

The IR Puzzle: PIECING IT TOGETHER

NIRI-Chicago
2014 – 2015

How to Manage Corporate Access More Effectively

October 9, 2014

Panelists:

David Prichard, VP, Investor Relations and Corporate Communication, Spectrum Brands

Mitchell Schacher, Head of Corporate Access Advisory in the Americas, UBS

Jeffrey Tha, Co-Founder and CEO, Meetyl

Thyra Zerhusen, CEO/Chief Investment Officer, Fairpointe Capital

Moderator: Larry Larsen III, LBL Communications

Key Takeaways

Buy-side demand for corporate access is growing. Meeting with management is required in today's institutional investment process. Buy-side investors rank corporate access as the most valuable service they receive from sell-side banks. With only 50 stocks in an \$8 billion portfolio, Fairpointe Capital CIO Thyra Zerhusen said she *must* meet senior management face-to-face before taking a position in a company.

A successful investor outreach program starts with an internal assessment. Methods of arranging investor meetings should factor in your company's idiosyncrasies, said veteran IRO David Prichard. Before committing to non-deal road show invitations from sell-side analysts, assess investor interest based on your company's life stage, investment thesis, sector and peers; consider board meetings and other commitments on the corporate calendar; and size up your management's willingness to spend time traveling and meeting investors. Mitch Schacher from UBS encourages IROs to "take control" of their corporate access programs. Clearly communicate your program goals and management's expectations to the sell-side, which provides you with grounds for refusing certain meetings and requesting others with investors who are more important to your IR program. Schacher also emphasized that IROs have a choice of sell-side banks to use for corporate access, even if your company is a small-cap.

Look beyond traditional channels. While IROs use the sell-side about 80% of the time for their non-deal investor outreach, companies have many other options, including conferences, IR consultant-arranged meetings and good old-fashioned cold calls. Meetyl CEO Jeffrey Tha pointed out that the sell-side may encourage meetings with their best customers rather than helping you find the next potential incremental investor who will drive your stock price higher. Meetyl's database captures interest directly from buy-side investors, registered investment advisors and family offices – investors likely to fall outside the sell-side's client universe.

IRO-only meetings are a growing trend. Management alone can't meet the demand from buy-side investors for corporate access. Increasingly, investors will take an introductory meeting with an IRO to learn more about a company before requesting a full briefing from management.

Corporate access requests are coming from unexpected places. Internationally, Toronto, Asia and Australia are growing markets for U.S. equities. Domestically, Dallas is one of the fastest-growing investment markets.

– Bess Gallanis