

Establish a roadmap.

A solid investment thesis should be based on a specific timeframe. Investors will want details on the timing of your value creation plan. Building those details into the narrative at the outset helps keep the organization on pace while setting the stage for ongoing investor engagement. The thesis should be clear about the ultimate objectives of the strategy and include key milestones along the path from where you are now to your vision. If the growth plan will happen in tranches or over time, be as specific as possible about what investors can expect to happen when. Discuss how you will measure success and share with investors the KPIs you will be tracking along the way, as well as your projections for these metrics, if possible.

Validating Your Narrative through Perception Work

As you're building your investment thesis around your company's vision for growth, it's imperative to understand specifically how investors view the opportunity ahead of you, as well as the plan for getting there. This is especially true if the thesis is shifting or considerably changing. But it's critical even if the growth strategy is staying relatively consistent: You need to know if investors are on board (or not) with your decision to stay the course. When planning your perception study, be sure to:

Include the tough questions.

In most cases when you talk to your investors, they're doing most of the asking and you're doing most of the sharing. Perception work flips the script and gives your investors opportunities to open up about their thoughts and ideas. Strategically crafting the study to include some pointed questions will drive the most valuable insights and help you understand any perception gaps or hurdles to investment.

Every company wants to learn that their investors are 100% aligned with their thinking. But what you really need to find out is where that's not the case and why. This insight can help you determine the necessary steps you need to take to provide additional education and strengthen your narrative where needed.

Look for diverse perspectives.

A perception study should include a good mix of investors who are overweighted, underweighted, those who have sold, and those who remain on the sidelines. This ensures a comprehensive understanding of how your thesis is going to sit with your current base. It can also show you if any forthcoming changes in strategy will swing the current mix one way or another.

Embrace the opportunity to start the ESG conversation.

If ESG is new territory for your organization or if you're still not 100% convinced that your investors care about these topics, there's no time like the present to use a perception study to find out for sure. Build ESG-related questions into the study to learn direct from your investors which topics hold the most weight and what they would like to see your organization do more of in these

areas. Perception work also gives you a golden opportunity to learn what's driving investors' ESG-related concerns and to gain insight into what they view as the real value of a sound ESG strategy.

Be ready to take action.

Keep an open mind when hearing the results of the perception work and be willing to take investors' concerns seriously. If there is pushback to the company's strategic thinking, it doesn't mean you automatically need to change course. But it may necessitate a rethink of how to better communicate the story, including adding new rationale to better build investor confidence.

Sharing Your Story with an Investor Day

Once your investment thesis is fleshed out and you've thoroughly kicked the tires through perception work, finetuning the story where needed, it's time to share that thesis with the investment community. Investor Days can be a key part of your communications strategy, especially if the growth strategy is shifting or there are new layers of the investment story you need to tell.

Ultimately, an Investor Day provides one of the smartest, most efficient ways to communicate an evolving story. However, considerable time and resources go into planning the event, so, it's important to get the greatest return you can.

To maximize the payoff, you should be prepared to:

Focus on perception study results.

Use what you learn from your perception study to shape the agenda for the day. An Investor Day is an opportunity to speak to a large portion of your investor base when they are a captive audience. Concentrate on their greatest areas of concern or topics where they need additional education around your strategic growth vision. Remember that delivering the information your investor base wants and needs to hear is the key to making the day as impactful as possible.

Build an agenda and a roster of speakers that best addresses the transformed investor narrative.

Logging facetime with every member of management is one of the biggest draws of an Investor Day. Investors who take the time away from their schedule to come to your event expect to be rewarded by having your team fully engaged. At the same time, spending valuable presentation time on areas of topics investors aren't worried about or don't value can hijack an otherwise valuable day. Make sure you create the agenda around key topics and build internal (and external) speakers around the most valuable topics. And, don't miss the opportunity to showcase the depth of your team and their heightened knowledge of key end markets, industries or regions that provide the most growth potential for the company.

Repackage and repurpose the content to maximize ROI.

New content and messaging narratives delivered at the investor day should live on long after the event is over. Capturing video and presentations can extend the usefulness of the work that goes into the day. This content can be reused in materials such as the investor deck, fact book, and website later on to educate additional stakeholders, reinforce key messages, and keep the conversation going with potential investors and/or sell-side analysts.

The Rise of the "E" and "S" in ESG Investing

ESG is more than a fad. Results from our 2019 ESG survey indicate that ESG is becoming more mainstream. Respondents from diverse industry groups and investment styles are reporting an increased prevalence on ESG factors when it comes to investment decision making. Unsure what this means for your organization? Clermont Partners is here to help.

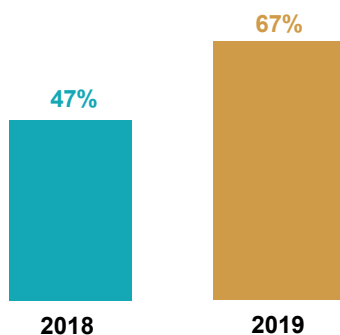
Highlights from the Study

- The **investment styles** of the nearly 200 investors completing the survey were 47% GARP, 37% growth, 41% value and 6% deep value
- More than two-thirds of respondents focus on ESG factors when making an **investment decision**
- 13% of respondents manage a fund that is considered **ESG-dedicated**
- **Client demand** and **changing client preferences** are primary drivers of the increased importance of ESG factors
- 47% of respondents said they use **Corporate Sustainability Reports** in their ESG analysis, while 43% of respondents obtain ESG information from **Annual Reports**
- Investors want to see ESG data updated more often and will often ask ESG related questions in **one-on-one meetings**
- **Corporate governance** is the top ESG factor respondents consider when making an investment
- 40% of respondents said they use **MSCI ratings**, more than ISS (32%) and Sustainalytics (23%)
- SASB and ESG frameworks are **not universally followed or adopted** – 95% of respondents said they do not follow SASB (Sustainability Accounting Standards Board) and 35% follow no formal sustainability frameworks

More Than Two-Thirds of Respondents Focus on ESG Factors

67% of respondents consider ESG factors when making an investment decision, up from 47% a year ago.

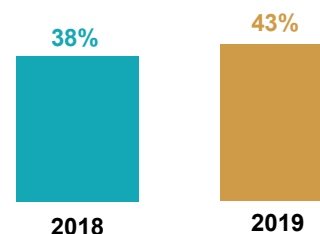
Are ESG factors considered when making an investment decision?



ESG is Increasingly Growing in Market Emphasis

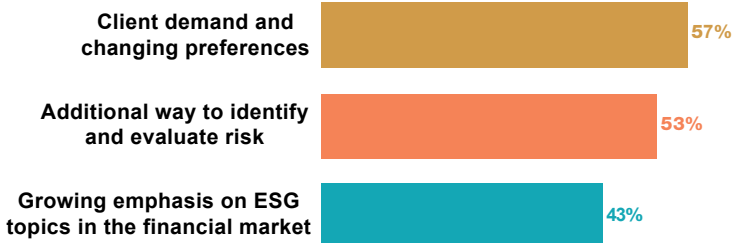
43% of respondents say ESG factors are becoming more prevalent in the market, up from 38% a year ago.

In the past two years, to what degree has the importance of any of the topics related to ESG changed in terms of your firm's decision-making process?



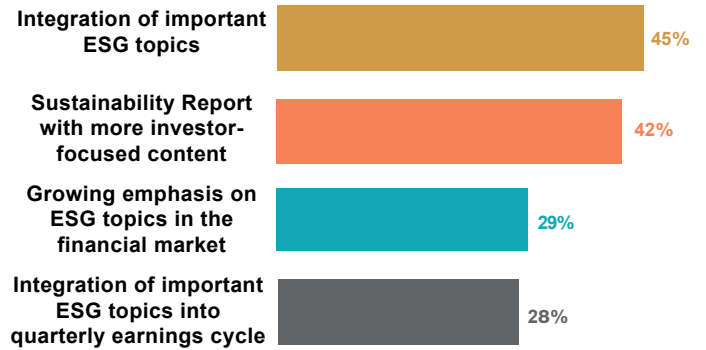
Client Demand Remains a Primary Driver of Increased Importance of ESG Factors

What is the key driver for the increased importance of ESG factors in terms of your firm's investment strategy?*



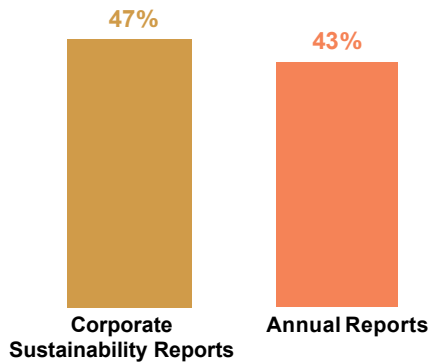
Investors are Most Interested in Seeing ESG Communications Integrated into Investor Presentations

What investor communications could be improved with the addition of ESG topics?*



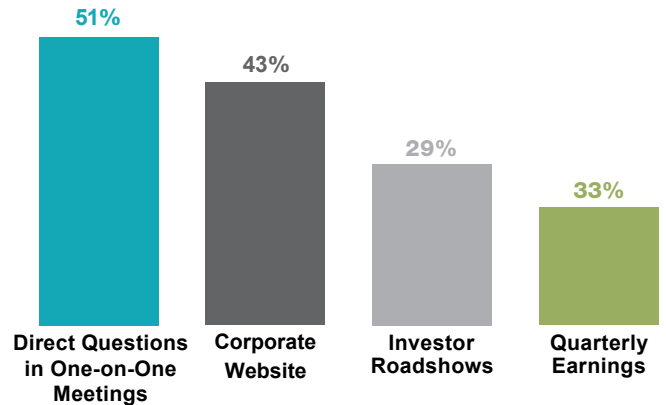
Investors are almost as likely to get ESG information from annual reports as sustainability reports

How do you get the most helpful information from an issuer on your ESG screening?*



Investors are Increasingly Looking for More Timely Updates/ESG Information

How do you get the most helpful information from an issuer on your ESG screening?*



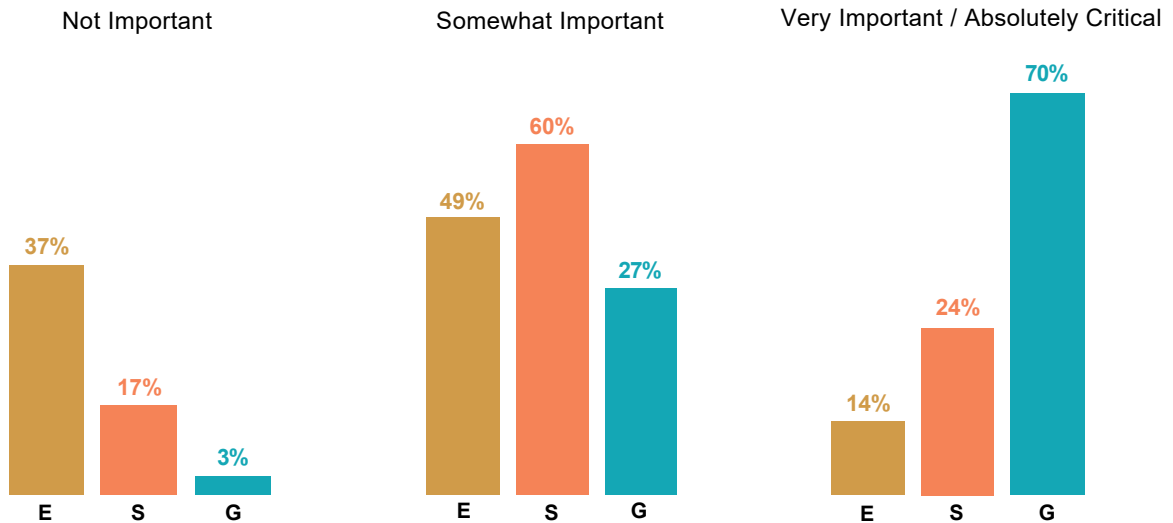
Investors find the most helpful sources of ESG information to be direct questions in one-on-one meetings, followed by corporate sustainability reports and corporate websites.

*Reflects highest ranked factor

The E, the S and the G

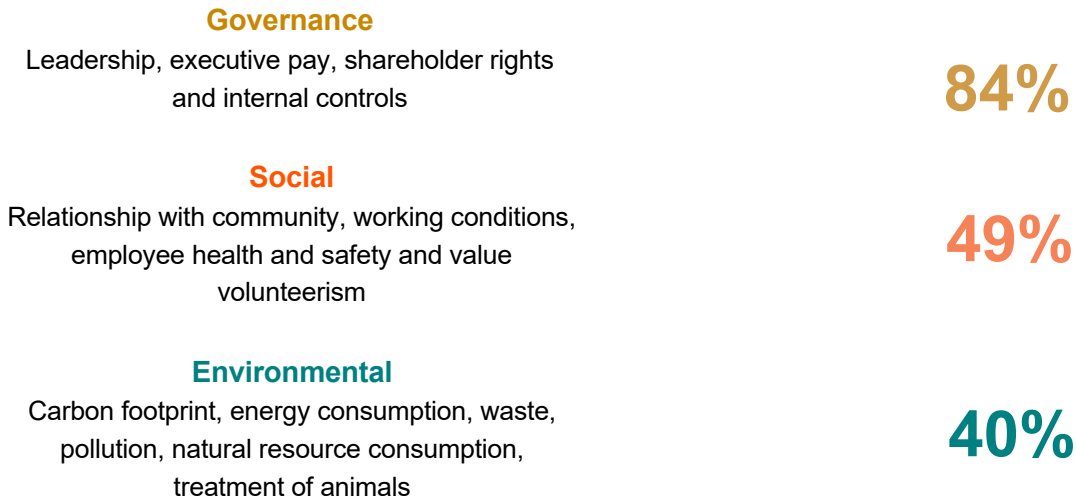
Investors are Split on the Importance of the "E" Factors

How important are E, S and G factors in making an investment?



Corporate Governance and Cybersecurity Remain Top ESG Concerns

Do any of the following factors influence your investment decision making process?*



Other Risk-Based Factors are Also Concerns to Investors

The top ESG factor respondents consider when making an investment is corporate governance followed by cybersecurity, executive compensation and supply chain risk.

*Reflects highest ranked factor



Clermont Partners empowers companies to make the most of strategic communication opportunities that impact equity valuation. By blending our decades of capital markets experience and relentless focus on research, we help clients cut through the noise and better navigate change that impacts stakeholder narratives and investor engagement.

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