

DQG &KULV :DOOLV

RWKHUZLVH RI WKH UHFRPPHQGDWLRQV ,QWHUYLHZ GDWD SURYLGHV HYLGHQ
LQYHVWLJDWLRQV VDQFWLRQV DQG VDIH KDUERXU UHFRPPHQGDWLRQV :H ILQG
GLVDJUHHG ZLWK SDUWLFXODU UHFRPPHQGDWLRQV SUHOLPLQDU\ RU LQ@P XQ

ZLWK WKH 73% UHFRPPHQGDWLRQV DQG UDLVH TXHVWLRQV DV WR ZKHWKHU UHF
3UDFWLFDQO\ WKH ILQGLQJV RI WKLV VWXG\ IHHG LQWR WKH WD[SROLF\ GHE
3UDFWLWLRQHUV *RYHUQDQFH DQG 6WDQGDUGV)RUXP DQG 3URIHVVRQDO •pH
UHVHDFK LQWR WD[SUDFWLWLRQHUV DWLWXGHV DQG EHKDYLRXU DQG DGG
,PSRUWDQWO\ WKH UHVHDFK ILQGLQJV KDYH WKH FDSDFLW\ WR SRWHQWLDOO
UHFRPPHQGDWLRQV ZLOO DFKLHYH WKHLU REMHFWLYHV

.H\ZRUGWD[SURIHVVLRQ LQYHVWLJDWLRQV VDQFWLRQV FRGH RI FRQGXFW V
6HUylFHV \$FW 7D[3UDFWLWLRQHUV *RYHUQDQFH DQG 6WDQGDUGV)RUXP W

'HSDUWPHQW RI \$FFRXQWLQJ (FRQRPLFV DQG)LQDQFH 6FKRRO RI
6ZLQEXUQH 8QLYHUVLW\ RI 7HFKQRORJ\ (PDLO .GHYRV#VZLQ HGX DX
ZRDOG OLNH WR DFNQRZOHGJH WKH IXQGLQJ RI WKLV UHVHDFK YLD W

,1752'8&7,21

7KH ~~HI 5 YHGFJMG5WSS~~ &WK 7\$6\$ ZDV GHVLJQHG WR U
 RSHUDWLRQ DQG EHKDYLRXU RI UHJLVWHUHG WD[SUDFV
 %\$6 DJHQWV DQG SUHYLRXVO\ WD[ILQDQFLDO DG YLVH
 IHZ DPHQGPHQWV KDYH EHHQ PDGH UHJDUGLQJ UHJLV
 &RQGXFV &RGH WKH FLYLO SHQDOW\ UHJLPH DQG WKH
 PDNH XS WKH HVVHQFH RI WKH OHJLVODWLRQ 'HVSLW
 LQHILFLHQFLHV XQGHU WKH OHJLVODWLRQ DQG LPSURY
 JRYHUQLQJ ERG\ WKH 7\$6\$ DQG &RGH WKHUHLQ KDY
 7KHUH KDV DOVR EHHQ RSSRVLWLRQ DQG UHVLVWDQFH O
 ERWK LQGLYLGXDOV* ~~DOV RWDQ IEDFWLRQ XQG~~ WKH UHFH
 RI WKH 73% WKH 5HYLHZ ZDV RYHUGXH DQG KDV EHHQ Z
 VXEPLVVLRQV IURP LQWHUHVWHG SDUWLHV DQG NH\ VWDI

*LYHQ WKH ZLGH UDQJLQJ UHYLHZ RI WKH 73% DQG 7\$6\$
 WLPHO\ LQ WKDW LW SURYLGHV VRPH PFXK QHHGHG HPSL
 WKHPVHOYHV DV WR WKH PHULWV RI WKH 73% UHFRPPHQG
 WD[SUDFWLWLRQHUV¶ EXVLQHVVHV DQG OLYHOLKRRGV
 \$UPVWURQJ DQG 6PLWK DQG .HQ DQG PRUH UHFHQWO\ 'HY
 0RUWRQ &XUUDQ DQG Y. B. SOLUWYLGHG HPSLULFDO HYLGHQ
 WD[SUDFWLWLRQHUV¶ DWLWVXGHV DQG EHOLHIV 6LJQL
 EXLOG RQ WKLW SULRU ZRUN

7KLV VWXG\ JDWKHUV WKH YLHZV DQG LQVLJKWV RI W
 DFFHSWDQFH RI VHOHFWHG SURSRVHG UHFRPPHQGDWLRQ
 LQYHVWLJDWLRQV VDWLWLRQV DQG VDIH KDUERXU 7KH
 GHEDWH LQFOXGLQJ WKH ZRUN RI WKH 7D[3UDFWLWLRQ
 73*6) DV ZHOO DV WKH 3URIHVVLRQDO 6WDQGDUGV &R
 ZKHWKHU WKH VDLG UHFRPPHQGDWLRQV DUH ILW IRU S
 SUDFWLWLRQHUV WKH DXWKRUV DUH RI WKH YLHZ WKDW
 IRU SXUSRVH KRZHYHU VRPH LPSRUWDQW FDYHDWV K
 FRQVLGHUDWLRQ 7KH HYLGHQFH KHUHLQ LQGLFDWHV WK
 FDVH WKDW WKHVH UHFRPPHQGDWLRQV ZLOO SRWHQWLDO
 LQFOXGHV H[SRVXUH GUDIW OHJLVODWLRQ RQ VHYHUDO
 7UHDVXU\ /DZV \$PHQGPHQW 0HDVXUHV IRU &RQVXOWDWL
 %RDUG 5HYLHZ DQG PRUH UHFHQWO\ WKH 7UHDVXU\ /D
 &RQVXOWDWLRQ %LOO DORQJ ZLWK WKH 7D[\$JHQW
 ,QIRUPDWLRQ 5HJXODWLRQV D GLVFXVVLRQ RI ZKL
 DUWLFOH

5H[/ 0DUVKDOO 5REHUW : \$UPVWURQJ DQG 0DOFROP 6PLWK µ7K
 3UDFWLWLRQHUV :HVWHUQ \$XVWUDOLDQ HYLGHQFH¶
 \$XVWUDOLDQ ~~RYH UHYLHZV DQG XQG~~ -XO\ \$XVWUDOLDQ
 7UHDVXU\ ~~RYH UHYLHZV DQG XQG~~ 2FWREHU µ7KH
 5HYLHZ¶ 7KH 5HYLHZ ZDV OHG E\ IRUPHU %RDUG RI 7D[DWLRQ PHPEH
 0DUVKDOO HW DO DERYH Q
 .HQ 'HYRV DQG 3DXO .HQ¶ µ\$Q \$VVHVVPHQW RI WKH &RGH RI 3URIHV
 ± 6L[<HDUV 2Q ~~5HJXODWLRQ~~ ¶
 .HQ 'HYRV (OL]DEHWK 0RUWRQ 0LFKDHO &XUUDQ DQG &KULV :DOO
 6HOHFWHG 73% 5HYLHZ 5HFRPPHQGDWLRQV¶

H-RXUQDO RI 7D[5HVHDFK

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQ¶V UHVSQRVH WR WKH UHFH

:LWK UHJDUG WR D FXUUHQWO\ WKH 7\$6\$ UHTXLUH
LQYBWXUJWLRQGWROLYPSRW@DDV@QEWLRQ IRU D EUHDFK
DUJXDEO\ GUDZV RXW WKH WLPH LQYROYHG DQG KLQGHU
IDLUQHVV QDWXUDO MXVWLFH SULQFLSOHV QHHG WR EH
VLPLODU SURFHGXUDO IDLUQHVV LVVXH DUH UDLVHG W
SUHSDUH DQG GHIHQG WKHLU FDVH DJDLQVW DQ\ SRWHQV
UHFRPPHQGDWLRQ GRHV KDYH WKH SRWHQWLDO WR DGGU
WD[SUDFWLWLRQHUV DUH DEOH WR FLUFXPYHQW WKH LQ
DFWLRQ E\ YROXQWDULO\ GHUHJLVWHULQJ EHIRUH D IRUP

:KLOH DFNQRZOHGJLQJ WKDW WKHUH LV D QHHG WR VX
LQWHJULW\ RI WKH WD[V\WHP VXFK DV 5HFRPPHQGDW
UDLVHG WKDW WKH UHFRPPHQGDWLRQV PD\ EH WRR EU
)LQDQFLDO 3URIHVVLRQKDOVLSXGLWDDOIGDWKBS WKH SURSR
ZLWK UHVSHFW WR LQYHVWLJDWLRQV PD\ XQLQWHQWLRQ
ZKR QHLWKHU KDYH WKH LQWHQWLRQ QRU RSSRUWXQLW\
SURPSWHG WKH UHFRPPHQGDWLRQV PDWHO\ OHDG WR LQF
FRVWV ILQDQFLDO ULVN DQG :KHOXODWKH\ ,YFUJXWLRQFRU
HQVXUH WKH OHJLVODWLYH FKDQJHV GR QRW XQIDLUO\ L
IRU WKRVH SUDFWLWLRQHUV ZKR GR WKH ULJKW WKLQJ W
RU XQQHFHVVDULO\ KHDY\ EXUGHQV

5HFRPPHQGDWLRQ F WR UHPRYH WKH VL[PRQWK WLPH I
DUJXDEO\ FUHDWH SUREOHPV ,W LV SRVVLEOH WKDW WK
DQG LQHIILFLHQW LQYHVWLJDWLRQV +RZHYHU WKH GH
UHYLHZDEOH GHFLVLRQ &XUUHQWO\ WKH 7\$6\$ RQO\
PDWWHUV WKDW DUH RXWVLGH WKH 73%¶V FRQWURO \$V I
IRUPDO LQIRUPDWLRQ JDWKHULQJ SRZHUHQG GHV XFKH 7\$

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQV UK

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQ\ UHVSQVH WR WKH UHFH

3ULRU VWXGLHV KDYH DOVR LQGLFDWHG WKDW UHSXWDW
FDQ VHYHUHO\ LPSDFW WKH SUDFWLWL, QMKLW DEJDUW\
WKH UHJLVWHU QHHGV WR EDODQFH WKH QHHG IRU SXEO
WD[SURIHVVLRQ ,QIRUPDWLRQ UHJDUGLQJ WKRVH SUD
REOLJDWLRQV QHHGV WR EH SUHVHQW IRU VXILFLHQW W
FRQWLQXHG IXWXUH RSHUDWLRQ ZKHUH FRQWLQXDWLRQ
\$ORQJ ZLWK WKH SURSRVHG DPHQGPHQW LQ UHVSHFW WR
WKH GUDIW OHJLVODWLRQ SURSRVHV WKH LQWURGXFWR
QHZ 'LYLVLRQ RI WKH 7\$6\$ 7KHVH ZRXOG UHTXLUH
DJHQW JLYH QRWLFH WR WKH 73% LI WKH\ DUH HPSOR\LQJ

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQ¶V UHVSQRVH WR WKH UHFH

/,7(5\$785(5(9,(:

7KLV VHFWRU SURYLGHV D EULHI UHYLHZ RI VRPH RI WKH
RYHU WKH ODVW \HDUV UHJDUGLQJ WD[SUDFWLWLRO
SHQDOWLHV VDOFWLRQV DQG VDIH KDUERXU SURYLVLRO

3DUW 'LYLVLRQ RI WKH 7\$6\$ LQFRUSRUDWHV WKH
WKH NH\ DWWULEXWHV RIVLQJ SUDFWLWLROV LQFOXG
WVWUJLWV DQG VDOFWLRQV, Q LQYH DQJLDWQJ
SUDFWLWLROHUV¶ MXGJPHQWV KDYH EHHQ IRXQG WR EH
PRUH OLNHO\ WR FKRRVH D :KXWDEPHW DJR XWKFRDMW

H-RXUQDO RI 7D[5HVHDFK

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQ[V UHVSQRVH WR WKH UHFH

WKH 73% DOUHDG\ KROGLQJ DGHTXDWH LQIRUKRDLWLRQ RQ
LV FRXQWHU SURGXFWLYH DQG FDQ SRWHQWLDOO\ OHDG
WKDW WKHUH LV QR QHHG IRU WKH LQYHVWLJDWLRQ 7KLV

\$ PFK EURDGHU ERGDVH DPHWJUDWXHH WKH ODVW \HDU
WKH LPSDFW RI VDQFWLRQV XSRQ SDUSLDFOLWLRQHUV
EDODQFH EHWZHHQ SHQDOWLHV SHU VH DQG WKHLU HQIR
H[DPSOH LW ZDV IRXQG WKDW SHUFHSWLRQV RI WD[OD
VWURQJHU WKDQ SHUFHSWLRQV RI HQIRUFHPHQW DFWLY
WKH \$7.2 FRQWUDVW RWKHU VWXGLHV KDYH IRXQG WKDW
GHWHFWRQ UHGXFHV WKHLU HIIHFWLYHQHV DQG WKDW
FRPSOLDQFH DWVQWFOH DU SHQDOWLHV WKDW ZHUH DOV

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQ V UHVSQVH WR WKH UHF

SXEOLV~~7KLV~~ ILQGLQJ ZDV DOVR FRQVLVWHQW ZLWK WKH
FRQFHUQLQJ SRWHQWLDO HGXFDWLRQ GHILFLHQFLH

5(6(\$5&+ '(6,*1

5HVHDFK REMHFWLYH

7KH REMHFWLYH RI WKLW SURMHFW LV WR LQYHVWLJDWH
WKH UHFHQW UHFRPPHQGDWLRQV PDGH FRQFHUQLQJ WKH
VDIH KDUERXUV :H H[WHQG XSRQ WKH ZRUN E\ 'HYRV D
H[DPLQHV RYHUDOO SHUFHSDWLRQV WR WKH 73% UHFRPPH
7KH\ IRXQG WKDW ZKLOVW LQ PDQ\ FDVHV VXUYH\ SDUWL
RU LQGLFDWLYH WKHPHV HPHUJHG ZKLFK FRPSOLFDFWHG
LQYHVWLJDWLRQ

&RQVHTXHQWO\ WKLW VWXG\ H[WHQGV WKHLU ZRUN E\ JD
SUDFWLWLRQH UHFRPPHQGDWLRQV \$V \$XVWUDOLDQ WD[SUD
SURSRUWLRQ RI \$XVWUDOLDQ LQGLYLGXDO WD[SD\HUV D
HQRUPRXV FDSDFLW\ WR LQIOXHQFH WD[SD\HU FRPSOLI
FKDOOHQJH IRU WKH \$72 8QGHUVWDQGLQJ WKH DWWLWX
ZKR DFW RQ EHKDOI RI WD[SD\HUV LV D NH\ WR LPSURYLG
SURYLGHV DQ RSSRUWXQLW\ WR LQYHVWLJDWH IXUWKH
SUDFWLWLRQHUV LQ WHUPV RI WKH &RGH LQYHVWLJDWL
GLUHFWO\ DGGUHVVLQJ WKLW FKDOOHQJH

7KHUH LV DQ RYHUDUFKLQJ FRQFHUQ WKDW DOWKRXXJK W
WKHPVHOYHV DSSURSULDWHO\ VRPH HQJDJH LQ KLJK U
ODXQGHULQJ DFWLYLWLHV ZKLFK LPSDFWV RQ WKH S
LQYHVWL~~7KLV~~ UHOHYDQW WR WKH SURIHVVLRQ FRPPX
VHWWHUV DQG W pW QVDIHH pV QGQ DIFHHH pV QGQ

H-RXUQDO RI 7D[5HVHDFK

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQV UHVSQVH WR WKH UHF

VHOHFWLRQ RI SURIHVVLRQDO ERGLHV DV ZHOO DV WKH
,QYLWDWLRQV WR SDUWLFLSDWH ZHUH SURPRWHG WKUR
DYHQXH

7D[3UDFWLWLRQHUV % ~~BYGZDHC~~ QHZVOHWWHU μ

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQ\ UHVSQVH WR WKH UHFH

	)HPDOH	9,&
	ODOH	16:
	ODOH	4/'
	)HPDOH	9,&
	)HPDOH	9,&
	ODOH	9,&
	ODOH	4/'
	)HPDOH	9,&
	ODOH	:\$
	ODOH	9,&
	ODOH	9,&
	ODOH	16:
	ODOH	9,&

2I WKH WD[SUDFWLWLRQHUV LQWHUYLHZHG WKH PDMRU
 FHQW IHPDOH ZKLFK LV FRPSDUDEOH WR WKH OSUDFHQ\LSWLI
 ZHUH IURP 9LFWRULD ZKLOVW VLPLODU UHSUHVHQWDWL
 FHQW DQG 4XHHQVODQG SHU FHQW LV QRWHG \$V VX
 IURP 9LFWRULD FRPSDUHG WR HWKDMR 3% WV WRDWS\ D\ E\ V\ V\ V
 LQWHUYLHZHG ZHUH EHWZHHQ DQG \HUV RI DJH S
 DQG \HDFRKRUVV :KLOH LV LV DFNQRZOHGJHG
 VL]H PHDQW WKDW WKH UHVXOWV ZHUH QRW WRWDOO\ U
 FRKRUV WKLV ZDV H[SHFWHG DQG LV DFFHSWHG LQ FRQG
)ROORZLQJ HDFK LQWHUYLHZ WKH WZR LQYHVWLJDWRUV
 DQG VDWXUDWLRQ 7UDQVFULSWV ZHUH VXPPDULVHG DQ
 WKHPHV WR EHFPH DSSDUHQW LQFOXGLQJ UHOHYDQW
 HPHUJLQJ FDWHJRULHV 7KHVH LQWHULP VXPPDULHV IRUP
 WHVWLQJ EHWZHHPQ&H52° VHK`pWWHVWLJDWRUV IRUZ

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQV UHVSRQVH WR WKH UHF

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQ¶V UHVSQVH WR WKH UHF

EH WKH PRUH UHOHYDQW DXWKRULW\ WR DFW ± DQG W
DSSO\LQJ IRU H[DP SOH

«>(@YHQ LI WKH 7D[3UDFWLWLRQHUV %RDUG ZDV S

H-RXUQDO RI 7D[5HVHDFK

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQ[V UHVSQVH WR WKH UHF

SUDFWLWLRQHU PLVFRQGXFW 2XU ILQGLQJV DUH DOVR

7KH JRYH ~~DDX~~ HQW

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQV UHVSQVH WR WKH UHF

RIILFH ZDV YHU\ XQOLNHO\ WR PDNH D VXSHU>DQQX
WKDW ZDV RQH RI WKH YHU\ IHZ WKLQJV WKDW WKH\
KDYH D SHQDOW\ WKDW WKHUH ZHUHQ W D ORW RI P
WKDW DSSHUV WR EH D VLPLODU VLWXDWLRQ WKDW
PRPHQW ZLWK WD[SUDFWLWLRQHUV 6R , WKLQN LW
UDQJH RI RSWLRQV DYDLODEOH WR WKH 7D[3UDFWLV

3URSHU SURFHVV DQG SURFHGXUDO IDLUQHVV DUH IRXQC
DFFHVV WR VXSSRUW DQG JXLGDQFH WKH ULJKW RI DSS
DEVHQW IURP WKH H[LVWLQJ V\WHP DQG VRPH TXHVWL
V\WHP VKRXOG FKDQJH

, ZRXOG KRSH WKDW WKH GXH SURFHVV VWLOO WDN
VHULHV RI GLIIHUHQW VDQFWLRQV DQG IRU GLIIHU
KRSHIXOO\ WKDW ZRXOG QRW PHDQ WKDW WKH\ E\SD

7KH PDMRULW\ RI LQWHUYLHZHHV LQGLFDWHG WKDW LQF
WKH SRZHU DQG LQGSHQGQH FH RI WKH 73% KRZHYHU S
UHLWHUDWHG ZLWK UHVSHFW WR VXSSOHPHQLQJ WK
LQWHUFRQQHFWHGQHVV EHWZHHQ WKH 73% DQG \$72 H[
HDUOLHU FUHDWH KHVLWDWLRQ E\ SUDFWLWLRQHUV

>\$@ ORW RI WKH VWDII KDYH PRYHG DFURVV DQG W
DQG LW KDSSHQV LQ SXEOLF VHUFLH HYHU\ZKHUH
SHRSOH VDI\ ZHOO DUH WKH\ GLIIHUHQW IURP WKH V

6LPLODUO\ SHUFHLYHG FRQIOLFWV RI LQWHUHVW DURV
UHYHQXH FROOHFWLRQ

, WKLQN VR ORQJ DV WKHUH ZDV VRPH DELOLW\ IRU
JHQXLQH WKLUG SDUW\ DQG LI WKDW LV WKH \$\$7 W
EHFDXVH \RX NQRZ \RX ZRXOGQ W ZDQW WKHP «RY
>UHVSHFW RI@ « UHYHQXH FROOHFWLRQ

\$ VWURQJ PDMRULW\ ZHUH VXSSRUWLYH RI 5HFRPPHQGDW
GHWDLOHG UHVRQV IRU WD[SUDFWLWLRQHUV VDQFWLRQ
73% UHJLVWHU 2YHDOO WKH ILQGLQJV VXJJHVW WKDW
DOWKRXJK WKHUH ZDV DOVR DFNQRZOHGJPHQW RI ZKDW U
UHVXOWK ¿ñ•‡ 7Pu'BhH@00 DHVLVX FW@QP1LWZ•0` ZBR H \$€

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQ\U UHVSQRVH WR WKH UHF

7KLV VRPHZKDW TXDOLILHG VXSSRUW GLIIHUV VOLJKWO\
ZKHUH LW ZDV H[SUHVVHG WKDW WKH JUHDWHU WUDQVSD
HPSOR\HUV DQG FOLHQWV LQ ZDUQLQJ WKHP DJDLQVW X
73% 5HYLHZ FRQFHGHG WKDW WKH UHJLVWHU QHHGHG
LQIRUPDWLRQ LGHQWLI\LQJ WKHVH DJHQWV 7KH VWXG\
ILQGLQJV E\ 'HYRV DQG FR DXWKRUV UHJDUGLQJ S
GDPDJH ZDV HDUPDUNHG WKH FRVWV EHKDQDQG LW FRXOG DO
HIIHFWLYH GHWHUUHQW DV GLQGLQDWHG WLIQH WIRYH HOLLPHUQ
5HFRPPHQGDWLRQ DQG EHOLHYHV IXUWKHU FRQVXOWD

)LQDOO\ WKLV VWXG\ SURGXFHG PL[HG UHVXOWV ZLWK U
LQWURGXFWRQ RI DQ DGPLQLVWUDWLYH SHQDOW\ UHJ
SUDFWLWLRQHUV ZKR GHPRQVUDWH DQ LQWHQWLRQDO
KDOI RI WKH SUDFWLWLRQHUV ZHUH LQ VXSSRUW RI D
SDUWLFXODUO\ DGGUHVV WKH HJUHLRXV WD[DJHQW ,Q
HJUHLRXV SUDFWLWLRQHUV WR DFRXQW DJDLQ IRUPL

+RZHYHU FOHDU FKDOOHQJHV ZHUH FRQVLGHUHG DURXQ
SURYH LQWHQWLRQDO GLVUHJDUG DQG VLPLODUO\ UDLV
SUDFWLWLRQHUV VKRXOG EH WHUPLQDWHG LQVWHDG LI S
VXIILFLHQW HYLGHQFH DQG SURRI UHODWHV WR WKH FRP
WKDW WKHUH LV D JRRG ERG\ RI ODZ IURP ZKLFK WR G
IUDPHZRUNV

« >,@W V D WRXJK RQH EXW WKHUH LV D ORW RI FI
SHQDOWLHV DQG SHQDOW\ UHPLVLRQV IRU \RX NQR
GLVUHJDUG DOO WKRVH VRUWV RI WKLQJV WKDW FR
IUDPHZRUN ZKHQ \RX ZRXOG ILQG WKLV RU ZKHQ \RX
WKLQN LW V 2. , WKLQN LW VKRXOG EH D WRRO WKD
WKLQN LW FDQ EH FKDOOHQJLQJ WR ILJXUH RXW ZK

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQ\ UHVSRQVH WR WKH UHFH

LQYROYHG LQ WKH UHJXODWLRQ RI WD[DJHQW DFWL
WD[RIILFH DQG WKH 73% ERWK UHYLHZLQJ WKH DIID
\RX NQRZ DQ XQQHFHVVDU\ GXSOLFDWLRQ <HDK VR
SURPRWHU SHQDOW\ SURYLVLVRQV DQG WKH GLVTXD
FRPSDULVRQ RI KRZ WKDW UHJLPH ZRUNV ZLWK UHJD
WKH VDPH SULQFLSOHV WR WKH GLVTXDOLILFDWLRQ

ORUH EURDGO\ WKH TXHVWLRQ LV ZKHWKHU WKH UROH D
DQG EHFRPH PRUH LQGSHQGHW IURP WKH \$72

2YHUDOO WKLW VRPHZKDW TXDOLILHG VXSSRUW LV FRO
UHFHLYHG ZKHUH LW ZDV DFNQRZOHGJHG WKDW WKHUH Z
7KH VWXG\ UHVXOWV DUH DOVR FRQVLVWHQW ZLWK WK
ZLWK UHJDUG WR WKH FDYHDWV DURXQG WKH FODULILFDV
WKH SURFHGXUHV DQG LQGHSHQVHG FRQFHUWV WKH KDV D
5HFRPPHQGDWLRQ DQG EHOLHYHV IXUWKHU FRQVXOWD

7DEOH VHH \$SSHQGL[EUHDNV GRZQ WKH ILQGLQJV EDV
FRQFHUQ ZLWK IRU HDFK HOHPHQW RI 5HFRPPHQGDWLRQ
TXHVWLRQV VHW

:LWK UHVSHFW WR VDIH KDUERXU

7KHUH ZDV VWURQJ VXSSRUW LQ SULQFLSOH VKRZQ IRU
VDIH KDUERXU SURWHFWLRQV WR LQVWDQFHV ZKHUH WKH
RU LQWHQWLRQDO GLVUHJDUG ZLWK UHVSHFW WR WKH
SURWHFWLRQ IRU FOLHQWV UHO\LQJ RQ ± LH WUXVWLQJ
SUHYDLO DQG EH UREXVW

6R , WKLQN WKDW D 6DIH +DUERXU PHFKDQLVP LV FU
D WD[DJHQW KDV PDGH DQ HUURU RU IDLOHG RU
VRPHWKLQJ RU GRQH VRPHWKLQJ HUURQHRXVO\ LW
SHQDOLVHG IRU WKDW VLWXDWLRQ«

,I WKH WD[SUDFWLWLRQHUV KDV GRQH WKH ZURQJ WKLQJ
± WKH DJJULHYHG SDUW\ FDQ WDNH VWHSV WR SURWHFW
VWUDLJKWIRUZDUG ± KRZHYHU QRW DOZD\

>7KH@ &RPPLVLRQHUV OHW V VDI\ JLYHV WKH WD[SD
DJJULHYHG SDUW\ DQG KH RIWHQ GRHV WKDW DQG V
WKLW WD[DJHQW DQG KH OHW \RX GRZQ RU KH RU \
VXIIHUG ± QRERG\ 7KHUH V QR FRQVWYSHQVH • L

H-RXUQDO RI 7D[5HVHDFK

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQ¶V UHVSQVH WR WKH UHF

«>7@KDW ZRXOG EH D JDPH FKDQJHU , GRQ W WKLQ
DURXQG WKH ZRUOG WKDW VRUW RI DSSRUWLRQ SH
LPSRVHG XSRQ WD[SD\HUV

\$V DOUHDG\ IODJJHG WKH EURDGHU UHJXODWRU\ IUDPHZ
LV UHOHYDQW DQG UDLVHV RSSRUWXQLWLHV IRU HIILFLH
DUH DEOH WR WDNH OHJDO DFWLRQ WR FRYHU FRVW V
WD[DJHQW¶V LQVXUDQFH DOWKRXJK LW ZDV QRWHG V
WD[SD\HUVUW DFWLRQ ZDV FRQVLGHUHG WR EH OHVV OL
DFWLRQ LV VHWWOHG RXWVLGH RI FRXUW

,W V GLIILFXOW WR VXH D SURIHVVLRQDO , PHDQ D
ILQDQFLDO FDSDELOLW\ WR FRPPHQFH OHJDO DFWL
DJHQWV , PHDQ \RX ORRN DW \RXU DYHUDJH SHUVR

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQ\ UHVSQRVH WR WKH UHF

7DEOH 6XPPDU\ RI 0DMRULW\ 3RVLWLRQV E\ 3UDFWLWL

5HVHDFK 4XHVWLRQ		0DMRULW\ 3R
:LWK 5HVSHFW WR 6XSSOHPHQWLQJ WKH &RGH		
54 *2YHUDUFKLQJ DJUHHPHQW GLV DJUHI	\$JUHH 3DUW \$JUHH	5HFRPPHQ
54 *&RQFHUQ DERXW WKH OHYHO RI JRYH	&RQFI	QWURO DQG L
54 *&RQFHUQ DERXW WKH 0LQLVWHUV\ OD	&RQFI	JWLWH
54 *&RQFHUQ DERXW WKH 0LQLVWHUV EHL	&RQFHUQH	WR SROLWL
\$72LQIOXHGFH OHDGLQJ WR ELDVHG GHF		
:LWK 5HVSHFW WR ,QYHVWLJDWLRQV		
54 *2YHUDUFKLQJ DJUHHPHQW GLVWK 5HF	\$JUHH	LRQ
54 *,QYHVWLJDWLQJ GH UHJLVWHUHG WD[	\$JUHH 3DUW \$JUHH	QBOV LV D Y
54 *&RQFHUQ LQYHVWLJDWLQJ GH UHJLVW	&RQFHUQH	3UDFWLWLRLQ
SULQFLSOHV RI QDWXUDO MXVWLFH SU		DLUQHVV UH
D		
54 *7D[SUDFWLWLRLQHUV KDYH D ULJKW V	0L[HG	H\ DUH EHLQJ
5HFRPPHQGDWLRQ E		
54 *&RQFHUQ WKDW UHPRYLQJ WKH VL[P	&RQFHUQH	UDPH ZLOO L
HIHFWLYHQHV DQG HIILFLHQF\ RI LQYH		V UH 5HFRPP
:LWK 5HVSHFW WR 3HQDOWLHV DQG 6DQQFWLRQV		
54 *2YHUDUFKLQJ DJUHHPHQW GLV DJUHI	\$JUHH	K 5HFRPPHQ
DQG		
54 *6XIILFLHQW SHQDOWLHV DUH QHHGHG	'LVDJUHH	QGHVLUDEOH
54 *7KH SURSRVHG VDQQFWLRQV RIIHU EDC	\$JUHH	HHQ UHJXOD
SURFHGXUDO IDLUQHVV		
54 *&RQFHUQ LQFUHDVLQJ VDQQFWLRQV ZL	1RW &RQFH	SSU DQG I
WKH 73% UH 5HFRPPHQGDWLRQ		
54 *3URSRVHG SXEOLFDWLRQ RI IXUWKHU	1RW &RQFH	UHQH 73% UH
LPSURVHQVSDUHQF\ DQG SXEOLF WUXVW		PHQGDWLRQ
54 *3URSRVHG DGPLQLVWUDWLYH SHQDOV	\$JUHH	LOO EH HIHF
ZLWK QHYHO RI PLVFRQGXFV UH 5HFRPP		
54 *SSURSULDWH DYHQXHV RI DSSHDO D	\$JUHH	G UHJDUGLQ
DGPLQLVWUDWLYH SHQDOW\ UHJLPH UH		DWLRQ

:LWK 5HVSHFW WR 6DIH +DUERXU

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQ\ UHVSQVH WR WKH UHF

LW LV FRQVLGHUHG LPSRUWDQW WKDW WKH 0LQLVW
QRW LQ D NQHH MHUN IDVKLRQ 6LPLODUO\ WKH LQFOXVL

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQ\ UHVSQVH WR WKH UHF

RI WHPSRUDU\ RU SHUPDQHQRW RXWFRPHV QRU DUH WKH\ SRZHUV

*LYHQ WKH SHUVSHFWLYHV SUHVHQWHG ZH FRQFOXGH V DOWHUQDWLYH RU ~~DSSURSULDWH~~ DSSURSULDWH% RD\DLQJ WKH S WR VXSSOHPHQW WKH &RGH 7KH DPHQGPHQWV ZLOO DGC WKH SURIHVVLRQ LV FOHDU RQ WR WKH QRWLRQ RI ~~IL~~[LQ ZDV WR KDYH WKH JXLGDQFH GRFXPHQWV SXW GRZQ DV C PHDQLQJIXO FRQQHFWRQ EHWZHHQ WKH SURIHVVLRQ 73 QHFHVVDU\ H[SHUWLHV DQG XQGHUVWDQGLQJV XQGHUSLO LV VHHQ DV D FULWLFDO SLHFH RI WKH SX]]OH DQG FDQ U SUDFWLWLRQHUV LQFOXGLQJ FODULW\ RYHU WKH YDULR LQFOXGLQJ ZLWK UHVSHFW WR SURIHVVLRQDO ERGLHV D

:H DOVR UHIOHFW RQ WKH QHHG IRU GHFLVLRQ PDNLQJ WUDQVSDUHQW 2XU ILQGLQJV VXJJHVW WKDW GHFLVLRQ OLQLVWHU LQFOXGLQJ WKHLU EDVLV RXJKW WR EH UHS KDYH D FRQLQXLQJ UROH KHUH HQVXULQJ WKH &RGH GF EXW WR DOVR KHOS HQVXUH WKH &RGH UHWDLQV LWV SUL RU DUJXPHQW KDG EHHQ SXW IRUZDUG ZLWKLQ 73% VXEP IURP WKH SURIHVVLRQDO ERGLHV ,Q WXUQ WKH JRYH DQ LQWHQWLRQ WR DPHQG WKH ODZ WR HQDFW 5HFRP JRYHUQPHQW LQGLFDWHG LW ZRXOG FRQVXOW IXUWKHU 'HYRV DQG FR DXWKRUV VLPLODUO\ IRXQG FRQWUDV

)XQGDPHQWDO WR LQYHVWLJDWLRQV LV WKH LVVXH RI ZHOOEHLQJ 7KH 73% QHHGV WR HQVXUH DSSURSULDWH L WKH LQYHVWLJDWLRQV LW VWDUWV \$V SUHYLRXVO\ QRWH WKH)HGHUDO %XGJHW KDV LQFUHDVHG IXQGLQJ DOORFDV WR DGGUHVV WKH FRQFHUQV UDLVHG

ORUH JHQHUDOO\ ZH ILQG WKDW FODULW\ RQ WKH H[WHQ FDQ RFFXU ZLWKRXW WKH NQRZOHGJH RI WKH SUDFWL SUDFWLWLRQHUV H[SHFW DSSURSULDWH WUDQVSDUHQW DSSURSULDWHO\ UHVRXUFHG KRZHYHU WKH\ XQGHUVWD GLIIHU EHWZHHQ FDVHV :H UHLWHUDWH WKH EURDG SRZ VLJQLILFDQW LPSOLFDFWLRQV LQFOXGLQJ OLPLWV WR GH VHFWRQ RI WKLV DUWLFOH 7KLV LV RI SDUWLFXODU RI LQWHUYLHZHHV GHSHQGLQJ RQ ZKHWKHU WKH SUREOH NQRZOHGJH FRPSDUHG ZLWK PRUH HJUHLRXV DFWRUV \$ ZULWLQJ WKH JRYHUQPHQW KDG DOVR ~~ZLWKLQ~~ ZLWKLQ WKH JRYH

,W LV DOVR SHUWLQHQW WR QRWH WKDW VLQFH WKH FRPSOHWLRQ SODQV WR DEROLVK WKH \$\$7 DQG UHSODFH LW ZLWK D QHZ DSSHDO E %RGH ~~5HFRP~~ 2QOLQH KWWSV ZZZ DDW JRY DX DERXW WK DGPLQLVWUDWLYH UHYLHZ ERG\ 7KXV ZKLOV WD[DJHQWV WKDW DU WKHUH ZLOO EH D IXQFWLRQDO FDKQJH WR WKLV SURFHVV LQ GXH FRX 'HYRV HW DO DERYH Q 7UHDVXU\ /DZV \$PHQGPHQW 0HDVXUHV IRU &RQVXOWDWLRQ %LOO 'UDIW /HJLVODWLRQ 6FK 3W 6HH DOVR WKH ([SRVXUH 'UDIW ([\$PHQGPHQW 7D[DWLRQ DQG 2WKHU 0HDVXUHV 1R %LOO FK μ^* WKH 7D[3UDFWLWLRQHUV %RDUG \pm 7UDQFKH ¶

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQ[V UHVSQVH WR WKH UHF

LQYHVWLJDWLRQV ZKHUH WKH SHULRG RI FRQVXOWDWLRQ
GLVFXVVRQ RI WKH SURSRVHG OHJLVODWLRQ LV RXWVL
GHILQLWHO\ EH WKH VXEMHFW RI IXUWKHU UHVHDFK

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQ[V UHVSQVH WR WKH UHFH

DJDLQ DQ LWHP WKDW FRXOG EH HQFRPSDVVHG ZLWKLQ V
KLJKOLJKWV LQKHUHQWO\ WKH EHQHILWV RI WKH 73*6)

:LWK UHVSHFW WR 5HFRPPHQGDWLRQ RQ VDIH KDUERX
EXW D VWURQJ FDYHDW ZLWK KRZ WR RSHUDWLRQDOLVH
QRWHG WKLV UHFRPPHQGDWLRQ :LWKRXW D QHZ DGPLQL
HQGRUVHKLWVWXG\ LQGLFDWHV IXUWKHU ZRUN LV QHHGH

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRRQV UHVSQRVH WR WKH UHFH

\$33(1',;

7DEOH 73% 5HFRPPHQGDWLRQV DQG *RYHUQPHQW 5HVSQRVH

5HFRPPHQGDWLRQV	*RYHUQPHQW 1RYHPEHU
7KH 5HYLHZ UHFRPPHQGV WKDW WKH OHJLVODWLYH LQVWUXPHQW SRZHU WR 3URIHVVLRRQDO &RQGXFWRU DGGUHV SUDFWLFHV 7KH OHJLVODWLYH LQVWUXPHQW DSSURSULDWH FRQVXOWDWLRQ ZLWK RYHUVLJKW	UHFRPPHQGV WKDW WKH UHFRPPHQGV OHJLVODWLYH LQVWUXPHQW SRZHU WR 3URIHVVLRRQDO &RQGXFWRU DGGUHV SUDFWLFHV 7KH OHJLVODWLYH LQVWUXPHQW DSSURSULDWH FRQVXOWDWLRQ ZLWK RYHUVLJKW
7KH 5HYLHZ UHFRPPHQGV WKDW WKH EH LQFUHDVHG LQFOXGLQJ LQWURGXFWRU W KH 5HYLHZ 5HFRPPHQGDWLRQV ZKLFK FRXOG EH DSSURSULDWH DQG XQUHJLVWHUHG SUDFWLWLRQHUV D ,QIULQJHPHQW QRWLFHV E HQIRUFHDEOH XQGHUWDLQJ F TXDOLW\ DVVXUHQFH DXGLWV G LQWHULP VXVSHQVLRQV H SHUPDQHQW GLVEDUPHQW I H[WHUQDO LQWHUYHQWLRQ	%R KH 5HYLHZ 5HFRPPHQGDWLRQV WKDW WKH UHFRPPHQGV OHJLVODWLYH LQVWUXPHQW SRZHU WR 3URIHVVLRRQDO &RQGXFWRU DGGUHV SUDFWLFHV 7KH OHJLVODWLYH LQVWUXPHQW DSSURSULDWH FRQVXOWDWLRQ ZLWK RYHUVLJKW

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQ¶V UHVSQRVH WR WKH UHFH

7DEOH :LWK 5HVSHFW WR 6XSSOHPHQWLQJ WKH &RGH ZLWK 0LQLVWHULDO 3RZ

5HVHDFK 4XHVWLRQ 6HW ,QWHUYLHZHH 6SUHDG 3HUFHQWDJHV

.

54

-XGLFLDU\ SURFHVV OHJLV

2YHUDUFKLQJ DJUHHPHQW

GLV DJUHHPHQW ZLWK

5HFRPPHQGDWLRQ

H-RXUQDO RI 7D[5HVHDFK

54

7D[SUDFWLWLRQHUV KDYH D
ULJKW WR NQRZ WKH\ DUH EHLQJ
LQYHVWLJDWHG UH
5HFRPPHQGDWLRQ E

7KH WD[SURIHVVLRQV UHVSQVH WR WKH UHFH

&RGH SULQFLSOHV MXGL
SURFHVV LQYHVWLJDWH
SRZHU WDP SHULQJ ZLW
HYLGHQFH WD[

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQ\ UHVSQRVH WR WKH UHFH

7DEOH :LWK 5HVSHFW WR 3HQDOWLHV DQG 6DQFWLRQV

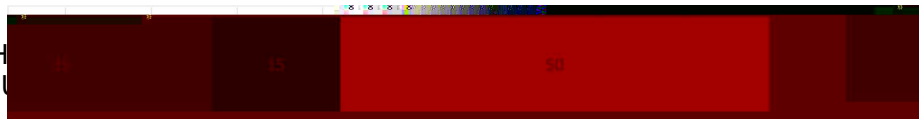
5HVHDFK 4XHVWLRQ 6HW ,QWHUYLHZHH 6SUHDG 3HUFHQWDJHV

54
2YHUDUFKLQJ
GLV DJUHHPHQ\
5HFRPPHQGDWLRQ
DQG



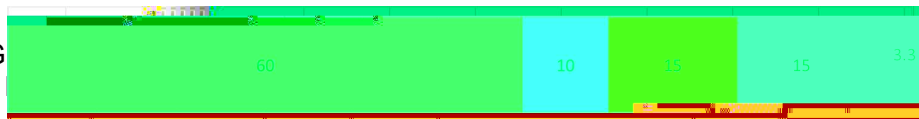
7UXVW V\ VWHP WKH
SULQFLSOHV RI WKH &RG
VDQFWLRQV SURIHVVLR
ERGLHV SURFHGXUDO
IDLUQHVV

54
6XIILFLHQW SH
QHHGHG WR FXU
EHKDYLXU



-XGLFLDO SURFHVV VDQFW
UHJLVWUDWLRQ VWDWXV
EHKDYLXU VHYHULW\ RI
SHQDOW\ SURFHGXUD
IDLUQHVV IUDXG WHFKQL
WKH SULQFLSDOV RI WKH
SDUOLDPHQWU\ SURFHVV
SUDFWLWLRQHUV\ SURIHV
VDIH KDUERXU
FRQVHTXHQFHV FDUOHVV

54
7KH SURSRVHG
RIIHU EDODQF
UHJXODWLRQ DQG SURFHGXUD
IDLUQHVV UH
5HFRPPHQGDWLRQ



6DQFWLRQV SURFHGXU
IDLUQHVV

54
&RQFHUQ L
VDQFWLRQV ZLO
DQG LQGSHQG
73% UH 5HFRPPHQGDWLRQ



,QGHSHQGQH FH LVVXH
SRZHU

H-RXUQDO RI 7D[5HVHDFK

7KH WD[SURIHVVLRQ\ UHVSQRVH WR WKH UHFH

54

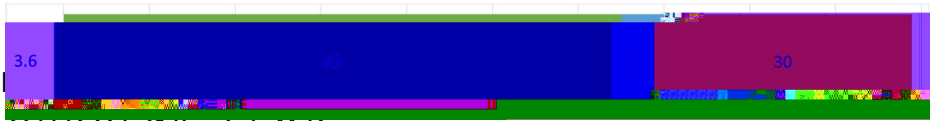
3URSRVHG SXE
IXUWKHU GHWD
UHJLVWHU ZLQ
WUDQVSDUHQF\ DQG SXEOLF
WUXVW UH 5HFRPPHQGDWLRQ



5HJLVWUDWLRQ VWDWXV
VHYHULW\ RI WKH SHQDO
SURFHGXUDO IDLUQHV
MXGLFLDO SURFHVV W
SULQFLSOHV RI WKH &RGH
QXDQFH RI WKH UHJLVW
SURWHFWLYH DSSURDF
FRQVXPHU SURWHFWLRQ
EDODQFH OHQJWK RI WLP
FRQWHQW F

54

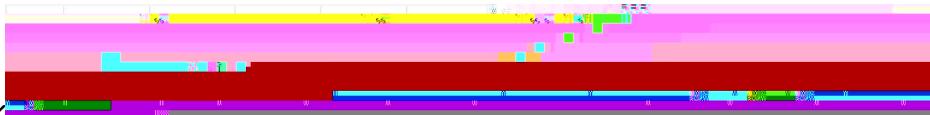
3URSRVHG DG
SHQDOW\ UHJLVW
HIIHFWLYH LQ
KLJK OHYHO RI PLVFRQGXFW UH
5HFRPPHQGDWLRQ



'XW\ RI FDUH LQIRUPDWL
JDWKHULQJ SURFHVV
SURSRUWLRQDWH WKH SH
WKH SULQFLSOHV RI WKH
FRQILGHQWLDOLW\ WKH R
SURRI DIIHFWHG SDUW
MXGLFLDO SURFHVV
\$\$SHDO SURFHVV MXGLF
SURFHVV

54

\$\$SURSULDWH
DSSHDO DUH
UHJDUGLQJ WKH
DGPLQLVWUDWLYH SHQDOW\
UHJLPH UH
5HFRPPHQGDWLRQ



3HUFHQWDJH 3DUWLDO &RQFHU LQVWLWXUHQW DJHQV 3DUWLDO &RQFHU V 1DUJHQW 3RVLWLRQ
1R &R(3DUWLDO &RQFHU &RQFHU 3URY

H-RXUQDO RI 7D[5HVHDFK

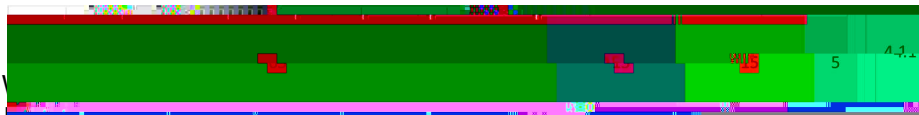
7KH WD[SURIHVVLRQ\ UHVSQRVH WR WKH UHF

7DEOH :LWK 5HVSHFW WR 6DIH +DUERXU

5HVHDFK 4XHVWLRQ 6HW ,QWHUYLHZHH 6SUHDG 3HUFHQWDJHV

54

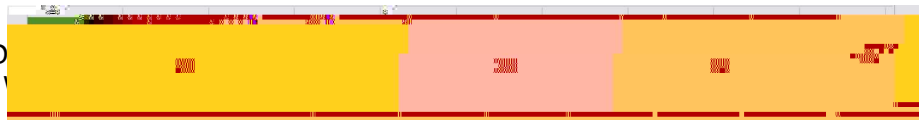
2YHUDUFKLQJ
GLV DJUHHPHQW
5HFRPPHQGDWLRQ



'XW\ RI FDUH SHQDOW\
SURWHFWLRQ LQQRFHQ
OHJDO SURFHVV

54

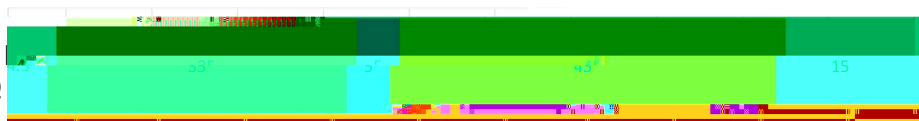
,W LV LPSRUWD
ZKHWKHU WKH
IDXOW LQ DGGL
SUDFV



2QXV RI SURRI WRXJK
VLWXDWLRQ

54

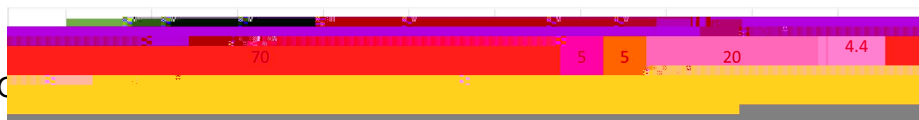
7KH LPSRVLW
DSSRUWLRQPHQ
EHWZHHQ WKH
WD[SUDFWLWLRQH
DSSURSULDWH



\$SSRUWLRQPHQW RI SHQD
WKH FRPSOH[LW\ RI WK
V\WHP GXW\ RI FDUH OH
RI H[SHUWLHV MXGLFL
SURFHVV LQQRFHQFH
SHQDOW

54

7KH SURSRVHG
UHJLPH LV UH
OHJDO DFWLRQ
UHFHYHU FRVW



/HJDO SDWK

3HUFHQWDJH \$UHFRPPHQGDWLRQ 3DU LPSRUWDWLRQ VDUHHPHQW 3RVLWLRQ
3URY