City slicker: an insider's guide to New York City

A roadshow to New York is full of opportunities – as well as potential pitfalls, finds *Elizabeth Judd*

Few IROs would name New York as the easiest or most accommodating destination on the map. The pace is frenetic, the market arguably over-brokered, and getting from Point A to Point B can be a headache. Even finding a promising time of year for a visit poses a challenge. 'I don't know if there's any one good time period because they're all relatively crowded,' says Paul Steinhauser, senior managing director and head of US and UK institutional equity sales at Raymond James.

These hurdles don't matter, though, in light of the city's incomparable possibilities for public companies seeking new investment capital. 'When firms travel, New York, Boston and London are the three biggest markets to visit, but it's New York first,' says Steinhauser. Greg Giannakopoulos, Raymond James' managing director and head of New York institutional equity sales, agrees, noting that Manhattan represents 'the largest pool of investable assets in the world.'

As New York City is such a frequent roadshow destination, it's easy to fall into a rut, visiting familiar standbys rather than venturing out to appealing prospects. To break out of that rut, Steinhauser recommends getting up-to-date data on who is trading a company's stock and look for any changes. He also advises talking with research analysts and asking them for suggestions of new investors to approach.

Making every moment count

Giannakopoulos emphasizes the importance of companies' clarifying their objectives for non-deal roadshows before drawing up a list of potential investors to visit. And while this advice applies to every city, it's even more critical in New York because the list of possible institutional investors is so long.

Steinhauser says a non-deal roadshow to New York shouldn't necessarily be confined to the island of Manhattan and will ideally last three days. He recommends starting in New Jersey before visiting investors headquartered in Wall Street. The second day should be spent entirely on meetings in midtown, and the third day in Connecticut, typically in Greenwich and Stamford, where there's a significant investor community. Steinhauser also says that if an IRO has only one day for meetings, Manhattan represents the most efficient use of a management team's time.

When in Manhattan, a 15-to-30-minute cushion between meetings is necessary. Although public transportation is easy to access in New York, Giannakopoulos points out that a car service is the best option. 'If successive meetings are located a few blocks apart, it's often most efficient to walk rather than wait for a car to navigate traffic,' he says.

New York obviously has a superabundance of hotels, and most public companies on a busy roadshow choose one in midtown. Finding restaurants can be difficult not because there are too few tempting choices, but because there are too many. As an alternative, the corporate access team often caters group lunches for visiting IROs and management teams at Raymond James' midtown office given its convenient location and proximity to many investors.

Giannakopoulos emphasizes the importance of group meetings in New York as most companies have so many investors to see. While he points out that breakfast meetings are usually reserved for one-on-ones or small groups, lunch and dinner offer terrific opportunities for bringing together a larger investment group.

Hedge funds: to see or not to see?

'You really can't talk about the New York investment community without referring to hedge funds,' says Steinhauser. 'New York has the largest concentration in the world.' Although IROs are right to question the well-publicized issues at a few hedge funds, Steinhauser believes hedge funds themselves have changed since the financial crisis. 'Many look and feel like traditional long-only accounts,' he adds. 'In an ideal world, they want to find the ideas that are going to make their clients the most money, which is no different from what a portfolio manager at a long-only firm is doing.'

Many hedge fund managers are demonstrating a keen appetite for understanding a company's story. 'So if you have a good story to tell, they're more likely to go long than short a stock that isn't doing well,' says Steinhauser. 'I think hedge funds have had a bum rap over the past five to 10 years, particularly since many of them have become more fundamentally focused.'

Giannakopoulos agrees, noting that 25 of the largest 30 hedge funds are either diversified or equity-focused firms, all managing assets of $20 bn or more. Many of these managers are liquid, fundamentally focused 'stewards of capital that can take large, concentrated positions in companies,' he explains, adding that many hold their long positions for 36 months or even longer.

In addition, the line between hedge funds and their more traditional counterparts has started to blur. Giannakopoulos says many large institutional investors now have their own in-house hedge funds within the fund umbrella. Meeting one-on-one with a hedge fund may require some tweaking of a company's story, says Steinhauser. Some will want to focus more on the near term than on long-term strategy, for example.

Because the investment styles of New York managers are so diverse, IROs need to be extremely nimble and ready to change tack between meetings. 'In New York, you're probably going to have a greater variety of investors to talk to, so your meetings may swing back and forth between those interested in the short term and those interested in the long term,' says Steinhauser.

Two birds, one stone

That Manhattan is the indisputable center of the financial world can sometimes work against it getting its full due on non-deal roadshow itineraries. While top-notch IROs rotate between the cities they visit, too often CEOs and CFOs will say they have just been to New York City when they have not actually done a roadshow there but presented at a conference or transacted other business.

'There's a difference between attending a conference in New York and spending a day visiting investors there on a non-deal roadshow,' says Steinhauser. He notes that while some of the investors a company meets at a Manhattan-based conference will be from New York, others will have traveled to the city from other places. He recommends taking that into account when allocating time to New York for investor outreach.

'When management teams travel to New York on their own business, squeezing in an investment meeting or a group dinner makes sense,' says Steinhauser. 'I don't think companies take advantage of that quite as much as they should.'

In the end, though, while it's easy to grouse about New York traffic and the other challenges of a non-deal roadshow to the Big Apple, what most IR professionals remember is the dazzling array of opportunities they have within just a few small miles. 'Everyone wants to be in New York,' concludes Steinhauser. 'It is *the* dominant financial center in the world.'