

Initial Observations from Interviews of Individual Stock Investors – Matching the Advantages of Major Fund Managers –

To guide our plans for providing individual investors with the kinds of support the Forum had developed for its founding fund managers, market researcher Ashley Taylor has interviewed more than a dozen people with a wide range of approaches to stock investing to hear their suggestions of what individuals and their advisers would need to effectively select and monitor companies.

The observations naturally varied, but all of the high priority suggestions were for types of access – to decision-making *information*, to *influence*, and to *opportunities* – that the investor viewed as available to the big fund managers but not to individuals or their advisers. In fact, virtually all of these access advantages of big fund managers had been developed for them by the Forum in its early programs to support our institutional participants.¹ We can take pride in the success of those efforts, but it is of course also somewhat discomfiting that we had until now ignored broader marketplace interests.

Preliminarily, we are categorizing the kinds of support that the individual stock investors considered valuable as follows:

- **C-Level Access** – Nearly all of the interviewees, regardless of investing patterns and preferences, expressed awareness of the ability of bigger fund managers and influential bank analysts to meet privately with chief executives and other senior executives of a company, primarily to better understand the executives’ views but possibly also to influence their views. Opportunities to ask questions and observe responses in public exchanges, such as quarterly earnings calls or “investor day” meetings, were consistently viewed as useful but much less meaningful than private meetings. All of the investors assumed these informal meetings were very valuable, even if the participants scrupulously observed rules about avoiding “material” disclosures. Most of the investors noted that it might not be practical for them, personally, to participate in these informal meetings, but that they believed they could benefit significantly from participation by a representative familiar with their interests and questions.
- **Board Access** – Interest in informal communications with a company’s board members, though similar to observations relating to C-Level Access, above, was generally limited to investors who considered “ESG” (Environmental, Social and Governance) issues a high priority in their decisions, or who expressed interest in recently publicized “engagement” activities of some asset managers whose beneficiaries advocate corporate governance policies that are often addressed at board level rather than by a company’s executive managers.

¹ See the Shareholder Forum’s website page for its [Archive of Publicly Open Programs Since 1999](#).

- **Research Access** – Although the type of research information that interested investors was varied, ranging from analyst opinions to market research and even databases, most of the interviewed investors cited some form of research that they would consider useful if the costs – either money for subscriptions or time spent organizing or digesting, or both – could be reduced to justifiable levels. Several of these investors naturally suggested opportunities for the Forum or others to aggregate investors for sharing such costs for what could be considered a relatively simple “efficiency” benefit.
- **Observer Access** – Many of the investors expressed interest in being able to develop networking relationships with people whose insights might be useful, such as analysts, industry experts, academic researchers, customers, and other investors.² This interest in opportunities for direct, informal exchanges of views was distinct from access to research reports.
- **Deal Access** – Though cited primarily by the more experienced investors familiar with private equity or the Berkshire Hathaway private investment practices, the investors who suggested support of participation in privately negotiated investments typically considered this kind of access to have the greatest potential value. Notably, this interest was raised by investors who had no previous experience with Forum projects as well as by those who had actually participated in Forum projects that supported access to private transactions.

Your questions and any comments will be welcomed, as usual, either on the subject of the individual investor interviews or on what we should be addressing in the next phase of interviews with professional advisers to learn how they think the desired support can be most effectively delivered.

Of course, I also want to thank Ms. Taylor and all of the investors who volunteered their time and thinking to help us understand what is really needed for ultimate investors to benefit from fair access to information, influence and opportunity.

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² It was understood that such information exchanges would be managed according to established Forum policies assuring compliance with regulatory requirements as well as marketplace standards.