



PHILEQUITY CORNER

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Disclosures

Corporate disclosures are intended to inform investors and regulatory authorities on developments in the firm or the industry. These can be routine announcements of movements at the board or even a sale of a small number of shares of the company by officers or directors.

Disclosures are not limited to company announcements.

Economic planners, like the BSP or NEDA, issue statements on possible changes in the macroeconomic landscape. These statements are parsed by investment analysts especially when signaling a shift in monetary or fiscal policy. A reduction of interest rates or the announcement of inflation numbers can affect investor sentiment on the economy.

“Signaling” policy is a public form of communication to give the market some direction on interest rate movements, inflation, GDP growth forecasts, exchange rates or unemployment levels. These moves can impact certain companies more than others.

Companies meeting with analysts can give “guidance” numbers for the rest of the year. These are directions based on actual performance. Guidance numbers are usually announced at investors’ briefings. These are studied by analysts and used as pegs for evaluating actual performance. They are not intended to hype up the stock.

Disclosures can also include informal communications from ambush interviews of company executives with the business media which can happen after a formal investor briefing. This may field questions involving the industry with the entry of new competition allowed by new legislation, or a regulation intended to reduce the online market reach of a particular sector. Expressions of dismay can give a negative slant on the prospects of a company.

The grapevine as a source of information is in a category of its own. These include unconfirmed plans and developments known only to insiders. Thus, the possibility of insider trading is a risk with this type of leakage of news.

The rumor mill’s impact on the share price may then invite a more official statement to be issued. When asked by the regulator to comment on the observed pattern of higher volumes of trade, the company can submit a formal response – “we are not aware of any basis for the unusual volume and price movements of the stock at this time.”

Disclosures of listed companies are meant to be informative even if only routine in nature and already covered in business media. These can include announcements of acquisitions, the appointment of a new CEO, changes in the board composition or even the planned buy-back of shares when perceived by management to be undervalued by the market.



With online media now covering the economy, and even individual executives of companies, there is a broader and unofficial source of disclosures.

There can be an almost tabloid approach to business coverage, which is based on personalities. Speculations on possible acquisitions or mergers with other groups are now considered valid fare for online postings. Even health issues of principals and feuding family groups can fall on the lap of Investor Relations. Lifestyle shows on construction company owners can be revealing.

“Influencers” now include business and investment commentators discoursing on both local and international markets. Self-proclaimed investment gurus may even give financial advice. AI-generated and faked business personalities can be made to look like they are promoting quick returns available online. Outright denials made by the supposed business icons are not always quickly acted on by the website.

Are plans also considered part of the disclosure process for a company? This can include future directions, such as moving the head office elsewhere or the matter of succession planning. (We have a process in place and a search committee has been formed at the board level).

Disclosures are intended to provide transparency in the company's operations and how it deals with competition as well as the regulatory and economic environment. They usually deal with moves already taken and approved.

Disclosures are intended to level the playing field for insiders and outside investors. Information is shared to promote an informed valuation of a particular investment. Still, it is the financial performance in the audited financial statements of a company that ultimately determines its true value. Promises after all are not always kept, even when they are publicly disclosed.