

## IR Communications Following a Major Macro Event: Brexit

*“What role should IR play as it relates to communicating the business implications associated with Brexit?”*

Ipreo asked select buy-side analysts and portfolio managers, “What role should IR play as it relates to communicating the business implications associated with Brexit?” Opinions on the matter were mixed, as some buy-siders believe that IR does not need to do anything specific, while others argued that IR should be proactive and provide as much information as possible. One analyst said, “I think the more color you can provide, the better. When the conference calls start, I’m sure they will get the Brexit questions: How does this impact your facilities, how are you managing the potential move, how are you preparing for the exit. The best thing the IR team can do is to have the answers ready and not give the impression that they haven’t planned.” Other PM’s and analysts echoed that sentiment, saying IR teams need to be able to provide more granularity on their companies’ U.K. and European Union exposure, while focusing on currency exposure to the area and what it means for both revenues and expenses. One investor suggested that IR teams release a “white-paper”, detailing how the company will be affected now and/or in the future. The takeaway from investors surveyed is that if there is any potential impact from Brexit, IR and management teams need to be prepared to provide as much relevant information as possible, to ensure that any long-term effects on the company do not surprise investors.

### Portfolio Manager at a \$965.0M (EAUM) Very High Turnover Hedge Fund

*Sector Coverage: Telecommunications*

“I’m not worried about Brexit as it relates to telecom.”

### Portfolio Manager at \$2.7B (EAUM) Specialty-Oriented Investment Manager

*Sector Coverage: Telecommunications*

“We view it as much less relevant toward telecom as it would be for companies in a lot of different businesses.”

### Chief Investment Officer at a <\$100M (EAUM) Hedge Fund

*Sector Coverage: Financials*

“I don’t think there’s anything specifically they should do.”

### President and Portfolio Manager at a \$2.0B (EAUM) Deep Value-Oriented Investment Manager

*Sector Coverage: Financials*

“I really don’t think there’s much an IRO could do because people are going to be nervous just because that’s what people do. They like to worry about things. It is human nature that people don’t like uncertainty and it’s going to take time to figure out what it all means. For an IRO to say there isn’t a risk or there isn’t uncertainty, I want to ask where are you living? There is uncertainty but we just don’t know if it’s going to amount to anything. I don’t know who can say today that they’re well positioned and we’ll all get through this.”

## IR Communications Following a Major Macro Event: Brexit

*“What role should IR play as it relates to communicating the business implications associated with Brexit?”*

### Portfolio Manager at a \$990.0M (EAUM) Growth-Oriented Investment Manager

*Sector Coverage: Industrials*

“Just to disclose specifically, as percentages of their business that are over there. I know disclosures can be costly, just because you have to go out there and get the information and put it in a way that adheres to the SEC’s requirements as well as investors and so most companies that we’ve seen have just given you broad, what is the exposure in Europe, as opposed to maybe U.K., so having more actual percentage breakdowns of the businesses, and that can be also in other countries and continents, where the most exposure is.”

### Analyst at a \$55.2B (EAUM) GARP-Oriented Investment Manager

*Sector Coverage: Financials*

“I don’t have a particular outlook.”

### Analyst at a \$12.0B (EAUM) High Turnover Hedge Fund

*Sector Coverage: Utilities*

“I certainly don’t think Brexit has or should have an impact on the stock. I think management needs to hammer that home to investors.”

### Portfolio Manager at a \$15.0B (EAUM) Value-Oriented Investment Manager

*Sector Coverage: Consumer Goods*

“I think the more color you can provide, the better. When the conference calls start, I’m sure they will get the Brexit questions: How does this impact your facilities, how are you managing the potential move, how are you preparing for the exit. The best thing the IR team can do is to have the answers ready and not give the impression that they haven’t planned.”

### Portfolio Manager at a \$13.2B (EAUM) Very High Turnover Hedge Fund

*Sector Coverage: Consumer Services*

“They have a critical role in terms of helping people to understand and to educate investors on where risk may exist. Especially in an event such as this. There may be a lot of smaller investors who may not get as much time as needed to speak with IR, but it is important that they make sure that the relevant information is available.”

### Analyst at a \$23.6B (EAUM) Low Turnover Hedge Fund

*Sector Coverage: Chemicals*

“I would want the IR teams to convey as much information as possible but I just don’t know what kind of venue that would be. I think even the UK government doesn’t know what’s going on as information and data gets analyzed with a more timely discussion of the impact, they will have a bigger role, but at this point I’m not sure what they could do.”

## IR Communications Following a Major Macro Event: Brexit

*“What role should IR play as it relates to communicating the business implications associated with Brexit?”*

### Portfolio Manager at a \$307.9M (EAUM) Very High Turnover Hedge Fund

*Sector Coverage: Consumer Services, Technology*

“It depends on the extent to which it is a meaningful impact. If it is, then like any other meaningful impact IR should be proactive. If it is not and people are overreacting, IR needs to determine what their philosophy is on whether they address points that aren’t really points or let their fundamentals speak for themselves.”

### Analyst, Chief Operating Officer, Trader at a \$135.0M (EAUM) High Turnover Hedge Fund

*Sector Coverage: Healthcare*

“To the extent that, especially if it’s not fully disclosed in filings, it’s helpful to know first of all what the revenue exposure is to the U.K. and to E.U. countries. Second of all, something that is rarely disclosed that transparently, what the currency exposures are. Aside from revenues denominated in sterling, how about expenses denominated in sterling, same with Euro based revenues and Euro based expenses. So as currencies move a lot like we saw post Brexit, what does it mean for revenues, but also what does it mean for expenses as well and so the bottom line.”

### Chief Investment Officer, Portfolio Manager at a \$110.0M (EAUM) GARP-Investment Manager

*Sector Coverage: Healthcare*

“It would be nice, if when a situation like that arises (like Brexit), if the IR team released something like a white-paper. Like a 1-2 page document outlining how they project Brexit will affect them in a number of different ways so people don’t feel like they are being surprised by the company’s longer-term reaction. Wall Street is funny, things like to be said, and we are always in danger with information. But that’s ok, I would appreciate it if someone came back to me the next day with a document outlining how the company will be affected. The reason I bring it up is because I’ve gotten a document like that from other companies that gives you a more in detailed account of how these situations are going to affect the company now, or in the future. When I get documents like this I feel like I am more on top of the situation as a shareholder.”

## FIND OUT MORE ABOUT IPREO

Contact us to learn more about this and other special reports by emailing us or using the telephone number below:

[IRinfo@ipreo.com](mailto:IRinfo@ipreo.com) or 1.877.588.5030

