NIRI ANALYTICS

Proactively Attract Investors in an Increasingly Passive World

CLERMONT PARTNERS

niri

Clermont Partners helps companies navigate change. We work with clients to execute effective, customized strategies that drive positive investor engagement, value and reputation.

Our team provides highly-experienced counsel on the broad range of challenges and events companies face during their life cycles, including investor relations issues, M&A, activism and crisis situations.

Driven by our deep capital-markets expertise, diverse industry knowledge and research-driven process, we help companies in the U.S. and Europe communicate effectively with investors and their broad set of influencers to advance their financial, corporate and reputational priorities.

National Investor Relations Institute
www.niri.org

Founded in 1969, NIRI is the professional association of corporate officers and investor relations consultants responsible for communication among corporate management, shareholders, securities analysts and other financial community constituents. The largest professional investor relations association in the world, NIRI's more than 3,300 members represent over 1,600 publicly held companies and $9 trillion in stock market capitalization.

This survey report is a collaborative effort between NIRI and Clermont Partners, a strategic financial communications advisory firm. A key goal is to advance the dialog of how investor relations officers (IROs) and institutional investors (buy side) interact, as well as how they view the growth and impact of passive investing and what changes, if any, are being made as a result of this market trend.

Executive Summary

- The investment landscape has changed dramatically over the past 20 years. Major shifts have altered how the investment community makes money, which include: (1) significantly lower brokerage commissions, (2) greater volumes of quantitatively-driven electronic trading, (3) increased fund flows to low-cost passive investments such as index funds and exchange-traded funds (ETFs), and (4) the outflow of assets from hedge funds. These trends have set the stage for the market to be impacted by the growth in passive investments.

- Buy side respondents to the survey are more challenged than ever to generate investment alpha, compared to five years ago. The rise in passive investing has resulted in lower commissions and higher stock correlations, which have made business for active investors more difficult. The sell side is reportedly less helpful in providing new investment ideas, but still provides value to the buy side by facilitating corporate access. As respondents search for investment alpha, they are open to non-traditional channels for new ideas, and place high importance on a company's press release and script content, and well as meetings with management.

- The survey results suggest that IRO respondents are not overly focused on the growth in passive investing. Communication with passive fund managers is limited, and primarily centers on corporate governance and board structure. While a number of IROs reach out to passive investors occasionally, they are more intent on interacting with active investors. The biggest IR concerns for IROs and their management teams are targeting and investor engagement, investor messaging and valuation. As IROs enhance their companies' investment thesis periodically, they are emphasizing greater disclosure around corporate governance policy, board structure and sustainability policy.

- For IROs looking to engage more dynamically with both investors and their companies' management teams as a result of recent market trends, four recommendations are offered. These cover messaging, shareholder engagement, and internal communication strategies.

SECTION 1: INTRODUCTION:
The Changing Investment Landscape

Four Major Trends Have Impacted the Market

It is well known that over the past 20 years or so, advances in technology and changes in regulation have massively affected how Wall Street works and makes money. Thanks to technology and deregulation of markets, unprecedented volumes of stocks and bonds now trade 24/7, around the globe, at the speed of light and the press of a button. In addition, technology and changes in regulations such as Reg FD have all but eliminated knowledge advantages, particularly for large-cap stocks, which have historically provided astute investors the ability to exploit market inefficiencies to achieve alpha in their portfolios.

As a result of these and other developments, the investment landscape has changed more over the past two decades than perhaps at any other time in history. Four major trends include:

1. As buy-side firms have invested more in internal research, the significant decline in commissions they pay has crippled their relationships with the sell side. In the early 1980s, the average commission on the NYSE was approximately $0.25 per share[1]. Trading commissions are significantly lower today – one source cited 2.64¢ per share[2]. Earlier this year, Fidelity, Schwab and TD Ameritrade slashed commissions – with Fidelity reducing the amount to trade stocks and ETFs by 38% to $4.95[3]. This pressure on revenues has changed the economics of the stockbrokerage business, resulting in fewer brokerage firms maintaining large research staffs covering small- and mid-cap companies, as trading fees no longer support the effort. Brokerage firms' focus on providing corporate access is also getting squeezed, as the institutional investor is going direct to the issuer more often, or vice versa.

2. Electronic trading volume has increased substantially over the past 10 years. Some estimates indicate that high frequency trading now accounts for approximately 55% of trading volume in U.S. equity markets and about 40% in European equity markets[4]. Other research suggests that as much as nearly 75% of all trades across instrument types are now conducted electronically[5]. Trading can go through dark pools and other mechanisms, making it difficult to determine whether it is quantitatively (program) driven or the result of portfolio managers making active trading decisions.

3. Money managers and the buy-side have not been immune from change either. Fund flows into low-cost passive investments

(index funds, ETFs) are at their highest levels ever, as active fund out-performance has been tougher to achieve. Many active shops, which normally attempt to outperform the market, just fine-tune asset allocations around an index benchmark. With expense ratios of just small fractions of a percent, compared with a one percent or more fee on active funds, investors have rushed to passive vehicles. In the last three years, investors added $1.3 trillion to ETFs and other passive funds, while active funds lost $250 billion. London-based consultancy firm ETFGI reported record inflows of $197.3 billion into ETFs from January to March 2017, compared to 2016 when ETFs represented $390.4 billion in new cash, according to the *Financial Times*[6].

4. Conversely, actively-managed hedge funds, which have been dominant participants of the many key active trends – small-cap investing, activist investment and M&A trading – have seen a significant outflow of assets. In 2016, investors pulled more than $100 billion from hedge funds[7]. Under-performance relative to benchmarks over the past several years, exacerbated by high fee structures, has caused even the largest pension funds and other investors in these funds to rethink their strategies and allocate more funds to low-cost passive vehicles.

Given these market shifts, we wanted to explore if the buy side has been affected by the rise in passive investing, and whether they perceive any changes in the value the sell side brings to the table. In addition, we sought to gain more perspective on whether these market trends have influenced how IROs manage their IR programs.

This survey provides some basic insights on how these two groups are responding to the current investment landscape. The report also provides recommended activities that complement a traditional IR program within the context of a changing market environment.

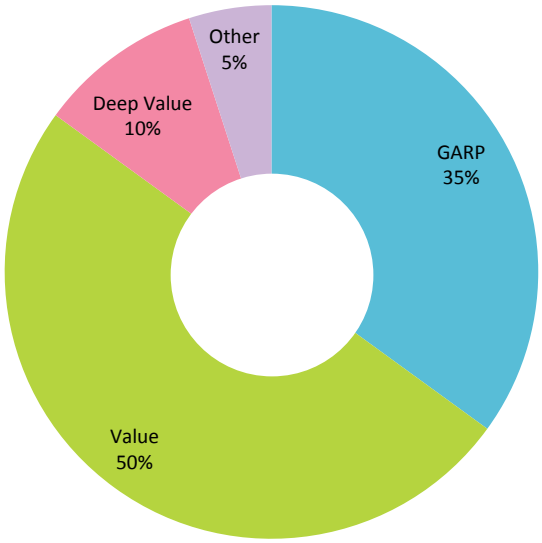
Survey Methodology

This survey studied IROs' corporate engagement practices with the buy side generally, as well as with passive investors specifically. The survey also explored buy-side preferences regarding corporate engagement practices. The electronic survey gathered data between February 24, 2017 through April 21, 2017. A total of 3,990 corporate IR and finance professionals, as well as 3,368 investment professionals, were invited to participate through direct email invitations. The response rate was 5% for IR and finance professionals, and was 1% for the buy side.

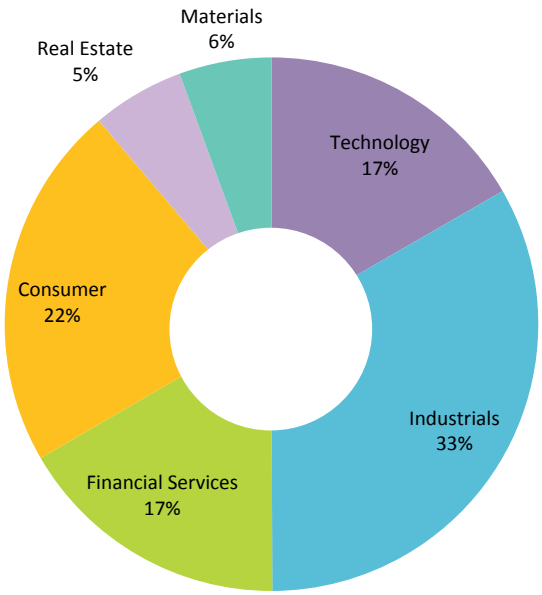
Demographics

Buy side survey respondents were predominantly considered "active" (vs. "passive") investors, with 50% representing a value investment style, followed by GARP at 35%. Industry orientation was mixed, with strong representation in industrials (33%), consumer (22%) and technology (17%) sectors.

Buy side investment style:



Buy side industry sector orientation:

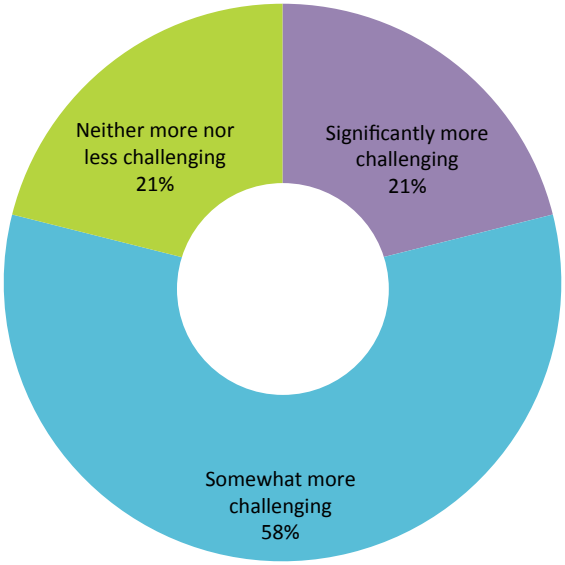


The Challenges of Getting Ahead: Generating Alpha and the Impact of Passive Investing

Investors are more challenged today to generate alpha vs. five years ago

Given market shifts over the past several years, investors were asked how challenging it is to generate alpha compared to five years ago. Alpha is defined as a fund's excess returns against a market index used as a benchmark. Overall, 79% of respondents indicated that generating alpha is somewhat or significantly more challenging, while 21% reported no change.

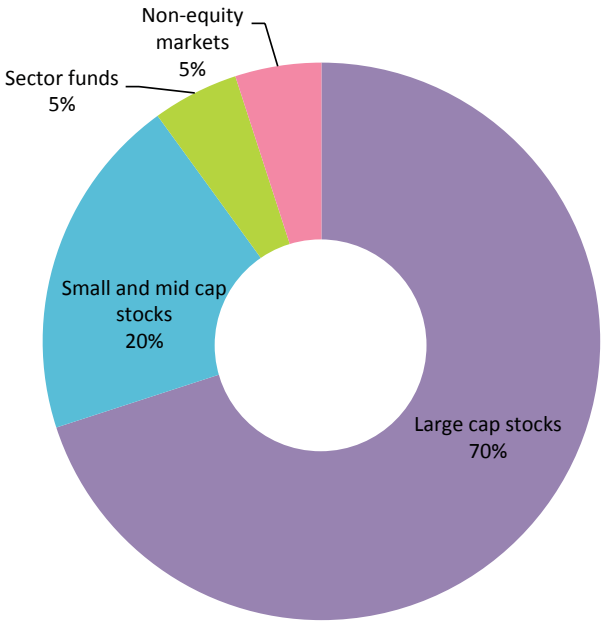
How challenging is it to generate alpha, compared with five years ago?



Passive investing impacts ability to achieve alpha primarily in large cap stocks

When it comes to generating alpha, the rise in passive investing is being felt by buy side survey respondents. This is especially true when it comes to achieving alpha on large-cap stocks. As many large-cap stocks are included in index funds and ETFs, it can leave less opportunity for investor arbitrage. In fact, 70% of survey respondents indicated that they believed passive investing has the biggest impact on large-cap stocks in terms of their ability (or inability) to achieve alpha. On the other hand, only 20% of respondents say they believe alpha generation in small- and mid-cap stocks has been affected by passive investing.

On what part of the equity market has passive investing had the biggest impact on the abilty to achieve alpha?



Passive investing has resulted in fee compression and less alpha due to higher stock correlations

When asked what the most significant impact passive investing is having on their business, respondents pointed to fee compression, higher correlation among stocks, upward pricing pressure and alpha headwind from indiscriminate buying.

Buy side comments, along with investment style and sector focus, included:

"Clients are switching to lower cost passive alternatives as investment vehicles."
- GARP
- Financial Services sector

"Difficult to generate alpha when everything moves in tandem due to flows in or out of ETFs."
- Value
- Technology sector

"Stock price changes are being dictated by flows more than fundamentals for short time periods."
- Value
- Financial Services sector

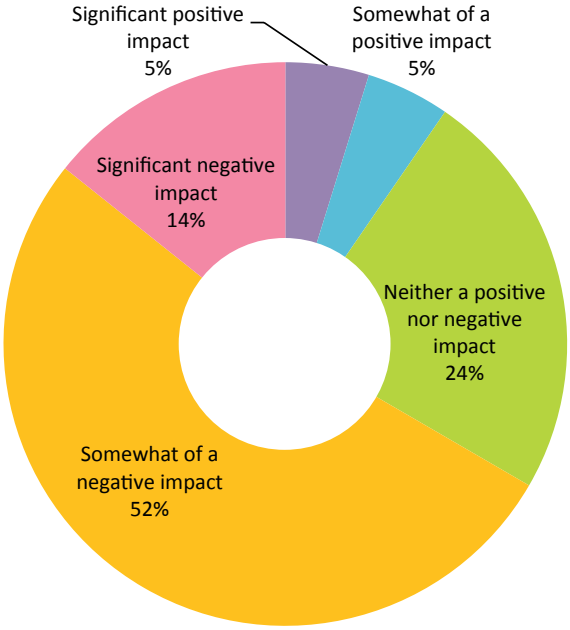
"Upward pressure on the largest stocks regardless of fundamentals."
- GARP
- Technology sector

"Creates short-term volatility in illiquid micro-cap names. This creates long-term opportunity."
- Deep Value
- (no sector specified)

The growth in passive investing affects how respondents view their jobs

From a personal standpoint, survey participants indicated that the growth in passive investing was affecting how they view their jobs. Two-thirds said that the trend had a somewhat to significant negative impact on job satisfaction. Almost a quarter said there was no impact, while 10% said it has had a positive impact on job satisfaction.

To what extent is the growing trend in passive investing having an impact on your job satisfaction?

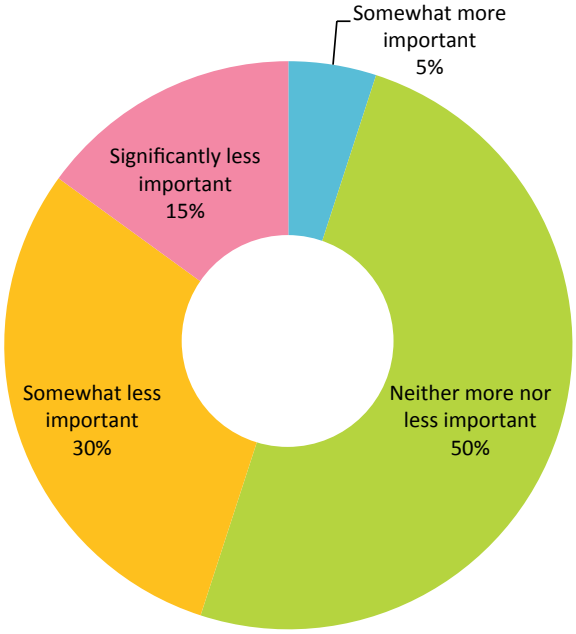


Buy Side Views on Sell Side Value

Some sell side services to the buy side have reportedly eroded over the past five years

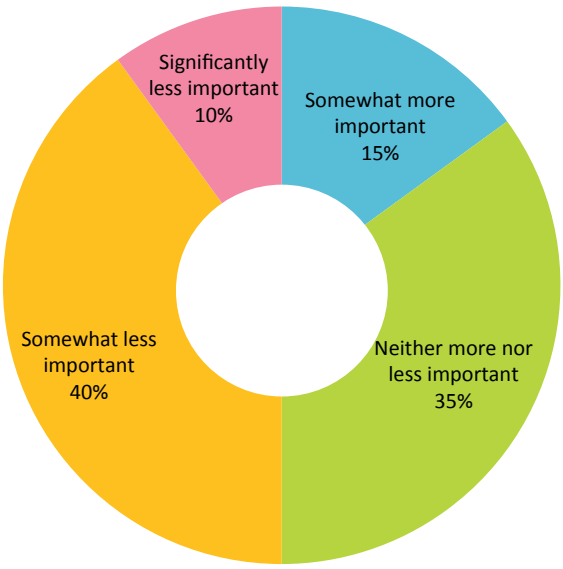
The sell side has lost some ground as a generator of new investment ideas for the buy side over the past five years. While 55% of survey respondents indicated there has been no change or the sell side is somewhat more important in this area, a notable 45% said the sell side is significantly or somewhat less important in providing this traditional service.

To what extent is the sell side important to your business today for generating new investment ideas, compared with five years ago?



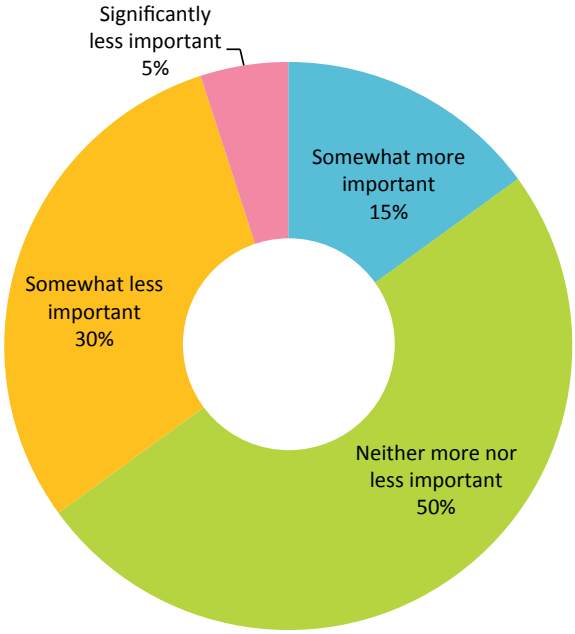
In addition, 50% of respondents said that the sell side is significantly or somewhat less important in keeping them informed of corporate developments in their investments. 35% of respondents indicated no change, and 15% said the sell side is somewhat more important in providing them this information.

To what extent is the sell side important to your business today for keeping you informed of corporate developments of your investments, compared with five years ago?



The sell side's service of facilitating corporate access is still considered valuable by the buy side. Nearly two-thirds of respondents said there was no change or the sell side is somewhat more important in providing this service, while 35% said the sell side is significantly or somewhat less important in this area.

To what extent is the sell side important to your business today for corporate access, compared with five years ago?



The sell side's economic model remains under pressure to generate revenue from research activities, especially given the lower trading commissions and increased in-house research by the buy side. As a result, some public companies' sell-side coverage may have declined over the past few years. While corporate access activities appear to remain reasonably strong – perhaps due to sell-side fees generated for that corporate access – it is notable that 35% of buy side respondents view the sell side as less important for corporate access. Companies that have historically relied on the sell side to facilitate investor meetings may find this avenue to the buy side diminishing over time, whether it is through non-deal roadshows or investor conferences.

Generating New Investment Ideas – What's Important to the Buy Side

To attract buy-side attention, respondents recommend companies improve communications content and provide greater senior management access

As active investors seek to uncover new investment ideas, corporate messaging remains extremely important since investors evaluate a variety of materials to learn about a company. Buy side respondents were asked what company source materials they look at for the first time to determine whether the company would be a worthy investment idea. Conference call scripts and the company website each garnered the highest response at 24%, while a combination of other documents including SEC filings represented 29%. Sell-side research represented 14%.

First impressions are critical, and IROs should ensure their companies' website and conference call messaging incorporate material relevant for potential new investors.

When looking at a company for the first time to evaluate whether it would be a worthy investment idea, what source materials do you look at first?

When respondents were asked what public companies should execute better to attract more buy-side attention to their investment stories, top recommendations included improving the quality of earnings and other press releases, as well as the quality of quarterly and other conference calls. This response suggests that investors rely heavily on the press release and conference call content for meaningful, current information to make an investment decision. Companies should ensure that messaging – even in earnings conference call scripts – incorporates material that helps potential new investors clearly understand the company's investment thesis.

Also topping the list was greater access to senior management. Social media scored the lowest as a source of information for the buy side.

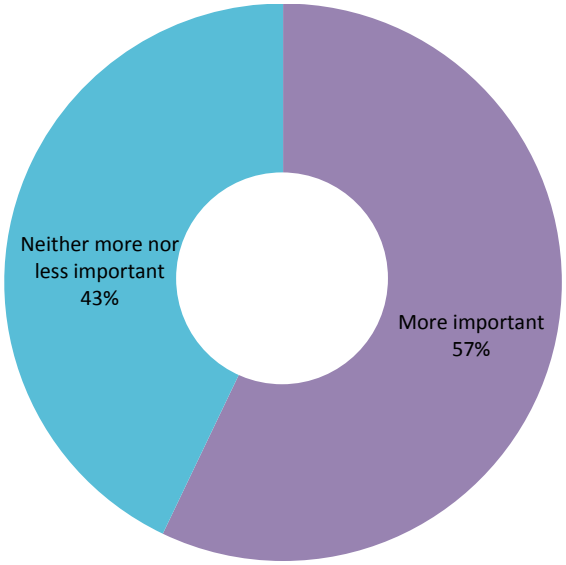
What actions should public companies execute better to attract more buy-side attention to their investment stories? Here's what respondents said, ordered by score:

- Improve the quality and content of their earnings and other press releases (score 109)
- Improve the quality of their quarterly and other conference calls (score 101)
- Increase access of senior management (score 98)
- Improve content and accessibility to the IR portion of the company's website (score 86)
- Attend more sell-side conferences (score 81)
- Build more sell-side coverage (score 67)
- Build a greater presence on social media (score 35)

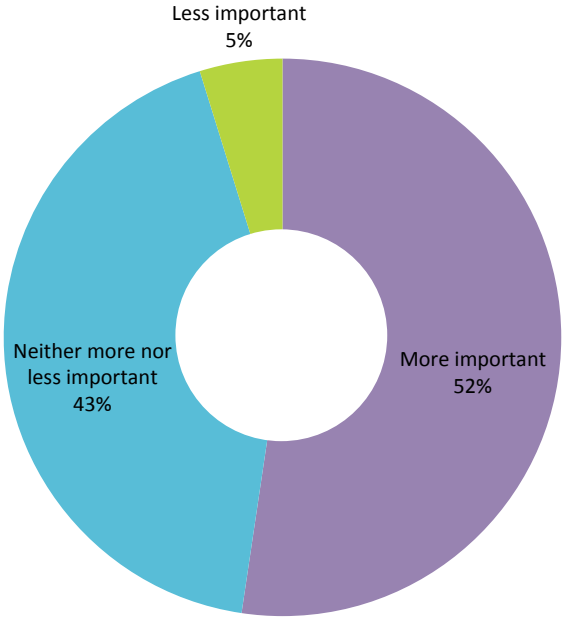
The buy side is open to non-traditional channels for new investment ideas

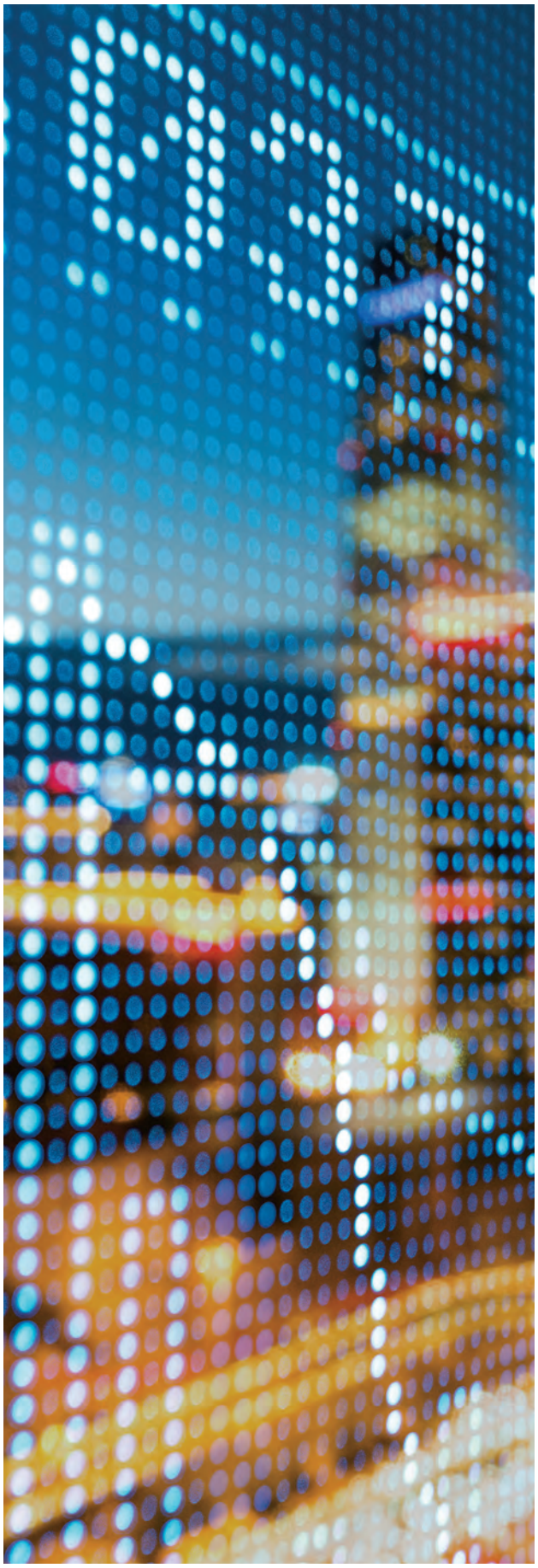
As the buy side looks to generate alpha, institutional investors are becoming more open to non-traditional channels for new investment ideas. More than half of respondents believe that non-traditional channels are more important compared to five years ago, and will continue to be important in the future. Such non-traditional channels could include "pay to play" conferences where companies pay a fee to participate, increased direct outreach for meetings by companies, and web-based research sites such as Seeking Alpha, Value Investors Club and Sum Zero.

How important are non-traditional channels for generating new investment ideas, compared with five years ago?



How important will non-traditional channels be in the future for generating investment ideas?



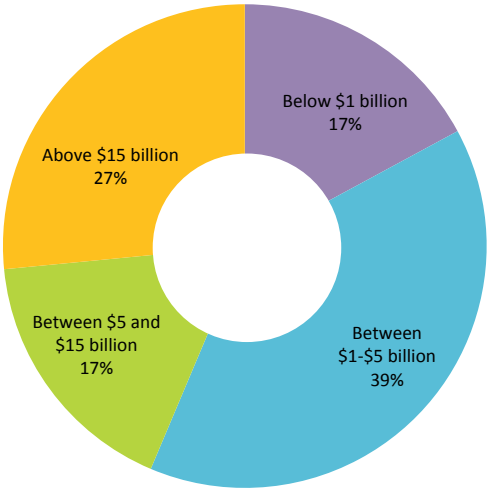


SECTION 3:
How IROs Engage with the Buy Side

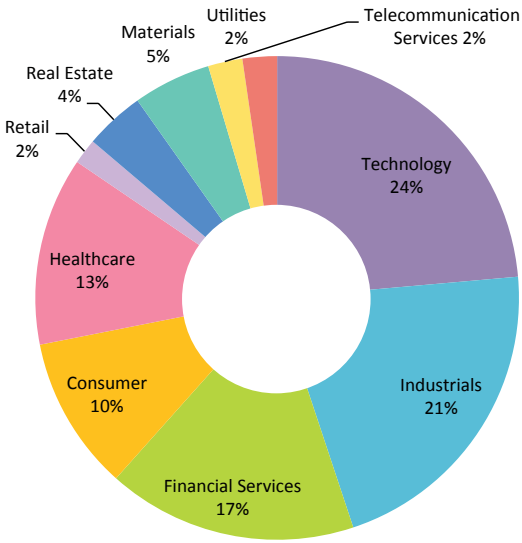
Demographics

Of the corporate investor relations and finance professionals who responded to the survey, 84% represented senior IROs or IR staff. Market cap representation was balanced, with the largest representation from companies with a market cap between $1 billion to $5 billion (39%), followed by companies with a market cap of more than $15 billion (27%). Sector representation included technology (24%), industrials (21%), financial services (17%), healthcare (13%) and consumer (10%).

What market capitalization is your company?



Which of the following best describes your company's sector?

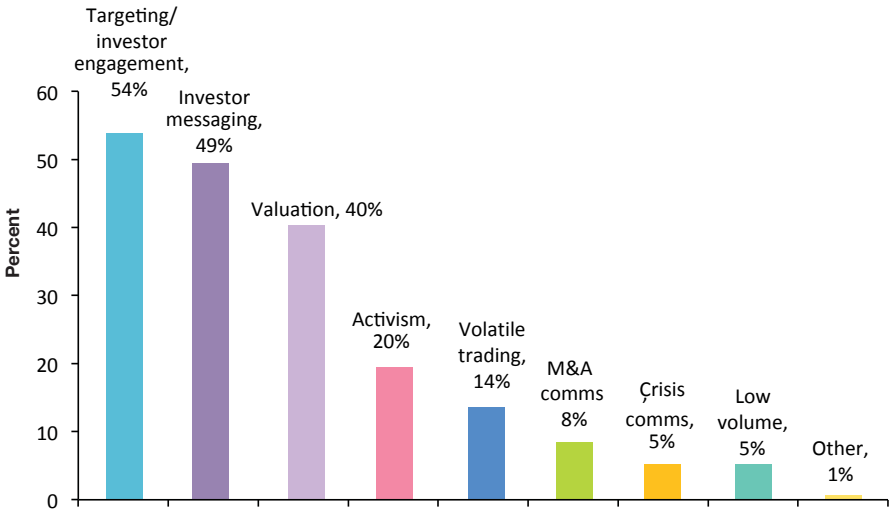


Areas Of Concern For IROs Align With What Buy Side Respondents Value

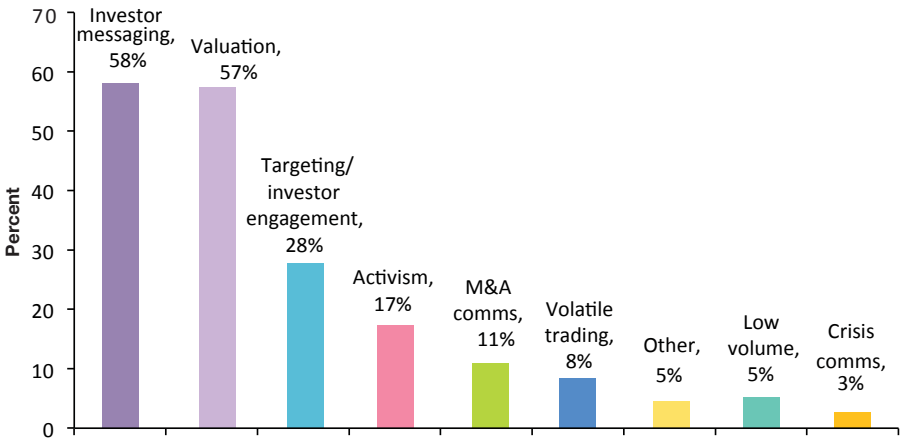
Investor messaging, valuation and targeting/ investor engagement are top IR concerns

Based on the survey results, the biggest IR concerns for both IROs and their managements in 2017 are investor messaging, valuation and targeting/investor engagement. These topics largely align with the buy side respondents' recommendation to improve company press release and earnings call script content to attract their attention, the need to find investment ideas that generate alpha and the importance placed on corporate access.

As you look out to 2017, please select your top two biggest concerns from an investor relations perspective:



As you look out to 2017, please select what you believe to be your management's top two biggest concerns:



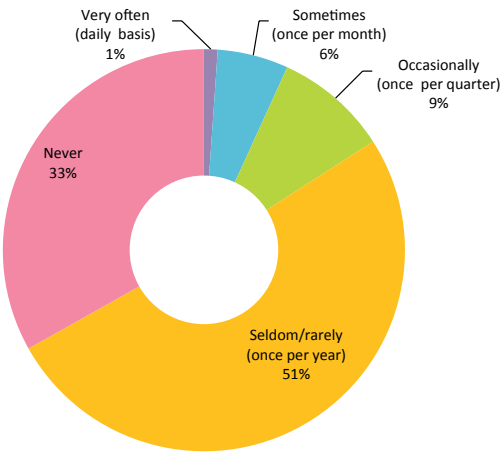
IRO Interaction with Passive Investors is Minimal

Communication with passive investors focuses primarily on corporate governance policy

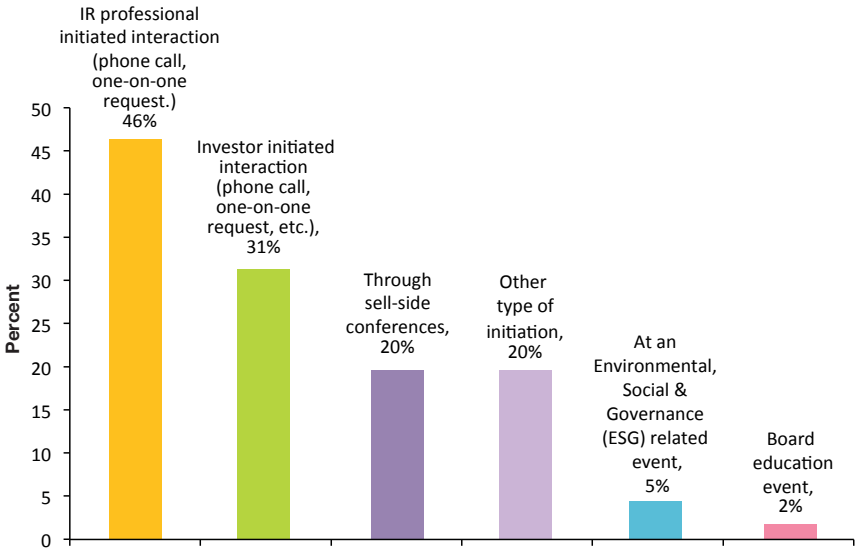
IROs seldom interact with passive or index investors. In fact, 84% of respondents "never" or "rarely" (such as once a year) interact with passive investors. A total of 13% interact once a quarter or once a month, and 1% interact on a daily basis. Of the interaction that does happen, 46% of IROs said they initiated contact, 31% said the investors reached out to the company, and 20% interacted through a sell-side conference. 20% of respondents indicated "other" types of interaction, and annual proxy outreach and governance were reasons provided in this category.

When passive investors contact IROs, their primary topic of inquiry is corporate governance policy (70%), followed by board structure (42%) and sustainability policy (28%).

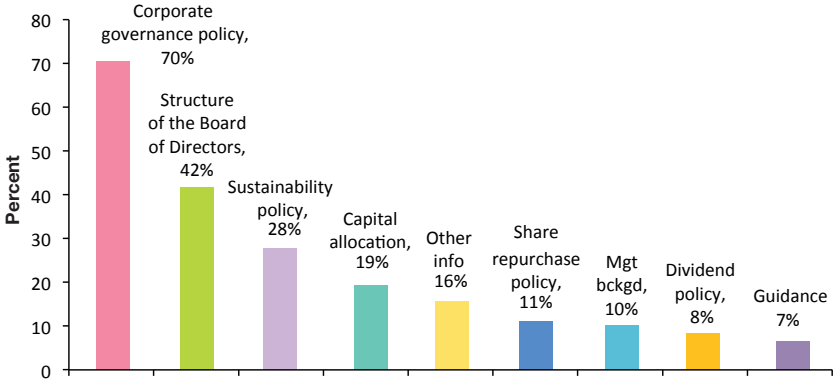
How often or seldom do you interact with passive/index investors?



How is the interaction with passive investors usually initiated?



Which information is most often requested by passive investors who contact you:

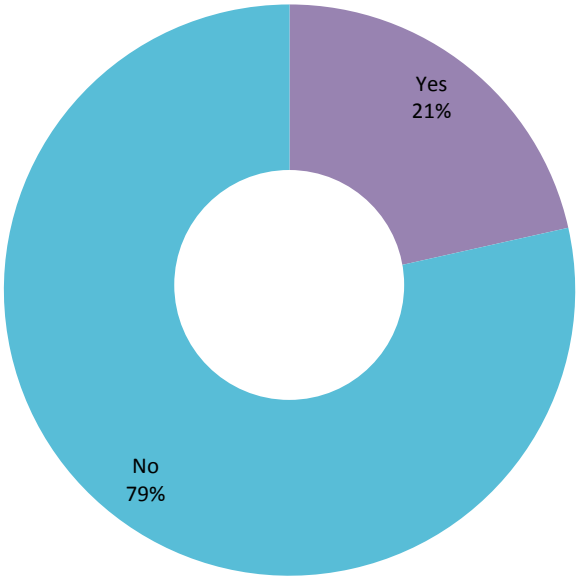


The Impact of Passive Investing on IR Strategy

Most IRO respondents have not shifted their strategic thinking in response to increased passive investing, but many are increasing their outreach efforts to active investors

While 21% of responding IROs have made shifts in their IR strategy as a result of the increase in passive investing, 79% have not.

Are you shifting your IR strategy in response to the fund flows from active to passive investors?



Many IROs do not feel there is value in contacting passive investors, while others are implementing outreach strategies specifically around corporate governance and index composition. Still other IROs are stepping up their efforts to target active investors and understand how passive trading is influencing how their stocks trade.

For those who have made IR strategy changes, actions include:

"Enhancing targeting of/outreach to a broader range of actively managed funds."
- Industry: Real Estate
- Market cap: Between $5-$15 billion

"Increasing outreach to smaller, actively managed funds."
- Industry: Healthcare
- Market cap: Below $1 billion

"Ensuring we more aggressively target active managers, and keep tabs on passive fund managers / engage at least 2x/year."
- Industry: Healthcare
- Market cap: Above $15 billion

"More emphasis on understanding trading volume and communicating internally, and greater scrutiny of options activity. Also, monitoring general investor fund flows that impacts index activity. Also, closer monitoring of daily closing cross."
- Industry: Industrials
- Market cap: Below $1 billion

"Determining what indices we are not included in and what can be done to address that."
- Industry: Real Estate
- Market Cap: Between $1-$5 billion

"Pitching ourselves to index creators who have discretion as to what companies are in the indices."
- Industry: Financial Services
- Market Cap: Between $5-$15 billion

"Annual outreach effort to major passive investors."
- Industry: Financial Services
- Market Cap: Below $1 billion

"Understanding how they vote on corporate governance issues and who is the ultimate decision maker on the vote. If there is a proxy matter that they vote against, understanding why and what would cause them to change their vote (if anything)."
- Industry: Financial Services
- Market Cap: Between $1-$5 billion

"Outreach to the major passive investment firms, even if only reaching their Governance team."
- Industry: Utilities
- Market cap: Between $1-$5 billion

"Increased amount of time allocated to engaging with investors on corporate governance topics during the year."
- Industry: Telecommunication Services
- Market cap: Above $15 billion

"Increased public disclosures via press releases, management presentations and earnings release conference calls."
- Industry: Consumer
- Market Cap: Between $1-$5 billion

For those who have *not* made IR strategy changes, reasons include:

"Being engaged and responsive to all shareholders has always been a cornerstone of our approach. This doesn't shift, even as passive investors become more vocal."
- Industry: Consumer
- Market cap: Between $5-$15 billion

"Engagement with passive investors is typically focused on governance matters. We do have annual contact with them. In terms of ongoing outreach, more productive to focus on active accounts."
- Industry: Technology
- Market cap: Above $15 billion

"Passive investors are only passive when all is well at the company. They contact me when there are issues."
- Industry: Financial Services
- Market cap: Between $1-$5 billion

"Because we have initiated a new strategy focused on active investors that we want to implement first. Apart from trying to ensure that your company is included in the right indices, I don't know of many ways to move the needle in this area."
- Industry: Healthcare
- Market cap: Below $1 billion

"By nature, passive funds follow indexes so there is no opportunity to provide qualitative or quantitative insight into the investment process."
- Industry: Healthcare
- Market cap: Between $1-$5 billion

"No change in strategy, but changes in understanding of the market in order to help board and management understand the active/passive dynamics on shorter term trading."
- Industry: Technology
- Market cap: Above $15 billion

"I still proactively contact and work with the active investors. Even at a higher level because I have more time to focus on them."
- Industry: Industrials
- Market cap: Between $1-$5 billion

"The idea of changing strategy never occurred to me. Not even sure what changes are conceivable."
- Industry: Technology
- Market cap: Between $1-$5 billion

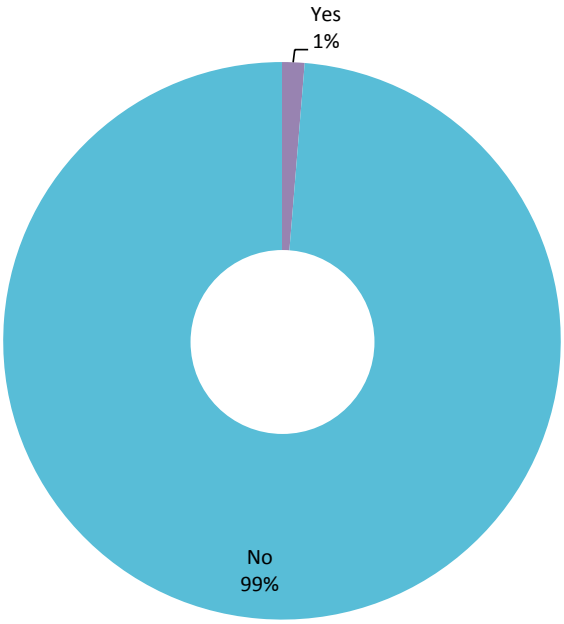
"(Not making changes) on the basis that the passive vehicles were not, a) buying on the basis of what we think we can deliver, and b) they are not the price setters."
- Industry: Industrials
- Market cap: Between $5-$15 billion

"We are still assessing what this shift to more passive investing means. We are waiting for definitive information around what strategic changes or actions we should consider and when these actions should be taken. Completing this survey is a step that direction."
- Industry: Technology
- Market cap: Between $5-$15 billion

IROs were asked to rank order the activities they are most focused on to combat the shift from active to passive management. The most popular response was "not currently doing anything." Close behind this result was "more proactive targeting." IRO are also focusing on enhanced messaging, better management of sell-side sponsored events, enhanced surveillance techniques and international targeting, all of which ranked high in respondents' answers.

When asked if they have reduced or are planning to reduce their IR budgets as a result of the increase in passive investing, almost all (99%) of respondents said "no."

Have you (or are you planning to) reduce your investor relations budget as a result of more passive investments?

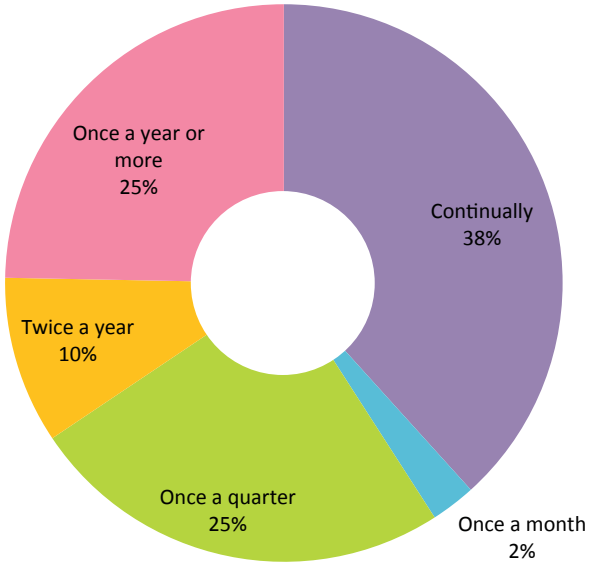


Communication and Disclosure

Most IROs update their investment messages throughout the year and have increased their disclosure on corporate governance policy, board structure and sustainability policy

As mentioned on page 11, a key concern of IROs and managements is messaging. In pursuit of keeping messaging up-to-date, 65% of IROs revisit or enhance their investment thesis at least once a quarter. 10% of respondents refresh their message twice a year and 25% update once a year.

How often do you revisit/enhance your investment thesis?

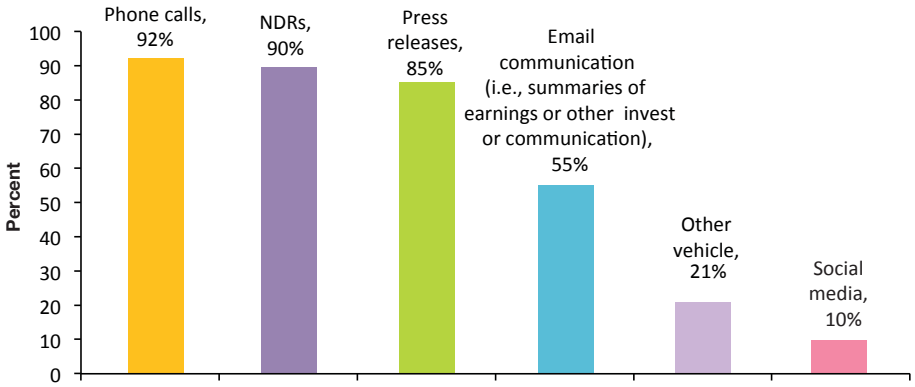


To roll out their messaging strategies, IROs are primarily using non-deal roadshows (NDRs) (90%), phone calls (92%) and press releases (85%) to communicate those messages to stakeholders.

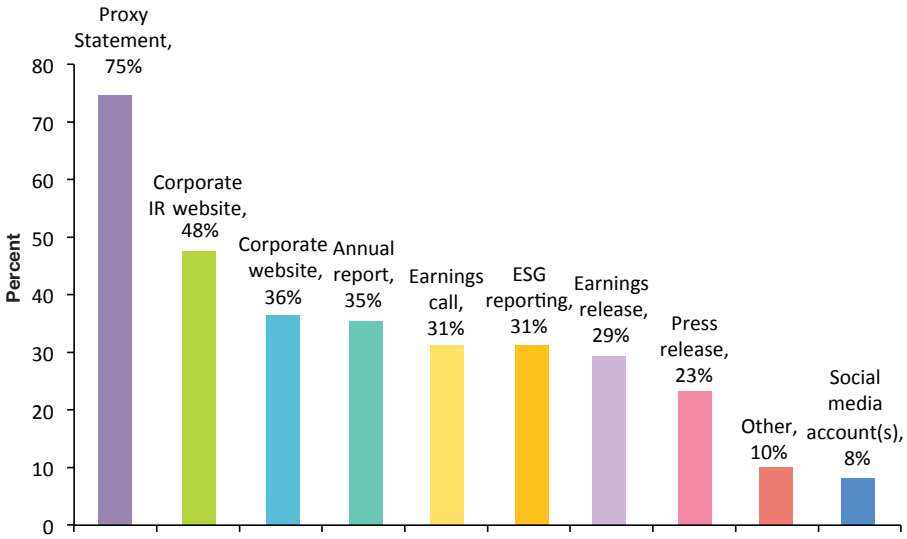
In addition, over the past five years IROs say they have increased disclosure primarily in the areas of corporate governance policy, board structure and sustainability policy. Interestingly, this aligns with the types of requests for information from passive investors mentioned on page 12.

IROs continue to use traditional vehicles to disseminate these enhanced disclosures, which include the proxy statement (75%), IR websites (48%) and corporate websites (36%), the annual report (35%) and earnings calls (31%). Only 8% of respondents are using social media in their IR communications.

Please select the principle vehicles you are using to communicate with investors: (select all that apply)



What vehicles are you using to communicate the increased disclosures to your stakeholders?



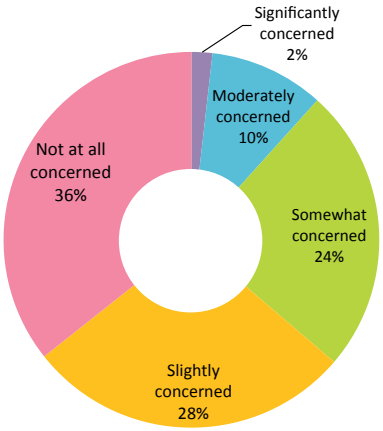
Stock Trading Patterns

Low or volatile trading is not a huge concern for IROs, but existing tools can't always explain erratic trading behavior

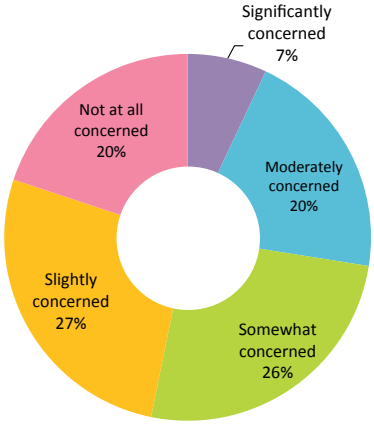
While most IROs indicated they are not worried about low (88%) or volatile (73%) trading in their companies' stocks, almost two-thirds said they don't have the tools to explain erratic trading behavior. Many IROs rely upon stock surveillance vendors and their stock exchange's market intelligence services to help explain trading dynamics, while others reach out to sell-side trading desks for insights. Some IROs point to industry news and sector rotation as causes for volatility.

Industry experts indicate that the rise in passive investing has created higher correlations between stocks and increased unexplained volatility for stocks in ETFs. While exact reasons for a stock's trading volatility on a particular day can be elusive, IROs may want to periodically report to their management team what they do know about trading from available resources. Sometimes the answer may be technical trading. Other times it may simply be greater inflow into the index funds that hold the company's stock, although this can be difficult, if not impossible, to ascertain in real time.

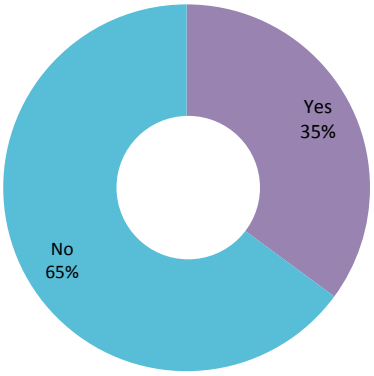
Please indicate your level of concern about your stock's low trading days.



Please indicate your level of concern about your stock's trading volatility.



Do you feel like you have the tools / resources to explain erratic trading behavior?




+3.61%
425 +1.29%
410 +1.53%
397 +5.45%
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339 -1.57%
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104 +8.47%
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SECTION 4:
Be More Proactive With Active Investors

Per the survey results, active buy side respondents have been directly impacted by the rise in passive investing in the areas of fund performance and fee structures, and are likely experiencing the trend's effects more acutely than IROs and companies. The search for alpha remains top of mind for this important company stakeholder. While many IROs are reportedly less affected, they are nonetheless giving more thought on how to address this trend.

Can anything be done to better navigate these market changes? There are certain steps IROs can take to more proactively engage with both active investors and their companies' management teams as a result of the growth of passive investing.

Consider these four recommendations that are supported based on buy side feedback from this survey. They may represent a departure from where traditional investor relations programs spend much of management's time, such as participating in sell-side conferences and corporate access meetings, and writing earnings scripts that only serve as quarterly updates on the business. While these activities remain important, other activities could gain equal if not greater significance in a materially changing market environment.

1. **If the sell-side is less influential or you have lost important sell-side coverage,** step up your game on building and evolving your corporate story and operating descriptions through your own messaging. The buy side is looking for improved press release and script content. Besides refreshing your message for existing holders who already know your story, make sure you are addressing potential new investors in your communications. Don't fall into the trap of thinking "everyone already knows that."

   Build separate "Company 101" materials that make it easier for a new investor to learn about your company and not rely solely on sell-side research. Create and publish quarterly Q&A on your IR website that is well scripted, detailed and offers transparency. Update and refresh investor presentations quarterly – and not just the financials – to address market developments and any fine tuning being made to corporate strategy. Making your company's investment value proposition easy to understand could also attract independent research shops that are not tied to trading, and even help educate influential industry and financial media reporters and bloggers.

2. **If passive funds are quietly gaining traction within active shops,** be smarter about your meetings with active investors by discriminating between true active investors and those who are glorified "index plus" investors. Accept that there may be only 10-12 potential new active investors in your stock in any given year. Understand the knowledge and confidence gaps these active investors will need to cross before moving into the stock – and they may take longer to find the right entry point. Avoid wasting management's time on the road by meeting with investors whose only intent is to channel check your industry, or do a favor for a sell-side analyst looking to fill a day of corporate access meetings. Increase proactive calls and updates with targeted investors. And, critically examine, and potentially pull back on time spent in cattle-call, broad reaching sell-side conferences.

3. **If trading is rarely dominated by active investors,** train your management team and board to recognize the difference between quantitatively-driven trading volumes and the few days a month when active traders may be involved. While stock surveillance or other services can provide the basics to glean the activity around any given day's or week's trading in your stock, work to move to a longer-term outlook on share price and trading volume, so as not to get into the game of guessing how market events may or may not be affecting your stock.

4. **If outflows from hedge funds are putting pressure on your company's stock price,** prepare management and the Board for potentially heightened volatility in your company's stock, particularly around earnings and other key events. Make sure management continues to focus on those elements that will drive increasing shareholder value, and communicate them aggressively. Ensure they are embedded in your investor communications, to the extent possible. Tie how current performance is the result of management's business strategy.

With all but the largest public companies losing research coverage from the sell side and more funds flowing into passive investment vehicles, IROs and their management teams need to understand how the changing economics of Wall Street affect investing dynamics. These changes are driving public companies to take more responsibility for actively building an audience for their stocks. Like any activity, and IR is not immune, it is vital to evolve with the times to remain relevant and effective, and provide the greatest value to your company.

Endnotes

1 Back In The Day, Brokers Got Away With Murder In Trading Commissions, *Business Insider, 31 March 2014.*

2 Greenwich Associates, referenced by Accenture: "Trading Commissions: Rising Above the "Race to Zero," 2015

3 "Brokerages' Race to Zero Fees Points to a Bigger War to Come," Trevor Hunnicutt and Tim McLaughlin, Reuters, 28 February 2017

4 "High Frequency Trading: Overview of Recent Developments," Rena S. Miller and Gary Shorter, Congressional Research Service, 4 April 2016

5 Accenture: "Trading Commissions: Rising Above the "Race to Zero," 2015

6 Exchange traded funds attract record inflows in first quarter, *Financial Times, 16 April 2017* https://www.ft.com/content/972cd55e-1f91-11e7-a454-ab04428977f9

7 "'An industry in crisis': Hedge funds bleed $100 billion in 2016," *CNBC, 13 January 2017*


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112 +5.12%
95 +3.39%
46 +6.56%
15 +1.73%
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