



# Constructing an information hub

Global Markets (Sales&Trading)

October 2015

# Working with information

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- To make good investment decision you should have all the information available in the market and even more
- Less than 2% of the information a typical analyst receives in a given day actually provides new insight
- So, learning to get and work with information is crucial for any analyst (sell-side, buy-side, investment banking, etc. – that is relevant for everyone)
- In order to avoid drowning in a flow data you should increase the flow of “good” information and limit the flow of “bad information”

# Working with information (contd.)

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- 3 key questions you need to answer when working out a strategy to control the information flows:
  - What needs to be collected?
  - Where will it come from?
  - How is it best organized?

# What needs to be collected?

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- The ultimate goal is to **select mispriced stocks** as result of a misunderstanding in the market
- Focus on the **critical factors** that are likely to drive a stock price

Sector information	Company information
Sector growth / demand / market opportunities	Management strategy, goals, guidance
Major input costs	Major product lines, services, customers
Sector threats / risks	New growth opportunities
M&A	Major costs evolution
	Threats, risks
	Capital expenditures
	Financing needs, free cash flow
	M&A

# Where will it come from?

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- **Publicly available sources:**
  - Create a list of all relevant sources - mass media, blogs, web portals, magazines, etc.
  - Find out what professional services you may have access to (e.g. Bloomberg, FactSet, Capital IQ, etc.)
  - Set up news feeds via filters/alerts (e.g. Google Alerts) for each company in your sector and the sector as a whole – create a list of all the key words / terms important to your analysis
  - (!) *Discuss and cooperate with colleagues*
- **Proprietary sources:** start thinking on how you can get an informational edge in your industry, think of how you would start building your network

# How to stay in the flow of information

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## **“PUSH” model**

- Get subscribed to every relevant news source
- Get added to every company and industry distribution list
- Allow the news vendors push the information to you as soon as it becomes available
- Be sure you get everything there is published

**As a start, we recommend using this approach until you learn to work better with the information and understand its quality**

## **“PULL” model**

- Know exactly what you need
- Know exactly where you can get it, i.e. know the best sources and have access to them
- Limit the flow of “bad” information and avoid distractions

**Although this is a better approach, you can't use it properly unless you are an experienced analyst with a good network**

# Home task

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1. Think of the sectors / companies you are genuinely interested in, try to focus on one industry or sub-sector in order to retain focus
2. Identify the most relevant information sources for your sectors? What mass media follows your sector most closely? What specialized web portals, magazines, etc. would be the most helpful to understand and follow your sector?
3. Think of what sources you have access to. Cooperate with colleagues and CMF to do that.
4. Work on information inflows – company IR e-mail subscriptions, mass media RSS or subscription, Google alerts, etc.
5. Control the information you get – set up a special folders for your industry and companies you cover. Install Evernote (or the like) and use web clipping features to save relevant articles to relevant notebooks (one notebook for each company)
6. Register and start posting the most relevant news on [www.stock-talk.ru](http://www.stock-talk.ru) to get comments and feedback from your colleagues and mentors