



Item 1 - Cover Page

Javelin Research Ltd

Form ADV Part 2A

Investment Adviser Brochure

This brochure provides information about the qualifications and business practices of Javelin Research Ltd (Javelin). If you have any questions about the contents of this brochure, please contact Surendran Panicker, Director and Compliance Officer at surendran.panicker@javelin-research.com

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Javelin is registered in the United Kingdom and is authorised by the regulatory body, Financial Conduct Authority (FCA), to provide investment advice to professional clients in the United Kingdom. Javelin's FCA registration number is 785439, and details of the authorisation can be found at www.fca.org.uk

Registration as an investment advisor does not imply any level of skill or training.

This brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein.

Javelin Research Ltd
7th Floor
1 Fore Street Avenue
London EC2Y 9HT
United Kingdom

19 May 2018



Item 2 - Material Changes

18 May 2018

We are required to deliver information about our qualifications and business practices to clients on account opening and at least annually thereafter. Pursuant to SEC regulations, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year, 5 April. We may further provide other ongoing disclosure information about material changes as necessary.

There have been no material changes during the previous year.

Our current brochure is always available on our website www.javelin-research.com. A print copy may be obtained by contacting the Compliance Officer, at surendran.panicker@javelin-research.com.



Item 3 - Table of Contents

18 May 2018

Form ADV Part 2A

	Page
Item 1 – Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents	3
Item 4 – Advisory Business	4
Item 5 – Fees and Compensation	5
Item 6 – Performance-Based Fees	5
Item 7 – Types of Clients	5
Item 8 – Methods of Analysis & Risk of Loss	6
Statement of Investment Strategy	
General Risk of Loss Statement	
Item 9 – Disciplinary Information	8
Item 10 – Other Financial Industry Activities and Affiliations	8
Item 11 – Code of Ethics and Personal Trading	9
Item 12 – Brokerage Practices	11
Item 13 – Review of Accounts	11
Item 14 – Client Referrals and Other Compensation	11
Item 15 – Custody	11
Item 16 – Investment Discretion	11
Item 17 – Voting Client Securities	11
Item 18 – Financial Information	11
Item 19 – Requirements for State-Registered Advisors	11



Item 4 - Advisory Business

Javelin Research Ltd (Javelin) is an investment advisor based in London, United Kingdom. Javelin is an independent research provider, whose primary business is to publish equity and industry sector research for the use of professional/institutional investors.

Javelin does not manage client assets.

Javelin does not have a fixed coverage list, and instead, its universe is US, European and UK stocks numbering in excess of 3,100. This allows Javelin to highlight the best (& worst) investment ideas not constrained by fixed lists, which inevitably limit investment choices for portfolio managers.

Javelin adopts a floating approach to recommendations. Since it has no fixed coverage list, it will initiate and close recommendations as opportunities dictate, but based on long term shareholder value creation considerations.

The lack of fixed coverage list also means that Javelin is able to issue just two recommendations - Buy, or Sell

Javelin will also compile and publish for clients the history and performance of its recommendations.

Javelin research coverage does not extend to the Financial sector or stocks

Javelin was founded by Surendran Panicker.

Launched in April 2018, Javelin's philosophy and methodology was shaped by the lessons learnt and experience gained in portfolio management and research. His main experiences includes a 10 year tenure as the US equity portfolio manager at Colonial First State, managing institutional funds, and 15 years of combined experience as an analyst and technology specialist sales at Société Générale Corporate & Investment Banking.

He has a BSc (Econ) Hons from the London School of Economics, and an MSc Econ from Cardiff university, both specialising in International Economics

Javelin received regulatory approvals in April 2018, and is authorised by the Financial Conduct Authority (FCA), reference number 785439, and by regulatory authorities in major European nations, to provide investment advice to institutional investors in the United Kingdom and major European countries.

Surendran Panicker is the 100% principal owner of the business.



Item 5 - Fees and Compensation

Javelin's research products and services are available only to investors who meet the criteria set out by regulatory authorities for institutional/professional investors.

Javelin's subscription-based research is its sole offering. There is no inducement to conduct investment banking, trading or anything else. Independence from commercial conflicts is guaranteed.

The fees paid by clients will depend on the breadth of products and services required by the client, and any customisation requirements. The decision on how (the method or mode, such as cheque) to pay for our research services is at the sole discretion of our clients.

Item 6 - Performance Based fees and Side-by-Side management

Javelin does not manage client assets and therefore, any performance-based fees and side-by-side management are not applicable to the business.

Item 7 - Types of Clients

Javelin provides investment advice through its equity research products to professional/institutional clients only. Examples of such clients that we service are traditional fund management firms, family offices and hedge funds.



Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Key tenets underlying Javelin's philosophy of stock selection

- 1) It is the prospect of sustained, incremental cash flow generation which drives valuation. Javelin evaluates cash flow, not in the absolute, but in the context of the invested capital consumed to generate that cash flow.
- 2) Shareholder value creation also needs persistent fundamentals. In addition, to be of substance, shareholder value creation, needs the prospect of sustainable competitive advantage.
- 3) Javelin adopts a sceptical approach when it comes to management guidance or sell-side forecasts. Valuation models based on forecasting are a futile exercise, and target prices are a folly.
- 4) And what's priced-in? Stock selection requires not only an awareness of the fundamental outcomes but also a grasp of expectations embedded in the share price.

Javelin's research provides three important insights into what drives valuations.

1. There is no relationship between forecast EPS growth and the valuations
2. Even a focus on ROIC, can be misleading. While this gives a good account of historic economic returns, it throws little light on it as a driver of valuation.
3. There is strong evidence that it is the Incremental-Return on Invested Capital (I-ROIC) which drive a stock's valuation.

Javelin's Methodology

Incremental Return on Invested Capital

I-ROIC is an objective measure of management's success in delivering incremental returns on each dollar invested in the business. Javelin's formula for I-ROIC computes how changes in a \$ unit of invested capital in period (t-x) caused an increase or decrease in cash flow in period (t+x). NOPAT is the numerator in the analysis - the cash flow available to all owners of capital. Acquisitions, capital expenditure, R&D and net working capital form the main components of invested capital.

Implied competitive advantage period and shareholder value creation

Understanding the competitive advantage an important part of stock selection, not just for growth stocks, but also for value type stocks, as it indicates the duration over which rate shareholder value creation may be sustained. Javelin measure on implied competitive advantage period (I-CAP) captures this by estimating the implied "future value" component of a stock's valuation. The key variables that go into calculations for I-CAP are forecast NOPAT, the company specific WACC and assumptions on tax rates.

Management guidance, consensus forecasts and divergence from reality

Company managements' peddle beliefs; Javelin tests management guidance, captured by consensus forecast, to check these for irrational exuberance, or unwarranted despondence. Key question asked - how diverged is management guidance from the likely outcome predicted by Javelin's estimate of likely shareholder value creation?

What's priced-in? Embedded Expectations

We ask what has Mr Market made of it all? Has the outcome for forecast fundamentals been



Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

priced-in by the market? The sell-side often muddles consensus forecasts with expectations, ignoring the key metric that embodies expectations - the stock price. Javelin's calculation of embedded expectations (EE) compares the momentum of forecast fundamentals relative to the momentum of the share price.

Javelin's Coverage

Javelin does not have a fixed coverage list, and instead, its universe is US, European and UK companies numbering in excess of 3,100. This allows us to highlight the best (& worst) investment ideas, not constrained by fixed lists, which inevitably limit investment choices for portfolio managers.

Javelin's Recommendation

Javelin adopts a floating approach to recommendations. Since it has no fixed coverage list, it will initiate and close recommendations as opportunities dictate, but based on long term shareholder value creation considerations.

The lack of fixed coverage list also means that Javelin is able to issue just two recommendations - Buy, or Sell

Javelin research recommendations take the following forms:

BUY: A stock with potential to significantly out-perform a market index, typically by 10-50%+ over a 1-2 year period.

SELL: A stock with potential to significantly under-perform the market index, and/or pose the risk of significant loss of capital, typically 10-50%+ over a 1-2 year period.

What Javelin does not do

Javelin does not supply maintenance research; no preview into results, and no post-results desk note.

With a disdain for long term forecasting and use of multiples, or even peer comparisons as tools for equity valuation there will be no such commentary or spreadsheet models.

Finally, while Javelin will provide with a robust and coherent analysis and commentary, it does not profess to have in-depth expertise on all sectors and stocks. Clients are advised to seek alternate sources/personnel who may be able to drill-down into the minutiae.

Javelin offers no coverage of the Financials sector or stocks within it.

Risk of loss

There are risks inherent in investments, which may make such investments unsuitable for certain clients. These include, for example, economic, political, currency exchange rate fluctuations, and limited availability of information on some securities. Javelin make no representation that the companies which issue securities that are the subject of the research reports are in compliance with certain informational reporting requirements imposed by the Securities Exchange Act of 1934. The views and the other information provided in research reports to our institutional clients are subject to change without notice. The research reports are issued without regard to the specific investment objectives, financial situation, or particular needs of any specific recipient and are not to be construed as a solicitation or an offer to buy or



Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

sell any securities or related financial instruments. Past performance is not necessarily a guide to future results. Company fundamentals and earnings may be mentioned occasionally, but should not be construed as a recommendation to buy or sell the company's stock. Predictions, forecasts, estimates for any and all markets should not be construed as recommendations to buy or sell any security.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose certain material legal or disciplinary events that would be material to an evaluation of Javelin or the integrity of Javelin's management. Javelin, or its management, has no legal or disciplinary events to report.

Item 10 - Other Financial Industry Activities and Affiliations

Javelin received regulatory approvals in the United Kingdom in April 2018, and is authorised by the Financial Conduct Authority in the United Kingdom, reference number 785439, and by regulatory authorities in major European nations, to provide investment advice to institutional investors in Europe and the United Kingdom.

Javelin is not registered (and do not have any applications pending to register) as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing.



Item 11 - Code of Ethics, Participation of Interest in Client Transactions and Personal Trading

Javelin has adopted a Code of Ethics that sets forth the high ethical standards that we require of all our employees.

These are documented in its Compliance Manual and the following is a summary.

The Code of Ethics reflects Javelin's fiduciary obligations, supervisory requirements and duty to comply with securities laws.

The Code of Ethics is based on the principle that Javelin owes a fiduciary duty to its clients. Accordingly, employees must avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of clients.

At all times, Javelin will:

- Place client interests ahead of Javelin's – As a fiduciary, Javelin will serve in its Clients' best interests. In other words, Employees may not benefit at the expense of Clients.
- Engage in personal investing that is in full compliance with Javelin's Code of Ethics – Employees must review and abide by Javelin's securities trading policies as described in its Compliance Manual.
- Employees must not accept investment opportunities, gifts or other gratuities from individuals seeking to conduct business with Javelin, or on behalf of a Client, except as permitted in the Compliance Manual.
- Maintain full compliance with the Federal Securities Laws – Employees must abide by the standards set forth in Rule 204A-1 under the Advisers Act [17j-1] and Rule 17j-1 under the IC Act.

Employees must promptly report any violations of the Code of Ethics to the Compliance Officer, Surendran Panicker.

Section 204A of the Advisers Act requires every investment adviser to establish, maintain, and enforce written policies and procedures reasonably designed, taking into consideration the nature of such investment adviser's business, to prevent the misuse of Material Non-public Information by such investment adviser or any person associated with such investment adviser. In accordance with Section 204A, Javelin has instituted procedures to prevent the misuse of Material Nonpublic Information.

In the past, securities laws have been interpreted to prohibit the following activities:

- Trading by an insider while in possession of Material Non-Public Information; or
- Trading by a non-insider while in possession of Material Non-Public Information, where the information was disclosed to the non-insider in violation of an insider's duty to keep it confidential; or
- Communicating Material Non-Public Information to others in breach of a fiduciary duty.



What Information is Material?

Individuals may not be held liable for trading on inside information unless the information is material. Advance knowledge of the following types of information is generally regarded as material:

- Dividend or earnings announcements
- Write-downs or write-offs of assets
- Additions to reserves for bad debts or contingent liabilities
- Expansion or curtailment of company or major division operations
- Merger, joint venture announcements
- New product/service announcements
- Discovery or research developments
- Criminal, civil and government investigations and indictments
- Pending labor disputes
- Debt service or liquidity problems
- Bankruptcy or insolvency problems
- Tender offers, stock repurchase plans, etc.
- Recapitalization

Information provided by a company could be material because of its expected effect on a particular class of a company's securities, all of the company's securities, the securities of another company, or the securities of several companies. The misuse of Material Non-Public Information applies to all types of securities, including equity, debt, commercial paper, government securities and options.

Material information does not have to relate to a company's business. For example, information about the contents of an upcoming newspaper column may affect the price of a Security, and therefore be considered material.

What Information is Non-Public?

In order for issues concerning Inside Trading to arise, information must not only be material, but also non-public. Once non-public information has been effectively distributed to the investing public, it can no longer be classified as Material Non-Public Information. However, the distribution of Material Non-Public Information must occur through commonly recognized channels for the classification to change. In addition, the information must not only be publicly disclosed, there must be adequate time for the public to receive and digest the information. Lastly, non-public information does not change to public information solely by selective dissemination.

Employees must be aware that even where there is no expectation of confidentiality, a person may become an insider upon receiving Material Non-Public Information. Whether the "tip" made to the Employee makes him/her a "tippee" depends on whether the corporate insider expects to benefit personally, either directly or indirectly, from the disclosure.

**Item 12 – Brokerage Practices**

Javelin is not a broker dealer nor does the business have any relationship in which we would select or recommend a certain broker-dealer for our institutional clients.

Item 13 - Review of Accounts

Javelin does not manage client assets and therefore, the review of accounts is not applicable to the business.

Item 14 - Client Referrals and Other Compensation

Javelin does not have any arrangements with any third parties pursuant to which such third parties will be paid a referral fee for soliciting and successfully introducing institutional clients that subscribe to the research provided by Javelin.

Item 15 - Custody

Javelin does not manage client assets and therefore, the custody of assets is not applicable to the business.

Item 16 - Investment Discretion

Javelin does not manage client assets and therefore, having investment discretion is not applicable to the business.

Item 17 - Voting Client Securities

Javelin does not manage client assets and therefore, the voting of client securities is not applicable to the business.

Item 18 - Financial Information

Javelin has never been the subject of a bankruptcy petition.