STRATEGIC RESEARCH

UNDERSTANDING YOUR INVESTOR BASE DURING PERIODS OF MARKET VOLATILITY

Arzu J. Cevik
Director, Thomson Reuters Strategic Research

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Thomson Reuters Strategic Research Reports are designed to assist C-level executives, investor relations departments, corporate strategy and development teams, treasurers, and public relations and corporate communications professionals with insightful, timely, and relevant material designed to increase efficiency and effectiveness.

For questions about this report, please contact **Arzu J. Cevik** at arzu.cevik@thomsonreuters.com or 646-822-6402.

EXECUTIVE SUMMARY

- Volatility has rattled the markets and most everyone is concerned the U.S. economy has entered a recession. How do investors, in particular value investors, behave during such periods? Are they buying or selling shares? Are they increasing or decreasing their cash positions? Should you be talking to value funds during periods of market volatility?

- In this report, we review the different types of value funds, detail their investment style and performance, compare and contrast how value funds behave and invest vs. other investment styles and highlight why understanding and improving one’s institutional investor base during market volatility is essential for each company.

- The report also includes a survey of buy-side investors and their viewpoints about the markets. Although concerned about the fallout of Bear Stearns, many value investors we spoke with are holding onto cash but are also seeking buying opportunities during this time. In fact, many are adding to their existing positions and also building positions in new names.

- Thus, it may be a good opportunity for companies to reach out to these investors to communicate and potentially add long-term, stable shareholders to their investor base.

THOMSON REUTERS TIP SHEET

TOP 10 THINGS TO DO DURING PERIODS OF MARKET VOLATILITY

1) Identify your current investor shareholder base. What is the mix of value investors vs. other funds? Is there a need to diversify your shareholder base?

2) Compare and contrast your investor base to your peers.
Are there value investors and other low-turnover investors that own shares of your peers but do not own your company's shares?

3) Prioritize and keep handy a target list of value investors, their investment style and the names of analysts and managers on hand in case prospective investors call

4) Be proactive - communicate with current investors during periods of market volatility and reach out to prospective investors

5) Stay up-to-date on current market sentiment and investor concerns.

6) Try to return calls to investors in a timely manner—within 48 hours.

7) Keep management open and available for calls/meetings with investors.

8) Consider inviting prospective value and other low-turnover investors to analyst days.

9) Meet with investors during one-on-one meetings at conferences to show how stock meets value profile.

10) Maintain and update a communications sheet detailing the names of investors, last date spoken, issues/concerns, ownership levels, any follow up issues and other pertinent data.

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Contact us at:
thomsonreuters.com
tfcorporate@thomson.com
North America: 866.915.9891
Europe: +44.207.369.7199
Asia: +852.2533.5564

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