



INSIGHTS INTO NORTH AMERICAN INVESTORS' VIEWS OF CORPORATE ACCESS

**IDENTIFYING OPPORTUNITIES
FOR EXPANDING INVESTOR
CONNECTIVITY FOR GLOBAL
COMPANIES**





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INSIGHT FROM BNY MELLON DEPOSITARY RECEIPTS



The last decade has seen considerable growth in North American investors' allocations to international equities. While this trend presents opportunities for issuers globally, it also poses challenges in how best to engage with the full range of the North American investor market.

As we highlighted recently in BNY Mellon's ninth annual Global Trends in Investor Relations study,¹ issuers globally continued to increase their roadshow activity in North America, clearly indicating that as these investors' international allocations have increased, so too have the demands for a company's attention and time. This increasing focus on North America has also come at a time of concerns over uncertainties in issuers' home markets, such as Eurozone stability. Thus, issuers globally have to juggle the servicing of their existing shareholders with the need to identify the mediums most effective for engaging with new investors.

With this in mind, BNY Mellon conducted a survey on North American investor attitudes towards corporate access, looking at how the North American investment community views their existing access to global companies. The results, presented here in our Insights into North American Investors' Views of Corporate Access study, provide valuable insights into the views of internationally focused investment managers while identifying where potential investors are simply not getting adequate access to international issuers.

The goal of the survey and this report is to help improve understanding and connectivity between global issuers and North American investors, which we hope will yield greater demand for non-North American companies.

We trust you will find this research useful when considering how you can most effectively engage with the North American investment community. Please contact your BNY Mellon Depositary Receipts Relationship Manager or a member of our Global Investor Relations Advisory team to discuss new initiatives that can help improve your connectivity.

Amy Salomone
Senior Market Access Specialist
Global Investor Relations Advisory

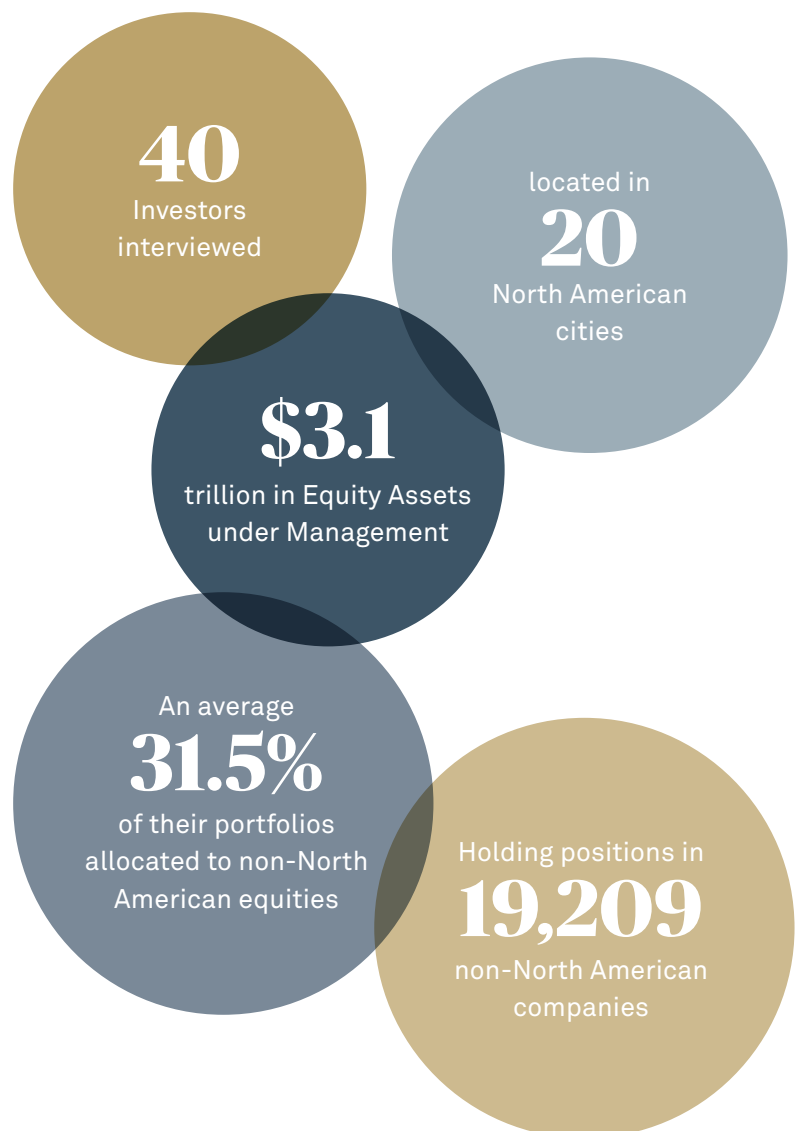
¹ Note: All data from BNY Mellon's Global Trends In Investor Relations 2013
<http://www.adrbnymellon.com/IRSurvey.jsp> and IPREO unless otherwise specified.

STUDY RESPONDENTS

In March 2014 Ipreo, an independent IR market intelligence and analytics firm, and BNY Mellon, conducted a perception study to gauge North American investors' sentiment on non-deal roadshows by non-North American issuers, in order to improve direct access.

Armada Capital, S.A. de C.V.
 Artha Capital Management, Inc. (2)
 Carlson Capital, L.P.
 Columbia Management Investment Advisers, LLC
 CPP Investment Board
 Daiwa Asset Management (America), LTD
 Davis Selected Advisers, L.P.
 Delaware Investments
 Dodge & Cox
 Fidelity Management & Research Company (2)
 Fir Tree, Inc.
 First Eagle Investment Management, LLC
 Franklin Advisers, Inc.
 Fred Alger Management, Inc.
 GAMCO Asset Management, Inc.
 Grantham Mayo Van Otterloo & Co., LLC
 Harding Loevner, L.P. (2)
 Institutional Capital, LLC
 Invesco Advisers, Inc.
 Kingdon Capital Management, LLC
 Kylin Management, LLC
 Lord Abbett & Company, LLC
 Neuberger Berman Management, LLC (2)
 PIMCO - Pacific Investment Management Company
 Sprucegrove Investment Management, LTD
 State of Wisconsin Investment Board
 State Teachers Retirement System of Ohio
 T. Rowe Price Associates, Inc.
 The Boston Company Asset Management, LLC
 Third Point, LLC
 Thornburg Investment Management, Inc.
 Twin Capital Management, LLC
 Vaquero Global Investment, L.P.
 Wellington Management Company, LLP
 Wells Capital Management, Inc. (2)

To reflect a study population representative of the broader North American investment community, we targeted an investor mix based on equity assets under management, portfolio turnover, investment center location, and dominant style.



METHODOLOGY

For each section of the report, the most prevalent viewpoints are displayed in graph or chart format to provide an immediate snapshot of participant feedback. The quotes contained throughout the report are representative of the most frequently-discussed themes.

BUILDING VALUE THROUGH A SUSTAINABLE, LONG-TERM IR PARTNERSHIP

BNY Mellon's dedicated Global Investor Relations Advisory team (GIRA) is committed to working together with your Investor Relations team to support the company's Depositary Receipts program. Our unique position in the market allows us to work effectively with all parties. The GIRA team's role is to help our clients compete more effectively in seeking to expand their investor base by increasing the awareness of their DR programs among investors and financial intermediaries globally. We will work in partnership with your IR team to meet your distinct needs and defined goals, providing customized global best-practice IR advisory services that focus on achieving measurable results. Our large team will proactively engage with you and your IR team. The team is made up of professionals based in New York, London and Hong Kong.

In order to uncover additional trends, overall findings for each question were sorted and analyzed using the categories listed below. In any section where clear 'sub-findings' emerged, based on these categorizations we highlighted these trends in graphics. For consistency, we used the following definitions to categorize the data:

CATEGORIZATION BY EQUITY ASSETS UNDER MANAGEMENT (EAUM)

"Tier 1" firms manage \$50B+ equity assets.

"Tier 2" firms manage \$1B-\$50B equity assets.

"Tier 3" firms manage <\$1B equity assets.

CATEGORIZATION BY PORTFOLIO TURNOVER

"Low" portfolio turnover equates to a churn rate of 0-35% per year.

"Medium" portfolio turnover equates to a churn rate of 36-80% per year.

"High" portfolio turnover equates to a churn rate of 80%+ per year.

CATEGORIZATION BY INVESTMENT CENTER

"Primary" investment cities are considered to be New York, NY; Boston, MA; and San Francisco and Los Angeles, CA.

"Secondary" investment cities include North American cities other than New York City, Boston, MA and San Francisco and Los Angeles, CA. Examples from the study population include: Baltimore, MD; Chicago, IL; Columbus, OH; Dallas, TX; Philadelphia, PA; and Toronto, ON.

CATEGORIZATION BY DOMINANT STYLE

Respondents were grouped within the following categories based on their investment style: Alternative, Growth, Aggressive Growth, GARP, Value, and Deep Value. For the investor breakdowns by tiers, Aggressive Growth investors were grouped under 'Growth' and Deep Value investors were grouped under 'Value' in order to maintain statistical relevance when analyzing feedback.

KEY FINDINGS

- 43% of investors rate their current level of corporate access to non-North American companies as Average or Poor, driven mostly by dissatisfaction from investors located in secondary investment centers.
- Regardless of investors' overall satisfaction with their current direct access, over three-quarters of study respondents state that they face limitations in obtaining access to non-North American companies. This is most pronounced with investors from secondary investment cities, where 87% claim to face some limitations in gaining access to non-North American companies versus only 69% in primary centers.
- A majority of study respondents (60%) assert that lack of corporate access eliminates a non-North American company from their investment universe.
- Over a quarter of investors have decreased the number of investor meetings facilitated by the brokerage community – with the mean percentage of meetings facilitated by brokers at 68%. This is most pronounced with investors that manage more than \$50B EAUM, 50% of whose meetings with non-North American companies are organized independently of the sell side.
- Before initiating a position in a non-North American company, 72% of investors require at least one meeting with senior management in order to establish confidence in the team and gain a detailed understanding of the company story and strategy.
- Once invested, study respondents require one meeting per year (although they prefer two) to keep up-to-date on the company's strategy and operations.
- Over half of study respondents agree that more points of contact during the year (whether via one-on-one meetings, conferences, or roadshows) is the best way for non-North American issuers to improve the quality of their corporate access.
- A majority of study respondents agree that operational heads of non-North American companies should be more visible to investors, because their technical knowledge and unique perspectives provide additional invaluable insight to the investment community.

THE NORTH AMERICAN INVESTOR

UNLOCKING THE INCREASING VALUE OF THE NORTH AMERICAN INVESTOR FOR NON-US ISSUERS

The North American asset management community is resurgent. Market prices and assets under management have recovered from their post-crisis lows, and more firms have entered the marketplace.

As of March 31, 2014, there are over 1200 firms that are actively investing globally in North America that were not on the radar 10 years ago.

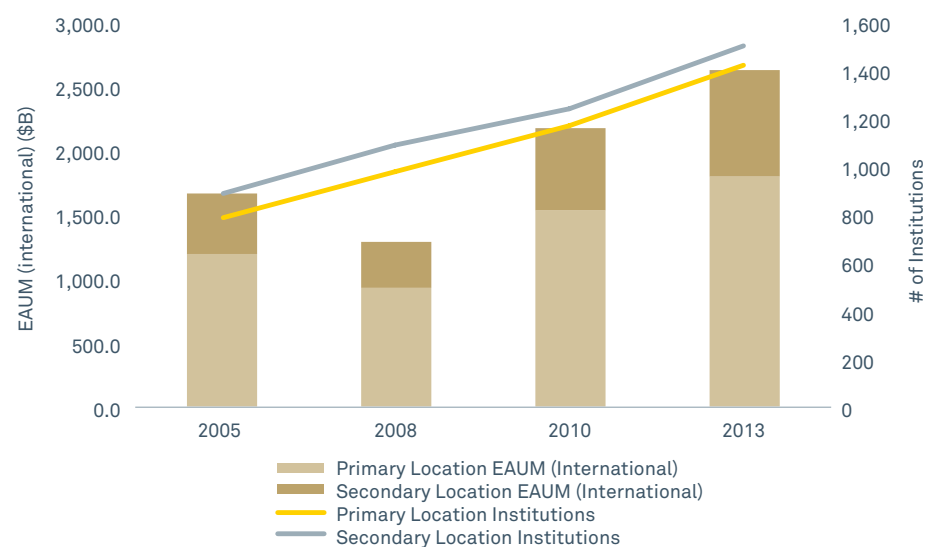
From 2012 to 2014, total equity value invested outside of North America grew by more than 30%. Growing assets and a growing focus on diversification, however, has placed new strains on the management teams of non-US issuers, as they try to meet the demands of the North American investor community. To meet these demands, Non-US issuers must refine their targeting and corporate access strategy in order to maximize management time, energy, and effectiveness. This study attempts to frame both the challenge and the opportunity, in quantitative and qualitative ways, to help issuers best address this market.

TRENDS IN THE NORTH AMERICAN INVESTOR LANDSCAPE

As of March 31, 2014

- There are \$13.3 trillion in active equity assets under management in North America (approximately 60% of the total active equity assets managed globally), compared to \$6.4 trillion in 2008.
- Over 3000 active asset management firms invest internationally in North America, a 75% increase since 2005
- In North America there are \$516 billion of non-North American holdings held in the form of depositary receipts, a 45% increase since 2008.

Total EAUM Allocated Toward Non-North American Equities and Number of Institutions by Location (2005-2013)



Source: Ipreo 2014

THE NORTH AMERICAN INVESTMENT LANDSCAPE

The North American region is unparalleled in terms of equity assets under management. Of the top 10 asset management cities globally, 7 are located in North America.

CANADA

1,013.2	172.4	171	122
TOTAL EAUM (BILLIONS)	INTERNATIONAL EAUM (BILLIONS)	# INVESTORS	# DR INVESTORS

MIDWEST

1,653.3	278.3	437	354
TOTAL EAUM (BILLIONS)	INTERNATIONAL EAUM (BILLIONS)	# INVESTORS	# DR INVESTORS

PACIFIC

2,042.9	610.3	416	309
TOTAL EAUM (BILLIONS)	INTERNATIONAL EAUM (BILLIONS)	# INVESTORS	# DR INVESTORS

NORTHEAST

6,779.8	958.4	1,295	949
TOTAL EAUM (BILLIONS)	INTERNATIONAL EAUM (BILLIONS)	# INVESTORS	# DR INVESTORS

WEST

228.8	75.3	62	49
TOTAL EAUM (BILLIONS)	INTERNATIONAL EAUM (BILLIONS)	# INVESTORS	# DR INVESTORS

SOUTH

1,571.8	190.2	505	405
TOTAL EAUM (BILLIONS)	INTERNATIONAL EAUM (BILLIONS)	# INVESTORS	# DR INVESTORS

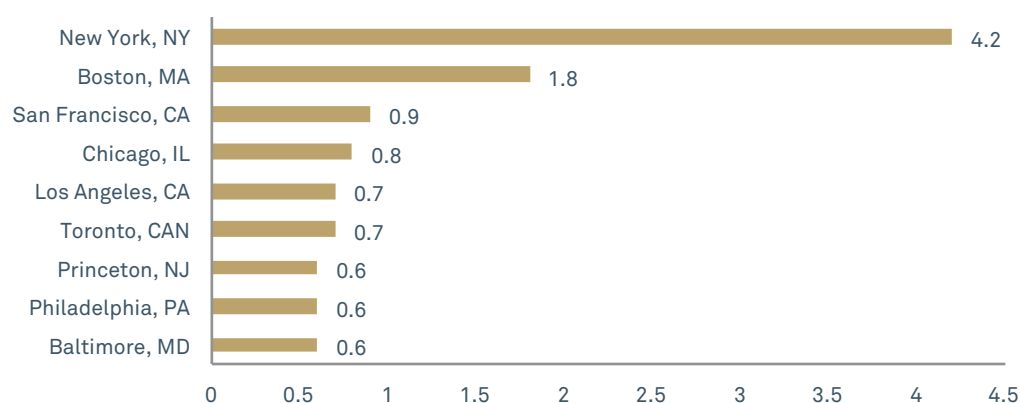
WHERE ARE THE OPPORTUNITIES?

Metro Center	Region	Total EAUM(Billions)	International EAUM(Billions)	DR Value(Billions)	# Investors	#DR Investors
New York NY	Northeast	4,092.5	743.6	181.0	901	624
Boston MA	Northeast	2,258.1	473.8	63.4	201	163
Los Angeles CA	Pacific	1,313.8	423.5	54.5	133	98
San Francisco CA	Pacific	579.9	160.4	49.2	180	127
Toronto CAN	Canada	686.9	121.7	13.3	113	82
Chicago IL	Midwest	599.9	121.7	14.5	139	105
Baltimore MD	South	551.5	55.1	11.3	32	27
Kansas City MO	Midwest	232.2	47.9	8.0	30	27
Albuquerque NM	West	63.3	46.8	9.2	4	4
Houston TX	South	244.8	42.4	10.6	52	40
Montreal CAN	Canada	177.8	40.4	3.6	26	20
Philadelphia PA	Northeast	213.4	33.1	12.4	101	84
Orlando FL	South	109.8	28.9	4.3	67	52
Denver CO	West	143.8	21.1	3.8	40	31
Dallas TX	South	195.0	20.5	11.4	66	48
Rochester NY	Northeast	47.3	15.1	3.4	17	15

Source: Ipreo 2014

AVERAGE NUMBER OF ROADSHOW DAYS SPENT IN THE LAST YEAR BY HOST REGION

Roadshow Days*



*Source BNY Mellon GLOBAL TRENDS IN INVESTOR RELATIONS 2013 A Survey Analysis of IR Practices Worldwide

“Since we are based in Ohio, we face more geographic limitations. Most companies do not feel inclined to visit us in Ohio. We also face more limitations from the broker side because the brokers tend to favor buy-side institutions that generate the higher commissions, and since we do not have a high turnover in our portfolio, we do not generate many commission fees for brokers.”

Value, Medium T/O, Tier 2 EAUM Investor, Secondary Location

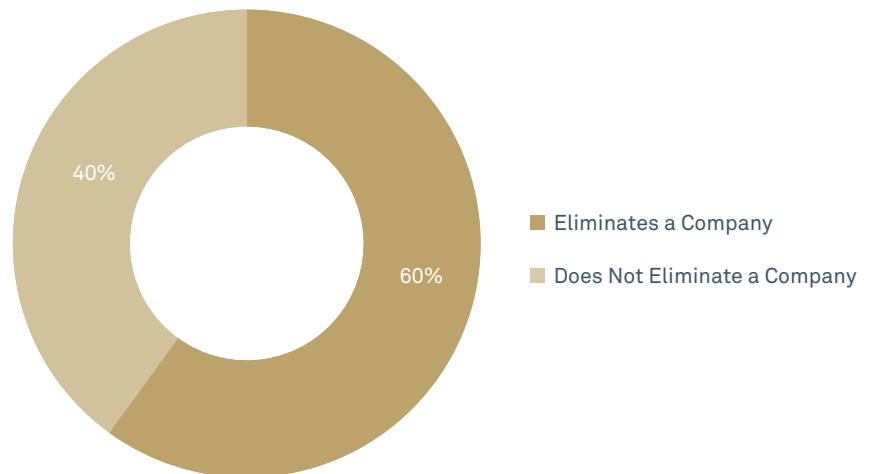
BUILDING TRUST

THE IMPORTANCE OF CORPORATE ACCESS

A majority of study respondents state that a lack of corporate access eliminates a company from their potential investment universes, explaining that face-to-face meetings are a necessary component of their due diligence process.

For the 60% of investors who absolutely require them, in person meetings are important in judging management's knowledge and proficiency; building trust and rapport with the team; and enabling investors to better understand the company's strategy, regional market dynamics, and competitive threats. Importantly, investors state that they cannot solely rely on sell side reports to learn about non-North American companies and that a lack of corporate access gives the impression that management is intentionally withholding important information or is generally uninterested in developing relationships with new investors.

Does a Lack of Corporate Access Eliminate a Company From Your Investment Universe?



“It is difficult to invest in a non-North American company if there is a lack of corporate access. I do not invest in a company solely on the information the sell side gives me about a company. I need to be able to talk to management and build my own opinion on the company and combine my analysis with the information I receive from the sell side.”

Alternative Investor, High T/O, Tier 3 EAUM, Secondary Location

PREFERRED NUMBER OF MEETINGS

PRIOR TO, AND FOLLOWING THE INITIAL INVESTMENT

Almost two-thirds of investors (72%) reveal that in order to invest with confidence in a non-North American stock they prefer at least one meeting with the company’s senior executives.

“I have to meet with a non-North American company at least once before initiating a position, but once I decide to build a position, I need to meet about two or three times per year. The first meeting is to gain knowledge on management’s growth strategy, while the subsequent meetings enable me to get comfortable with the company’s financial statements, profitability, operations, and delivery methods.”

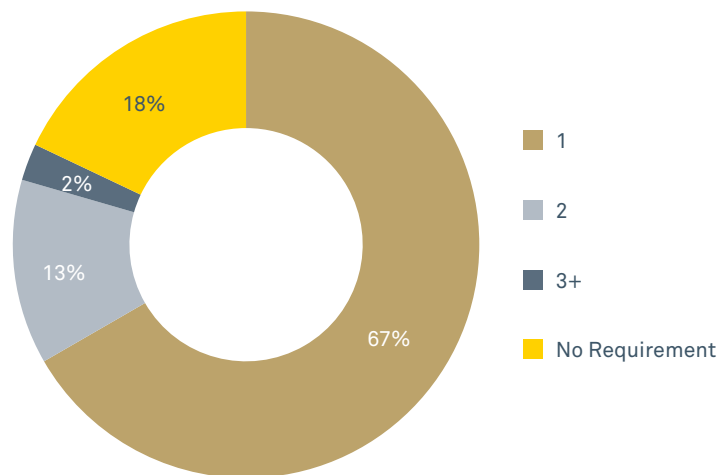
Value Investor, Low T/O, Tier 1 EAUM, Primary Location

“Once invested, the number of meetings I require per year is no different than if I were to meet with a domestic name. I like to meet with management before investing in a company so that I can get a better understanding of their strategy and outlook and create an investment thesis. Afterward, meetings are to keep me up to speed on what is going on at the company and what the team’s long-term vision is, in terms of financials and strategic direction. At least two meetings per year are preferred.”

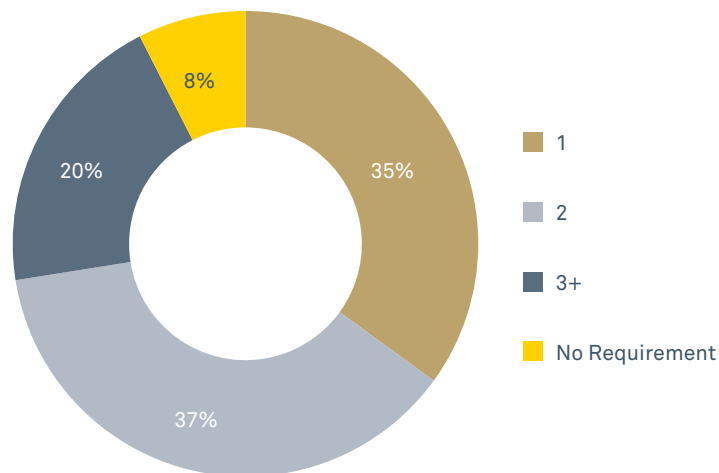
Alternative Investor, High T/O, Tier 3 EAUM, Secondary Location

Once invested, many require consistent communication with management. The majority of investors also indicate that the number of required meetings is heavily dependent upon the size of their position, the company’s complexity, its business model (stable vs. cyclical), and its operations (restructuring, divestitures, acquisitions).

Preferred Number of Meetings Prior to Investing



Preferred Number of Meetings After Investing



UTILIZING THE SELL SIDE FOR CORPORATE ACCESS

All study respondents reveal that they utilize the sell side to organize corporate meetings with non-North American companies, but there are large disparities in terms of what proportion of meetings are undertaken independently.

“Since a lot of my corporate access is through conferences, 90% of my corporate meetings are arranged by the sell side. It is much harder from a logistical standpoint to arrange meetings directly with non-North American companies.”

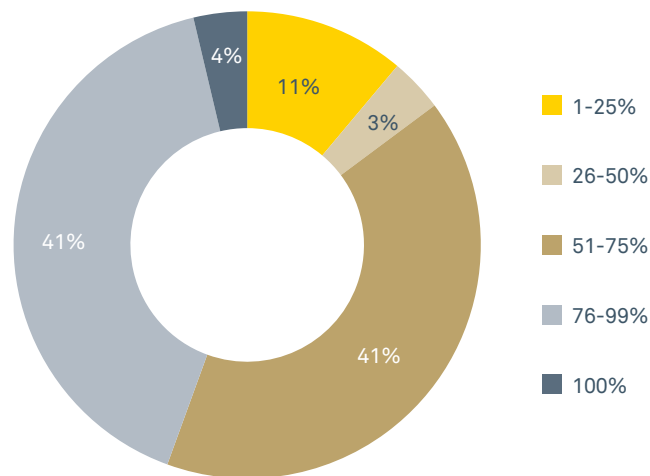
Alternative Investor, High T/O, Tier 3 EAUM, Secondary Location

“The reason for the decrease in the percentage of corporate meetings arranged by the sell side is due to us having more direct access to the management teams of non-North American companies. Whether or not the sell side arranges our corporate meetings depends on ease of access. Sometimes the sell side has an established relationship with a company, in which case we would go through the broker to gain that corporate access. If the company fields our phone calls, we would be happy to talk to them directly rather than having to work through a broker.”

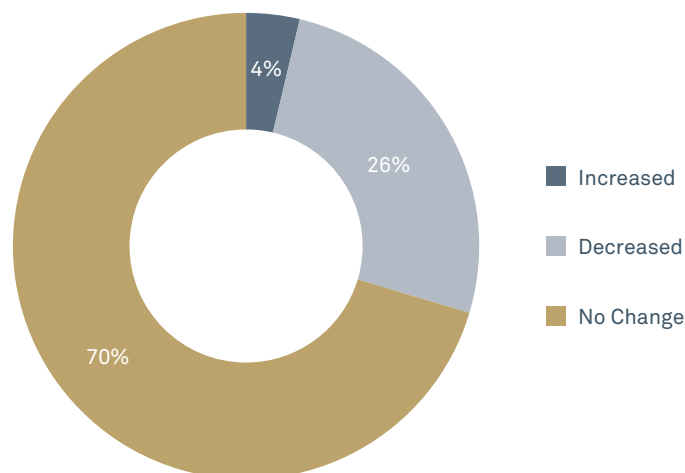
Deep Value Investor, Low T/O, Tier 1 EAUM, Primary Location

The portion of meetings arranged by brokers has remained largely constant for the past two years, although 26% of investors have reduced the number of meetings arranged by the brokerage community. Investors explain that it is difficult to communicate directly with international management and IR teams due to distance and language barriers, and that outsourcing this task to brokers is time-efficient and cost-effective.

What Percentage of Your Meetings with Non-North American Companies Are Arranged by the Sell side?



Has That Percentage Changed At All Over the Past Two Years?



HOW ISSUERS CAN IMPROVE CORPORATE ACCESS

When asked specifically how issuers can improve the corporate access that they provide to the buy side, more than half of investors assert that non-North American companies must provide more points of contact throughout the year. Respondents encourage companies to travel frequently and remain visible by attending conferences and non-deal roadshows; hosting group sessions and one-on-one meetings with investors; and providing conference calls and video conferences after major events and announcements. In particular, respondents emphasize the importance of meeting frequently with top shareholders, building strong relationships and rapport, and demonstrating that they value investor feedback and opinions.

“The issuers can improve the quality of their corporate access services by committing more resources to try to understand who the companies’ shareholders and potential shareholders are. Many firms leave it up to the brokerage community to find out this information.”

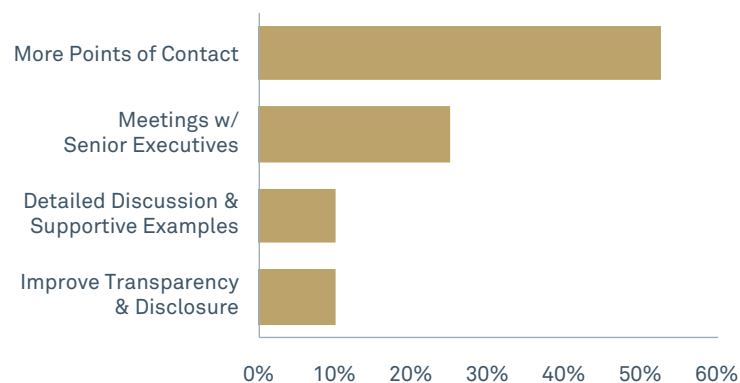
Value Investor, Low T/O, Tier 2 EAUM, Secondary Location

“Issuers can improve the quality of corporate access by having a good senior management team and knowledgeable IR personnel, updating the company’s website with the most recent earnings release presentation, holding conference calls after releasing earning results at a time that is suitable for North American investors, heading out on the road to visit with investors, and making sure that top shareholders are kept in the loop.”

Value Investor, Low T/O, Tier 1 EAUM, Primary Location

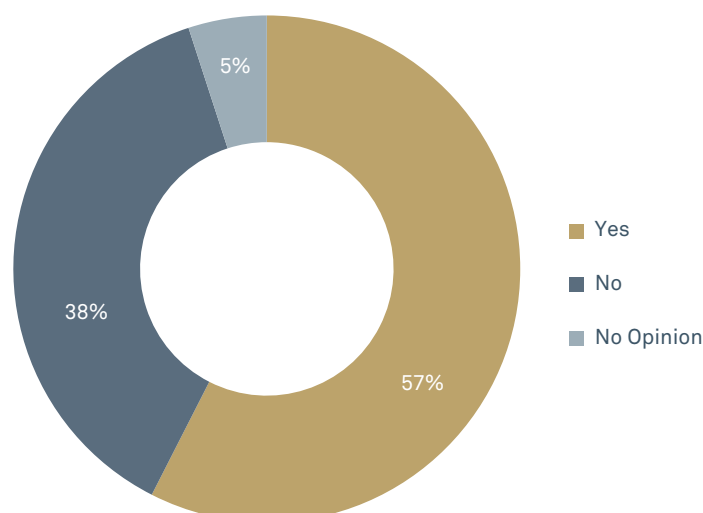
Respondents state that it is valuable to meet with top executives, particularly the CEO and CFO, as they are the most knowledgeable about the breadth of their business, operating capabilities, and competitive landscapes. Additionally, investors highlight the importance of providing access to operational or divisional heads, with more than half of respondents stating that their technical knowledge and unique perspectives provide invaluable insight into the business.

Issuer Improvements*



* Participants had the option of providing multiple responses. Only the top 4 responses are displayed.

Should Operational Heads of Non-North American Companies Be More Visible with Investors?



WHAT CHANNELS ARE EFFECTIVE FOR CORPORATE ACCESS?

When asked to rate the value of different formats of corporate access, investors clearly choose one-on-one meetings as being more efficient and spontaneous.

“One-on-one in-person meetings are generally the most valuable, followed by one-on-one telephone calls and video conferences. Group meetings are less effective. Companies that use technology are able to communicate messages much more efficiently. The cost is also much lower to them for communicating using technology.”

GARP Investor, Low T/O, Tier 2 EAUM, Secondary Location

“I have not attended too many on-line video conferences, but it is useful because it is similar to meeting one-on-one with the team. Companies should make more frequent use of this medium of communication.”

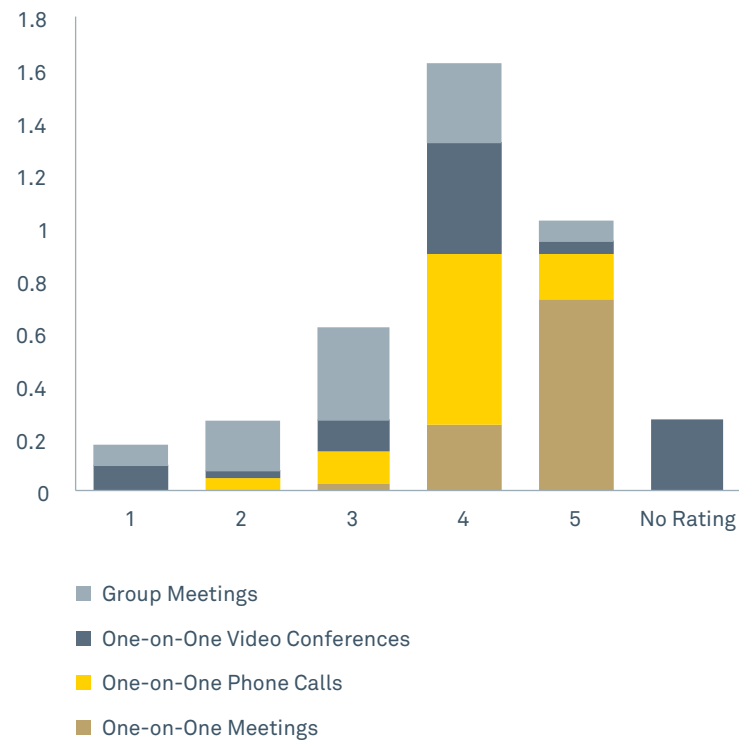
Alternative Investor, High T/O, Tier 3 EAUM, Secondary Location

“One-on-one in-person meetings and one-on-one video calls are extremely valuable. When you get to see someone, you create the opportunity to build rapport and positive relationships with management, which over time can lead to insight on how the company is being run, rather than the just the company’s corporate message.”

Value Investor, Medium T/O, Tier 1 EAUM, Secondary Location

Investors feel that companies can best communicate their plans in a face-to-face meeting. Next, telephone calls are viewed as a common and acceptable way of communicating with management, particularly if travel is limited due to time or budgetary constraints, or if investors only have a few questions to ask. Finally, only a handful of respondents are familiar with, or currently use, video conferencing for corporate access due to lack of familiarity with the technology.

Rating Access Channels *



* 1=poor, 3=Average, 5=Excellent

CONTACTS

NEW YORK

Guy Gresham

Head, Global Investor Relations Advisory
+1 212 815 4693
guy.gresham@bnymellon.com

Amy Salomone

Senior Market Access Specialist
+1 212 815 3938
amy.salomone@bnymellon.com

Gina Doogue

Market Access Specialist
+1 212 298 1640
gina.m.doogue@bnymellon.com

Laura Riley

Market Access Specialist
+1 212 815 6216
laura.riley@bnymellon.com

Karen Bodner

Senior Capital Markets Advisory
Specialist
+1 212 815 4693
karen.bodner@bnymellon.com

Parichat Charoenkitnapa

Investor Relations Specialist
+1 212 815 4372
parichat.charoenkitnapa@
bnymellon.com

Mick O'Brien

Corporate Governance Specialist
+1 212 815 6007
michael.o'brien@bnymellon.com

Mila Leliavskaia

ESG Specialist
+1 212 815 4493
ludmila.leliavskaia@bnymellon.com

LONDON

Anja Kharlamova

Senior Investor Relations Specialist
+44 207 163 7397
anja.kharlamova@bnymellon.com

HONG KONG

Herston Powers

Senior Investor Relations Specialist
+852 284 0968
herston.powers@bnymellon.com

bnymellon.com

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