

**LEVERAGING DATA AND
TECHNOLOGY TO DEFINE AN
EFFECTIVE INVESTOR STRATEGY**



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Shifting pools of global capital and Investment Trends in Germany

Investor Perspective – How to assess Opportunity and Risk

Generalists – from strength to strength

Targeting Considerations

Technology – Targeting and Measurement

GROWTH IN PASSIVE VEHICLES CONTINUES

SQUEEZE ON ACTIVE FUND MANAGERS

Growth in low cost ETFs continued in 2015; ETF AUM surpassed \$3tn mark

- **Vanguard** saw \$235bn in inflows in 2015; more than any other investor. Blackrock, State Street, Mellon Capital remain prominent across companies globally

High profile Active managers suffering redemptions

- **Northern Cross LLC** - \$3.9bn of equity redemptions in 12months to March 2016 (*Lipper*)
- **Aberdeen Asset Management's** - \$9.2bn of equity redemptions over the same period

Pockets of Outperformance and Stock pickers

- Some household names e.g. **Capital Group** American Funds (*S&P Spiva Report*)
- Funds with high active share – long-term, smaller funds/boutique firms e.g. Metropole Gestion, Woodford IM

HEDGE FUND PERFORMANCE

- **\$15.1 billion** of redemptions from hedge funds in Q1 2016, the highest number since 2009 (*Source; FT*)
- Focus on lock up periods and partner capital to stabilise funds
- Activism remains in the headlines – shift in focus to Industrials stocks which recorded an 84% increase in campaigns year over year through the third quarter of 2015
- Passive investors, such as **State Street Global Investors**, willing to partner with Activist Investors which may help to remedy a lagging performer held in Index fund



SOVEREIGN WEALTH FUNDS

A MIXED STORY

Oil-dependent SWFs faced difficulties in 2015

- **Saudi Arabian Monetary Agency** is estimated to have withdrawn \$50-\$70bn in 2015 from asset managers including **UBS GAM, Mellon Capital Mgmt., BlackRock Advisors (UK), Harding Loevner LP** and **MFS Investment Mgmt.**
- **Norges** – Norway’s government has started to withdraw money from the fund for the first time in decades. It took out Nkr25bn in Q12016 (*Source: FT*). Norges still prominent in German equities



Global Mandates and Opportunities

- A number of SWFS increasing global exposure: **Korea Investment Corporation, Kuwait Investment Office, Employees Provident Fund** and **Bank Negara Malaysia**
- Japan’s \$1.1 trillion **Government Pension Investment Fund** adopted a more aggressive approach in managing its assets and plans to increase its exposure to domestic and foreign equities primarily through sub-advisors
- **SAFE** continues to be among the top holder and buyer across Nasdaq’s EMEA clients



**Kuala Lumpur /
\$148 B**

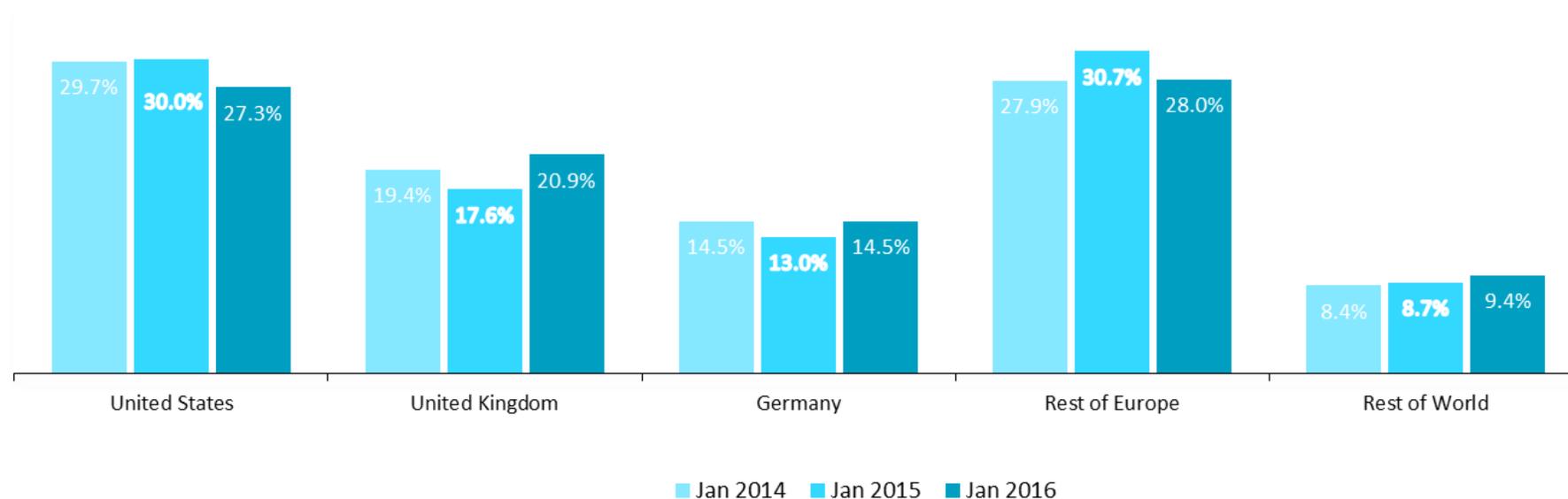


China / \$547 B

INVESTMENT TRENDS IN GERMAN COMPANIES

- **International investors make up 85.5%** of the free float shares across German companies
- **Slight decline in US-based investment through 2015**, although this could be temporary
- Focus on US still significant with **over 97 % of German companies** travelling to East Coast for meetings (Extel WeConvene 2015 Survey)

Average % Free Float by Geography for German companies



* Based on Aggregated Shareholder Analysis across Nasdaq's German clients

INVESTMENT TRENDS IN GERMAN COMPANIES

- **SWFs remain dominant** - SAFE and Norges the two top holders across Nasdaq's German client base. SAFE continues to increase exposure to Germany
- Second tier investors among the top buyers in Germany. Flossbach & von Storch buying into German equities and internationally
- **Passive money prevalent.** Vanguard, State Street, Mellon and Blackrock remain key names across many German companies

Top Active Holders in German Equities

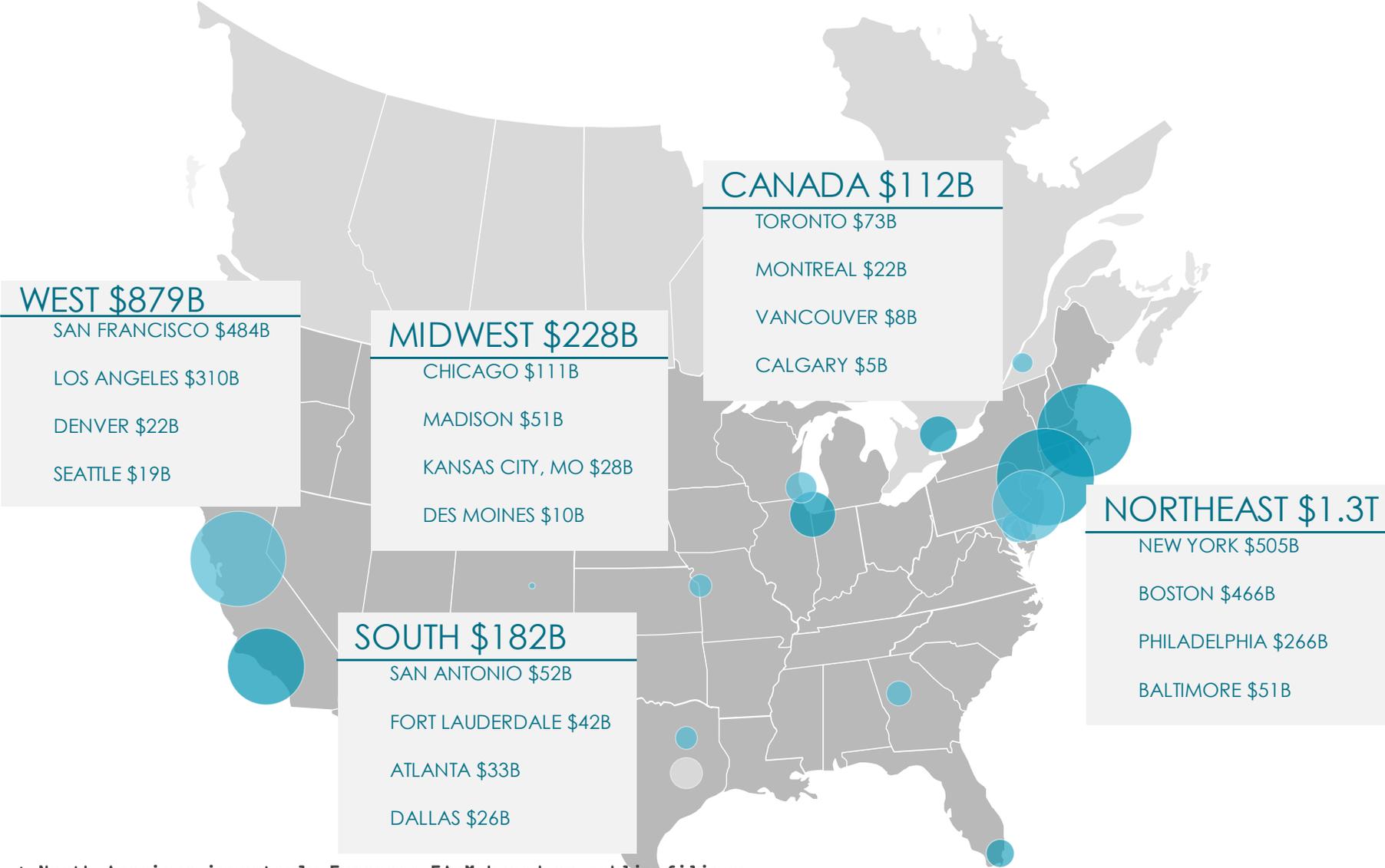
Norges Bank IM	Oslo
SAFE Investment Company	Hong Kong
Deutsche Asset Management	Frankfurt
Amundi Asset Management	Paris
Allianz Global Investors	Frankfurt
Deka Investment	Frankfurt
UBS Asset Management (UK)	London
MFS Investment Management	Boston
Harris Associates	Chicago
Union Investment	Frankfurt

Top Active Buyers in German Equities

SAFE Investment Company	Hong Kong
Deutsche Asset Management	Frankfurt
Credit Suisse Asset Management	Zurich
Natixis Asset Management	Paris
MFS Investment Management	Boston
Henderson Global Investors	London
BlackRock Investment Management (UK)	London
Aberdeen Asset Managers	London
MEAG Munich ERGO	Munich
Flossbach & von Storch	Cologne

** Based on Aggregated Shareholder Analysis over last six months across Nasdaq's German clients*

NORTH AMERICAN EQUITY ASSETS INVESTED IN EUROPE



* North American investor's European EAUM based on public filings

POLL QUESTION 1

In which geographic markets do you see the most potential for new ownership of your company over the next 12 months?

- a. Germany
- b. United States
- c. United Kingdom
- d. Europe ex Germany and UK
- e. Asia Pacific

BALANCING RISKS AND OPPORTUNITIES

HOW DO INVESTORS VIEW YOUR COMPANY?

MACROECONOMIC

GEOPOLITICAL



INDUSTRY

COMPANY

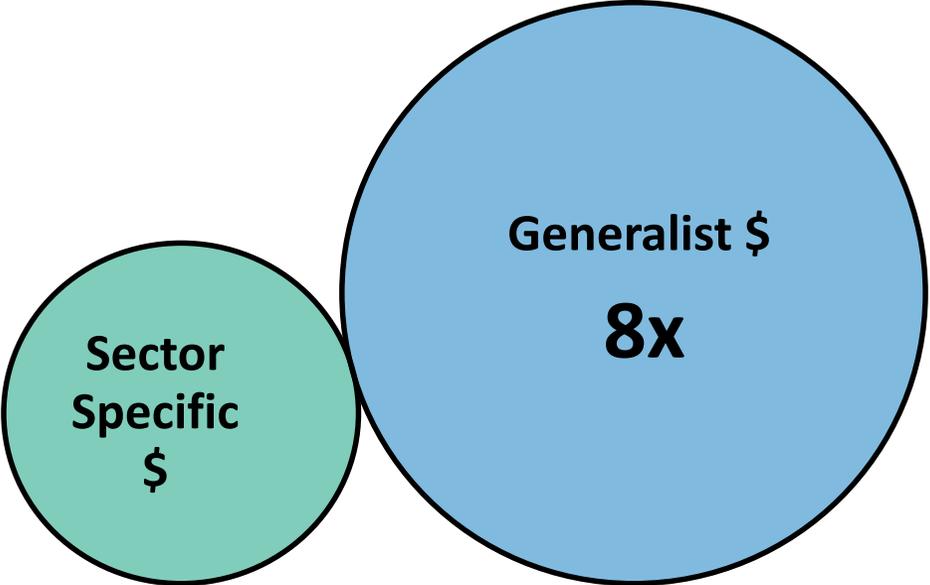
FUNDAMENTALS

POLL QUESTION 2

In your investor outreach, how do you allocate time marketing to sector specialists versus generalists?

- a. More time spent with sector specialists
- b. Around 50:50
- c. More time spent with generalists
- d. Unsure

BEYOND SECTOR FOCUSED FUNDS



To capture the larger pool of assets, you need to **go beyond the sector**

According to Lipper mutual fund data, non-sector-specific mutual fund assets are nearly **8x larger** than sector-specific assets

THINKING LIKE A GENERALIST

- Competition for **customers** vs **investment capital**
- Define your financial **risk & return** profile and uncover your extended peer group

Screening Criteria

Universe: 3597

Criteria	Period	Operator	Value
Market Capitalization (bil) ⓘ	<input type="text"/>	between ▼	<input type="text" value="1.0"/> <input type="text" value="12.0"/> USD Options
Industry Code - GICS Sector ⓘ	<input type="text"/>	not in ▼	<input type="text" value="Financials"/> <input type="button" value="Q"/>
Dividend Yield (%) - Current ⓘ	<input type="text"/>	equals ▼	<input type="text" value="0.0"/> Options
CFROI Discount Rate Spread ⓘ	<input type="text"/>	between ▼	<input type="text" value="2.0"/> <input type="text" value="9.0"/> Options
Fixed Charge Coverage Ratio (HOLT) ⓘ	LFY ▼	greater than ▼	<input type="text" value="1.0"/> Options
Leverage (Economic) Used in Valuation ⓘ	<input type="text"/>	between ▼	<input type="text" value="5.0"/> <input type="text" value="33.0"/> Options
Sales Growth (5-year) ⓘ	<input type="text"/>	between ▼	<input type="text" value="10.0"/> <input type="text" value="20.0"/> Options
Sales Growth (Organic) 3 year CAGR ⓘ	LFY ▼	between ▼	<input type="text" value="5.0"/> <input type="text" value="15.0"/> Options
Free Cash Flow / Sales (%) ⓘ	LFY ▼	less than ▼	<input type="text" value="0.0"/> Options

Source: Credit Suisse HOLT Lens™

FINDING THE PEOPLE

- Meet Generalist PMs within a firm where you already have a relationship with the sector analyst.

Top 10 Actively Managed Funds by Inflows (>15% Invested in Germany)

Rank	Name	Fund Manager(s)	AuM (\$M)	Fund Flow (\$M)		German Equities	
				-1M (Apr)	-12M (Apr)	Allocation %	Invested (\$M)
1	Schroder ISF European Alpha Abs Return	Lionel Rayon	1,580	660	1,398	57.4	907
2	JOHCM International Select Fund	Lees/Richyal	3,368	344	1,306	15.6	526
3	BGF Euro-Markets	Gaskell/Zoellinger	1,678	165	21	24.9	417
4	JPM Euroland Dynamic	Ingram/Baker/Lahlou-Abid	447	145	96	24.7	110
5	GAM Star Continental European Equity	Niall Gallagher	1,485	139	793	24.8	368
6	Schroder ISF European Eq Absolute Return	Steve Cordell	444	132	336	41.3	183
7	GAM Star European Equity	Niall Gallagher	209	122	124	20.8	43
8	Henderson HF Euroland	Nick Sheridan	782	65	-2	19.2	150
9	BNP Paribas Smallcap Euroland	Antoine De Catheu	570	63	153	24.8	141
10	MFS Meridian Funds-European Value	Benjamin Stone	2,455	62	241	18.5	453

OUTREACH STRATEGY AND FRAMEWORK

- Understand Upside with prospects and Risk with current holders
- Set a framework of priorities and allocate access accordingly

Rank	Holders to Maintain		Targets to Develop		Recommended Access
	Description	# Firms	Description	# Firms	Description
1	Core shareholders exhibiting risk e.g. top 50 holders	16	Highest impact and fit targets and holders with significant upside	38	1x1 meetings Warrant 1:1 management access Overinvest time and resources
2	Medium to large holders with moderate risk or upside e.g. 51-100	10	High quality firms with medium compatibility/impact	69	1x1 or Small Group meetings Group or IR to proactively communicate with and warrant management access where appropriate
3	Small or transient holders with moderate to no upside e.g. fast-money in top 100	6	Good firms with low compatibility and impact	95	Small or Large Group meetings Pipeline builders, itinerary fillers, resource for market intelligence
4	Top holder that is index/quant/passive	-			Do not meet Passive, Index, Quant, IR-immune
TOTAL:		32		202	TOTAL 234

MEASUREMENT DIAGNOSE CURRENT STATE TO PLAN
YOUR FUTURE STRATEGY

TRACK ACTIVITY

- Starting point is routinely tracking the detail around meeting activity
- Meeting type, participants, key topics

Nasdaq IR Insight Peer List SP500Energy James Tickner

DA SHBOARD OVERVIEW ESTIMATES RESEARCH NEWS **EVENTS** INVESTORS REPORTING MESSAGING FUNDAMENTALS FILINGS

1x1 Meeting with JP Morgan Asset Management ★★★★★ 05/23/16 / 12:00 PM to 01:00 PM New York City | New York, New York

Notes : Discussed early traction for LMP. Concern around outlook in emerging markets. Indicated they are happy to remain a key shareholder More

TOPICS 2H 2016 OUTLOOK DIVIDEND POST Q1 EARNINGS +

CUSTOM TAGS + Hide Details

PHONE NUMBER ATTACHMENTS + Add an attachment...

Phone Number: Add Phone Number
Code: --
Meeting URL: Add Meeting URL

BROKER: JP Morgan MEETING SIZE: 1x1 INVESTOR TYPE: Equity-Buyside

Updated By: james.tickner@nasdaq.com Updated Date: 05/23/16

Search for a corporate participant, contact or a contact list.

CORPORATE PARTICIPANTS

MICHAEL RETTINGER - SR IR MA...

1 Firms / 2 Total Participants

FIRM & CONTACTS	OWNERSHIP	RECENT EVENTS	HOST	RSVP	ATTENDANCE	NOTES
JP Morgan Asset Management Turnover: 31.54 Style: GARP	Position: 3,381,872 Research EAUM: 240,630.84	4 Event(s) Morgan Stanley Conference Mar 15, 2016				
George Ahl Portfolio Manager New York, United States	Position: -- EAUM: --	--	✓	✓ X	✓ X	+ Add
Tara Andrews Portfolio Manager New York, United States	Position: -- EAUM: --	--	✓	✓ X	✓ X	+ Add

REPORTING

- Detailed history of interactions
- Solid basis for measurement and analytics

Nasdaq IR Insight Peer List SP500Energy

DASHBOARD OVERVIEW ESTIMATES RESEARCH NEWS EVENTS INVESTORS **REPORTING** MESSAGING FUNDAMENTALS FILINGS

215 Buyside 12 month report Itinerary & Events

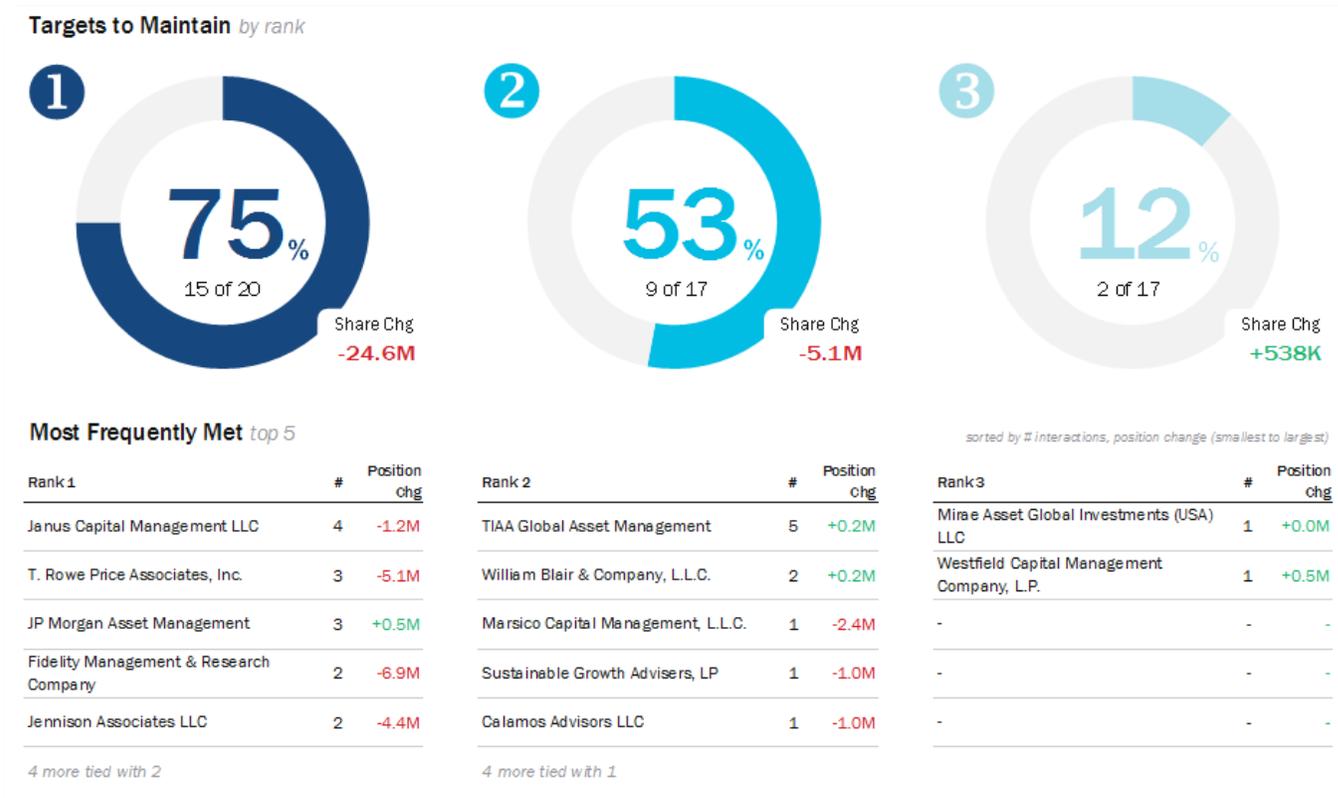
EVENT NAME	START DATE	MEETING SIZE	EVENT TYPE	FIRM NAME	CONTACT NAME	EVENT POSITION	INVESTOR TYPE	ATTENDANCE
1x1 Phone Call with Marsico Capital Ma... Event	05/20/16	1x1	Phone Call	Marsico Capital Managemen...	Brandon Geisler	0	Equity-Buyside	Present
1x1 Phone Call with Wilbanks, Smith & ... Event	05/20/16	1x1	Phone Call	Wilbanks, Smith & Thomas ...	David Abrams	37,692	Equity-Buyside	Present
1x1 Phone Call with Fidelity Managem... Event	05/20/16	1x1	Phone Call	Fidelity Management & Rese...	John Avery	16,759,687	Equity-Buyside	Present
1x1 Phone Call with Fidelity Managem... Event	05/20/16	1x1	Phone Call	Fidelity Management & Rese...	John Avery	16,759,687	Equity-Buyside	Present
Group Phone Call with 2 Firms Event	05/20/16	Group	Phone Call	Arbat Capital Asset Manage...	Yulia Bushueva		Equity-Buyside, Equity-Sellside	Present
1x1 Phone Call with Marwood Alternativ... Event	05/19/16	1x1	Phone Call	Marwood Alternative Asset ...	Tommy Barletta		Equity-Buyside	Present
1x1 Phone Call with Fidelity Managem... Event	05/19/16	1x1	Phone Call	Fidelity Management & Rese...	John Avery	16,759,687	Equity-Buyside	Present
1x1 Phone Call with Front Street Capital... Event	05/19/16	1x1	Phone Call	Front Street Capital, Inc.	Frank Mersch		Equity-Buyside	Present
Email Event	05/19/16	1x1	Phone Call	Fidelity Management & Rese...	John Avery	16,759,687	Equity-Buyside	Present
Group Phone Call with 2 Firms Event	05/19/16	Group	Phone Call	Fidelity Management & Rese...	John Avery	16,759,687	Equity-Buyside, Equity-Sellside	Present
Group Phone Call with Celeste Funds M... Event	05/19/16	Group	Phone Call	Celeste Funds Management ...	Paul Biddle		Equity-Buyside	Present

MEASURE

“You can’t manage what you don’t measure.”

- Peter Drucker

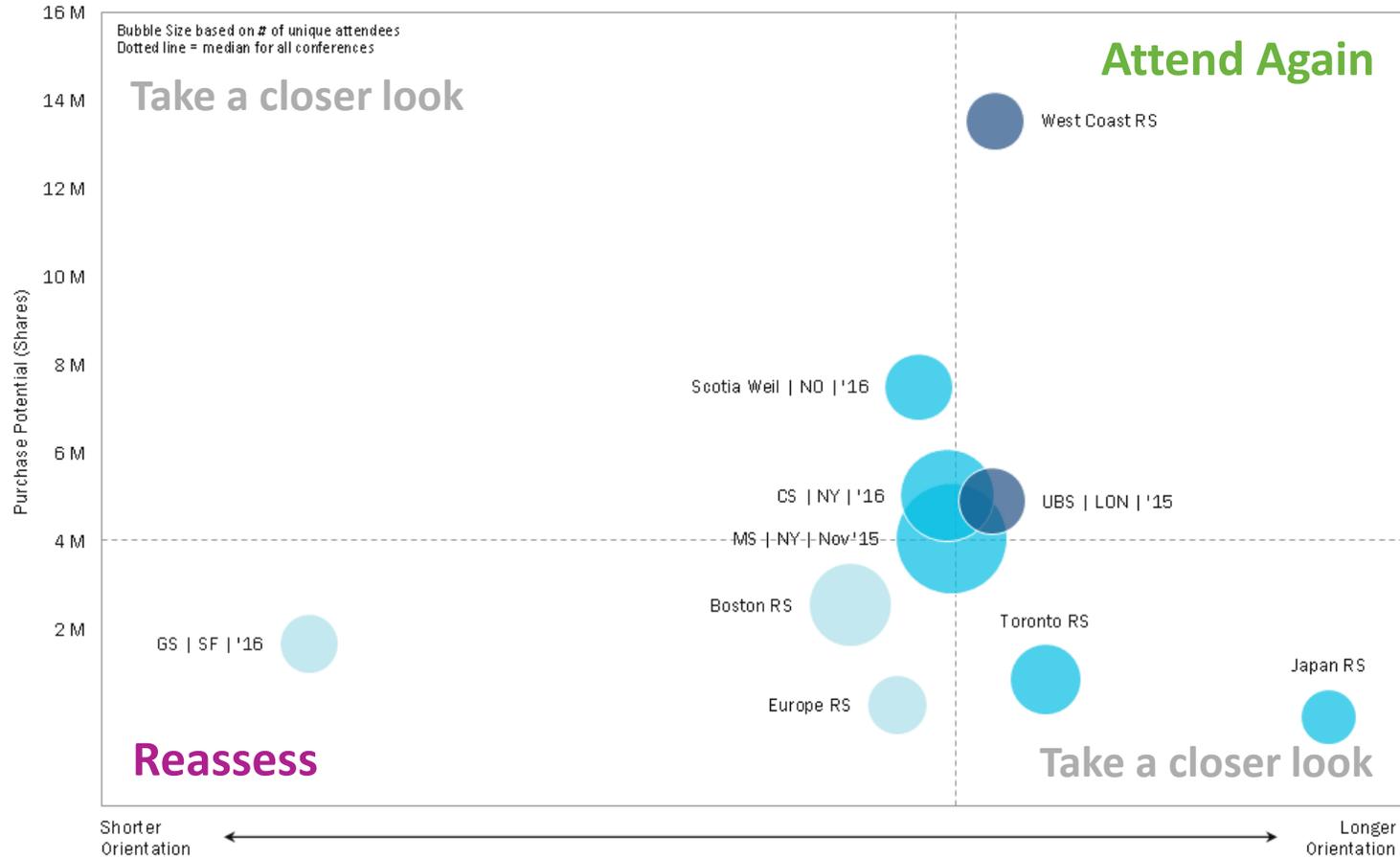
Focus on what you can control



- Frequency
- Access
- Setting
- Time

AGGREGATE INTELLIGENCE – MEETING ANALYTICS

- Unbiased assessment of investor events from an **opportunity, time and budget** perspective
- Small data vs Big Data – applications for both



POLL QUESTION 3

To what degree do you analyze historical meeting information as part of planning your investor outreach strategy?

- a. Never
- b. Rarely
- c. Quite Often
- d. Always

KEY TAKEAWAYS

- **Understand** who your shareholders are, **Why** they are invested and **Track** their momentum
- Consider a global institutional universe (beyond household names) and **assess opportunities and risks from different perspectives**
- Based on Targets identified, **define your Marketing Strategy and your priority Markets**
- **Allocate time to Markets and Investors based on priority level**
- **Leverage technology to track your interactions in detail**
- **Measure the effectiveness of your outreach to plan future strategy**