

Characteristics of Effective One-on-One Investor Meetings

“What are the characteristics of an effective one-on-one investor meeting?”

Ipreo asked select buy-side analysts and portfolio managers what they considered to be characteristics of an effective one-on-one investor meeting. Some investors responded that clear communication, honesty, preparedness, and deep knowledge of not only the company, but the investor as well were appreciated during meetings. Other investors stated that it is more a matter of who you are meeting with and their position in the decision making process rather than the characteristics of that person in the meeting. Full responses are below.

Portfolio Manager at a \$3.3B (EAUM) Aggressive Growth-Oriented Investment Manager

Sector Coverage: Technology

“We look for an investor relations team, which can effectively and clearly articulate a realistic growth strategy. If the IR team can do that, we consider that particular meeting to be effective.”

Analyst at a \$1.2B (EAUM) High Turnover Hedge Fund

Sector Coverage: Consumer Services

“At the end of the day, I think the one-on-one meeting is more the investor dictating, so I don’t think the management team has a ton of say. An effective meeting is more a matter of if the investor is prepared and asking the right questions.”

Portfolio Manager at a \$1.9B (EAUM) High Turnover Propriety Trading Desk

Sector Coverage: Financials

“Understanding of the potential investor’s investment style, good marketing materials, strong openness of the speakers, and willingness to admit where they have done well and where they need improvement.”

Portfolio Manager/Analyst at a \$4.9B (EAUM) Value-Oriented Investment Manager

Sector Coverage: Technology / Internet Software and Services

“I look for in an effective one-on-one investor meeting is honesty and clarity. If I have met with the investor before, I seek consistency in the financial assumptions, so that I can make an apples-to-apples comparison of the current meeting with the previous meeting.”

Portfolio Manager at a \$156.0B (EAUM) Growth-Oriented Investment Manager

Sector Coverage: Oil and Gas

“In the late 90s and early 2000s, it was all about whispers with respect to what the company was doing. With that said, it’s different now. What I find valuable in a meeting now is not, this is how the company is going to do 50 bps better on gross margins for the quarter, rather, it’s about communicating to me the elements around sensitivity on the gross margins. So, laying things out like, here are the scenarios for the upside and downside, these are the drivers that could affect those scenarios, and overall just displaying that the management team has a good understanding of the competitive environment that the company plays in is what makes an effective investor meeting for me.”

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“What are the characteristics of an effective one-on-one investor meeting?”

Portfolio Manager at a < \$100.0M (EAUM) High Turnover Hedge Fund

Sector Coverage: Basic Materials

“The most important thing is having someone from the company that knows what he or she is actually talking about. The second most important thing would be just to have a very open and frank conversation about the questions being asked. The worst meetings I’ve ever had are the ones where you sit and talk to a company, and the discussion is just more or less descriptive.”

Analyst at a <\$100.0M (EAUM) High Turnover Hedge Fund

Sector Coverage: Consumer Discretionary

“The most productive thing is going through management’s strategic outlook. I like to get a sense of how they are executing in the short-term on longer-term initiatives and how they plan to respond if something in the environment changes. I certainly don’t expect them to have a crystal ball. We mostly deal on the smaller-cap side, so it is tough to say who is the best. Each team has their own characteristics. Any team that can articulate their strategy and vision is typically viewed positively by us.”

Analyst at \$49.7B (EAUM) Aggressive Growth-Oriented Investment Manager

Sector Coverage: Healthcare

“A huge characteristic of it would be who attends the meeting. I feel access to the CEO or CFO is important to the value of a one-on-one. In some cases if there is a proprietary technology it is helpful to have an executive from that business. Another is educating the investor before the meeting, so they don’t spend time rehashing a story that has little relevance to what the company is doing currently. From the company standpoint understanding a bit more about what type of investor they are meeting with and changing the narrative of its story to meet that type of investors strategy. ”

Portfolio Manager at a \$11.6B (EAUM) High Turnover Hedge Fund

Sector Coverage: Financials

“I think it is current transparency, openness, the ability to engage, and to be specific to the line of questioning that the investor is adopting.”

Portfolio Manager/Analyst at a \$132.2B (EAUM) Value-Oriented Investment Manager

Sector Coverage: Generalist

“We are looking for honesty and a clarity of vision from the company. The investor relations team should be able to outline what characteristics make their company attractive to an investor. There should be realistic goals. We understand that there are going to be bumps in the road and hurdles for the company, but we want to know where the management thinks the company can go in the future.”

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Analyst at a \$171.0B (EAUM) Growth-Oriented Investment Manager

Sector Coverage: Healthcare

“First, you ideally need to meet with relevant members of management, which is usually the CEO, in my opinion. Sometimes other member can be helpful, but really the CEO, is number one. A company needs to be willing to talk honestly, and have a clear strategy that they can explain. A company that is willing to answer difficult questions, and is not just giving evasive sound bites is ideal, which, unfortunately a lot of management teams seem to do.”

Portfolio Manager at \$362.2B (EAUM) Value-Oriented Investment Manager

Sector Coverage: Technology

“Usually a discussion to give people a sense of the dynamics of the business and the future drivers as well as risk, a sense of the customers and customer concentration issues, the margin profile of the business, and the way they think about using capital”