

> Thursday, April 29th, 2021

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FINANCE

RESEARCH
SEMINAR



EMPOWERING CHANGEMAKERS FOR A BETTER SOCIETY

“THE BENEFITS OF ACCESS: EVIDENCE FROM PRIVATE MEETINGS WITH PORTFOLIO FIRMS”

(A joint work with Marco Becht and Julian Franks)

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ABSTRACT

We analyze the monitoring efforts of a large active asset manager that involve high-level private meetings with portfolio firms that are unobservable to outsiders. Our analysis reveals the inner workings of the asset management organization based on detailed records of contacts with executives and board members of portfolio firms, internal analyst recommendations, voting decisions, and daily fund-level stock holdings. Private meetings generate pronounced trading patterns, with fund managers trading on and around meeting days and votes. Our results show that engagement with target firms generates insights and information advantages, increases trading and is associated with significant abnormal returns.

Keywords: active investors, trading, institutional investors, corporate governance, stewardship, active ownership, shareholder voting, analysts, fund managers.