

How to Navigate New Waters

September 28th, 2018

I&T FONDSMÆGLERSELSKABET
INVESTERING & TRYGHED

The stock market's role is changing – or is it?

FINANCIAL TIMES

'Without fear and without favour'

SATURDAY 25 AUGUST 2018

At a record high, the US market is still shrinking

Stock exchanges should not become the preserve of mature businesses

FINANCIAL TIMES Monday 3 September 2018

FTm | 3

NEWS

New study queries value of PE and hedge funds

Annualised net returns, 2010-16 (%)

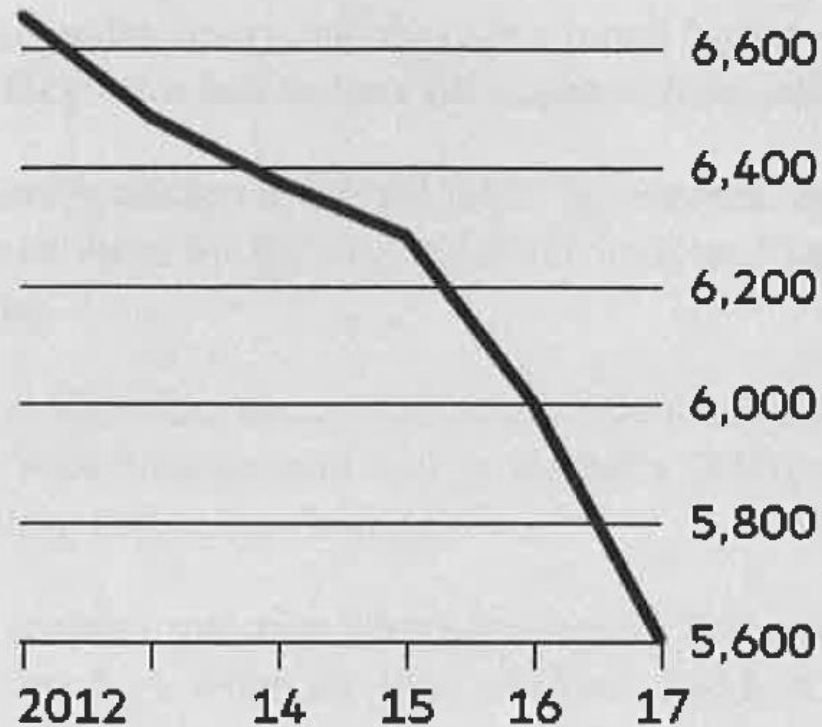


Source: CEM Benchmarking

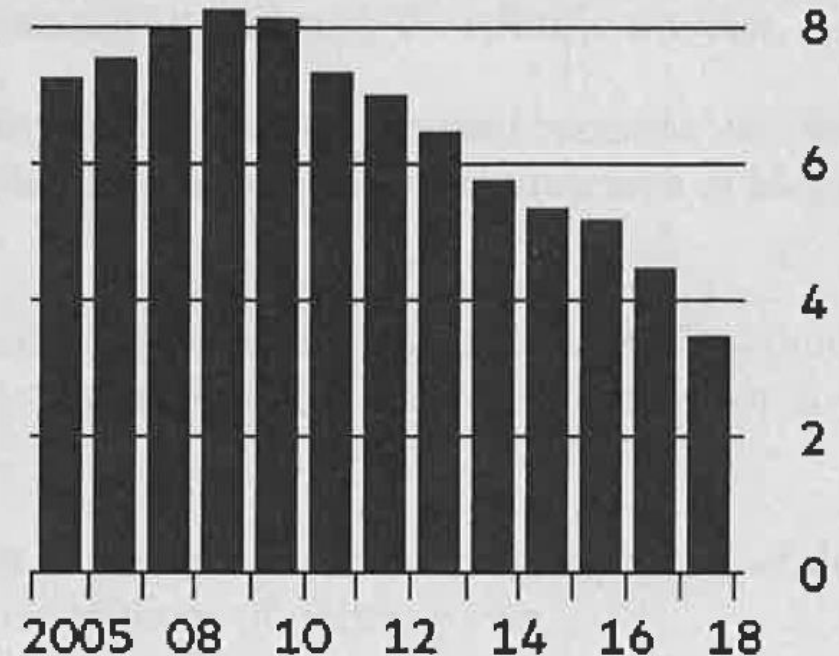
Number of analysts and spending in free fall !

Research headcount and spending already under pressure

Number of analysts at the 12 biggest banks and investment banks



Estimated aggregate investment bank research spend (\$bn)



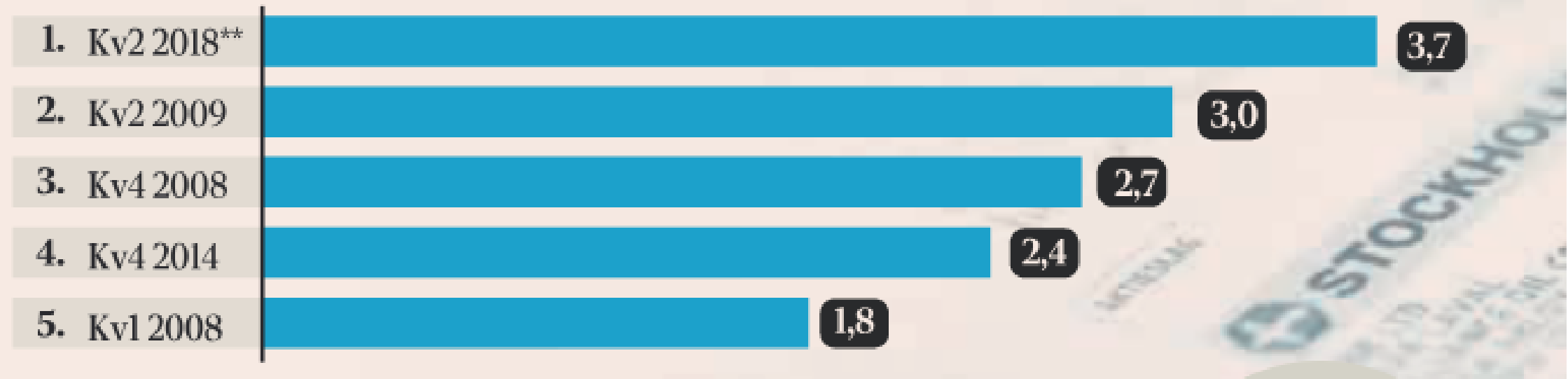
Sources: Coalition; Frost Consulting

Source: Financial Times

Increased volatility on reporting day

Bästa rapportfloden de senaste tio åren

Genomsnittlig kursreaktion för OMXS30-bolagen* på rapportdag, procent



Dagens Industri 19.7.2018

- The markets are changing!

- Visibility is decreasing *(regulation, quality of estimates)*
- Volatility is increasing *(consensus estimates ~ guidance, no "leaning out")*
- Market width is decreasing *(number of brokers, – the passive strategies chase)*
- "Shorttermism" is increasing *(changed behavior - transaction and media driven)*
- Primary providers of capital are changing *(foundations and specialized asset managers)*

Future Competitive Edge

- True active investment strategy (Active share > 80)
- Long term contrarian thinking
- Alignment between PM and (the "Permanent") Capital

Are all market participants ready?

No !

What have we done?

Raised the bar and optimized contribution from providers
Increasing the quality – Decreasing the quantity

- Stayed loyal to our nordic investment strategy (since 2007 bottom up without any benchmark restrictions)
- We pay the research costs.
- Strengthened our own research capabilities
- Strengthened our own direct access to companies
- Finetuned our own mid-term internal valuation models based on external databases
- Decreased number of providers – further centralization and digitalization of trading.
- Intend to do further specialization using specialized non-nordic research providers

We are ready and see several opportunities

Contact:

Per Jørgensen

Head of Equities

+ 4540181564

pj@i-t.dk

www.i-t.dk