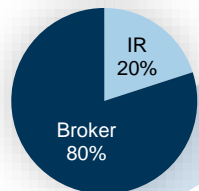




# Investor Targeting at ISS

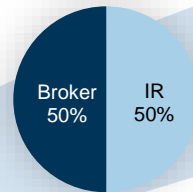
# Investor targeting at ISS – as it was...

## Practice following IPO (2014)



- Current holders
- Ad hoc knowledge of interest
- Broker fills remaining slots

## Practice as it started to develop:



- Current holders
- Ad hoc knowledge of interest
- Institutions with high EUM
- Institutions invested in peers
- Broker provides all remaining targets

?

**Identified challenges with  
our investor targeting approach  
as it was**

# 1. Broker identified targets

*Key challenges include:*

- Biased towards the given brokers own clients...
- ... and potentially somewhat biased towards institutions with shorter time horizon and higher portfolio turnover
- MiFID II has narrowed broker lists and complicated broader reach-out further

*Conclusion: "Brokers can provide relevant input – but we need to take more in-house control of targeting"*

## 2. Institutional level targeting based on size

*Key challenges include:*

- Institutional level data was based on the sum or average of a wide range of potentially very different funds
- We never meet a representative for the entire institution - we meet a specific Portfolio Manager or other representatives for *parts of* the institutions (fund or sector specialists)
- Failed to take concentration *across* and *within* funds into account

*Conclusion: "We need a fund specific approach"*

# 3. Peer ownership

*Key challenges include:*

- Targeting based on peer ownership may only provide a relatively narrow list of potential targets
- Investors in peers have likely already taken a look at your company – and decided *not* to invest
- They are likely to accept a meeting – but often with a view to learn more about the peer or the industry

*Conclusion: "We are competing for capital (not customers) and should identify suitability on this basis"*

# Conclusions

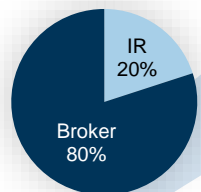
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*So in summary:*

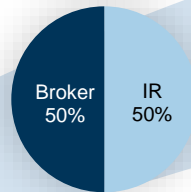
- *"Brokers can provide relevant input – but we need to take more in-house control of targeting"*
- *"We need a fund specific approach"*
- *"We are competing for capital (not customers) and should identify suitability on this basis"*

# Investor targeting at ISS – the new approach

## Practice following IPO (2014)



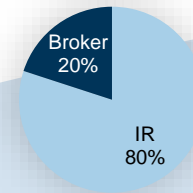
- Current holders
- Ad hoc knowledge of interest
- Broker fills remaining slots



## Practice as it started to develop:

- Current holders
- Ad hoc knowledge of interest
- Institutions with high EUM
- Institutions invested in peers
- Broker provides all remaining targets

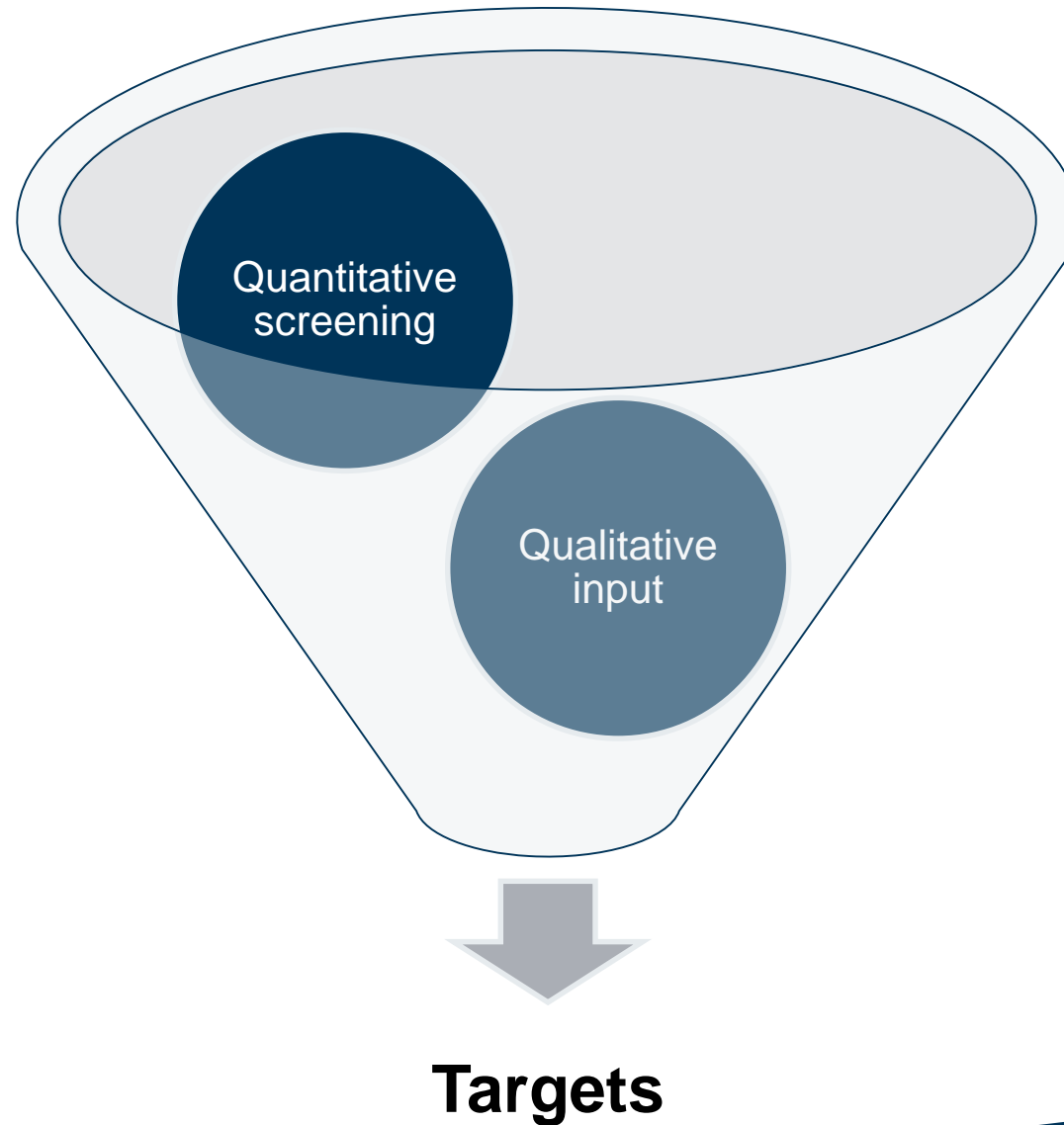
## New approach:



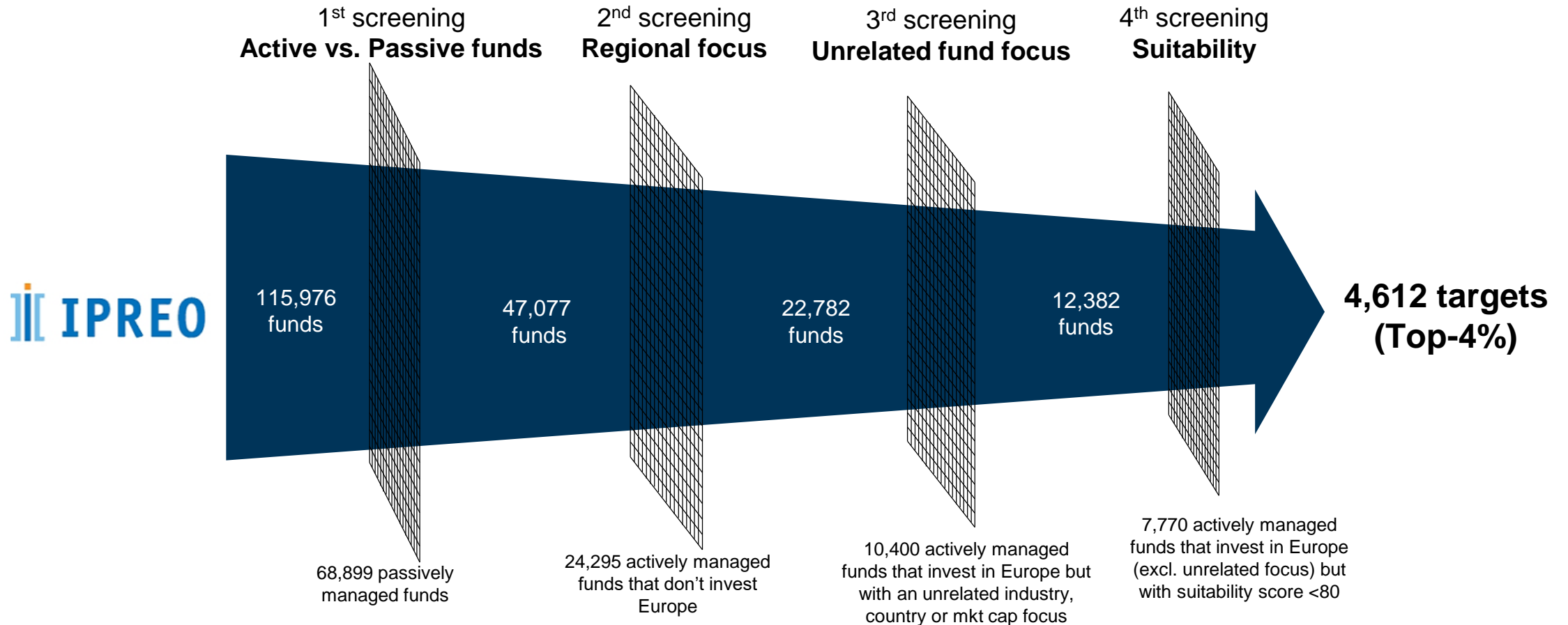
- Current holders
- Ad hoc knowledge of interest
- **Quantitative screening on suitability**
- Broker invited to provide suggestions



# Targeting based on quantitative screening and qualitative input



# Screening



**IPREO**

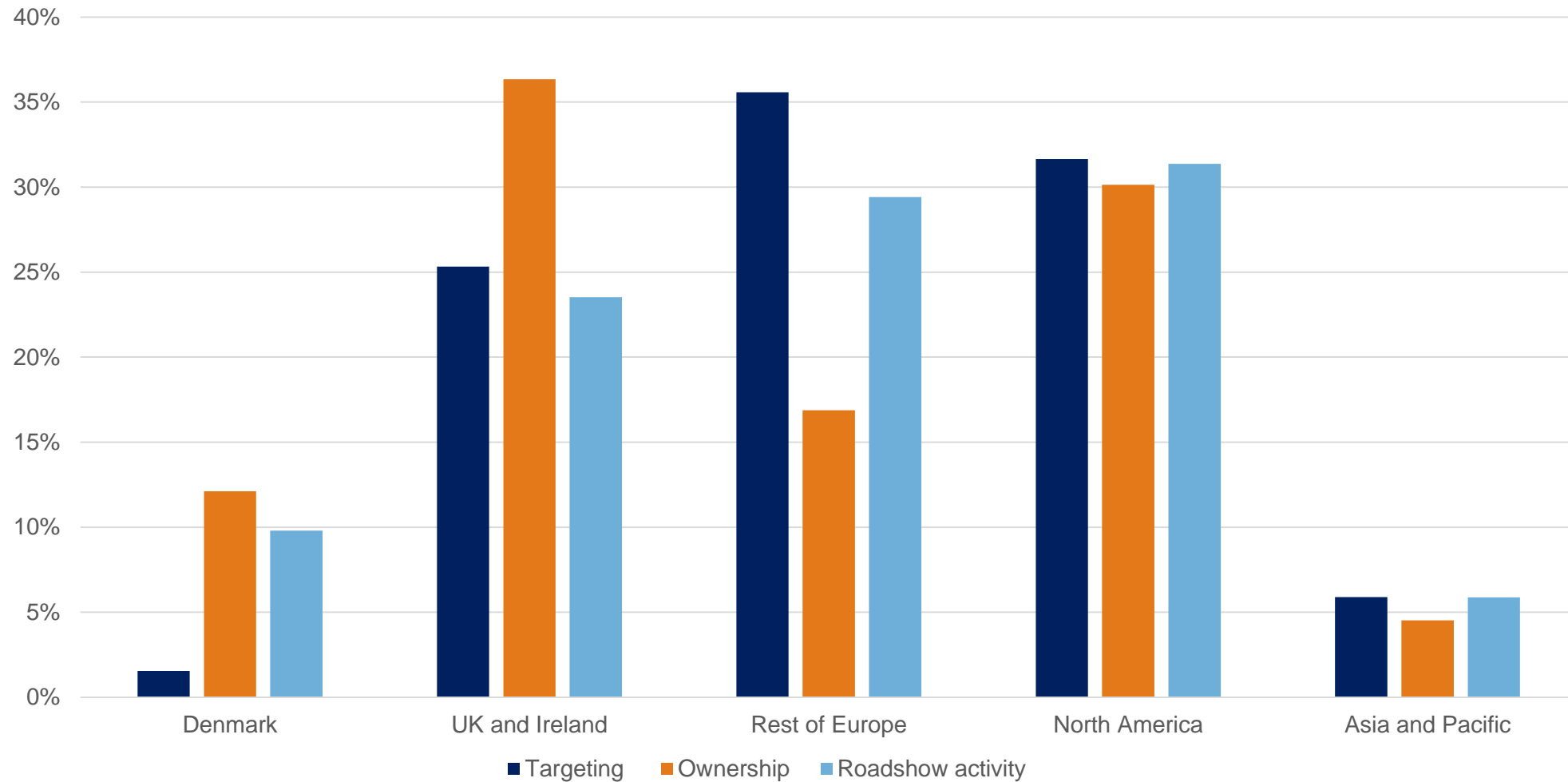
# Ranking based on concentration and relevant exposure



# Top-10 global fund targets for ISS

Rank	Ranking score	Institution	Fund	Suitability	EUM (EURm)	Normal Purchasing Power (Shares)	% of portfolio invested in Europe (excl. home country)	City	Fund Manager
1	3,269,923	Schroder Investment Management, LTD	Schroder International Selection Europe	95	5,941.03	3,372,355	97	London	Martin Skånberg martin.skandberg@schroders.com +44 20-7658-5335
2	3,087,413	Fiduciary Management, Inc.	FMI International Fund	97	5,211.92	4,959,230	62	Milwaukee	Robert Helf rhelf@fiduciarymgmt.com +1 414-226-4545
3	2,913,567	Thornburg Investment Management, Inc.	Thornburg Investment Income Builder Fund	89	11,870.66	5,949,718	49	Santa Fe	Brian McMahon bmcMahon@thornburg.com +1 505-467-7203
4	2,495,538	MFS International (U.K.), LTD	MFS International Value Fund	85	23,790.62	5,158,040	48	London	Pablo de la Mata pdelamata@mfs.com +44 20-7429-7200
5	2,316,189	Henderson Global Investors, LTD (U.K.)	Janus Henderson - Continental European Fund	92	2,901.40	2,360,498	98	London	John Bennett john.bennett@janushenderson.com +44 20-7818-2035
6	2,308,920	Mawer Investment Management, LTD	Mawer International Equity Fund	86	4,135.46	3,204,724	72	Calgary	James Hall jhall@mawer.com +1 403-267-1968
7	1,926,492	Deutsche Asset Management Investmen	DWS Top Dividende	98	16,457.24	5,924,364	33	Frankfurt	Thomas Schüssler thomas-p.schuessler@db.com +49 69-9101-8212
8	1,926,377	Causeway Capital Management, LLC	Causeway International Value Fund	87	6,993.28	2,863,220	67	Los Angeles	James Doyle doyle@causewaycap.com +1 310-231-6106
9	1,886,129	Fidelity Management & Research Compa	Fidelity Series International Value Fund	87	12,429.41	2,648,690	71	Boston	Alexander Zavratsky alex.zavratsky@fmr.com +1 617-563-0846
10	1,884,576	Henderson Global Investors, LTD (U.K.)	Janus Henderson European Opportunities	92	2,336.58	1,920,983	69	London	John Bennett john.bennett@janushenderson.com +44 20-7818-2035

# Targeting used as input to decide on our road show activity



# An emerging challenge...

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- What is the value of investor targeting if the broker hosting the road show does not have a relationship with the targets?
- How do we match brokers hosting road shows with the relevant target list for the given destination?
- Do we need to change the way we conduct road shows following MiFID II?

... work in progress