

## MAINFIRST RESEARCH APPROACH

### MAXIMUM ATTENTION FOR INVESTORS NEEDS

"Main"First stands for "Maximum Attention to Investors' Needs" and that should always be our guiding principle. At the centre of investors' needs is the requirement to generate consistent alpha. Consequently, analysts need to focus their research on commercial, money making ideas.

### IN DEPTH KNOWLEDGE BASED ON PORTER'S 5 FORCES

Alpha generation comes from an in-depth understanding of companies (innovations, management, products, etc.), market dynamics (long-term growth, cyclicalities, structure of clients, etc.), competition (market structure, substitutions, behaviour, etc.) and suppliers (pricing power, substitutions, etc.).

All company or sector analysis should include a full financial model, which will include 5 year historic and 3 year forward looking numbers.

### FOCUS ON BEING FAST TO THE MARKET

Reacting quickly to the market is critical and a very important tenet to providing a value added service to our client base.

However and in order to be in a position to be able to provide that service, analysts need to publish detailed reports that demonstrate our in depth understanding of a company and the markets it operates in. Additionally, they should provide regular updates – either to augment and cement our position and/or respond to client feedback and requests. Overall, the guiding principle should be to optimise our input to get the most out for our clients.

### KEEP CLOSE CONTACTS TO COMPANIES

MainFirst Research should develop strong relationships with their companies, while always following the Compliance Code of Conduct. The analysts should visit covered companies at least twice a year, preferably in one-on-one meetings. Corporate press releases and statements should always be cross checked with competitor analysis as well as relevant end customer and supplier information. Analysts should also (if economically sensible and within the framework of the Code of Conduct) cross check with independent sources such as trade journals, consultants, etc..

### AVOID MAINTENANCE OUTPUT

Senior analysts at MainFirst should aim to cover 8-12 stocks. The output should be focused on key recommendations and the promotion of conviction ideas. Research should aim to avoid pure maintenance output such as previews and reviews particularly where there is limited expectation of a stock moving event.

### CONSENSUS MACRO ASSUMPTIONS

MainFirst is focused on generating alpha with company specific calls. Our macroeconomic assumptions should be close to consensus expectations. In general, analysts use available consensus data e.g. from Bloomberg (Economic Surveys: OUTL) for GDP, interest rates and commodity price assumptions. Sector specific growth assumptions should be driven by consensus GDP but might include some specific sector assumptions like de- or restocking.

### MAINFIRST DOES NOT PROVIDE INFORMATION TO THE PRESS

MainFirst works for its clients and does not provide information to the press or journalists. Press inquiries concerning MainFirst as an institution are dealt with by a dedicated representative. Please contact [info@mainfirst.com](mailto:info@mainfirst.com).