

A COMPREHENSIVE GUIDE

# The Value of Equity Research



AlphaSense

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# Introduction

Equity research, which forms a multi-billion dollar industry for investment banks, is produced by thousands of analysts worldwide to provide the market with valuable information on companies, industries, and market trends. Today, over 90% of equity research is consumed by fund managers, who have the Wall Street relationships to acquire it and the analyst resources to mine it for insights. For corporate strategy professionals who lack this access, however, equity research has historically been challenging to obtain and navigate.

To help corporations circumvent these challenges, AlphaSense has introduced Wall Street Insights, the first and only equity research collection purpose-built for the corporate user. Through the AlphaSense platform, any business making strategic plans or product decisions, conducting competitive analysis, evaluating M&A, or engaging in investor relations can now tap into the deep industry expertise of Wall Street's top analysts.

# What is Equity Research?

Equity research is developed by sell-side firms to help investors and hedge fund managers discover market opportunities and make informed investment decisions. Increasingly, this expert analysis has also been identified by forward-looking corporations as a highly valuable tool to inform strategic decision-making.

There are thousands of sell-side firms that employ expert analysts around the globe to write equity research for the market. The majority of firms producing equity research are hyper-focused and only have one or two analysts developing reports on a specific industry. However, larger firms, such as Morgan Stanley and Bank of America, collectively employ thousands of analysts to write reports on thousands of public companies--covering everything from TMT giants to niche products.

Equity research analysts are deep subject matter experts who are often former executives, industry veterans, or academics. These analysts conduct in-depth research and publish reports on corporations, industries, and macro trends, offering an expert lens into a subject.

Historically, over 90% of equity research was consumed by buy-side fund managers, who had the Wall Street relationships to acquire it and the analyst resources to mine it for insights. For buy-side professionals, equity research is a critical tool to inform sound investment decisions backed by expert insights.

Today, equity research is increasingly relied upon by corporate teams as a high-value source of information. These teams leverage equity research to make strategic business plans, conduct competitive analysis, evaluate mergers and acquisitions, and make product and marketing decisions. For corporations, the value of equity research lies in the detailed coverage of their company, their competitors, and how they are performing related to the marketplace they are within.

# What is an Equity Research Report?

An equity research report is a document prepared by an equity research analyst that provides insight on industries, markets, and companies, as well as commodities and currencies. These reports also often provide recommendations to investors to buy, sell, or hold shares of a public company.

There are multiple forms of equity research, including (but not limited to):



## COMPANY REPORTS

An update report that highlights the latest news, company announcements, earnings reports, Buy Sell Hold ratings, M&A activity, anything that impacts the value of the company.



## INITIATION REPORTS

A comprehensive company report that is compiled when an analyst or firm initiates their coverage of a stock. Initiation reports cover all of the divisions and products of a company in-depth to provide a baseline of what the company is and how it is performing. Initiation reports can be tens to hundreds of pages long, depending on the complexity of a company.



### INDUSTRY REPORTS

General industry updates that cover a group of similar companies within a sector. Industry-specific reports typically dive into additional factors such as loan growth, interest rates, interest income, net income, and regulatory capital.



### COMMODITIES REPORTS

A report compiled by research firms either daily or weekly. These reports can often be a great place to get more in-depth insight on commodities and also get market opinions from commodity analysts or traders who write the reports.



### FLASH REPORTS

A quick 1-2 page report that comments on a news release from a company or other quick information

## What is Included in a Typical Equity Research Report?

Research reports don't need to follow a specific formula. Analysts at different investment banks have some latitude in determining the look and feel of their reports. But more often than not, research reports follow a certain protocol of what investors expect them to look like.

A typical equity research report includes in-depth industry research, management analysis, financial histories, trends, forecasting, valuations, and recommendations for investors. Sometimes called broker research reports or investment research reports, equity research reports are designed to provide a comprehensive snapshot that investors or corporate leaders can leverage to make informed decisions.

Here's a quick overview of what a standard equity research report covers:



### ■ RECENT RESULTS AND ANNOUNCEMENTS

This section covers events, such as quarterly results, guidance, and general company updates.



### ■ MANAGEMENT OVERVIEW AND COMMENTARY

Management Overview and Commentary helps potential investors understand the quality and makeup of a company's management team. This section can also include a history of leadership within the company and their record with capital allocation, ESG, compensation, incentives, stock ownership. Plus, an overview of the company's board of directors.



### ■ INDUSTRY OVERVIEW

This section covers competitors, industry trends, and a company's standing among its sector. Industry research includes everything from politics to economics, social trends, technological innovation, and more.



## ■ HISTORICAL FINANCIAL RESULTS

Historical Financial Results typically cover the history of a company's stock, plus expectations based on the current market and events surrounding it. To determine if a company is at or above market expectations, Analysts must deeply understand the history of a specific industry and find patterns or trends to support their recommendations.



## ■ VALUATION

Based on the market analysis, historical financial results, etc., an analyst will run equity valuation models. In some cases, analysts will run more than one valuation model to determine the worth of company stock or asset.

**Absolute valuation models:** calculates a company's or asset's inherent value.

**Relative equity valuation models:** calculates a company's or asset's value relative to another company or asset. Relative valuations base their numbers on price/sales, price/earnings, price/cash flow.



## ■ UPGRADES/DOWNGRADES

Upgrades/Downgrades are positive or negative changes in an analyst's outlook of a particular stock valuation. These updates are usually triggered by qualitative and quantitative analysis that contributes to an increase or decrease in the financial valuation of that security.



## ■ ESTIMATE/PRICE TARGET REVISIONS

Estimates are detailed projections of what a company will earn over the next several years. Valuations of those earnings estimates form price targets. The price target is based on assumptions about the asset's future supply & demand and fundamentals.



## ■ RECOMMENDATIONS

An equity research analyst's recommendation to buy, hold, or sell. The analyst also will have a target price that tells investors where they expect the stock to be in a year's time.



# What Does an Equity Research Analyst Do?

Equity research analysts exist on both the buy-side and the sell-side of the financial services market. Although these roles differ, both buy-side and sell-side analysts produce reports, projections, and recommendations for specific companies and stocks.

An equity research analyst specializes in a group of companies in a particular industry or country to develop high-level expertise and produce accurate projects and recommendations. Since ER analysts generally focus on a small set of stocks (5-20), they become specialists in those specific companies and industries that they evaluate or follow. These analysts monitor market data and news reports and speak to contacts within the companies/industries they study to update their research daily.

Analysts need to comprehend everything about their 'coverage' to give investment endorsements. Equity research analysts must be conversant with the business regulations and regime policies within the country to decide how it will affect the market environment and business in general. The more you understand the industries in detail, the easier it will be for you to decipher market dynamics.

One prevalent aspect of an equity research analyst's job is building and maintaining valuable relationships with corporate leaders, clients, and peers. Equity research is largely about an analyst's ability to service clients and provide insightful ideas that positively influence their investing strategy.

## EQUITY RESEARCH ANALYSTS:

- Analyze stocks to help portfolio managers make better-informed investment decisions.
- Analyze a stock against market activity to predict a stock's outlook.
- Develop investment models and provide trading strategies.
- Provide expertise on markets and industries based on their competitive analysis, business analysis, and market research.
- Use data to model and measure the financial risk associated with particular investment decisions.
- Understand the details of various markets to compare a company's and sector's stock

## Buy-Side vs. Sell-Side Analysts

Although the roles of buy-side and sell-side analysts do overlap in some respects, the purpose of their research differs.

In a **buy-side firm**, such as a hedge fund or a wealth management firm, an equity research analyst typically supplies information and recommendations to the firm's investment managers, who oversee client investment portfolios and make decisions about what stocks to buy, sell, and hold. A buy-side analyst makes a direct impact on an investor's portfolio.

In a **sell-side firm**, such as a brokerage or a bank, an equity research analyst produces reports and recommendations for sales agents and clients. Unlike a buy-side analyst, a sell-side analyst's work is not used internally to make investment decisions. Instead, a sell-side analyst's work is either sold to clients or is used to influence the buy-side's investment decisions.

# How Do Companies Currently Access Equity Research?

If you were to Google “equity research reports,” you would not get access to equity research, earnings call transcripts or trade journals. You would, however, discover an unmanageable amount of noise to sift through.

Accessing equity research reports is highly dependent on relationships and entitlements, particularly for corporate teams. Unlike financial firms and investor relations teams, who can access equity research by procuring the right entitlements, corporate teams have a much harder time finding and purchasing high-quality equity research.

If you were to search online for equity research, for example, you would be presented with sub-par options such as:



## RESEARCH RESELLERS

Some websites allow you to search for research reports on companies or by firms. Some of the reports are free, but you must pay for most of them. Prices range from just \$15 to thousands of dollars.



## SUMMARY SITES

If you want just the bottom-line recommendations from analysts, many sites summarize the data. Nearly all the websites that provide stock quotes also compile analyst recommendations, however, you will only get the big picture and not any of the detailed analysis.



## RESEARCH PROVIDERS

Some independent research providers sell their reports directly to investors. These reports typically include an overview of what a stock’s price could be, plus an analysis of the company’s earnings. Prices range from just \$15 for lower tier reports to thousands of dollars for premium research.

The majority of equity research is completely unsearchable, which is why AlphaSense's Wall Street Insights is changing the game for corporations globally. Now, with WSI, corporations can leverage this high-quality research to augment their understanding of specific companies and industries; plus, AlphaSense's corporate clients can now conduct more meaningful analysis and make more data-driven decisions.

### REAL-TIME VS. AFTERMARKET

**Real-Time Research:** Real-Time research is available to eligible users (based on an entitlement) immediately upon publication by the broker. Financial Services users with entitlements are the primary consumers of real-time research, while some Corporate professionals are also eligible. Payment for real-time research is made directly from clients to brokers through trading commissions or hard dollar agreements.

**Aftermarket Research:** Aftermarket research is a collection of many of the same documents as the real-time collection, but it is available after a zero to fifteen-day delay. Investment bankers, consultants, and corporate users are the primary consumers of Aftermarket research.

# What is Wall Street Insights?

Wall Street Insights is the first and only equity research collection purpose-built for the corporate market, providing corporations unprecedented access to a deep pool of equity research reports from thousands of expert analysts.

Through partnerships with Morgan Stanley, Bank of America, UBS, Barclays, Bernstein, Bernstein Autonomous, Cowen, Deutsche Bank, Evercore ISI, HSBC, and others, corporate professionals can now access the world's most revered equity research, indexed and searchable in the AlphaSense platform.

From macro market trends and industry analyses to company deep-dives, the Wall Street Insights content collection provides corporate professionals with a 360-degree view of every market. With the valuable expertise of thousands of analysts on your side, corporate teams can quickly compare insights, validate internal assumptions, and generate new ideas to guide critical business decisions and strategies.

In terms of search and accessibility, Wall Street Insights is the first of its kind. Not only does AlphaSense offer hard-to-find equity research reports, but we also provide a robust and seamless search experience.

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## KEY PARTNERS

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Along with 1,000+ additional research providers

Morgan Stanley



BERNSTEIN  
AUTONOMOUS

COWEN



EVERCORE ISI



# What Research Do You Get Access to with Wall Street Insights?

“

We are delighted to partner with AlphaSense to expand access to Morgan Stanley's global research platform," says Simon Bound, Global Head of Research at Morgan Stanley. We have over 600 publishing analysts covering companies, industries, commodities, and macroeconomic developments across more than 50 countries. Morgan Stanley will bring corporates a unique perspective from our best in class analysts, a global platform, and a collaborative culture that enables us to unravel the most complex market and industry trends.

”

## Morgan Stanley

Morgan Stanley Research's goal is to help clients generate alpha. Their global perspective and collaborative culture are anchored in a globally integrated platform of analysts, strategists, and economists and are the financial industry's dominant thought leader in equity and fixed-income investing, earning this reputation through timely, in-depth analysis of companies, industries, markets, and the world's economies.

### Global Coverage

**~3,300**

Stocks under coverage

**630+**

Analysts, strategists  
and economists

**~88%**

of MSCI world covered

## BANK OF AMERICA

Bank of America, a U.S. based multinational firm, was the top rated research provider overall across eight rankings compiled by Institutional Investor in 2019, claiming a total of 234 team positions in equities and fixed income research across the U.S., Asia, Europe, Middle East, Africa, and Latin America. This team of award-winning analysts provides insightful, objective, and in-depth research to help individual investors and a wide variety of institutional money managers including hedge funds, mutual funds, pension funds, and sovereign wealth management funds make informed investment decisions.

### Global Coverage

**~700**

Analysts

**234**

team positions

**3000+**

Companies

**33,000**

Equity research reports



Barclays provides award-winning research on over 1700 companies across the Americas and Europe. This Research Department's industry-leading insights include fundamental analysis, equity-linked analysis, quantitative analysis, trade ideas, and more. Their world-class analyst team delivers differentiated market insights, actionable ideas, and collaborative research across asset classes.

### Global Coverage

**500+**

Analysts

**1700+**

Companies

Healthcare, Energy, Technology, Retail, Telecoms, Financial Service, Internet & Media, Basic Industries, power & utilities, Industrials and Consumers Sectors



Bernstein is widely recognized as Wall Street's premier sell-side research and brokerage firm, known for analysts with deep industry experience and research that takes a longer-term, industrial perspective, epitomized by its highly regarded Bernstein Black books. Bernstein is the world's largest independent equity research firm, with a global reach that spans the U.S., Europe, and Asia. In independent surveys of major institutional clients, Bernstein's research is ranked #1 for overall quality, industry knowledge, most trusted, best detailed financial analysis, major company studies, most useful valuation frameworks, and best original research.

### Global Coverage

**150+**

Analysts

**500+**

Companies

**65+**

Sectors



## BERNSTEIN AUTONOMOUS

In 2019 Autonomous combined with Bernstein to broaden its depth of coverage and service. Bernstein Autonomous Research is a leading independent research provider on financial institutions globally, servicing clients with high-quality research and execution capabilities across the capital structure. This team offers in-depth research and analysis, consistently leading the debate on key themes for stocks and markets. In addition, they are unique in offering integrated research, with no silos between equity and credit research.

### Global Coverage

**~35**

Analysts

**230**

stocks

## COWEN

A diversified financial services firm with over 100 years of history, Cowen has built and grown a comprehensive financial services platform to include equities, credit, prime brokerage, research, and sector-focused investment banking across the U.S. and Europe. Cowen's Research Department focuses on delivering cutting-edge research products and investment analyses in order to help clients outperform. This team is known for producing deep, domain knowledge-driven research while being unafraid to produce insights that challenge conventional wisdom.

### Global Coverage

**100**

Analysts

**800+**

Companies

**~7**

Sectors covered



Deutsche Bank provides commercial and investment banking, retail banking, transaction banking and asset and wealth management products and services to corporations, governments, institutional investors, small and medium-sized businesses, and private individuals. Deutsche Bank is Germany's leading bank, with a strong position in Europe and a significant presence in the Americas and Asia Pacific. Deutsche Bank Research offers thought provoking insights, accessible on any device.

### Global Coverage

**250+**  
Analysts

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**1400**  
Stocks

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**2750**  
Monthly reports

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**40**  
Countries

## EVERCORE ISI

Evercore is one of the world's fastest-growing independent investment banking advisory firms. Over the last 10 years, the firm has grown to establish a truly global presence with 28 offices worldwide, and continue to expand its sector coverage and product capabilities. Evercore ISI research covers over 700 companies and has some of the best analysts in sell-side research with the second-highest number of analysts ranked #1 by Institutional Investor in 2018. Ed Hyman, their Chairman, has been ranked #1 in Economics 38 times and was inducted into Institutional Investors 2011 All-America Research Team Hall of Fame.

### Global Coverage

**~90**  
Analysts

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**738**  
Companies



HSBC Global Research combines unparalleled local insights, global connectivity and professional integrity to deliver the best investment opportunities to their clients through fundamental analysis and thought-provoking ideas. This award-winning team produces ~ 2,000 research reports each month with a report read every 4 seconds. They also offer an extensive multimedia library of video interviews, report summaries, podcasts and webcasts.

### Global Coverage

**~350**

Analysts

**24**

Countries

**1900+**

Companies



UBS Research, covering 3000 companies in 49 markets<sup>1</sup>, has been ranked as the world's #1 equity research provider by Institutional Investor surveys for three years in a row. UBS's global team of economists, strategists and analysts provide breadth, depth, and originality in investment thinking. UBS research has differentiated itself as a leading provider of hypothesis-driven, evidence-based research, with data provided by UBS Evidence Lab that answers the big questions about industries, markets, and the economy.

### Global Coverage

**600**

Analysts

**3000**

Companies

**49**

Markets

# How Can Companies Leverage Equity Research?

AlphaSense's corporate users are typically Corporate Strategy, Corporate Development, and Investor Relations professionals. Today, thousands of enterprises rely on equity research to power data-driven decision making. These teams leverage equity research reports to:

**CALCULATE TOTAL  
ADDRESSABLE  
MARKET**

**(AND FUTURE TRENDS)**

**MONITOR PEERS  
AND MARKET  
SHARE TRENDS**

**(AND READ ANALYST  
INSIGHTS ON YOUR  
COMPETITION)**

**IDENTIFY AND  
EVALUATE  
COMPANIES**

**(FOR M&A, PARTNER  
TARGETING,  
BENCHMARKING)**

**DIVE DEEP INTO  
CUSTOMERS,  
PARTNERS, AND  
PROSPECTS**

**GET UP TO  
SPEED QUICKLY  
ON SPECIFIC  
INDUSTRY TRENDS**

**PREPARE FOR  
EARNINGS CALLS  
AND INVESTOR  
MEETINGS**

## Corporate Strategy

Corporate strategy is essential for a business's direction--identifying the needs and goals of an organization at a corporate level and then defining ways to develop and scale. In today's rapidly changing world, Corporate Strategy teams must keep up with changes the moment they happen. Here, you'll read about how a Corporate Strategy team leverages AlphaSense's vast database of broker research, company documents, and news.

Corporate strategy professionals use Wall Street Insights to:

- Discover comprehensive research that was previously only available to financial firms
- Validate assumptions about industry trends, competitors, and opportunities
- Generate ideas based on industry themes
- Save valuable time and alleviate the burden of manual research
- Leverage collaboration tools to share research snippets and develop notes

### HOW A WORLD LEADER IN BIOPHARMACEUTICALS LEVERAGES PREMIUM RESEARCH TO INFORM CORPORATE STRATEGY

The Business Assessment team at one of the world's leading biopharmaceuticals multinationals is tasked with providing data-driven recommendations to guide the strategic direction of the company's business leaders as they assess new opportunities that define the healthcare industry.

Their Senior Director of Business Assessments is tasked with analyzing macro regulatory and economic trends, tracking the competitive landscape, and ultimately providing judgment on how market inflections and competitive moves may affect the firm's position. From gene therapy techniques to new cancer treatments, accurate and timely research and analysis are essential to inform the critical decisions of ongoing projects whose impact affects the health and well-being of millions.

The team was seeking a research platform that would free them from the burden of time-consuming and single-point solutions. In an industry where speed and access to the right information have the power to save lives, manual research simply would not cut it.

## EFFICIENT SEARCH WITH COMPREHENSIVE RESULTS

With AlphaSense's intelligent search engine at his fingertips, not only does the Business Assessments leader save valuable time in his research process, he feels confident that he's not missing any critical information.



**Time savings:** Tracking down the right information at the speed his business partners require is a top priority for the team. For every research project he leads, this leader consults twenty or more unique documents. “Sometimes, I will go through hundreds of content sets if I am preparing for an investor deck,” he adds. The ability to pin-point themes and identify trends within thousands of premium content sources allows the Business Assessments team to streamline their research and “easily save hours every week.” By annotating, tagging, and sharing documents directly within AlphaSense, information-sharing and collaboration have been made easier for the entire team.



**Comprehensive Research:** Beyond the efficiency of surfacing insights, AlphaSense enables the team to access a variety of content sources in one platform. “AlphaSense brings together everything I’d like to see in one place with impressive breadth and depth,” notes the Senior Director of Business Assessments. In particular, when researching a new product or advancement, competitive research is essential to report. The team finds Wall Street Insights, AlphaSense’s comprehensive collection of equity research, to be particularly valuable. By understanding what analysts are saying about market and industry trends, they are able to rapidly validate assumptions and the company’s own internal research and to generate new ideas.

“

**AlphaSense brings together the premier research I need all in one place. I can quickly find and compare insights from several top analysts that help inform our business strategy. I feel confident that I'm not wasting time and that I can quickly bring meaningful insights to my team which is critical to operating successfully in today's fast-moving markets.**

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In alleviating the burden of manual research, this leader has increased his efficiency and does not fear that he's missed information. Rather than spending hours to surface a single data point, he is able to reallocate his time to drive value. With an improved ability to deliver meaningful analysis and recommendations to his business leaders, the team is ultimately more effective at driving business strategy and connecting the dots on the meaningful trends changing the face of healthcare.

## Corporate Development

Corporate Development teams are responsible for strategic decisions to grow and restructure businesses, establish strategic partnerships, and achieve organizational excellence. The purpose of a Corporate Development team is to create opportunities for a company through actions such as mergers and acquisitions (M&A) and deals that leverage the value of a company's business.

Corporate Development Professionals can use AlphaSense's Wall Street Insights Offering to:

- Leverage collaboration tools to share research snippets and develop notes
- Discover comprehensive research that was previously only available to financial firms
- Validate assumptions about industry trends, competitors, and opportunities
- Generate ideas based on industry themes

### HOW THE CORPORATE DEVELOPMENT TEAM AT ONE OF THE WORLD'S LARGEST COMPANIES ACCELERATES RESEARCH WITH ALPHASENSE WALL STREET INSIGHTS

The Corporate Development team in the cloud service vertical of one of the world's foremost web-service providers has a mandate to conduct ongoing research into potential partnership and acquisition targets.

This process consists of parsing through large volumes of data looking for nuggets of information in order to build out deep research on market segments and TAM.

Historically, the team had access to equity research, a valuable source of industry and company insights, but found the process of consuming this research to be painfully slow. Downloading many separate PDFs and reading them individually was an enormous obstacle to conducting meaningful analysis.



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**When we're looking for complex queries with many keywords, limited to a specific timeframe, legacy financial data terminals can't handle it," the team's manager observed. "Complex search queries are also too difficult for Google to parse.**

”

The team craved a more modern research platform that would allow for comprehensive research and the ability to leverage all existing data in their strategies.

Specifically, they wanted the ability to:

- Analyze many broker research reports at scale, particularly industry coverage reports which the team considers “the number one criteria” that is critical to research
- Use complex search queries, such as “how many companies have begun migration project from physical center to cloud center in 2020”
- Sort and rank search results by relevance

The team turned to AlphaSense to accelerate research, starting with a deep dive into disaster recovery companies. Using AlphaSense Wall Street Insights, the team found immediate value in AlphaSense’s unique coverage of real-time and embargoed broker research.

“There’s a distinct value to the embargoed broker research, which we did not have access to previously,” said the team’s manager.

With Wall Street Insights, the team is now able to surface key insights from this broad set of broker research. They find particular value in AlphaSense’s ability to hone in on relevant snippets of text from within fifty or hundred-page reports that would be impossible to read manually at scale.

“

**In AlphaSense, when you search a keyword into the search bar, it pulls all the research intelligently that meets that criteria and it does so by highlighting specific sections of the PDF without having to manually open the PDF,” explains the team’s manager. “It pulls in all the equity research and highlights key sections. Wall Street Insights gives me more research to analyze and truly massive time savings.**

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# Ready to explore the world's leading equity research?

From macro market trends and industry analyses to company deep-dives, the Wall Street Insights content collection provides corporate professionals with a 360-degree view of every market. With the valuable expertise of thousands of analysts on your side, you can quickly compare insights, validate internal assumptions, and generate new ideas to guide critical business decisions and strategies.

START YOUR TRIAL TODAY

