



Dear NIRI Boston Members and Friends,



Welcome to the chapter's 45th year!

I write to you two months into a new position after an eight year run at my previous job. Being new is everything I expected - exhilarating, challenging and exciting. It has also reinforced the power of NIRI and NIRI Boston. In my short time in my new position, I have already tapped a handful of NIRI peers for guidance and perspective. Ideas have been generated and solutions have been proposed, some of which I had picked up from the chapter's monthly sessions. While I never questioned the role of NIRI Boston in my career, I have continued validation of how worthwhile my involvement has been and a heightened appreciation for the strength of the NIRI Boston network.

I encourage our members, new and existing, to pay it forward by taking advantage of what the chapter has to offer in 2014-2015. The NIRI Boston Board has been hard at work planning events that will further member development and provide networking opportunities. The programming year will kick-off with a strong start on September 15th when four esteemed IROs will demonstrate how they earned a seat at the table with management and the board. In October, investor presentation expert David Fine will teach us how to improve our presentations and executive presence by using a member as a guinea pig. Then, in November, Ronan Ryan (featured in Michael Lewis' latest book "Flash Boys") will discuss the latest in high frequency trading.

Whether you are a new or returning member, generous sponsor or friend of NIRI Boston, I am confident that you will get out of the chapter what you put into it. Collectively, let's make the chapter's 45th year the best one yet.

My best,
[Jeanne Hess](#)
NIRI Boston President

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Upcoming Events

Sep. 15 - [IROs: Earn Your Seat at the Table](#)

Oct. 14 - [Revamp Your Investor Presentation with David Fine](#)

Nov. 18 - [Market Structure with Ronan Ryan of IEX](#)

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For Road Show Success, Avoid these *Six Pitfalls* of Investor Targeting

Mark Pellegrino, Director, Executive Director Head of UBS Access - Americas



The purpose of shareholder targeting is to help the Investor Relations team design and implement a communication strategy that maximizes the return on the time spent interacting with investors. Effective targeting can help IROs make decisions around road show meetings.

Some of today's targeting tools are highly sophisticated in their use of algorithms and formulas to identify key potential interest in your company. But when the results are used as more than just a guide, IROs risk missing opportunities for management to broaden and deepen the company's shareholder base. Here are six commonplace pitfalls for road shows and how IROs can avoid them when using targeting tools.

1. Confusing comps

Comparables are often the foundation for good targeting. For some companies, it's easy to pick three or four other companies to use as comparables in analyzing ownership. For others, it's more difficult. Companies in a niche sector or smaller companies competing with mega cap giants have a hard time finding true comps for investment purposes. Some management teams want to be compared with companies with higher growth rates, or with comps in sectors that they aspire to enter. There is nothing wrong with having a few different sets of comps, but IROs would be well advised to consider how buy-side institutions and sell-side analysts cover the companies in question. It is important to ask the question, "If this analyst is considering investing in me, what other companies is she mandated to follow?" This helps you avoid false positives in a targeting report, and the resulting risks of chasing low-probability prospects.

2. Defining road show objectives

It's important to define the objective for your road show. Is it to shore up relationships with current shareholders? Find new incremental shareholders? Target Income and Yield investors (using dividend-paying comps)? Introduce a new senior

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manager? Do a follow-up after a corporate catalyst? Each road show should have a defined purpose so you can prioritize your time with the right investors. To be truly useful, targeting data has to be considered in the context of this purpose. And most importantly, the purpose needs to be communicated to your corporate access host from day one so they can set the tone with their sales force. With a defined purpose, your host firm can more effectively manage the requests from investors and gather the right feedback.

3. Arbitrary limits on asset size

Often companies will turn down meetings with a long-term investor based solely on asset size. But limiting targets on the basis of assets under management alone may cause you to miss opportunities to connect with certain types of investors. Keep in mind that hedge funds and smaller long-only funds are becoming more concentrated in their investment positions. They have also increased leverage in recent years, so stated asset sizes may underestimate the true buying potential for many investors. We have even seen cases where an IR team's decision to limit attention to investors who meet an arbitrarily set level of assets resulted in some of their own top owners not qualifying for their meetings. In addition, the largest firms have so many portfolio managers that it takes a lot more time and work to get them all as owners. It may be more productive to attract a single portfolio manager who has the bulk of discretion at a smaller fund.

4. Misplaced focus on turnover

A number of data vendors preferred by IROs offer estimates of portfolio turnover as part of their targeting data. This is a questionable statistic at best. It's difficult to measure turnover accurately with only the four data points a year offered by 13F filings. Moreover, multi-strategy funds in the long-only and hedge fund categories often have quantitative investments or event-driven funds that drive up the turnover numbers. But the longer-term portfolio managers within these funds might be just the type of investor a company is looking for. The holding duration of the portfolio manager you are sitting across from is more important than the average duration for the overall firm. A knowledgeable broker can help companies get clarity around the long-term potential of each investor.

5. Treating the target list as gospel instead of a guide

Most targeting exercises are backwards-looking and generate targets based on historical ownership rather than future interest. These tools are important and critical to marketing success, but target lists should only be considered a starting point or a guide. Make sure you leave room for new targets, the investors who don't show up in your screens, or the ones who are just starting to invest in your sector. The benefit of a good broker in the mix is that they can be the best source of forward-looking interest (an almost real-time targeting exercise), and this interest should be considered alongside your long-term targeting results. This is especially important in view of the constant personnel changes in the investment community. Personnel changes can have an especially big

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Volunteers Needed

We are looking for volunteers to help with various tasks, including writing summaries of our monthly events. If you are interested in getting involved with the Chapter, email info@niriboston.org.

New to NIRI Boston?

New to IR or the Boston area? Try out one of our monthly meetings. The first one is on us! Use promo code NEWBOSTON when registering.

Job Bank

impact on where future dollars in your stock might come from.

6. The value of availability

Some companies focus so intently on meeting with investors on their target list that they don't get out the word to other investors about their availability on a road show. Advertising your availability broadly is a way to validate your targeting and get a real-time list of interested investors. This may put management in a position of having to draw the line on who can attend, but getting out the word can also provide IR teams with a list of investors who could be included in the next trip. This helps to refine and expand the primary target list, or create a short list for IR to follow up with after the road show. That's why it's important to ask your broker for the full list of those investors who expressed interest in road shows or meetings at conferences.

Addressing these six targeting pitfalls will help ensure that your management won't overlook opportunities to build the shareholder base. This will be particularly important for trips to the major buy-side centers of New York, Boston, London and San Francisco. For a road show to these key markets, issuers benefit immensely from partnering with a top corporate access team that has a broad knowledge of the institutions and established relationships.

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Member News

NIRI Boston is delighted to welcome our new members:

Katie Linehan, Vistaprint N.V.
Yiji Starr, State Street Corporation
Katie Strohacker, Reit Management & Research

We currently have several open positions posted.

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In Between Jobs?

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