March 2024

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Monthly Newsletter

"Welcome to the inaugural edition of our monthly newsletter!

Each month, we aim to bring you the latest trends, in-depth analysis, upcoming events, and more, straight to your inbox. Dive into the dynamic world of business, entrepreneurship, and innovation with us.

Your voice is essential. If you have insights, news, or experiences that can benefit our readers, please share. By doing so, you'll help foster enriching discussions and shared growth.

I also invite you to check out my 'Been There/Done That' YouTube series. These concise 4-minute episodes offer actionable advice on current topics. And if there's a subject you're passionate about, let me know!

Join me weekly on 'Successful Minds', where I chat with influential figures about their journeys to success. If you, or someone you know, has an inspiring tale to tell, we'd love to feature it.

Thank you for joining us on this adventure. Your feedback and involvement will shape this platform, and I look forward to the shared growth ahead."

Best regards,

Patricia Baronowski-Schneider

https://www.pristineadvisers.com

The 1 Day Intensive: Join me, Jason Miller, CEO of Strategic Advisor Board, in Boulder Colorado where I will spend an entire day preparing your business to scale.

We will deconstruct your business and then rebuild it to make it the generational wealth machine you want! Truly giving you a business plan that supports your life plan!

The process will also result in you working less, not more.

Ping me and I will help you reorganize your business to scale! I have helped thousands of leaders scale over the last two decades!

Location - Area Denver Metropolitan Area

(available remote or in person)

Navigating the Current Landscape of Public Relations

Evolving Public Relations: Adapting to a Digitally Connected World
In the dynamic landscape of modern communication, public relations (PR) continues to play a crucial role in crafting and maintaining the public image of brands, organizations, and individuals. As digital platforms reshape how we connect and communicate, PR strategies are also evolving. Here's a fresh look at some of the foundational aspects of PR in today's digital age.

Q1: How is Digital Media Transforming Public Relations? A1: Digital media has expanded the reach and scope of public relations, enabling instant communication with global audiences. It has introduced new channels for storytelling, engagement, and reputation management. The interactive nature of digital platforms allows for a two-way conversation with audiences, providing valuable insights and feedback that can inform strategy and decision-making.

Q2: The Significance of Content Marketing in PR A2: Content marketing has become an integral part of PR, offering a means to control the narrative and provide value to the audience beyond traditional advertising. By creating and distributing relevant, valuable content, PR professionals can establish thought leadership, build brand awareness, and foster trust with their target audience. This approach supports SEO efforts, driving organic traffic and improving online visibility.

Q3: Integrating PR with Overall Marketing Strategy A3: PR is increasingly integrated with the overall marketing strategy to ensure a cohesive and consistent brand message across all channels. This holistic approach maximizes the impact of communication efforts, leveraging PR's strength in reputation management and relationship building to complement direct marketing and advertising campaigns. The alignment between PR and marketing enhances brand coherence and audience engagement.

Q4: Navigating Crisis Management in the Social Media Era A4: The rise of social media has heightened the stakes in crisis management, with information spreading rapidly and public scrutiny intensifying. Modern PR practices emphasize the importance of swift, transparent, and accountable responses to crises. Developing a comprehensive crisis communication plan that includes social media readiness is essential for mitigating damage and maintaining trust.

Q5: Measuring the Impact of PR in a Data-Driven Age A5: The digital age offers advanced tools and metrics for measuring the impact of PR campaigns. Beyond traditional indicators such as media coverage and sentiment analysis, PR professionals now utilize data analytics to track engagement, reach, conversions, and the overall effect on brand reputation and business outcomes. This data-driven approach enables more strategic decision-making and demonstrates the value of PR investments.

Q6: Ethical Considerations and Transparency in PR A6: As PR evolves, maintaining ethical standards and transparency becomes increasingly important. Ethical PR practices build long-term credibility and trust with audiences. Transparency in communication, respecting privacy, and adhering to disclosure regulations are fundamental principles that guide responsible PR in the digital landscape.

Public relations is an ever-evolving field, adapting to technological advances and changing consumer behaviors. In today's interconnected world, a strategic, integrated, and ethical approach to PR is more critical than ever for building and maintaining strong, trustworthy relationships with audiences. Stay tuned for more insights into navigating the complexities of public relations in the digital era.

#DigitalPR, #ContentMarketing, #CrisisManagement, #PRStrategy, #EthicalPR, #DataDrivenPR, #SocialMediaStrategy, #BrandReputation, #MarketingIntegration, #PublicRelationsTrends

Emerging Trends in Investor Relations: Enhancing Transparency and Engagement

Investor relations (IR) stands at the intersection of finance, communication, and strategic management, acting as the company's voice in the investment community. As the finance and investment landscape evolves, so do the strategies and tools utilized in IR. Here, we explore some of the latest trends and methodologies shaping the future of investor relations.

Q1: How is technology transforming Investor Relations? A1: Technology is revolutionizing IR through the use of advanced analytics, AI, and digital platforms. These tools offer deeper insights into investor behavior, preferences, and trends, enabling more targeted and effective communication strategies. Additionally, technology facilitates real-time reporting and transparency, allowing for immediate dissemination of financial results and corporate news.

Q2: What is the impact of ESG on Investor Relations? A2: Environmental, Social, and Governance (ESG) criteria have become critical in investment decision-making. Investor relations now play a key role in communicating a company's ESG initiatives and performance. Companies can attract ESG-focused investors and enhance their market valuation and investor base diversification by effectively showcasing sustainability efforts and corporate governance.

Q3: How do Investor Relations manage increased regulatory scrutiny? A3: In an era of heightened regulatory scrutiny, IR professionals must ensure rigorous compliance and maintain an open line of communication with regulatory bodies. This involves staying abreast of changes in legislation, implementing best practices in disclosure, and fostering a culture of transparency and accountability within the company.

Q4: What role does storytelling play in Investor Relations? A4: Storytelling has emerged as a powerful tool in IR, enabling companies to connect with their investors more personally and emotionally. Beyond just sharing numbers and strategies, compelling storytelling involves conveying the company's vision, values, and the impact of its operations on society and the environment. This approach helps to build a stronger, more engaged investor community.

Q5: How is investor feedback shaping corporate strategies? A5: Investor feedback is increasingly influencing corporate strategies and decision-making. IR serves as a critical feedback loop, gathering insights from investors and analysts and funneling this information back to management. This feedback can inform strategic pivots, product development, and corporate governance practices, ensuring that the company remains aligned with investor expectations and market demands.

As investor relations continue to evolve, staying ahead of these trends is crucial for IR professionals seeking to foster robust investor relationships and navigate the complex global investment landscape. Embracing technology, prioritizing ESG, adhering to regulatory demands, leveraging storytelling, and integrating investor feedback are all essential components of a modern, effective IR strategy.

Evolving Public Relations: Adapting to a Digitally Connected World

In the dynamic landscape of modern communication, public relations (PR) plays a crucial role in crafting and maintaining the public image of brands, organizations, and individuals. PR strategies are also evolving as digital platforms reshape how we connect and communicate. Here's a fresh look at some of the foundational aspects of PR in today's digital age.

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Evolving Dynamics of Influencer Marketing: Strengthening Brand Connections

In the realm of digital marketing, influencer marketing continues to shine as a pivotal strategy for brands aiming to amplify their voice and connect authentically with audiences. This strategy evolves as digital platforms and consumer behaviors shift, adapting to new trends and technologies. Here's an updated overview of the evolving nature of influencer marketing and its critical role in contemporary brand promotion.

Innovations and Trends in Influencer Marketing The landscape of influencer marketing is constantly evolving, driven by changes in social media algorithms, emerging platforms, and shifting audience preferences. Here are the latest trends that are shaping the future of influencer marketing:

Q1: How are evolving social media platforms affecting influencer marketing? A1: With the rise of platforms like TikTok and the continued evolution of Instagram, influencer marketing is becoming more dynamic and diverse. Short-form video content, in particular, has seen a surge in popularity, offering new ways for influencers to engage audiences and showcase brand partnerships. The visual and immersive nature of these platforms allows for creative and impactful brand storytelling.

Q2: What role does authenticity play in modern influencer marketing? A2: Authenticity remains a cornerstone of effective influencer marketing. Today's consumers crave genuine connections and are more discerning about sponsored content. Influencers who maintain transparency, share personal experiences, and align with brands that reflect their values foster deeper trust with their audience. This authenticity translates into more meaningful and impactful brand endorsements.

Q3: How are brands leveraging micro and nano-influencers? A3: Brands are increasingly recognizing the value of partnering with micro and nano-influencers, who often boast highly engaged and niche audiences. These influencers can offer more personalized and relatable content, driving higher engagement rates compared to their mega and macro counterparts. This shift underscores a more targeted approach, focusing on quality interactions over sheer reach.

Q4: What new metrics are being used to measure influencer marketing success? A4: Beyond traditional metrics like reach and engagement, brands are now exploring deeper analytics such as audience sentiment, conversion rates, and the influencer's impact on brand loyalty. Advanced tools and platforms offer insights into how influencer partnerships affect the customer journey, allowing brands to fine-tune their strategies for maximum effectiveness.

Q5: How is influencer marketing integrating with broader digital marketing strategies? A5: Influencer marketing is increasingly integrated with broader digital marketing strategies, including content marketing, SEO, and social media campaigns. This holistic approach ensures consistency across channels, amplifying the influencer's message and maximizing the campaign's overall impact. Collaborations extend beyond one-off posts to include long-term partnerships, co-created content, and multi-platform campaigns.

The Continued Value of Influencer Marketing As influencer marketing matures, its value in building authentic brand connections and driving consumer engagement remains unmatched. Brands that stay attuned to the latest trends, prioritize genuine partnerships, and leverage data-driven insights can harness the full potential of influencer marketing. In a digital landscape where authenticity and engagement are key, influencer marketing stands as a vital tool in the marketer's toolkit, paving the way for meaningful interactions and lasting brand loyalty.

Pioneering Sustainable Finance: Thomas Schumann's Blueprint for a Water-Wise World

https://www.thomasschumann.com/

In today's era, where environmental sustainability forms the cornerstone of forward-thinking investment strategies, Thomas Schumann emerges as a pioneering figure. As the visionary behind Thomas Schumann Capital, his mission extends far beyond mere advocacy, championing the cause of global water security through innovative financial solutions. Schumann’s dedication to marrying financial investment with environmental stewardship paves the way for a future where water sustainability is integral to economic success.

Thomas Schumann Capital stands at the forefront of this movement, advocating for investments that prioritize water conservation and management. This approach not only champions responsible resource use but also promotes a new paradigm of investment that recognizes water security as pivotal to global sustainability. Schumann’s strategies challenge the financial community to reassess the value of water within the global economy, advocating for practices that ensure its preservation and equitable distribution.

Central to Schumann's ethos is the conviction that financial markets can and should serve as catalysts for positive environmental change. His work is a testament to the belief that the health of our planet and the robustness of our economies are inextricably linked, with water security acting as a key nexus. Through strategic partnerships and investments, Thomas Schumann Capital leverages the power of the market to foster innovation in water sustainability, demonstrating that environmental goals need not be at odds with financial aspirations.

Moreover, Schumann's active engagement with the Council for Inclusive Capitalism showcases his commitment to systemic change, promoting an economy that benefits all, not just a privileged few. His lifestyle, characterized by a commitment to health and sustainability (LOHAS), further exemplifies how personal choices can align with broader societal and environmental objectives. It's this congruence between personal ethos and professional endeavor that underscores the authenticity and impact of Schumann's work.

As we look to the horizon, the imperative for sustainable investment practices becomes ever clearer, with water security at its heart. Thomas Schumann’s blueprint for integrating water sustainability into financial strategies offers a hopeful vision of a world where economic prosperity and environmental resilience go hand in hand. In embracing Schumann’s holistic approach, investors and businesses alike can contribute to a more sustainable, water-wise world, underscoring the critical role finance plays in shaping our planet's future.

#ThomasSchumannCapital #WaterSecurity #SustainableInvesting #EnvironmentalStewardship #GlobalSustainability #EconomicResilience #InclusiveCapitalism #LOHAS #WaterWise #SustainableFinance #EnvironmentalChange #InvestmentForChange

Catalyzing Sustainability:
INNOVO's Blueprint for a Greener Economy

As the world gravitates towards sustainability, INNOVO Profitable Net Zero is at the vanguard, revolutionizing the intersection of environmental sustainability and economic viability. With a trailblazing bio-refinery already operational and a strategic roadmap for 217 additional sites, INNOVO is not merely responding to the climate crisis but is proactively reshaping how businesses can thrive by adopting green practices.

INNOVO's groundbreaking methodology transforms CO2 emissions into profitable by-products, showcasing a pioneering model where environmental preservation and industrial advancement are not mutually exclusive but are intrinsically linked. This innovative approach marks a paradigm shift, heralding a new age of green technology that melds ecological responsibility with financial growth, appealing to a broad spectrum of stakeholders from environmentalists to investors.

The scalability of INNOVO's technology heralds a seismic shift towards integrating sustainable solutions across diverse industry verticals. The widespread adoption and enthusiasm for INNOVO's bio-refineries reflect a collective recognition of the imperative to embed sustainability at the heart of business models. This momentum is a beacon of hope, demonstrating the practicality and necessity of green innovations in mitigating climate challenges.

INNOVO stands as a compelling example of how strategic partnerships can amplify the impact of sustainable technologies. It embodies the synergy between cutting-edge technology, visionary investment, and sustainable business practices, setting a precedent for future endeavors in the green economy. This inclusive growth model, where every stakeholder benefits, underscores the potential for sustainable practices to drive significant economic development.

In the journey towards a sustainable and profitable future, INNOVO Profitable Net Zero exemplifies the transformative power of aligning business operations with environmental goals. It is a powerful invitation to industries, investors, and policymakers to coalesce around sustainable innovations that promise a greener tomorrow and ensure prosperity today.

#INNOVO #ProfitableNetZero #SustainableEconomy #GreenInnovation #ClimateSolutions #EnvironmentalImpact #SustainableInvesting #GreenRevolution #FutureIsGreen #EconomicSustainability #CO2Utilization

Discover more about our mission and how you can be part of this transformative journey at www.innovo-network.com.

https://equuscap.com/

If We Remain a Business Development Company, We Will Look For Promising Companies That Need Our Strategic Assistance as Well as Our Capital.

As noted under 'Operating Company Strategy', we intend to transform Equus into an operating company instead of closed-end fund. To the extend that we continue to make investments as an investment fund, Equus will often serve as the lead and co-investor for transactions, seeking to build shareholder value by making yielding, equity and other investments in middle-market companies across various industries. We utilize the strong network of our professionals to generate proprietary deal flow to invest in businesses that have an opportunity to capitalize on favorable industry dynamics and market opportunities. Our strategy and advisory teams are customized to fit the industry sector and stage of development of our investee companies. We work with each group and company according to its specific financial, strategic and growth needs to facilitate investment, operational flexibility, sustainable growth and full valuation.

This more nuanced approach enables us to work alongside each group or company to achieve certain core objectives:

- Provide required capital;
- Create a clear strategic roadmap to achieve growth, sustainability and full valuation;
- Help realize each investee company's vision by adding management and strategic services; and
- Avoid unplanned or unwanted loss of value and company or project control.

Smaller and mid-market growth companies have been known to produce innovative technologies and proprietary business methods to power products and services, but rarely have the resources and know-how to commercialize them. We specialize in financing and then helping execute the sales and business development ramp for innovative firms to grow their operating businesses – with the objective of creating superior equity returns for the benefit of our stockholders.

If we Remain a 'Business Development Company', We Will Not Be a Passive Investor.

Our hands-on investment approach not only makes business sense, it is required by statute. Equus is presently classified by the SEC as a 'business development company', which means that we are obligated to provide 'significant managerial assistance' to our portfolio companies. The strategic advice and operational support we provide can consist of any or all of the following:

- Corporate finance strategy and advice;
- Operational and industry review and strategy;
- Business development assistance and services;
- Board and board committee participation;
- Industry positioning and networking advisory;
- Non-legal regulatory and compliance advice;
- Introductions to banks, lenders, and commercial sources of trade financing; and
- Assistance in the recruitment of key personnel and non-executive directors.

OUR PROCESS:

A Rigorous Process Focused on Results

Our proprietary methodology is based upon our view of best practices gained from decades of experience in private equity and operational expertise accrued by our management team. Our intensive process affords us a high level of intelligence and control over our investment opportunities and in turn can shape the business plans and exit strategies for our portfolio companies. At its core, we adhere to strategic and confirmatory due diligence with deep, objective analytics that allow us to effectively establish valuation and investment terms. Our thorough process is the foundation of the companies we build. Below is an outline of this process:

1. **Source Proprietary Deals**
   A. Build an active investment opportunity pipeline
   B. Evaluate specific industries
   C. Understand growth potential
   D. Analyze industry structure
   E. Identify opportunities
   F. Provide financing to financial sponsors/small and mid-size companies
2. **Seek to Identify Undervalued Assets**
   A. Operational/Financial
   B. Restructuring
   C. Strategic repositioning
   D. Consolidations
   E. Identify cross-industry trends
   F. Globalization/regulation, etc..
3. **Engage in Robust Due Diligence**
   A. Industry analysis
   B. Operational, finance, and cash flow analysis
   C. Management and key personnel interviews
   D. Evaluate management capabilities
   E. Benchmark operations
   F. Interview customers and suppliers
   G. Validate business model and projections
   H. Legal, accounting, tax, regulatory, and environmental
   I. Identify impediments to growth
4. **Establish Investment Structure and Terms**
   A. Sensitivity analysis
   B. Identify cash flow drivers
   C. Quantify revenue growth and cost reduction potential
   D. Design loan/shareholder/management covenants
   E. Confirmatory due diligence
   F. Board, management, and visibility rights

5. **Management and Oversight**
    A. Informed and incentivized operating and financial executives
    B. Active portfolio compliance monitoring
    C. Internal Compliance Officer
    D. Focused on increasing revenue/controlling costs
    E. Effective cost controls
6. **Adding Value Through Strategic, Operational and Management Assistance**
    A. Identifying growth opportunities
    B. Sales and marketing advice and assistance
    C. Supply chain
    D. Inventory management
    E. Alter/refine strategies
    F. Technology innovation
    G. Portfolio company management support
    H. Develop key personnel
    I. Help design inclusive incentive plans
7. **Seek to Monetize Investments**
    A. Exit options
    B. Public offering
    C. Sale
    D. M&A
    E. Financial recapitalization
    F. Maturity of loan
    G. Optimize market timing for exit
8. **Identify Buyers**
    A. Strategic buyers
    B. Financial buyers
    C. Opportunistic buyers

How EQ Fund Solutions' Activist Advisory & Analytics Services Helped to Secure Votes for Five CEF Reorganization Transactions

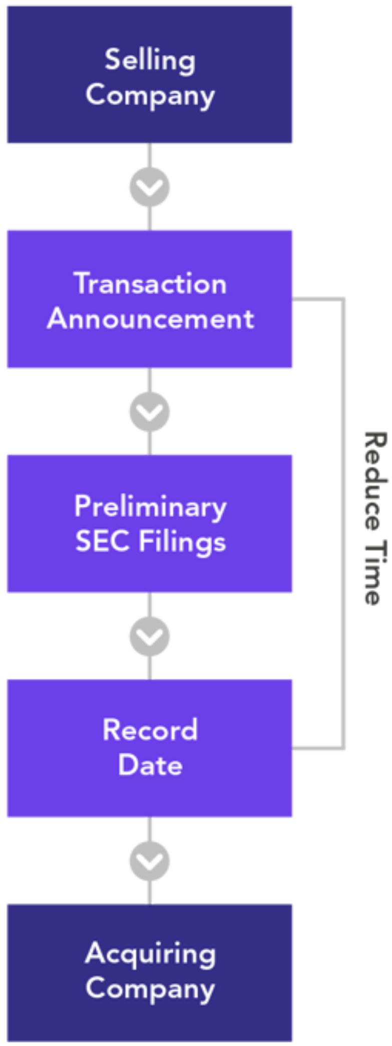
Highlights

- Selling company wanted to sell off five closed-end funds in which there was a presence of investors who were well-known for their activism efforts.
- EQ worked with the selling company's management team to conduct multiple shareholder identification and vote projection analysis reports, to ensure the transaction would be not jeopardized by activists' actions.
- EQ made sure the solicitation was well-supported by retail shareholders and the transaction was completed in a timely manner.

Situation

As one fund company was looking to divest their closed-end funds to another company, it was discovered that there was significant ownership of shares held with a known activist as well as follower investors that could potentially jeopardize the transaction.

To reduce the potential harm to the transaction, the activist and follower investors' ability to increase their holdings post-announcement of the deal and pre-record date needed to be minimized, as any additional increase in their holdings would put achieving the required votes in jeopardy.



Solution

EQ worked closely with the selling company's management and a plan was put in place where the time from the transaction announcement and the preliminary SEC filings to the record date was minimized. At the same time, EQ's Ownership Intelligence team conducted multiple shareholder identification reports leading up to the record date in order to track any trading activity by the activist and follower investors. Based on the shareholder ID reports, EQ then put together multiple vote projection models that considered what votes would look like with and without activist investor support.

Post record and mailing date, to ensure a timely passage of proposals, EQ's call center and mailing facility had to solicit sufficient votes from retail investors within a tight timeframe, so that it did not delay or harm the transaction. This process eventually became the model for the client's solicitation strategy.

Two main reasons how the vote was achieved in a timely manner: first, EQ along with the client eliminated the time to move one of the closed-end funds to the acquiring company with a N14 merger or reorganization of the selling fund, into a pre-existing fund of the acquiring company. Second, the other four closed-end funds were moved over to the acquiring company's fund platform via a 14A filing. EQ then showcased the ability to mobilize the call center and mail facility to quickly solicit votes from tens of thousands of shareholders.

Results

Through EQ's in-depth analysis, shareholder identification, vote projection capabilities and flawless execution of the solution plans, all five funds were successfully transferred to the acquiring company's platform without unnecessary delays.

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Forbes

The Most Discounted Closed-End Funds Yielding Up To 8%

Michael Foster

Contributor

I write on high yield assets that deliver a reliable income stream.

Closed-end funds (CEFs) are incredible wealth generators, combining huge (8%+, in many cases) dividends, with the potential for stock-like price gains.

But to make the most of them, you need to look at one essential indicator: the discount to net asset value (NAV, or the value of the fund's underlying portfolio).

We don't have to go too far into the weeds here: it's just another way of saying that CEFs can, and often do, trade for less than their portfolios are actually worth.

That makes our approach straightforward: Buy when a CEF trades at an unusually deep discount—then ride along as that discount dissipates, driving the price higher as it does. Then you simply sell at a profit. And you're collecting those huge payouts the whole time.

We'll dive into three of the deepest-discounted CEFs on the market (with markdowns up to 50%) in just a moment. But first, just to demonstrate how powerful a closing CEF discount can be, consider the story of a corporate-bond fund that did something few people think is possible: beat the tech-heavy NASDAQ.

How a "Sleepy" Bond Fund Crushed the Biggest Names in Tech

The PIMCO DYNAMIC INCOME FUND (PDI) yields 13.9% (you read that right) as I write this and yielded **even more**—an incredible 17%—in late October, when it was absurdly oversold.

Back then PDI's discount fell to about 4%: not very generous in the world of CEFs, where discounts sometimes hit double digits, but very unusual for a fund from PIMCO, a coveted name in the investment world.

As you can probably guess, PDI's discount didn't stay that low for long, vanishing within days. The fund now trades at a double-digit **premium.**

The discount's quick conversion into a premium catapulted PDI's market-price-based return past even that of the NASDAQ—even with the big boost AI has given the index.

Can we replicate this unusual income-and-growth story in today's market?

Absolutely, especially since the average CEF discount is currently 8.1%, which is a bit high. (Depending on how you measure, the typical long-term discount is more like 6%.)

Plus, high interest rates made it easier for funds like PDI to fund their payouts, with many corporate-bond funds paying 7%+ on average.

Which brings us to today. With PDI's discount-driven upside now played out, what other funds are likely to see a reversal?

The first place to look is at the most discounted CEFs out there, as these are likeliest to see a short-term bump when markets realize their mistake. Three of the most discounted CEFs available now show how important this kind of analysis can be.

Deep-Discounted CEF #1: The Highland Opportunities and Income Fund (HFRO)

Let’s start with 7.2%-yielding HFRO, which is particularly interesting given that its market-price-based return has blown past its NAV return, or the gains and dividends generated by its portfolio, in recent years. That led to the largest discount on the market: a whopping **50%.**

The reasons for this boil down to concerns about the portfolio’s quality and management. HFRO invests heavily in assets issued by Nexpoint, including in NEXPOINT REAL ESTATE FINANCE (NREF), which is in the same family as HFRO’s management firm, NexPoint Asset Management. That’s made some investors uncomfortable, prompting them to look to other options.

That being said, how big can a discount get? Fifty-percent writedowns when the fund’s assets are recovering strongly from both the pandemic and 2022 meltdown suggest that HFRO could be way oversold, despite the lack of diversification in its portfolio.

Deep-Discounted CEF #2: SRH Total Return Fund (STEW)

STEW, the second-most discounted CEF we’ll look at today, is in a much different place than HFRO: it has a well-diversified portfolio spread across high-value assets.

Its holdings include the largest and most successful bank on Wall Street, JPMORGAN CHASE & CO. (JPM), as well as tech winners like MICROSOFT (MSFT) and CISCO (CSCO). Portfolio quality is not an issue here!

STEW’s portfolio is so good, in fact, we could argue that it isn’t aggressive enough, which may explain why the fund’s discount is so huge: 21.7%. Its cautious approach to stock picking means it’s more like a replacement for the Dow Jones Industrial Average, an index that focuses on value over growth.

Since growth has been in vogue for about 15 years, STEW may seem less impressive in comparison. Nonetheless, STEW has given investors an 11.5% annualized return over the last five years.

There’s another, much bigger, reason why STEW’s discount may be so big: Its dividend is tiny, at 3.7%, less than half the average CEF yield of 8.2%. That’s why STEW can’t attract enough attention to lower its discount. But if it hikes its payout, that may change.

Deep-Discounted CEF #3: Central Securities Corporation (CET)

Finally, let’s look at a fund that’s booked a triple-digit return over the last decade—and that includes the meltdowns of 2020 and 2022: CENTRAL SECURITIES CORPORATION (CET). This one has survived it all and pays an 8.4% income stream to boot.

CET, with a 20% discount, boasts a compelling portfolio with value darlings sporting strong cash flows, like insurer PROGRESSIVE CORPORATION (PGR); growth plays with incredible track records, like ANALOG DEVICES (ADI); and companies with tremendous growth and strong cash flow, like ALPHABET (GOOGL) and AMERICAN EXPRESS (AXP).

Plus, as you can likely tell from the tickers I've mentioned here, the fund has diversified broadly across all sectors while choosing the best names in those sectors.

So why is CET so discounted? Because it has an unusual schedule of issuing one big dividend at the end of the year and one small one in the middle of the year, with the goal of paying out all income and gains on its portfolio as dividends.

The fund has done this for over two decades, and it's not going to stop anytime soon! Investors who look for monthly or quarterly dividends overlook this because they can't wait a few extra months to get paid.

And in doing so, they're leaving money on the table. Savvier investors are likely to realize this, driving CET's discount higher. And until they do, buying today means getting in with that very sustainable 8%+ distribution.

Michael Foster is the Lead Research Analyst for Contrarian Outlook. For more great income ideas, click here for our latest report "Indestructible Income: 5 Bargain Funds with Steady 10.9% Dividends."

BISNOW

Hotel REIT Stocks Beat Market As Investors Turn Bullish On Travel

National Hotel

March 18, 2024 Maddy McCarty, Houston

Shares in hotel and lodging real estate investment trusts are outperforming the general stock market, boosted by stronger group and corporate travel as well as the possibility of interest rates dropping.

Unsplash/Possessed Photography

Stock prices for hotel and lodging REITs have risen 29% since equities hit a low on Oct. 27, Bloomberg reported. Meanwhile, the S&P 500 Index rose 23% over that same period while real estate industry shares overall increased only 19%.

Park Hotels & Resorts Inc., a REIT with 43 hotels and resorts throughout U.S. markets, has seen the biggest increase since October, jumping 53%, according to Bloomberg. Park Hotels and Resorts stock price was $17.19 on Monday morning, up from $10.70 a year earlier.

Park Hotels & Resorts' rise beat most of the Magnificent Seven — technology stocks that account for about 28% of the entire S&P 500 market capitalization — with the exception of Nvidia Corp., an AI chip maker, which saw its shares jump Monday ahead of its annual developers' conference.

Park Hotels & Resorts caters to business travelers via its Hilton properties, and is enjoying a lift in corporate travel that is boosting the entire sector. Hilton Worldwide Holdings Inc., Hyatt Hotels Corp. and Marriott International Inc. are also trading near record highs, Bloomberg reported.

Hotel demand is expected to grow 1.8% in 2024, CoStar reported. High interest rates have led to a staggering of supply growth, meaning occupancy should grow by an estimated 1%, CoStar said.

The industry is sensitive to the cost of borrowing, so signs that the Federal Reserve will start lowering interest rates this year could offer another boost to hotel and resort landlord stocks, according to Bloomberg.

Yet, inflation can be a good thing for hotels when it comes to setting room rates.

"Hotels can capture the benefits of inflation more quickly than a lot of other sectors within real estate just given the fact that they price daily and have the shortest term leases," BMO Capital Markets analyst Ari Klein told Bloomberg.

When leisure travelers flooded resorts due to pent-up demand after pandemic-era shutdowns, dynamic pricing meant properties could book guests at premium rates.

Future bookings are trending positive as well, said Defiance ETFs CEO Sylvia Jablonski, who oversees Defiance's hotel airline and cruise exchange-traded fund.

"The economic landscape is improving, consumer travel rates are growing, and jobs and wages remain steady, which can continue to support the trend," Jablonski told Bloomberg.

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An Important Warning For BDC Investors

Feb. 28, 2024 7:15 AM

ETBIZD, ARCC, BXSL, OCSL, SLRC, GBDC, BX, BLK, BAM, BN, ARES, KKR, CG, APO, OWL, JPM, GS, MAIN, HTGC, TSLX, CSWC, HRZN, VNQ, XLU, SPYD, BAM:CA, BN:CA246 Comments107 Likes

Samuel Smith

Summary

- We are growing increasingly bearish on the BDC sector and have been reducing our exposure accordingly.
- We detail three reasons why.
- We also share where we are allocating our capital to instead.
- Looking for a portfolio of ideas like this one? Members of High Yield Investor get exclusive access to our subscriber-only portfolios. Learn More »

Recently, I have been selling my investments in Business Development Companies (BIZD), with recent sales including shares in:

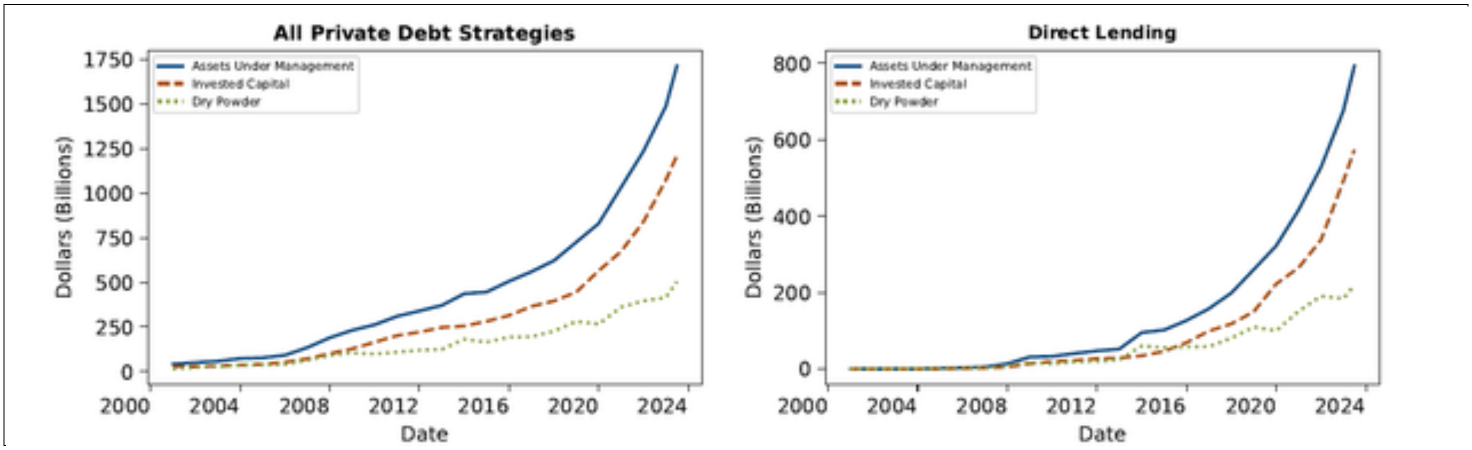
- Ares Capital (ARCC)
- Blackstone Secured Lending Fund (BXSL)
- Oaktree Specialty Lending (OCSL)
- SLR Investment Corp (SLRC)
- part of my position in Golub Capital BDC (GBDC)

Fortunately for me, each of these sales locked in significant total returns and freed up substantial capital to take advantage of other opportunities available at the time. In addition to my desire to free up capital to take advantage of other opportunities, my reduced exposure to the BDC sector was also motivated by the fact that I am growing increasingly bearish on the sector. This souring of sentiment is the result of three major factors:

#1. Growing Competition

One of the reasons why I am not attracted to the BDC sector right now is that there is growing competition in the direct lending and private credit sectors. In addition to the public trading vehicles, virtually all of the mega asset managers, such as Blackstone (BX), BlackRock (BLK), Brookfield (BAM)(BN), Ares (ARES), KKR (KKR), Carlyle (CG), Apollo (APO), and Blue Owl (OWL) are pouring tens of billions of dollars into the sector. Moreover, major banks like JPMorgan (JPM) and Goldman Sachs (GS) also invest billions of dollars into these loans.

As a result, the sector has seen exploding growth, with all private debt strategies growing AUM by about $1.5 trillion over the past decade and a half and direct lending in particular roughly quadrupling in size over the past half-decade alone:



Growth in Private Debt Allocations (US Federal Reserve)

This exponential growth is leading to tighter spreads in the sector and - according to researchers at the Federal Reserve - potentially lower underwriting standards. Therefore, it is reasonable to conclude that the risk-reward profile of newly underwritten deals in the sector is declining on average and will likely continue doing so moving forward.

#2. Weakening Fundamentals

The loans that BDCs typically invest in are by nature on the risky end of the spectrum given the fact that they typically command yields that rival typical equity returns, despite the increased supply of willing lenders in the space. This means that they are generally quite sensitive to macroeconomic conditions.

Moreover, the vast majority of these loans are tied to short-term interest rates. Given that the Federal Reserve has raised short-term interest rates quite rapidly over the past two years and appears poised to keep them elevated for longer than many expected, this is starting to put significant pressure on many counterparties to these loans. Additionally, these companies are getting pinched even further by sticky inflation. As a result, their interest coverage ratios are declining and their balance sheets are getting tighter and tighter.

As ARCC's CEO recently cautioned:

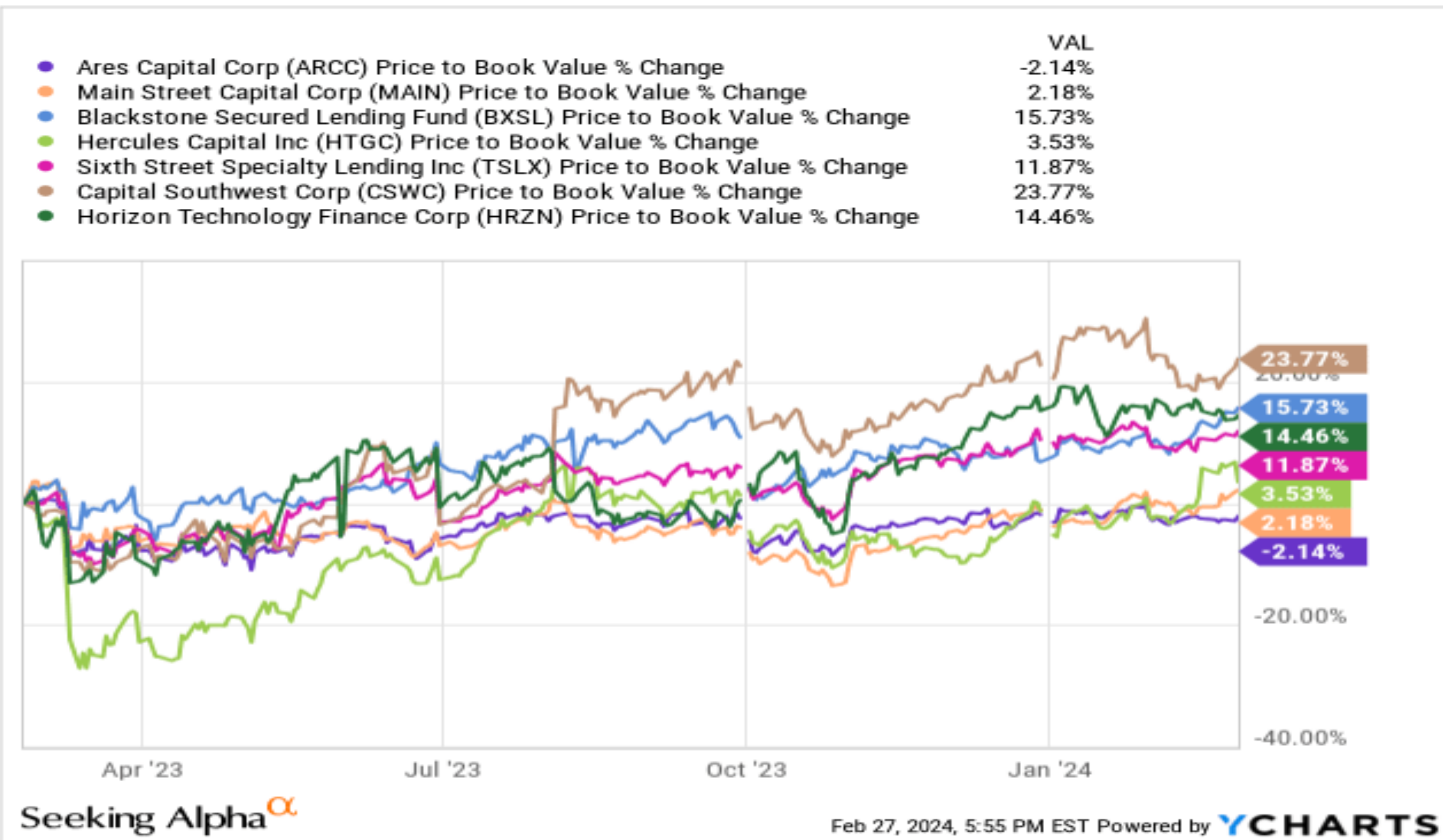
we're likely to see defaults in the industry increase this year...you have some companies that are making interest payments but continue to live off revolver availability, cash, et cetera, but the liquidity is getting tighter and tighter. And so my expectation is that defaults will go up this year.

We have seen this manifest itself in several BDC's results recently as well. OCSL reported that its non-accruals on a fair value basis more than doubled from 1.8% at the end of Q3 to 4.2% at the end of Q4. Moreover, FSK just reported that its non-accruals on a fair value basis also more than doubled from 2.4% at the end of Q3 to 5.5% at the end of Q4. This is quite surprising coming from portfolios managed by leading asset managers like KKR and particularly Oaktree. This is likely a sign of things to come for the rest of the industry as well, as per ARCC's CEO's comments.

Moreover, with the Yield Curve Inversion model currently indicating that there is a "very high" risk of recession hitting the U.S. economy in the near future, and leading business figures like JPM's Jamie Dimon saying that there is a less than 50% chance of the U.S. economy achieving a soft landing, there could very possibly be further headwinds for the sector. Moreover, the Fed is much more likely to cut before they hike interest rates moving forward, so it is pretty safe to say that BDCs are at peak earnings right now. This is especially true when you factor in that many BDCs will have some of their own debt maturing in the coming months and years that they will likely have to refinance at much higher interest rates than they currently enjoy.

#3. Bloated Valuations

Last, but not least, the industry's valuations are not particularly compelling right now either. A clear indication of this is that the seven highest regarded blue chips in the BDC sector - ARCC, Main Street Capital (MAIN), BXSL, Hercules Capital (HTGC), Sixth Street Specialty Lending (TSLX), Capital Southwest (CSWC), and Horizon Technology Finance (HRZN) - are all trading at meaningful premiums to NAV and all but ARCC have seen their multiples expand over the past year, with some expanding their multiples significantly.



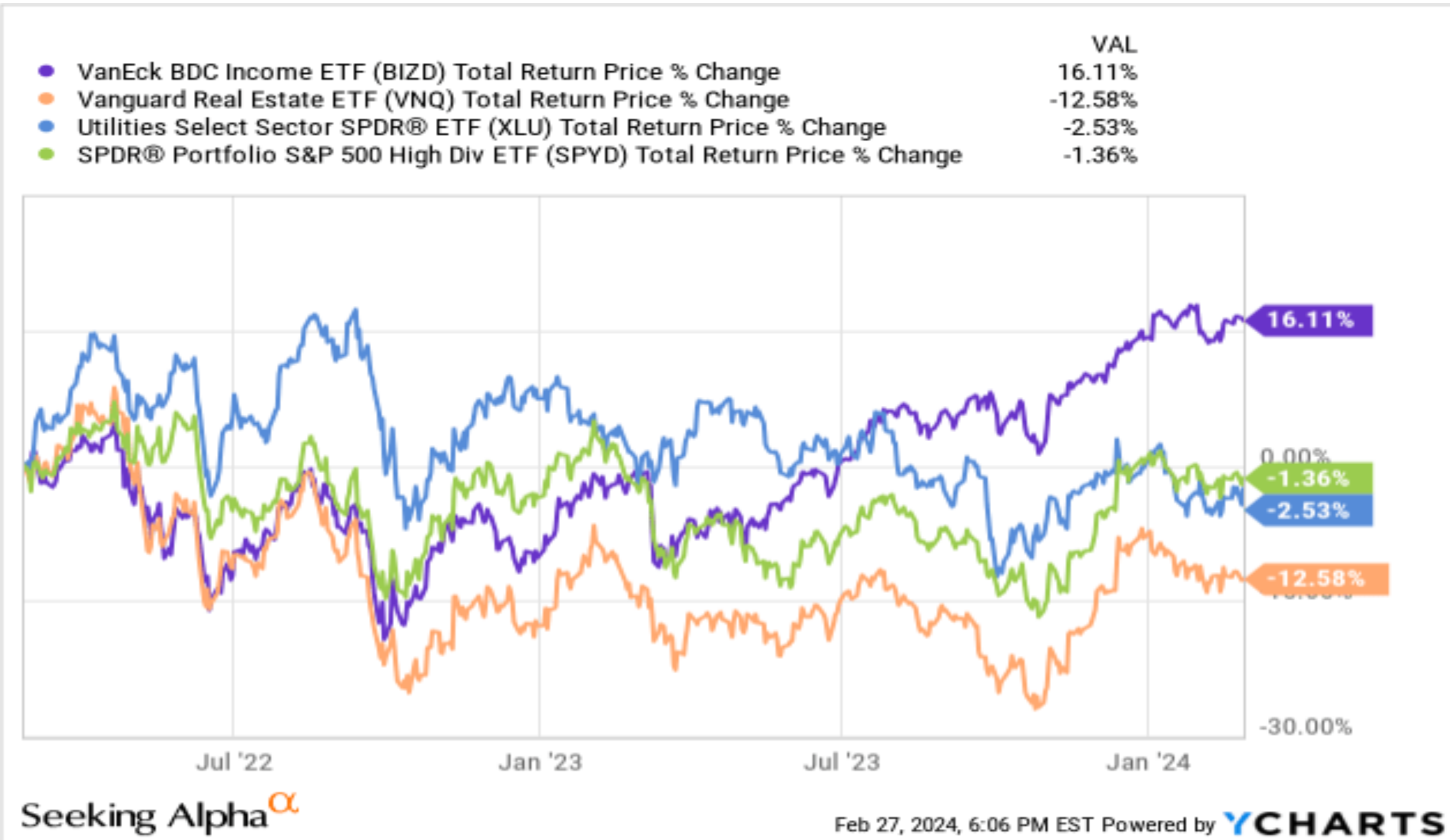
Data by YCharts

Moreover, even ARCC and MAIN - the two weakest performers over the past year in terms of P/NAV - are trading above their historical average P/NAV multiples.

Yes, it makes sense that investors are attracted to effectively floating rate securities that are delivering elevated earnings right now due to interest rates being high, but the aforementioned deteriorating fundamentals and growing competition in the space seem to make it a poor risk-adjusted place to allocate capital, especially at a premium valuation.

Investor Takeaway

BDCs have been a great place for high-yield investors to be over the past two years as the rapid rise in interest rates and the remarkably resilient U.S. economy so far have created a Goldilocks scenario for the sector, with soaring net interest spreads and resilient - or even growing - NAVs per share. In contrast, REITs (VNQ) and utilities (XLU) have suffered from rising interest rates, leading to considerable outperformance for the BDC sector and underperformance for REITs and utilities relative to the broader high-yield dividend stock sector (SPYD):



Data by YCharts

We have successfully allocated capital into BDCs over much of this period, helping us to outperform as well. Moving forward, however, we expect BDCs to underperform and are growing increasingly bullish on REITs and utilities. As a result, we are selling our BDC positions opportunistically to lock in strong profits and recycle the capital into beaten-down high-quality infrastructure and REIT names.

Bridging Worlds: IceFire Portfolio's Vision for a Unified Global Market

The IceFire Portfolio

Business Catalysts

Transforming ideas into new businesses that excite

In the ever-evolving landscape of the global market, IceFire Portfolio stands as a vanguard for bridging the divide between Eastern innovation and Western business strategies. By leveraging the prowess of Eastern talent in technology and design, IceFire is revolutionizing the way startups in the West scale and thrive. This fusion not only propels new ventures to the forefront of their industries with cost-effective solutions but also ensures fair recognition and remuneration for Eastern professionals, traditionally overlooked despite their contributions to global business success.

IceFire embodies a deep-seated commitment to diversity, recognizing it as the cornerstone of creativity, innovation, and business excellence. The leadership team, a melting pot of cultural backgrounds and professional expertise, drives IceFire’s ventures to success. Richard Freer's multimedia acumen, Patricia Baronowski-Schneider's strategic PR insights, Pervez Hasan's digital mastery, and Roxani Giannou's artistic vision collectively fuel IceFire’s mission. Their leadership exemplifies how diverse perspectives can catalyze groundbreaking solutions and foster a thriving business ecosystem.

Furthermore, IceFire's dedication to nurturing future talent underscores its long-term vision for a globally interconnected economy. Through the IceFire Initiative and Scholarship programs, the portfolio invests in the education and professional development of young talents in Eastern countries. Partnering with institutions like Carmichael College in Rangpur, these programs offer scholarships and real-world work experiences, preparing students to be tomorrow's leaders in the digital landscape. This forward-thinking approach solidifies IceFire's role not only as a business incubator but also as a community builder and educational benefactor.

IceFire Portfolio transcends the traditional boundaries of business, serving as a conduit for cross-cultural collaboration and mutual growth. It is a testament to the transformative power of integrating Eastern and Western competencies, setting a new standard for international business synergy. As IceFire continues to champion this model, it invites startups, innovators, and creators from across the globe to join in forging a future where opportunities are boundless and talent knows no borders.

Whether you're an emerging startup in the West seeking innovative solutions or an Eastern talent aspiring to make a global impact, IceFire Portfolio offers the platform, support, and community to bring your vision to life. Together, we can build a more inclusive, dynamic, and prosperous global market.

#IceFirePortfolio #GlobalSynergy #MarketInnovation #EasternInnovation #WesternStrategy #UnifiedMarket #BusinessDiversity #CreativeSolutions #GlobalTalent #FutureOfWork #CulturalCollaboration #InnovationHub #DigitalTransformation #EntrepreneurialSpirit #GlobalEconomy

Empowering Sustainable Development: The BIM4Housing Vision

Under the leadership of industry stalwarts George Stevenson and Richard Freer, BIM4Housing is on a mission to redefine the future of residential construction. This non-profit initiative champions the nuanced application of Building Information Modeling (BIM) to foster Better Information Management across the housing sector. The goal is ambitious yet clear: to create residential environments that are not only safer and more sustainable but also easier to maintain over their lifecycle.

By bringing together over 500 professionals across different facets of the construction industry into Specialist Groups, BIM4Housing is cultivating a fertile ground for innovation. These groups dive deep into identifying sector-specific challenges and propel them towards Workstreams dedicated to devising practical, impactful solutions. The initiative's collaborative ethos underscores the belief that groundbreaking ideas and actionable solutions emerge from rigorous brainstorming, challenging conventional wisdom, and refining concepts collectively.

BIM4Housing extends its reach to all corners of the construction industry, from the design and management of affordable to private housing projects, advocating for a holistic approach to information management. The initiative aims to showcase to stakeholders the pivotal role of efficient information handling in enhancing project outcomes. As a conduit for change, BIM4Housing fosters a dynamic environment where industry change-makers can deliberate, research, and debate, driving forward a paradigm shift towards safer, greener, and more efficient residential construction practices.

In essence, BIM4Housing is not just an initiative; it's a movement towards integrating sustainability and safety into the DNA of residential construction. It represents a concerted effort to leverage technology and collaborative expertise in building the homes of the future—homes that promise to elevate the standard of living while protecting our planet.

#BIM4Housing #SustainableDevelopment #ConstructionTech #EcoFriendlyHomes #IndustryCollaboration #HousingInnovation #FutureOfConstruction #ResidentialConstructionRevolution #BuildingSafety #InformationManagement #SustainableLiving #ConstructionSectorChange

Irwin

https://www.getirwin.com/blog/the-state-of-investor-relations

The State of Investor Relations in 2024

About The State of IR Survey

Irwin’s annual State of Investor Relations survey uncovers a wide range of IR trends through the lens of the IRO, management teams, and external consultants. This report highlights the opportunities, challenges, and insights that companies are facing as we enter 2024 from an investor relations perspective.

This report analyzes and brings together findings and insights from 168 companies globally who completed The State of Investor Relations survey.

2023 In The Rearview

2023 highlighted the essential need for IR professionals to be agile, informed, and, importantly, equipped with the right tools. Navigating market fluctuations demanded clear and timely communication and the right insights for effective decision-making.

IR's Biggest Accomplishments

When we asked IROs what their biggest IR accomplishment or initiative was in 2023, there were a few standouts. 20% of IROs mentioned their biggest accomplishment was facilitating an event like a capital markets day or in-person investor day.

There was also lots of success around adding analyst coverage, with 20% of IROs mentioning the addition of sell-side analysts or attaining new coverage.

Other notable accomplishments on the lists included many companies achieving success despite economic uncertainty, or bringing new executives up to speed.

Key Findings

Differentiation and Growth are the Battleground of 2024

Finding and Engaging New Investors

For the second year, finding new investors made the list of top challenges for IR going into 2024.

45% OF IROS NOTED THAT INVESTOR TARGETING WAS GOING TO BE THE MOST SIGNIFICANT CHALLENGE FOR THEIR COMPANY IN 2024.

For IROs, consultants, and executives, finding new investors is just as much about crafting and marketing a compelling investment story as building lists and conducting outreach. To effectively win in 2024, IROs must demonstrate how their company differentiates from peer investment opportunities and how it has sufficient liquidity, revenue growth, and a sustainable cost of capital.

50% OF EXECUTIVES AND 43% OF IROS BELIEVE THAT THE MARKET DOES NOT UNDERSTAND THEIR COMPANY STORY AND HOW THEY DRIVE SHAREHOLDER VALUE.

IROs will need to spend more time on strategic initiatives in order to overcome this narrative challenge. While 76% of IROs plan to spend more time on investor targeting and engagement this coming year, and 61% plan to spend more time crafting and perfecting their company story, but there needs to be an improvement in efficiency and process to make that happen.

44% OF RESPONDENTS INDICATED THAT THEY PLAN TO SPEND MORE TIME REFINING AND IMPROVING INTERNAL IR PROCESSES.

For IROs to free up more time, they will need to reduce the time spent on administrative tasks such as data uploads and task and tool management, as administrative work is the number one distraction, especially in larger companies.

30% OF IROS BELIEVE THEY SPEND TOO MUCH TIME ON ADMINISTRATIVE WORK.

67% OF LARGE-MEGA-CAP IROS BELIEVE THEY SPEND TOO MUCH TIME ON ADMINISTRATIVE WORK.

In the pursuit of growth, efficiency is the most crucial tool for an investor relations officer (IRO). To grow effectively, prioritizing the development of influential internal relationships and bolstering the role of investor relations in company strategy are essential.

For Smaller Companies, Stock Volatility is a Top Challenge

To no one's surprise, the top challenge for nano-micro cap companies as we head into 2024 is reducing stock volatility. Rising interest rates, inflation effects from 2023, and high debt acquired during better market environments have led to one of the busiest years in corporate bankruptcy in more than a decade.

In addition to bankruptcies, the market’s unpredictable twists and turns have bred a new era of volatility that can put even the best companies at risk. In 2023 alone, we saw the collapse of Silicon Valley Bank, the demise-turned-rescue of Credit Suisse, tech stocks like Meta and Tesla stocks seeing triple-digit growth, and the rise of AI.

Smaller companies have undoubtedly paid the price, with more than half the stocks in the Russell 2000 seeing drops this year. The first half of the year saw smaller companies benefitting from the equity market rally, only to see them hit hardest by short sellers during the recent pullbacks.

71% OF IROS AT NANO & MICRO-CAP COMPANIES BELIEVE THAT VOLATILITY WILL BE A MAJOR CHALLENGE FOR THEIR COMPANY IN THE COMING YEAR.

There are many ways that companies and IR in particular, can mitigate volatility, using tools like stock surveillance to better understand position changes on a more frequent basis, building stronger relationships with existing shareholders, and diversifying your shareholder base by finding new long-term investors to create stability.

2024 is the Year of “Seeing Around Corners”

IR plays a significant part in managing stock volatility and driving company innovation and growth as they build relationships with prospective and current investors, and ensure that the investment community understands the company differentiators and value drivers.

One of the most important functions of IR that you’ll never see in a job description is the required ability to “see around corners." Being able to see around corners within your stock means you have a deep understanding of your current shareholder base, the risks and opportunities, and the perceived and actual value drivers of your company for investors as they decide where to invest.

This part of the role requires internal strategic influence, strong relationships with prospective and current investors, and your finger on the pulse of analyst's views, estimates, and perspectives.

A clear demonstration of this concept from this survey is the combination of how IROs are planning to approach 2024:

- More time spent on investor targeting and engagement
- More time spent understanding movement and trends within the shareholder base and building relationships with holders
- More time building better relationships with analysts
- More time refining and improving internal processes

53% OF RESPONDENTS INDICATED THAT THEY PLAN TO SPEND MORE TIME BUILDING STRONG RELATIONSHIPS WITH EXISTING SHAREHOLDERS.

But it is a lot of weight for these traditionally small teams to carry, and because of the evolving nature of the role, a lack of innovation and integration in their toolsets, and the sheer volume of work – the battle for growth, differentiation, and capital will be won by those who can ruthlessly prioritize, effectively manage their time, tools, and attention, and take their seat at the strategic table.

What Else?

That’s not all we discovered.

Our report reveals the top challenges companies currently face, what will change in the coming year, and how these priorities differ for IROs, management and consultants. Plus, we identify the most significant areas of opportunity for investor relations as we head into the new year.

We also hear from the community about the path forward for IR events and meetings, and learn about the most critical functions of the digital toolset for the IR profession.

Finally, we share how IROs can better set expectations, track goals and measure KPIs, and we identify critical IR priorities for companies, by market cap, in 2024.

Want to dive deeper?

Key Findings

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50% of executives and 43% of IROs believe that the market does not understand their company story and how they drive shareholder value.

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Key Findings

44% of respondents indicated that they plan to spend more time refining and improving internal IR processes.

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30% of IROs believe they spend too much time on administrative work.

67% of large-mega-cap IROs believe they spend too much time on administrative work.

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71% of IROs at nano & micro-cap companies believe that volatility will be a major challenge for their company in the coming year.

There are many ways that companies and IR in particular, can mitigate volatility, using tools like stock surveillance to better understand position changes on a more frequent basis, building stronger relationships with existing shareholders, and diversifying your shareholder base by finding new long-term investors to create stability.

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53% of respondents indicated that they plan to spend more time building strong relationships with existing shareholders.

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MARKETING IN THE DIGITAL AGE

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