While foreign investors were leaving the Brazilian market in late 2009 after the fall of Lehman Brothers, the locals, especially individuals, not only maintained their equity investments but also increased them.

This is a new pattern for Brazil, where local investors have typically bought at the wrong time, and it is a focus of interest for companies that, at the height of the IPO bubble, gave little or no attention to their home crowd. Last year, some R$24bn [$13bn] of foreign investment left Bovespa, of which R$11bn has returned in 2009, says Geraldo Soares, president of IBRI, the Brazilian Investor Relations Institute. The persistence of Brazilians is what draws attention, however, with the number of individual investors holding steady at around 500,000.

Companies that had just gone public and whose shares were mostly in foreign hands were particularly vulnerable to the crisis. This has provoked questions about IPO distribution, which has typically seen 70 percent of shares earmarked for foreign investors. Some companies didn’t even make presentations in Portuguese, instead disseminating everything in English except for the prospectus required by the CVM, the Brazilian securities commission.

Some companies new to the stock market – at least eight, according to Soares – simply fired their IROs to cut costs. ‘The crisis was a test for the structures of governance,’ Soares notes. ‘Many failed.’

Other problems arose because investors needed more information from companies during the crisis but were sometimes left in the dark. In this context, our annual evaluation of Brazilian companies’ IR practices highlights the fact that some companies kept communications channels open during the turbulence, thereby becoming benchmarks of excellence. They were honored at the fifth annual IR Magazine Brazil Awards, held in partnership with Revista RI and IBRI on June 22 in São Paulo.

Vale

Vale won the large-cap grand prix for the fourth year in a row, along with numerous other categories. Roberto Castello Branco, Vale’s head of IR, attributes this success to establishing relationships with investors based on transparency around ‘value drivers, risks and challenges, our growth strategy and its implementation.’

The last 18 months have seen many achievements
for Vale. ‘In an extremely hostile environment, we raised $12.2 bn in a global share offering – one of the largest transactions in history,’ Castello Branco says. ‘We kept our shareholder base and even expanded its geographical diversification, with increasing participation of Asian investors.’

**Lojas Renner**
In 2005, department store chain Lojas Renner became the first Brazilian company to have 100 percent of its shares held by the public. This new kind of management model has been well received by the financial community, as proven by the three awards the company received this year.

IRO Paula Picinini joined Lojas Renner in October 2005, just a few months after JCPenney relinquished its control and Lojas Renner listed on Novo Mercado. The company had no IR structure, which was a challenge, considering its 100 percent free float.

**Banco do Brasil**
The winner of best investor relations officer at a large cap, Marco Geovanne Tobias da Silva, insists on sharing the honor with the rest of his IR team – and indeed his board – at Banco do Brasil. As he points out, these Oscars of the IR world reflect the perception of analysts and investors.

‘This recognition is gratifying because it has the seal of the Getúlio Vargas Foundation and it recognizes my work over the past 10 years – but it is the result of the efforts of a team,’ da Silva stresses.

**Itaú Unibanco**
The winner of best corporate branding, Itaú Unibanco, is the result of the merger of two of Brazil’s largest private banks, Banco Itaú and Unibanco. With a market cap near $40 bn, the newly combined bank ranks among the world’s 20 largest financial institutions. The merged IR team received nine honorable mentions in addition to the corporate branding award.

‘This award encourages us to face the challenge of unifying the business and brands of these institutions for all stakeholders,’ says Andrea Cordeiro, director of institutional marketing.

**Petrobras**
Petrobras’ respect for minority shareholders led the market to once again recognize it for best IR for an individual investor – the fourth time in five years.

‘The important thing is that retail investors themselves voted for this category, so it confirms we are on track and keeping the focus on individuals,’ says Paulo Campos, IR manager for individual investors. Petrobras is the only Brazilian company in the Fortune 40, a list of the most dependable stocks to retire on.

**Perdigão**
Starting in 2006, the management structure of Perdigão was com-

**AWARDS** IR magazine
The IR Magazine Brazil Awards are based on an independent survey conducted by the Getúlio Vargas Foundation (FGV) and its related think tank, the Brazilian Institute of Economics.

FGV contacted around 450 of the major investors and analysts covering the Brazilian market: buy-side analysts (54 percent), sell-side analysts (35 percent), portfolio managers (6 percent) and consultants (5 percent).

In total, 129 individuals completed the survey. A further 4,000 individual investors were invited to answer the question, ‘Which public company takes the best care of the individual investor?’ Contact details for this group were provided by the National Institute of Investors, and 320 responses were collected.

The survey was conducted mainly via the web, with some answers researched over the phone. Interviews were conducted between April 3 and May 13, 2009. The complete results are published in IR magazine’s Investor Perception Study, Brazil 2009. To order a copy, please contact Gina Hansen at +1 212 430 6864, or email gina.hansen@thecrossbordergroup.com.

**IR magazine AWARDS**

**Natura**

Regarded as a model of sustainability and social responsibility, Natura took the award for best corporate sustainability for the third year in a row.

‘From the design of its products to the values demonstrated by employees, you can see Natura’s huge focus on sustainability,’ said one analyst who voted for Natura in this year’s awards survey. ‘The annual report explains the company’s position very well across many aspects, showing how it thinks and acts on social and environmental issues.’

**Suzano Papel e Celulose**

The award for most progress in IR at a large cap went to one of Latin America’s largest pulp and paper companies. Suzano Papel e Celulose began boosting its IR efforts more than a year ago.

‘We focused on the activity of IR with the aim of furthering what was being done,’ says IR director André Dorf, who sees the award as important external recognition of the company’s commitment to IR. ‘We know there is still room for us to develop, but we also know that this is an evolutionary process, and we are on track.’

Suzano’s IR team believes that evolving toward a diverse group of long-term shareholders will increase the liquidity of the shares while reducing volatility.

‘When you increase the base of shareholders, the exit of a large investor does not put a great pressure on the stock price,’ Dorf adds.

**Magnesita**

Magnesita, winner of the award for most progress in investor relations at a small cap, became a publicly traded company in the 1960s, but its relationship with investors was poor and its IR function was restricted mostly to compliance.

That situation has completely changed since February 2008, soon after the transfer of control to the investment funds GP Investments and Gávea.

‘Our investor relations became professional and highly focused in the pursuit of greater transparency, quality and speed in the transmission of information...’

**How we picked the winners**

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and data on the company,’ says Mauricio Lustosa de Castro, who handles investor relations for Magnesita.

**CEMIG**

Deepening the relationship with analysts and investors so the market understands processes and results in greater depth is the major goal of investor relations in general and especially of investment community meetings, an area in which CEMIG ranked highest this year.

In May the company held its 14th annual meeting in conjunction with APIMEC, Brazil’s analysts’ associ-