

## HEADS OF INVESTOR RELATIONS LUNCH

## NEW TRENDS AND CHALLENGES FOR INVESTOR RELATIONS



ORGANIZED BY:



IN COLLABORATION WITH:



**DETAILS:** March 30<sup>th</sup>. Gran Meliá Palacio de los Duques. 20 attendees (15 Members)

**SPEAKERS:** Lisa Williams. EMEA Head IR Advisory of Citi DR Services  
Claire Lavery. Vice President of Rivel Research Group

## SUMMARY

### **Changing Investor Landscape**

- Passive investment managers are seeing significant fund inflow, but remember the active managers will set the share price, so engagement with them will be more important than ever.
- Due to the changing environment, targeting efforts have increased, but receptivity from investors is modest at best. Investors follow on average 129 companies, so it is imperative to differentiate & show how your company meets their needs/goals. Manage expectations internally, only 12% of investors will buy after the first meeting with management
- Messaging matters, so think about what you lead with in your communications. Differentiate on core investment drivers.

### **Investment Trends Not to Be Ignored**

- 68% of the global buy-side believes activism will increase over the next couple of years. IROs need to understand who the activists are and their company's vulnerability to activist interest.
- Active quant funds are using big data as a tool to predict human economic behaviour. This raises the prospect of investors having more information about the company's likely future performance than management. IROs may have to work hard to keep control of their external narrative in these circumstances.

### **Corporate Governance Goes Mainstream**

- IROs should be able to talk about governance issues (board diversity, structure and independence, remuneration, transparency...) Investors spend the most time studying a company's governance when its stock first comes to attention as a possible investment, so do not let your corporate governance practices hinder you before you've even started.

### **Capital Deployment Dilemma**

- Whether companies opt to return cash to shareholders or reinvest in the business, investors feel that capital deployment messaging falls short of the mark, so be sure to clarify and link to management's strategic rationale.

### **Impact of Regulatory Change**

- MiFID II is causing much concern, but the exact consequences remain uncertain. Small & mid-cap companies are destined to be impacted by less fundamental research, fewer analysts covering each stock and a reduction in corporate access provision. This is likely to lead to significantly more work for IR teams.

### **Importance of Digital IR**

- With a reduction in sell-side coverage and an increase in direct enquiries from the buy-side, it is vital you have an effective IR website. 88% of the global buy-side say that poorly designed, incomplete websites will impact on the overall impression of the company & its stock.

### **Make pro-active IR your differentiator**

- There couldn't be a more important time for IROs to be proactive, rather than reactive. After all, nine in ten investors worldwide believe good IR impacts a company's valuation and can account for premium of 10% to the stock price. The opportunity is IR's for the taking.