

Investing in Innovation

EMERALD'S TEN-STEP APPROACH

INNOVATION: A new idea, or more-effective device or process. Innovation can be viewed as the application of better solutions that meet new requirements, unarticulated needs, or existing market needs. **This is accomplished through more-effective products, processes, services, technologies, or business models that are readily available to markets, governments and society.**¹

Emerald portfolio managers and research analysts pride themselves on their search to successfully identify companies where innovation is layered on top of well-executed business plans & top notch management teams.

In the accompanying video,

<https://youtu.be/FjYH0Wkw7wI> Joe Garner, Director of Research at Emerald Advisers, LLC, talks about the process that goes into identifying which companies make their way into an Emerald portfolio. Joe talks about applying 'innovation' to our process.

We've deployed Emerald's extensive proprietary 10-Step Research Process for over

26 YEARS

to uncover and invest in innovative companies.



¹Wikipedia.org

HOW DO WE FIND INNOVATORS?

1

EMERALD'S FUNDAMENTAL BOTTOM-UP 10-STEP RESEARCH PROCESS

60% of the Russell 2000 index is followed by 5 or fewer sell-side analysts, as compared to **3%** of the S&P500.*

This is an inefficient marketplace where **research-driven active management** can make a difference for our clients!

*Source: FactSet



2

W I D E

Range of Analyst Coverage



3

Approximately **2,000**

meetings per year on-site at the company, or off-site at conferences, trade shows or other locations.



TIMING IS EVERYTHING

Emerald seeks to find innovative companies early, at the most dynamic stages of their growth curve, and when their stocks are the most inefficient



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WHERE ARE WE FINDING INNOVATION TODAY?

EMERALD'S VIEWPOINT:

Value-Based Retail: Companies that are growing exponentially in their space

1 **Pet Food:** Consecutive and steady growth from leaders in the industry

2 **Financial Services:** Increases in online presence



3 **Industrials:** New building materials and leaders who are bringing them to the marketplace



This space is showing **strong growth** and **profitability increases**

4 **Technology:** Communications, utilizing the cloud, gaming, and evolution of e-sports



- Mobile and social games are exceeding console games in world-wide revenues
- **E-Sports are attracting millions of viewers**, as well as corporate sponsors

As always – since its founding in 1992 Emerald continues to be **Driven by Research.**



Joseph Garner

Director of Research

*“Identifying Growth Leaders is a function of going out into the field and seeing it first-hand – **by doing your homework.**”*

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