

Take control of your investor targeting programme

Ensuring that you have the best shareholder profile can be a complex task. **Mark Robinson** outlines six key steps to achieve successful investor targeting.

With IR teams increasingly bringing the targeting function in-house, the tasks of managing the lifecycle and tracking the success of your targeting programme can be challenging. In this article we outline one route to success, involving six key steps.

1. Peer analysis

Consider where your company is today, and where you anticipate it being in 12-24 months. Choosing your peers should not be limited to your direct sector – the purpose of this step is to find potential investors.

Consider building peer groups based on domestic companies, international companies, and those where you see your company progressing to in the medium term.

For example, if you are going to start paying a dividend, look at a peer group where companies are paying a similar dividend to the one you expect to pay.

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We recommend starting to look on a fund level. Here you can view the fund-level holders across each peer group and find underweight and absentee targets. As target funds are identified, these should be added to any of your target groups to manage the lifecycle of your engagement with them.

2. Sector/market screening

The next stage of the process is to look at the larger pool of investors by geography, this is where employing a dedicated targeting tool is necessary and signifies the end of targeting by spreadsheet.

Again, searching on a fund level via a specific investor targeting tool, you can find almost 5,000 active funds with a contact based in the UK.

Here you should evaluate any investment held in your selected peer group, and the percentage of the fund invested in your region, country, sector, and industry.

From this large dataset you can then filter down – setting parameters and sorting the data to bring up a list of

potential targets to again add to your target lists. This should complement the peer analysis findings.

3. Portfolio analysis

After reviewing aggregate holding information on target funds, it can be beneficial to review the portfolio constituents that have been publicly identified. This will let you see the names of individual stocks held, and how capital has been deployed by the fund – whether it is a concentrated portfolio or broad, and any sector biases. If you have the right tools available, reviewing any preferences within the portfolio related to company fundamentals can also help validate the prospective target.

4. Brokers

The relationships that your brokers have with the buy side remain key to any targeting programme. These target recommendations are generally on a firm level, and often limited pools of investors based on those who are clients of the broker.

It is important to track these meetings and the conversion rate, as there may not be a fit for the target firm, yet the broker continues to recommend meetings.

5. Build distribution lists

Once you have built out your various targeting lists, you need to start engaging with the targets. Either sending out an introduction email or adding to your results distribution list – by initiating contact you can start to track engagement and see which contacts are opening which attachments.

This helps to drive your conversations and tailor what you are sending, and speaking about, with the target.

6. Track progress with all targets

Once you have your distribution lists in place you need to track your engagement with the targets – understanding which subjects are of interest by tracking readership is a valuable exercise and will help shape any future meetings.

Dropping targets from your list is essential and tagging investors with reasons why they are not currently a valid target will help when refreshing your target lists each year.

Engaging

The initial stages of investor targeting are all quantitative, and the data sources for public holding information should only be seen as indicative. There is a danger of death by precision in this early stage, so by casting the net wide to build out your distribution lists by finding potentially relevant targets is the recommended way to begin.

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The real investor targeting work only starts once you begin engaging with the gatekeepers (corporate access and buy-side analysts) and the portfolio managers.

It is at this stage where you can see whether a quantitative target is a valid investor target, the macros can only get you so far.

Having the right tools and advisers on hand helps you to spend your time wisely, being able to lean on advisors to guide you through this process and having the right tools to track your activities in an intelligent way will give you more time to make a difference within your company. ■

EQ RD:IR recently updated its IR InTouch service, including a new targeting management module and bringing all aspects into one dashboard.

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