ETALON CAPITAL

Overview

Etalon Capital, founded in 2012, provides independent research with a focus on event-driven value equities to institutional investors. Events include mergers and acquisitions, spin-offs, activist investors, IPOs, SPACs, share buybacks, significant corporate transactions, and special situations. These are diversified by risk/return profiles, with an emphasis on value investing principles

We generate an edge with a unique research process, combining value, focus on corporate events and story investing principles.

Unique Perspective

After many years of focus on event-driven equity investments, firm's founder, Alex Gavrish, has developed his own investment philosophy that proposes to look at companies and their stocks as stories:

- Best investments are just like good stories or movies: with three-part structure, important turning points, intrigue, drama, and surprises
- Investors need a dynamic, not only static perspective
- Narrative adds the required "art" part to investing equation: imagination, structure, surprises, emotions, characters
- Narrative mode of research complements analytical one

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Past stock recommendations

Recent stock recommendations included such big winners as:

- TeamViewer AG IPO (+95%, Oct-2019)
- Carrier Global Corp spin-off (+106%, Apr-2020)
- Otis Worldwide Corp spin-off (+43%. Apr-2020)
- Big Lots activist investors (+20%, Jun-2020-closed)

In the past, recommendations included Bioverativ (acquired by Sanofi), Bats Global Markets IPO (acquired by CBOE), Baxter/Baxalta spin-off and activist, Nomad Foods SPAC, Terex Corp Konecranes transaction, PayPal spin-off from eBay, Activision Vivendi buyback, SAIC Corp spin-off, Murphy USA spin-off, Shire plc, Travelport Worldwide, Atkore International buyback

The Service

We currently focus on US and European equities, mostly mid and large caps, offering 25-50 ideas per year, plus updates on previous research if relevant. Research is provided in the form of short desk notes (2-4 pages).

Recently we added to our research product insights based on the analysis of hedge funds and institutional investors holdings. Utilizing our in-depth knowledge of many hedge funds in the market we aim to provide investors with valuable insights that are unavailable in data-only products.

In addition, we started to provide additional research coverage focused specifically on the Japanese market. Implementing the same research principles and expertise developed over many years of focus on the event-driven space, we aim to provide investors with actionable investment ideas comparable to US/European situations despite different culture and market specifics of the region