yes	Yes
Observations	1,092	1,092	1,092	882
Pseudo R ²	0.120	0.120	0.121	0.131

Appendix Table 6
Deal structure regressions: Syndication
Partners' trust

This Table reports results of regressions for the realized deals sample, corresponding to that of column (ii) of Table 6 in the main text. Variables are defined in Table 1. The dependent variable is SYNDICATION. PARTNER-MATCH is a dummy variable that takes value 1 if the investor has a partner of the same nationality of the company, and 0 otherwise; PARTNER-TRUST is the difference between the average trust in the company's country by the investor's individual partners (based on their nationality) and TRUST. Both variables are defined in section 3.1.1 of the Appendix. These models are discussed in section 3.3 of the Appendix. All regressions include investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) Syndication Logit	(ii) Syndication Logit
Trust	-9.553** (-2.302)	-9.190** (-2.224)
Partner-Match	2.976*** (5.196)	
Partner-Trust		0.008 (0.475)
Information	-0.094 (-0.046)	2.146 (0.956)
GDP Difference	-14.015*** (-3.590)	-12.837*** (-3.105)
Language Overlap	-3.738*** (-3.473)	-3.117*** (-2.778)
Legal Difference	2.349*** (3.501)	2.114*** (3.055)
Distance	-0.032 (-1.202)	-0.033 (-1.251)
Foreign Deal	-5.777*** (-3.319)	-5.132*** (-2.849)
Common Border	0.133 (0.223)	0.023 (0.038)
Early Stage	0.359 (1.610)	0.362* (1.671)
Industry Fit	0.468 (0.714)	0.451 (0.698)
Stage Fit	0.005 (0.008)	0.024 (0.044)
Independent VC	-0.282 (-0.543)	-0.268 (-0.505)
VC Size	0.195 (1.264)	0.212 (1.400)
VC Age	-0.050 (-0.126)	-0.047 (-0.115)
VC US Experience	0.431 (1.260)	0.455 (1.269)
Investor Country Fix. Eff.	Yes	Yes
Company Country Fix. Eff.	Yes	Yes
<i>Observations</i>	<i>1,092</i>	<i>1,092</i>
<i>Pseudo R²</i>	<i>0.128</i>	<i>0.120</i>

Appendix Table 6
Deal structure regressions: Syndication
Conditional logit

This Table reports results of a conditional logit regression for the realized deals sample, corresponding to that of column (ii) of Table 6 in the main text. Variables are defined in Table 1. The dependent variable is SYNDICATION. This model is discussed in section 3.3 of the Appendix. All regressions include investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) Syndication Cond. logit
Trust	-4.624 (-0.877)
Information	-1.087 (-0.487)
GDP Difference	-10.716** (-2.030)
Language Overlap	-3.363** (-2.059)
Legal Difference	1.383* (1.954)
Distance	-0.069 (-1.202)
Foreign Deal	-3.338 (-1.251)
Common Border	0.087 (0.136)
Early Stage	-0.252 (-0.896)
Industry Fit	0.602 (0.639)
Stage Fit	-0.378 (-0.579)
Investor Country Fix. Eff.	Yes
Company Country Fix. Eff.	Yes
<i>Observations</i>	<i>882</i>
<i>Pseudo R²</i>	<i>0.131</i>

Appendix Table 6
Deal structure regressions: Syndication
Heckman

This Table reports results of a Heckman selection model for the realized deals sample, with a specification corresponding to that of column (ii) of Table 6 in the main text. Variables are defined in Table 1. The dependent variable is SYNDICATION. This model is discussed in section 3.3 of the Appendix; it includes investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) Syndication Heckman
Trust	-1.019 (-1.419)
Information	0.284 (0.718)
GDP Difference	-1.817** (-2.230)
Language Overlap	-0.471** (-2.322)
Legal Difference	0.339** (2.450)
Distance	-0.011 (-1.541)
Foreign Deal	-0.802** (-2.452)
Common Border	0.033 (0.293)
Early Stage	0.064** (2.028)
Industry Fit	0.142 (1.471)
Stage Fit	0.052 (0.744)
Independent VC	-0.064* (-1.802)
VC Size	0.048*** (3.337)
VC Age	-0.003 (-0.133)
VC US Experience	0.094** (2.523)
SELECTION EQUATION	
Trust	1.916*** (3.583)
Exports	4.410*** (5.425)
Mill's λ	0.054 (1.203)
Investor Controls	Yes
Company Controls	Yes
Observations	100,098
Realized deals	1,109
Wald $\chi^2(59)$	198.87

Appendix Table 7
Deal structure regressions: Contingent Contracting
Negative Binomial

This Table reports results of a negative binomial regression for the realized deals sample, corresponding to that of column (i) of Table 7 in the main text. Variables are defined in Table 1. The dependent variable is an index summary of use of contingent contracts. This model is discussed in section 3.3 of the Appendix; it includes investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) CC-INDEX Negative Binomial
Trust	3.580** (2.550)
Information	1.142 (1.543)
GDP Difference	0.046 (0.031)
Language Overlap	-0.123 (-0.280)
Legal Difference	-0.010 (-0.031)
Distance	-0.009 (-0.729)
Foreign Deal	0.717 (1.025)
Common Border	-0.653** (-2.437)
Early Stage	0.019 (0.239)
Industry Fit	-0.246 (-0.727)
Stage Fit	0.022 (0.098)
Independent VC	-0.402** (-2.007)
VC Size	0.017 (0.236)
VC Age	-0.436*** (-2.888)
VC US Experience	0.122 (0.613)
Investor Country Fix. Eff.	Yes
Company Country Fix. Eff.	Yes
<i>Observations</i>	<i>1,087</i>
<i>Pseudo R²</i>	<i>0.153</i>

Appendix Table 7
Deal structure regressions: Contingent Contracting
Socio-economic measure of trust

This Table reports results of regressions for the realized deals sample, corresponding to those of Table 7 in the main text. Variables are defined in Table 1. The dependent variables are an index summary of use of contingent contracts and individual dummies for each contractual clause. TRUST-DEMOGRAPHIC is a socio-economic measure of trust defined in section 3.1.1 of the Appendix. These models are discussed in section 3.3 of the Appendix. All regressions include investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) CC-INDEX Poisson	(ii) CC-Board Logit	(iii) CC-Voting Logit	(iv) CC-Liquidation Logit	(v) CC-Termination Logit
Trust-Demographic	3.514** (2.570)	9.816 (1.393)	21.422*** (4.701)	9.551 (1.566)	12.874* (1.807)
Information	0.965 (1.336)	-1.843 (-0.424)	0.024 (0.010)	5.751*** (2.652)	7.200*** (4.001)
GDP Difference	-0.094 (-0.063)	-11.729 (-1.632)	9.193 (0.999)	-4.160 (-0.664)	7.749 (1.614)
Language Overlap	-0.107 (-0.240)	-4.621*** (-3.279)	2.615* (1.750)	1.854 (1.244)	0.925 (0.568)
Legal Difference	0.006 (0.019)	1.979* (1.920)	-1.321 (-1.287)	-1.324 (-1.251)	-0.228 (-0.160)
Distance	-0.009 (-0.732)	0.039 (1.284)	-0.137*** (-4.220)	0.034 (1.569)	-0.026 (-0.877)
Foreign Deal	0.730 (1.042)	-2.197 (-0.877)	8.716*** (3.696)	4.748* (1.691)	3.792 (0.968)
Common Border	-0.656** (-2.426)	-1.391 (-1.575)	-0.588 (-0.826)	-1.809** (-2.478)	-2.721*** (-3.523)
Early Stage	0.019 (0.233)	-0.229 (-0.981)	0.057 (0.224)	0.119 (0.549)	-0.007 (-0.024)
Industry Fit	-0.245 (-0.725)	0.730 (0.745)	-1.044* (-1.674)	-1.359 (-1.525)	-0.253 (-0.312)
Stage Fit	0.021 (0.095)	0.734 (1.144)	0.084 (0.178)	-0.491 (-1.259)	0.581 (0.658)
Independent VC	-0.402** (-2.008)	-0.517 (-0.831)	-0.842 (-1.304)	-0.941 (-1.174)	-1.622*** (-2.924)
VC Size	0.017 (0.230)	-0.197 (-0.516)	-0.174 (-0.702)	0.226 (0.740)	0.104 (0.788)
VC Age	-0.436*** (-2.890)	-0.992*** (-2.894)	-0.842*** (-2.650)	-1.095*** (-2.906)	-0.738** (-2.235)
VC US Experience	0.122 (0.614)	-0.817** (-2.446)	0.769 (1.266)	1.219 (1.546)	0.843 (1.279)
Investor Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes
Company Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes
<i>Observations</i>	<i>1,087</i>	<i>1,076</i>	<i>1,003</i>	<i>1,005</i>	<i>1,005</i>
<i>Pseudo R²</i>	<i>–</i>	<i>0.314</i>	<i>0.333</i>	<i>0.269</i>	<i>0.275</i>

Appendix Table 7
Deal structure regressions: Contingent Contracting
Partners' trust

This Table reports results of regressions for the realized deals sample, corresponding to those of Table 7 in the main text. Variables are defined in Table 1. The dependent variables are an index summary of use of contingent contracts and individual dummies for each contractual clause. Panel A reports regressions for PARTNER-MATCH, a dummy variable that takes value 1 if the investor has a partner of the same nationality of the company, and 0 otherwise; Panel B reports regressions for PARTNER-TRUST, the difference between the average trust in the company's country by the investor's individual partners (based on their nationality) and TRUST. Both variables are defined in section 3.1.1 of the Appendix. These models are discussed in section 3.3 of the Appendix. All regressions include investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

Panel A: Partner Match

	(i) CC-INDEX Poisson	(ii) CC-Board Logit	(iii) CC-Voting Logit	(iv) CC-Liquidation Logit	(v) CC-Termination Logit
Trust	3.570** (2.530)	11.165 (1.537)	22.150*** (4.804)	9.337 (1.516)	13.461 (1.239)
Partner-Match	0.478** (1.969)	-0.178 (-0.124)	-0.532 (-0.439)	1.753** (2.084)	3.476*** (3.040)
Information	0.836 (1.089)	-1.223 (-0.269)	1.263 (0.550)	3.836 (1.635)	3.455 (1.265)
GDP Difference	0.461 (0.305)	-10.995 (-1.521)	9.732 (1.108)	-5.527 (-0.936)	8.974 (1.561)
Language Overlap	-0.238 (-0.539)	-4.540*** (-2.845)	2.598* (1.800)	1.987 (1.431)	-0.384 (-0.174)
Legal Difference	-0.045 (-0.139)	1.812* (1.756)	-1.362 (-1.312)	-1.677 (-1.553)	-0.493 (-0.246)
Distance	-0.009 (-0.715)	0.039 (1.293)	-0.138*** (-4.248)	0.035* (1.646)	-0.024 (-0.775)
Foreign Deal	0.586 (0.837)	-1.748 (-0.647)	8.857*** (3.894)	4.906* (1.776)	2.702 (0.492)
Common Border	-0.643** (-2.299)	-1.405 (-1.588)	-0.694 (-0.990)	-1.640** (-2.275)	-2.806** (-2.085)
Early Stage	0.019 (0.236)	-0.230 (-0.988)	0.057 (0.222)	0.098 (0.471)	-0.016 (-0.060)
Industry Fit	-0.229 (-0.679)	0.725 (0.739)	-1.076* (-1.702)	-1.379 (-1.537)	-0.301 (-0.376)
Stage Fit	0.010 (0.044)	0.730 (1.137)	0.100 (0.212)	-0.570 (-1.406)	0.467 (0.506)
Independent VC	-0.406** (-2.013)	-0.513 (-0.826)	-0.837 (-1.297)	-0.951 (-1.172)	-1.650*** (-3.001)
VC Size	0.009 (0.118)	-0.195 (-0.512)	-0.164 (-0.656)	0.198 (0.643)	0.053 (0.382)
VC Age	-0.443*** (-2.910)	-0.990*** (-2.891)	-0.834*** (-2.639)	-1.134*** (-2.917)	-0.807** (-2.370)
US Experience	0.122 (0.618)	-0.819** (-2.454)	0.767 (1.267)	1.221 (1.551)	0.840 (1.290)
Investor Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes
Company Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes
<i>Observations</i>	<i>1,087</i>	<i>1,076</i>	<i>1,003</i>	<i>1,005</i>	<i>1,005</i>
<i>Pseudo R²</i>	<i>—</i>	<i>0.314</i>	<i>0.333</i>	<i>0.275</i>	<i>0.293</i>

Panel B: Partner Trust

	(i)	(ii)	(iii)	(iv)	(v)
	(i)	(ii)	(iii)	(iv)	(v)
	CC-INDEX	CC-Board	CC-Voting	CC-Liquidation	CC-Termination
	Poisson	Logit	Logit	Logit	Logit
Trust	3.774*** (2.682)	10.981 (1.524)	22.695*** (4.661)	10.490* (1.656)	14.644* (1.942)
Partner–Trust	0.018** (2.082)	0.062*** (2.859)	0.024 (0.476)	0.014 (0.421)	0.091** (2.502)
Information	1.201 (1.639)	-0.861 (-0.188)	1.228 (0.539)	6.416*** (2.901)	8.675*** (4.688)
GDP Difference	0.169 (0.110)	-11.189 (-1.498)	9.887 (1.094)	-3.639 (-0.570)	9.366* (1.918)
Language Overlap	-0.092 (-0.208)	-4.757*** (-3.360)	2.549* (1.760)	1.858 (1.262)	0.924 (0.564)
Legal Difference	-0.046 (-0.141)	1.964* (1.870)	-1.470 (-1.442)	-1.423 (-1.326)	-0.335 (-0.225)
Distance	-0.011 (-0.956)	0.027 (0.974)	-0.140*** (-4.304)	0.031 (1.374)	-0.037 (-1.351)
Foreign Deal	0.771 (1.089)	-2.173 (-0.865)	8.862*** (3.757)	4.960* (1.756)	4.013 (1.007)
Common Border	-0.621** (-2.298)	-1.429 (-1.599)	-0.581 (-0.830)	-1.836** (-2.454)	-2.756*** (-3.488)
Early Stage	0.027 (0.337)	-0.215 (-0.942)	0.056 (0.214)	0.124 (0.561)	0.023 (0.086)
Industry Fit	-0.242 (-0.729)	0.770 (0.804)	-1.009* (-1.658)	-1.356 (-1.540)	-0.295 (-0.371)
Stage Fit	0.009 (0.041)	0.721 (1.147)	0.097 (0.200)	-0.499 (-1.296)	0.520 (0.575)
Independent VC	-0.391* (-1.911)	-0.485 (-0.747)	-0.815 (-1.298)	-0.928 (-1.160)	-1.575*** (-2.661)
VC Size	0.010 (0.134)	-0.206 (-0.528)	-0.171 (-0.695)	0.226 (0.729)	0.084 (0.712)
VC Age	-0.446*** (-2.931)	-1.059*** (-3.023)	-0.842*** (-2.684)	-1.105*** (-2.937)	-0.781** (-2.304)
US Experience	0.170 (0.787)	-0.703* (-1.957)	0.809 (1.263)	1.253 (1.607)	1.073 (1.558)
Investor Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes
Company Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes
<i>Observations</i>	<i>1,087</i>	<i>1,076</i>	<i>1,003</i>	<i>1,005</i>	<i>1,005</i>
<i>Pseudo R²</i>	<i>–</i>	<i>0.321</i>	<i>0.334</i>	<i>0.270</i>	<i>0.288</i>

Appendix Table 7
Deal structure regressions: Contingent Contracting
Trust residual measure

This Table reports results of regressions for the realized deals sample, corresponding to those of Table 7 in the main text. Variables are defined in Table 1. The dependent variables are an index summary of use of contingent contracts and individual dummies for each contractual clause. TRUST-RESIDUAL is the residual of a regression of TRUST on investor and company country dummies. It is defined in section 3.1.1 of the Appendix. These models are discussed in section 3.3. of the Appendix. All regressions include investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) CC-INDEX Poisson	(ii) CC-Board Logit	(iii) CC-Voting Logit	(iv) CC-Liquidation Logit	(v) CC-Termination Logit
Trust-residual	3.580** (2.550)	11.086 (1.538)	22.209*** (4.754)	10.322 (1.642)	13.653* (1.867)
Information	1.142 (1.543)	-1.271 (-0.282)	1.222 (0.531)	6.349*** (2.884)	7.933*** (4.585)
GDP Difference	0.046 (0.031)	-11.092 (-1.532)	9.913 (1.100)	-3.673 (-0.584)	8.391* (1.756)
Language Overlap	-0.123 (-0.280)	-4.633*** (-3.313)	2.529* (1.728)	1.863 (1.267)	0.877 (0.546)
Legal Difference	-0.010 (-0.031)	1.837* (1.774)	-1.427 (-1.387)	-1.413 (-1.318)	-0.306 (-0.212)
Distance	-0.009 (-0.729)	0.039 (1.292)	-0.137*** (-4.214)	0.034 (1.574)	-0.026 (-0.874)
Foreign Deal	0.717 (1.025)	-1.885 (-0.760)	8.760*** (3.725)	4.938* (1.757)	3.915 (1.008)
Common Border	-0.653** (-2.437)	-1.417 (-1.606)	-0.627 (-0.894)	-1.846** (-2.480)	-2.742*** (-3.546)
Early Stage	0.019 (0.239)	-0.228 (-0.976)	0.059 (0.231)	0.119 (0.550)	-0.006 (-0.021)
Industry Fit	-0.246 (-0.727)	0.728 (0.744)	-1.049* (-1.684)	-1.359 (-1.525)	-0.252 (-0.312)
Stage Fit	0.022 (0.098)	0.730 (1.137)	0.083 (0.177)	-0.490 (-1.255)	0.585 (0.663)
Independent VC	-0.402** (-2.007)	-0.513 (-0.826)	-0.842 (-1.304)	-0.940 (-1.174)	-1.622*** (-2.923)
VC Size	0.017 (0.236)	-0.196 (-0.514)	-0.173 (-0.698)	0.227 (0.742)	0.105 (0.795)
VC Age	-0.436*** (-2.888)	-0.990*** (-2.892)	-0.841*** (-2.646)	-1.094*** (-2.902)	-0.737** (-2.231)
VC US Experience	0.122 (0.613)	-0.819** (-2.453)	0.769 (1.266)	1.219 (1.546)	0.845 (1.281)
Investor Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes
Company Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes
<i>Observations</i>	<i>1,087</i>	<i>1,076</i>	<i>1,003</i>	<i>1,005</i>	<i>1,005</i>
<i>Pseudo R²</i>	<i>–</i>	<i>0.314</i>	<i>0.333</i>	<i>0.269</i>	<i>0.275</i>

Appendix Table 7
Deal structure regressions: Contingent Contracting
Trust odds ratio measure

This Table reports results of regressions for the realized deals sample, corresponding to those of Table 9 in the main text. Variables are defined in Table 1. The dependent variables are an index summary of use of contingent contracts and individual dummies for each contractual clause. TRUST-ODDS is the odds-ratio transformation of TRUST defined in section 3.1.1 of the Appendix. These models are discussed in section 3.3. of the Appendix. All regressions include investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) CC-INDEX Poisson	(ii) CC-Board Logit	(iii) CC-Voting Logit	(iv) CC-Liquidation Logit	(v) CC-Termination Logit
Trust-odds	1.183*** (3.354)	3.434*** (3.231)	5.875*** (3.008)	3.270*** (2.967)	2.267*** (2.653)
Information	1.179 (1.588)	-1.912 (-0.452)	2.142 (0.912)	6.381*** (3.560)	7.104*** (3.637)
GDP Difference	0.109 (0.072)	-9.300 (-1.634)	12.244* (1.903)	-0.447 (-0.072)	6.519 (1.515)
Language Overlap	-0.193 (-0.502)	-5.487*** (-3.702)	2.795 (1.539)	1.788 (1.530)	0.526 (0.386)
Legal Difference	0.074 (0.270)	2.476** (2.567)	-1.068 (-0.947)	-1.231 (-1.313)	0.194 (0.175)
Distance	-0.008 (-0.658)	0.041 (1.347)	-0.138*** (-4.277)	0.036* (1.679)	-0.026 (-0.864)
Foreign Deal	0.458 (0.905)	-3.457** (-2.091)	6.402** (2.320)	4.155** (2.486)	1.124 (0.603)
Common Border	-0.513** (-2.066)	-1.141 (-1.417)	0.214 (0.321)	-1.479** (-2.284)	-1.951*** (-3.070)
Early Stage	0.020 (0.250)	-0.210 (-0.893)	0.056 (0.218)	0.133 (0.610)	0.003 (0.010)
Industry Fit	-0.230 (-0.683)	0.745 (0.764)	-0.949 (-1.519)	-1.348 (-1.508)	-0.260 (-0.321)
Stage Fit	0.027 (0.119)	0.744 (1.138)	0.094 (0.200)	-0.491 (-1.252)	0.614 (0.697)
Independent VC	-0.401** (-2.016)	-0.511 (-0.820)	-0.881 (-1.372)	-0.947 (-1.185)	-1.634*** (-2.942)
VC Size	0.016 (0.226)	-0.193 (-0.502)	-0.180 (-0.718)	0.227 (0.735)	0.112 (0.843)
VC Age	-0.438*** (-2.902)	-0.991*** (-2.901)	-0.848*** (-2.675)	-1.087*** (-2.914)	-0.740** (-2.239)
VC US Experience	0.119 (0.600)	-0.831** (-2.475)	0.760 (1.244)	1.212 (1.519)	0.846 (1.278)
Investor Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes
Company Country Fix. Eff.	Yes	Yes	Yes	Yes	Yes
<i>Observations</i>	<i>1,087</i>	<i>1,076</i>	<i>1,003</i>	<i>1,005</i>	<i>1,005</i>
<i>Pseudo R²</i>	<i>–</i>	<i>0.317</i>	<i>0.332</i>	<i>0.272</i>	<i>0.276</i>

Appendix Table 7
Deal structure regressions: Contingent Contracting
Heckman selection model

This Table reports results of Heckman selection models for the realized deals sample, corresponding to those of Table 7 in the main text. Variables are defined in Table 1. The dependent variables are an index summary of use of contingent contracts and individual dummies for each contractual clause. These models are discussed in section 3.3. of the Appendix. All regressions include investor and company country fixed effects. For each independent variable, we report the estimated coefficient and the z-score (in parenthesis) computed using (Huber-White) heteroskedasticity-robust standard errors, clustered by country-dyad. Values significant at the 1%, 5% and 10% level are identified by ***, **, *.

	(i) CC-INDEX Heckman	(ii) CC-Board Heckman	(iii) CC-Liquidation Heckman	(iv) CC-Termination Heckman
Trust	6.234*** (3.398)	1.231* (1.807)	1.328* (1.936)	2.270*** (3.339)
Information	1.621* (1.648)	-0.017 (-0.047)	1.212*** (3.353)	1.079*** (3.002)
GDP Difference	-0.611 (-0.305)	-1.116 (-1.498)	-0.057 (-0.077)	0.267 (0.365)
Language Overlap	0.184 (0.372)	-0.485*** (-2.644)	0.214 (1.182)	0.182 (1.014)
Legal Difference	-0.303 (-0.888)	0.128 (1.008)	-0.121 (-0.966)	-0.120 (-0.964)
Distance	-0.049*** (-2.738)	0.001 (0.226)	-0.003 (-0.526)	-0.023*** (-3.417)
Foreign Deal	1.525* (1.847)	-0.211 (-0.689)	0.453 (1.484)	0.532* (1.754)
Common Border	-0.600** (-2.218)	-0.137 (-1.367)	-0.257** (-2.544)	-0.268*** (-2.668)
Early Stage	-0.052 (-0.670)	-0.041 (-1.423)	-0.004 (-0.137)	-0.023 (-0.802)
Industry Fit	0.176 (0.744)	0.172** (1.972)	-0.070 (-0.801)	0.218** (2.485)
Stage Fit	0.483*** (2.756)	0.192*** (2.969)	0.006 (0.095)	0.265*** (4.086)
Independent VC	-0.630*** (-7.244)	-0.095*** (-2.964)	-0.133*** (-4.189)	-0.261*** (-8.082)
VC Size	0.040 (1.188)	-0.018 (-1.462)	0.043*** (3.501)	0.031** (2.439)
VC Age	-0.454*** (-8.896)	-0.114*** (-6.079)	-0.150*** (-8.066)	-0.079*** (-4.170)
VC US Experience	0.225** (2.439)	-0.167*** (-4.894)	0.187*** (5.536)	0.106*** (3.101)
SELECTION EQUATION				
Trust	2.158*** (3.814)	2.158*** (3.814)	2.158*** (3.814)	2.158*** (3.814)
Exports	5.075*** (6.038)	5.075*** (6.038)	5.075*** (6.038)	5.075*** (6.038)
Mill's λ	0.389*** (3.632)	0.062 (1.563)	0.106*** (2.678)	0.219*** (5.527)
Investor Controls	Yes	Yes	Yes	Yes
Company Controls	Yes	Yes	Yes	Yes
Observations	100,098	100,098	100,098	100,098
Realized deals	1,087	1,085	1,060	1,060
Wald $\chi^2(58)$	662.52	571.97	473.47	452.48