

Ipreo Benchmarking: Evaluating ROI for Investor Targets

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At Ipreo, we realize that one of the top goals for your IR program is to ensure that you are maximizing the return on your management team’s very limited time. As a result, we are developing tools to help you answer critical questions that strike to this fundamental objective, including:

- **How much time do I need to spend with targeted investors before they build a position in my stock?**
- **Are there investors who require a bit more time spent upfront but are much more likely to build a substantial position because of that extra ‘hand holding’ in the beginning?**
- **Am I spending too much time with certain investors who are not likely to ever purchase my stock?**

At Ipreo, we believe a data-driven approach is necessary to answer these questions effectively and to optimize your IR program. To that end, we are uniquely positioned to analyze ownership data and meeting information across 750+ corporate clients, and we are focused on using our data to help you evaluate the relative time and effort required to convert a target (non-holder) into a holder.

For this study, we analyzed Ipreo’s meeting and ownership data across 182 investors (\$7T+ in aggregate EAUM) to discover a) how often an investor’s initiation follows an IR interaction and b) how many IR interactions occur on average before a position is initiated. As the chart below illustrates, the Highest ROI investors (top right/Green box) generally meet with IR prior to an initiation, but these investors do not tend to require a significant amount of IR’s time. In other words, these investors value interacting with IR, but they are relatively efficient in their decision making. At the other end of the spectrum, the Lowest ROI investors (bottom left/Red box) often initiate positions without any IR engagement; yet these investors still tend to require a significant amount of IR interactions. It appears these investors enjoy the face time with IR, but they do not typically initiate a position as a result.

ROI FOR INVESTOR TARGETS (NON-HOLDERS)

CHART BELOW REPRESENTS 182 INVESTORS W/ OVER \$7T IN AGGREGATE EAUM

		% of Positions Initiated Following IR Interaction		
		0-25%	26-50%	51-100%
Average # of IR Interactions Before Initiating a Position	0-1.25	Moderate ROI Less Likely to Require IR Meeting Before Buying; Low IR Effort Long Only (26 firms, \$640B EAUM) Hedge Fund (8 firms, \$20B EAUM)	High ROI More Likely to Require IR Meeting Before Buying; Low IR Effort Long Only (22 firms, \$697B EAUM) Hedge Fund (5 firms, \$11B EAUM)	Highest ROI Most Likely to Require IR Meeting Before Buying; Low IR Effort Long Only (8 firms, \$207B EAUM) Hedge Fund (2 firms, \$3B EAUM)
	1.25-2.5	Low ROI Less Likely to Require IR Meeting Before Buying; Moderate IR Effort Long Only (7 firms, \$237B EAUM) Hedge Fund (3 firms, \$67B EAUM)	Moderate ROI More Likely to Require IR Meeting Before Buying; Moderate IR Effort Long Only (30 firms, \$2.4T EAUM) Hedge Fund (9 firms, \$89B EAUM)	High ROI Most Likely to Require IR Meeting Before Buying; Moderate IR Effort Long Only (22 firms, \$707B EAUM) Hedge Fund (7 firms, \$36B EAUM)
	2.5+	Lowest ROI Less Likely to Require IR Meeting Before Buying; High IR Effort Long Only (3 firms, \$251B EAUM) Hedge Fund (1 firms, \$2B EAUM)	Low ROI More Likely to Require IR Meeting Before Buying; High IR Effort Long Only (7 firms, \$965B EAUM) Hedge Fund (7 firms, \$71B EAUM)	Moderate ROI Most Likely to Require IR Meeting Before Buying; High IR Effort Long Only (8 firms, \$510B EAUM) Hedge Fund (7 firms, \$90B EAUM)

HOW WILL THIS DATA HELP YOU TO IMPROVE YOUR IR PROGRAM?

- **Improve Prioritization:** When prioritizing targets, your team will be able to focus efforts more on the investors which require IR meetings to initiate (Green boxes), thereby improving your *Initiation Rate** and maximizing your ROI.
- **Better Align w/Investors:** By understanding the requirements and preferences of specific investors, you will be able to identify investors who a) need to spend more time with management to initiate a position (Moderate ROI/bottom right Yellow box) or b) do not necessarily need management engagement to initiate a position (Lowest ROI/bottom left Red box), thereby allowing IR to allocate its resources more efficiently.
- **Maximize ROI for Events:** You will be able to finalize invitation lists for upcoming conferences and roadshows hosted by 3rd parties with more confidence, focusing on higher ROI investors (Green boxes) and avoiding spending unnecessary time with those less likely to yield significant ROI (Orange/Red boxes).

How can Ipreo help your IR program improve ROI for the limited time you spend with investors?

Track your Activities

With Ipreo's BD Corporate CRM, you can monitor, analyze and compare your own unique investor interactions, which helps track your actual performance versus program goals.

Optimize your Schedule

Ipreo's IR Roadmap will help ensure your IR program is maximizing ROI as it relates to scheduling meetings, conferences, roadshows and other investor interactions.

Target More Effectively

Ipreo's Targeting services help ensure your management team spends time with the most suitable investors based on style, objective, strategy, etc.

Adjust your Message

An Ipreo Perception Study provides a unique perspective on the investment community's view of your company's strategy, management's ability to execute, and deeper insight into what improvements can be made to your IR program.