



Institutional and Retail Investor Research Findings 2022

BRUNSWICK

Critical Issues. Critical Stakeholders.

Brunswick is a strategic advisory firm focused on critical issues and critical stakeholders.

Our purpose is to help our clients play their role in the world successfully.

We advise on critical issues and critical stakeholders at the center of business, politics and society, and help our clients – the leaders of large, complex organizations – understand and navigate these interconnected worlds.

From financial situations through to capital markets, regulatory and public affairs, social issues, crisis, cyber, employee engagement and litigation, clients rely on Brunswick for insight, advice, preparedness and campaigns.

Agenda

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- 2 ESG: Here to Stay
- 3 Investment Narrative: The Good, the Bad, and the Ugly
- 4 Investor Relations During a Crisis
- 5 About Brunswick

About the Research

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High Quality Online Survey Sample

Brunswick conducted quantitative research among institutional and retail investors in February 2022.

Institutional Investors

- ✓ Global respondent base
(60% US, 30% EMEA, 10% APAC)
- ✓ Active-only portfolio managers and analysts
at major institutions/hedge funds
- ✓ N=250
- ✓ February 7-17, 2022

Retail Investors

- ✓ U.S. investors with a minimum of \$10,000 in
invested assets, exclusive of homes
- ✓ Feel at least slightly knowledgeable as investors
- ✓ N=1,001
- ✓ February 7-15, 2022

Detailed: Institutional Investor Survey Sample

The sample includes only active money managers at major institutions/hedge funds and represents \$7.1 Trillion in equity assets under management.

100% Buy-Side Active-Only



Global Respondent Sample



Diverse Sector Expertise



Large and Small Investment Firms

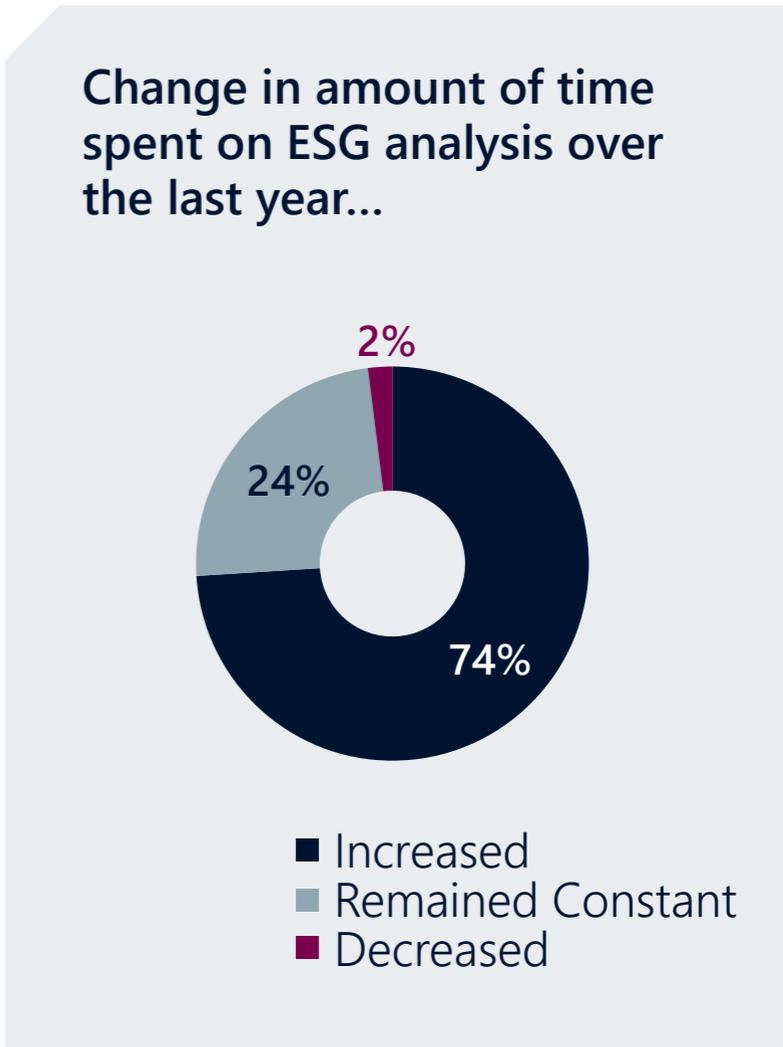
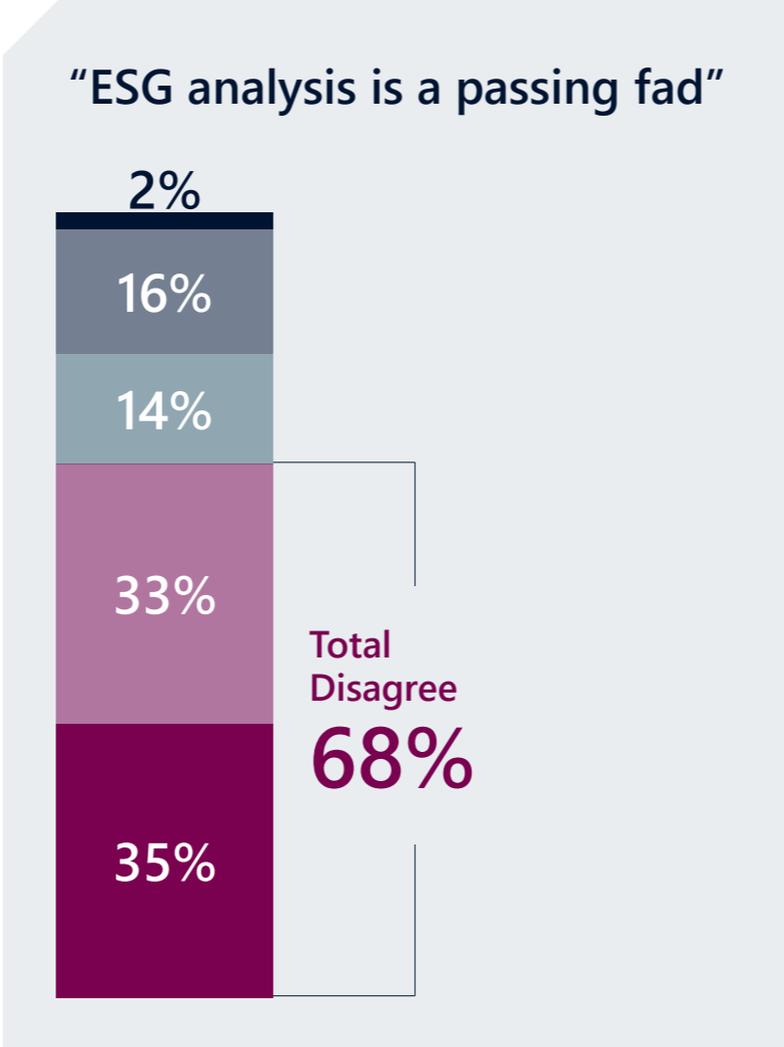
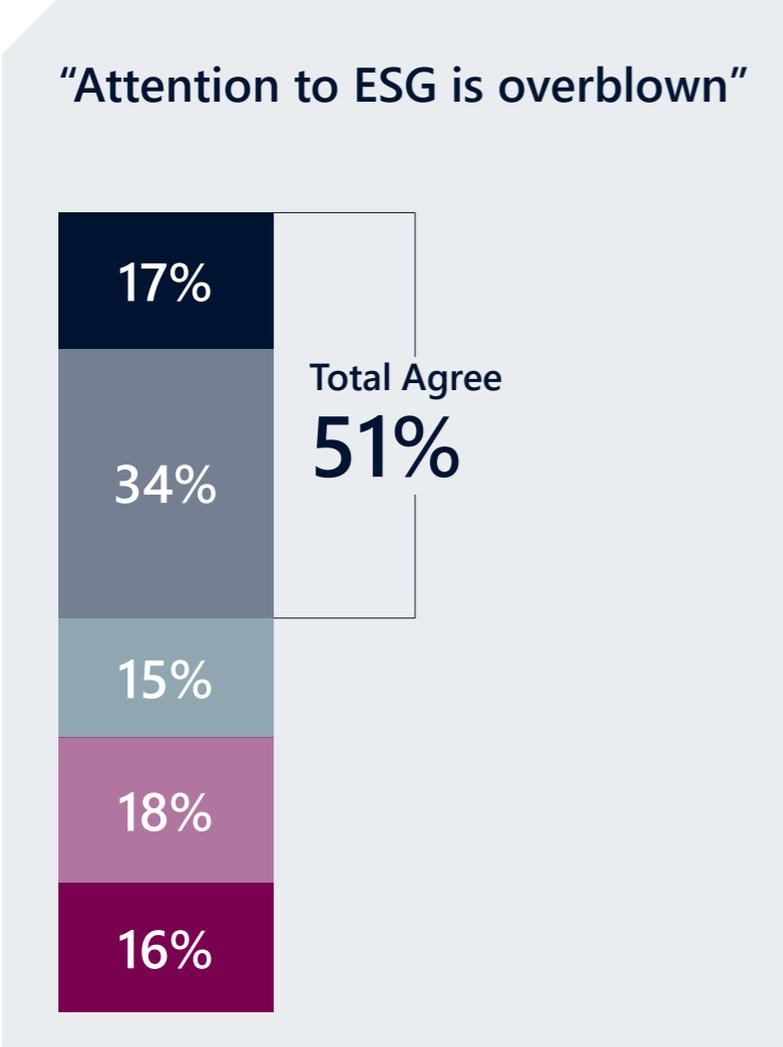


ESG: Here to Stay

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The Growth in ESG is Overwhelming Investors

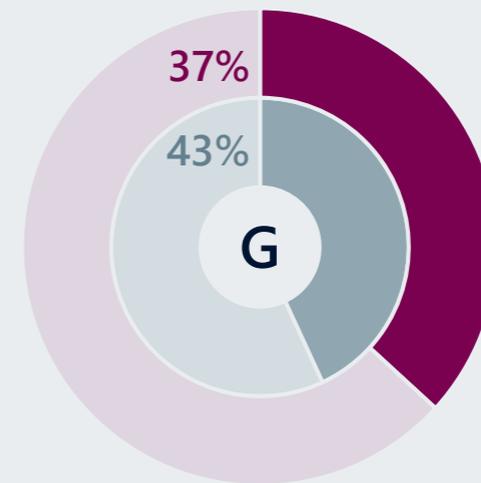
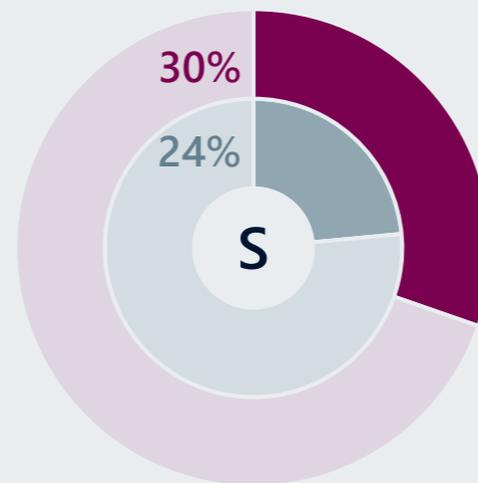
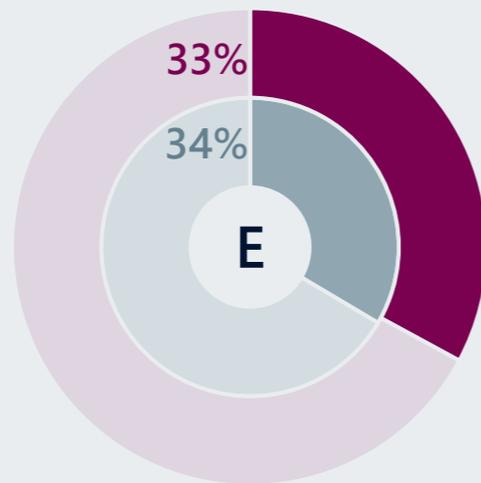
Many companies now include ESG within their investment narrative and the flood of new information is overloading some investors.



Within E, S, and G, Governance is Most Important

Balancing the components of ESG, especially when engaging different investor audiences, is a tricky business. Approaches vary widely by industry and sector.

To what extent are E (Environmental), S (Social), and G (Governance) individually important to your investment decisions? Total out of 100.

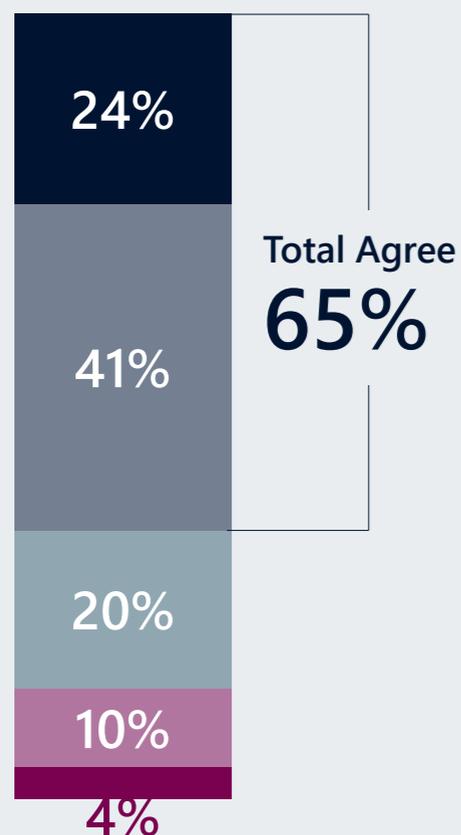


■ Institutional Investor Average ■ Retail Investor Average

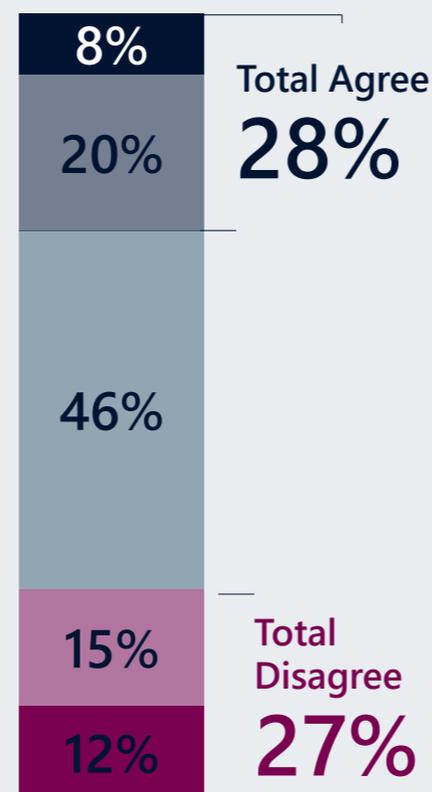
The Practical Benefits of ESG Adoption

Investor support ESG integration for their investment but improving ESG-related performance returns is more mixed.

“I want my portfolio companies to embrace ESG”



“Incorporating ESG has positively impacted my performance”



■ Strongly Agree ■ Somewhat Agree ■ Neither Agree Nor Disagree ■ Somewhat Disagree ■ Strongly Disagree

Brunswick's ESG View:



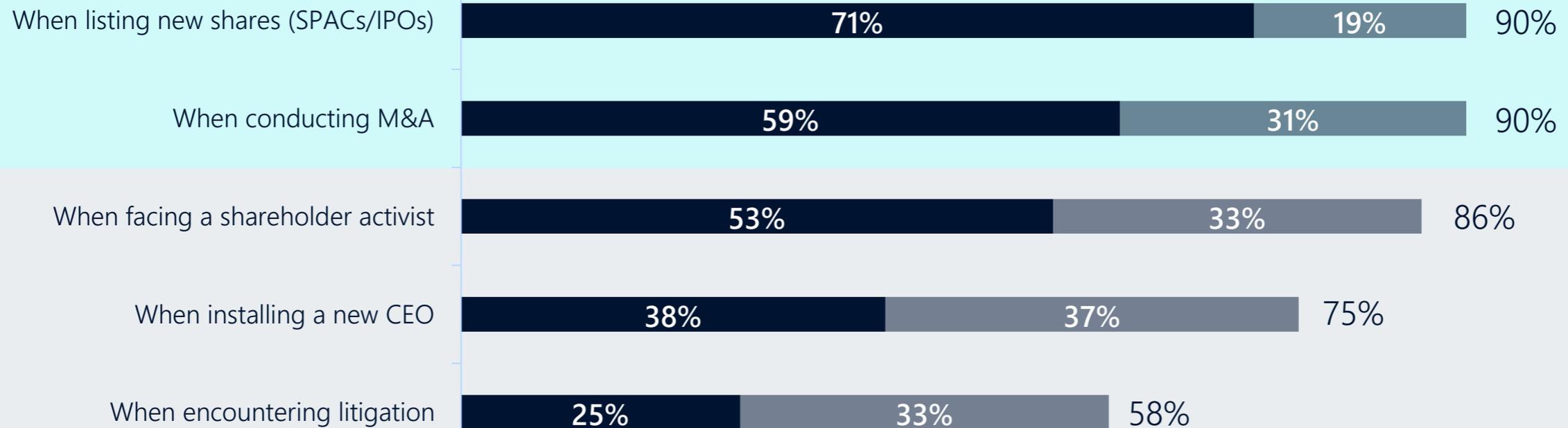
- Investors expect their portfolio companies to build out an effective ESG position in the marketplace
- Investors are still learning how to incorporate ESG into their portfolios and utilize ESG analysis to enhance returns
- Effective engagement on ESG is a combination of disclosure, investor relations activity, and audience-specific messaging.
- Maintaining ESG best practices is harder, and more important, than ever.

Investment Narrative: The Good, the Bad, and the Ugly

Investment Narrative Matters During Transactions

Investors indicate that telling a sharp equity story can enhance enterprise value during a new share listing or merger.

In each of the following situations, to what extent is it important for the company to have a well-articulated investment narrative?



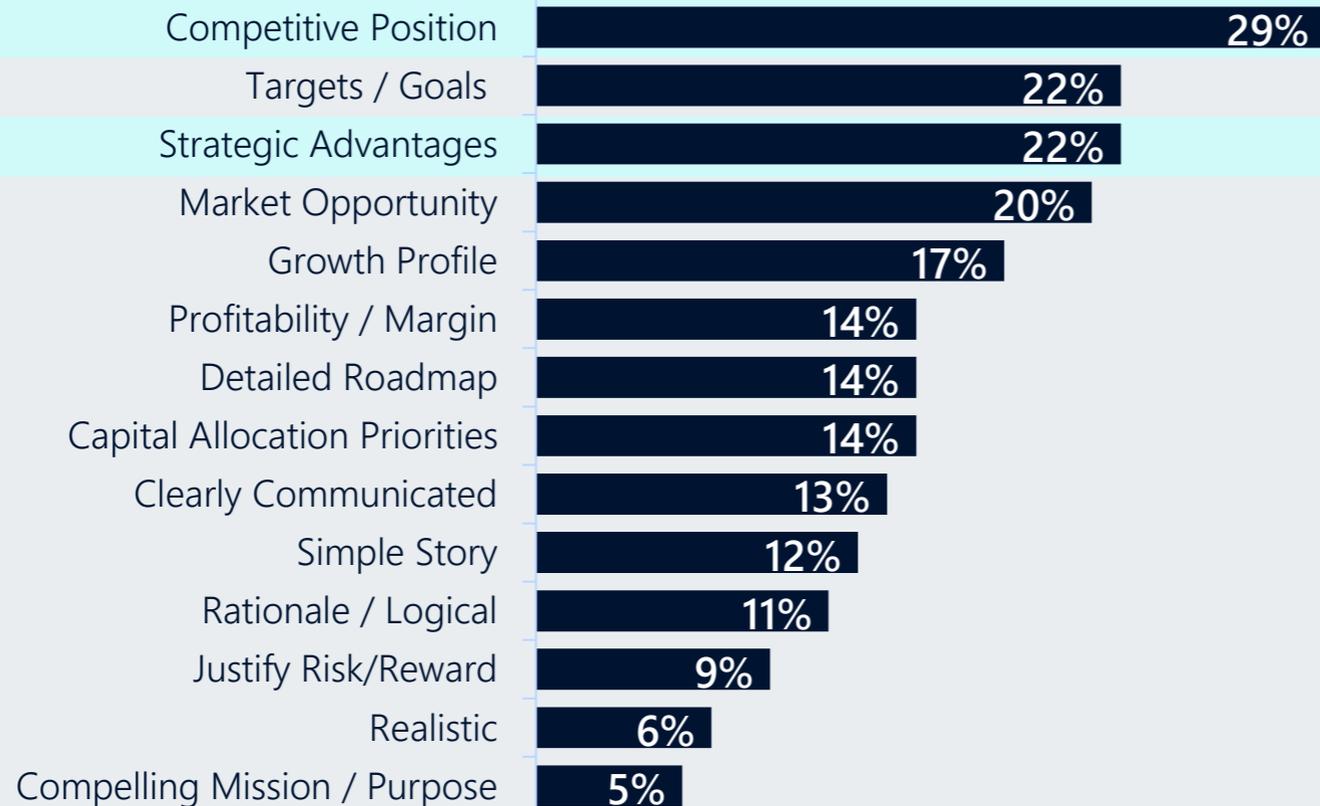
Very Important

Somewhat Important

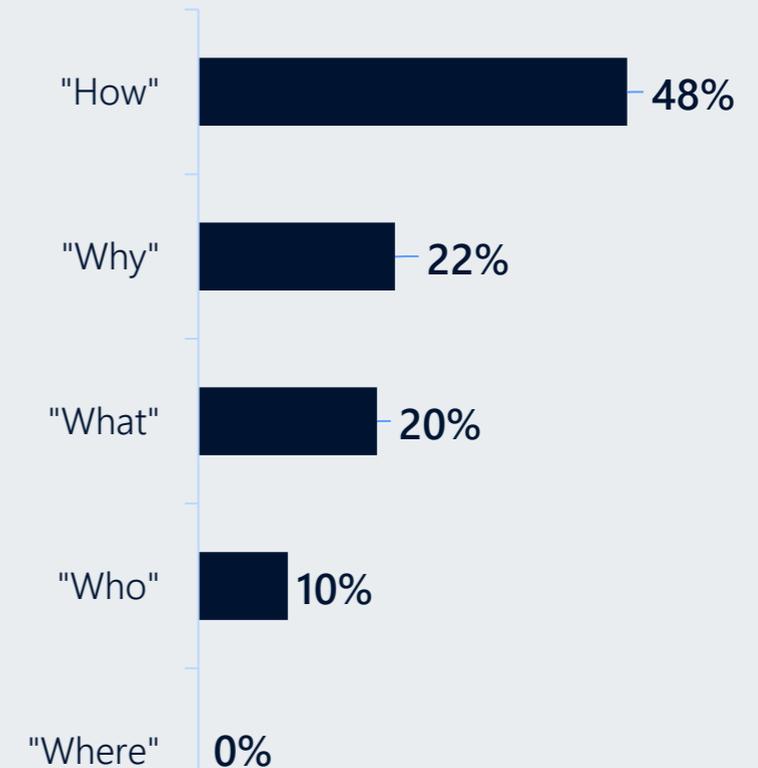
When Crafting an Investment Narrative, Focus on "How"

Investors want to understand how a company will beat the competition and by how much.

What are the most important elements for a company to include within an investment narrative?



Use of the 5W's Within Answers...



Compelling Narratives Carefully Consider Investor Preferences

Competitive Position

"How does the company make money? How is it differentiated versus peers? How focused are they on return vs. growth?"

-Portfolio Manager
(N/A)

1

Targets / Goals

"Investor narrative is about selling a story for what the company could become if they are able to properly execute their plans. You want to have a general idea of the length of time they think they need, their ability to finance everything needed to execute and what potential roadblocks that could stop them."

-Portfolio Manager
(Generalist)

2

Market Opportunity

"Clear concise market opportunity and reasons why the company is best suited to address that opportunity."

-Portfolio Manager
(Generalist)

3

Narrative Should Avoid Common Mistakes

Frequent pitfalls include; Hubris, Lack of Detail, and needless complexity

What common **pitfalls or mistakes** do companies make when telling their investment narrative?



Top 5 Brunswick's Don't List:



1. Overpromise or purely talk about the positive (include the risks!)
2. Give vague statements ("we are a market leader") without supports
3. Overcomplicate the story, keep it simple
4. Frequently revise the narrative
5. Provide undifferentiated story

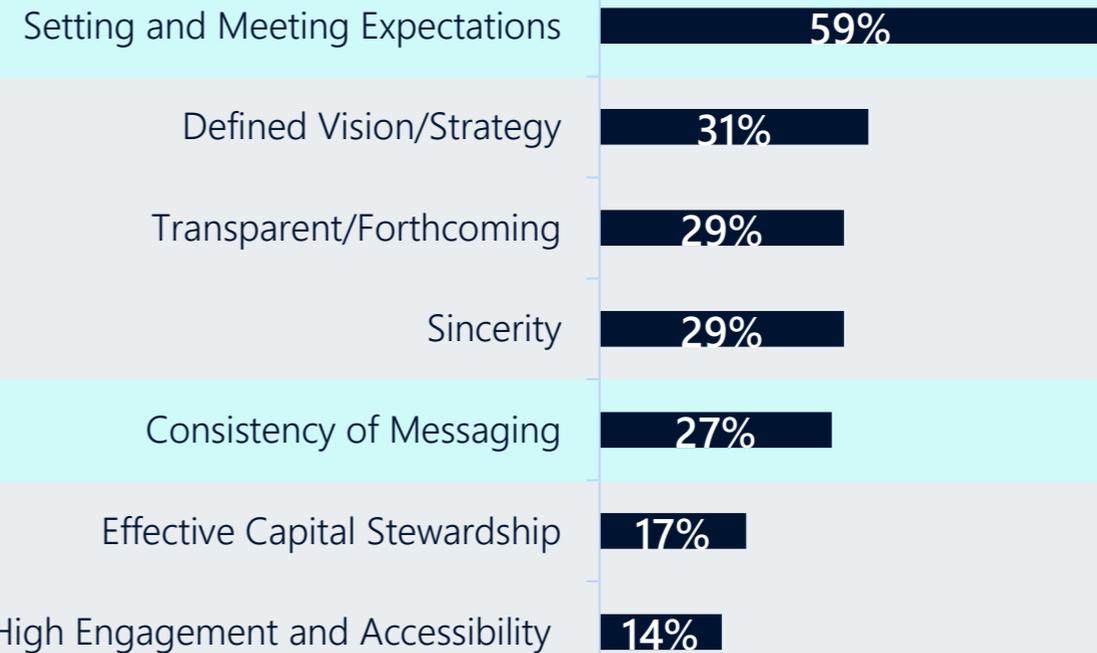
"If you can't explain it simply, you don't understand it well enough."
-Albert Einstein

Building Trust Requires Repeated Proof Points...

"Trust is built over time, market prefers predictability and consistency, give reasonable expectations, and then meet those expectations. Don't over or under promise."

-Portfolio Manager
(Generalist)

How do the best management teams build trust with you? What do you value most when building a relationship?

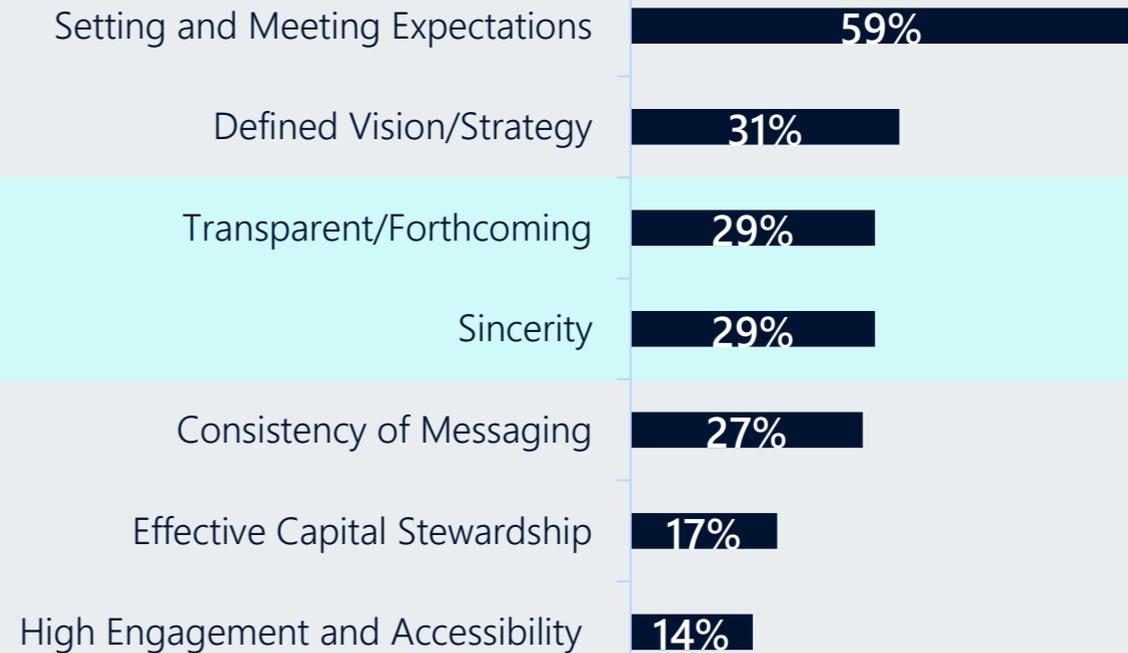


...But Trust Also Requires Honesty and Humility

"Trust comes with transparency in terms of discussing the company's performance. We like companies that acknowledge not only their good decisions but also the bad ones"

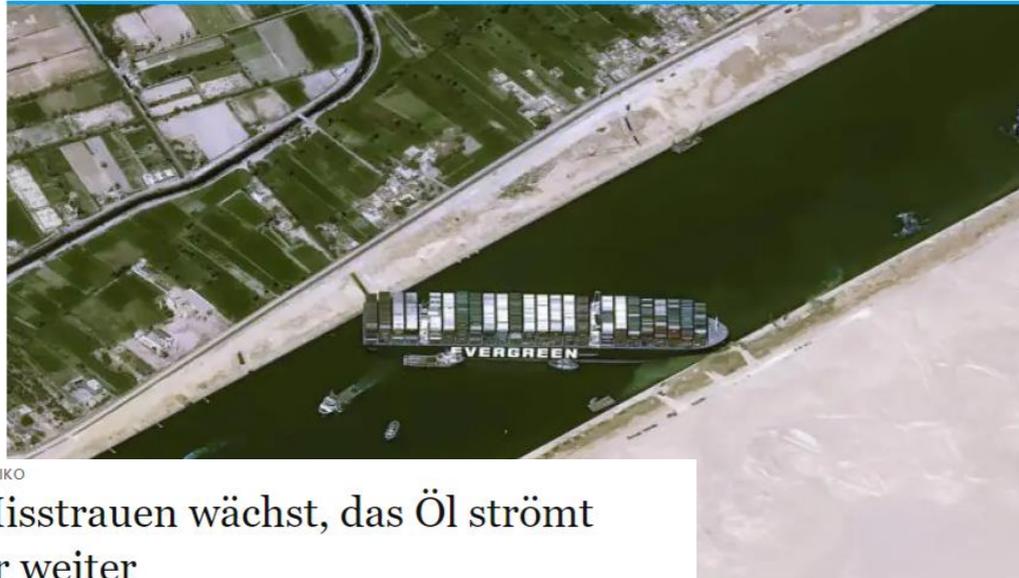
-Buyside Analyst
(Consumer Staples & Discretionary)

How do the best management teams build trust with you? What do you value most when building a relationship?



Investor Relations During a Crisis

400 Meter Frachter blockiert weiterhin den Suezkanal



Abgase

So tödlich könnte der Dieselskandal gewesen sein

Rund 38.000 Todesfälle wären Forschern zufolge vermeidbar gewesen, hätten Autobauer Abgasgrenzwerte für Dieselmotoren eingehalten. Besonders gefährdet seien EU-Bürger.

15. Mai 2017, 17:34 Uhr / Quelle: ZEIT ONLINE, dpa / 2

Die Presse

Nachrichten Meinung

Unglück im Ozean

Frachtschiff mit Tausenden deutschen Autos an Bord brennt im Atlantik

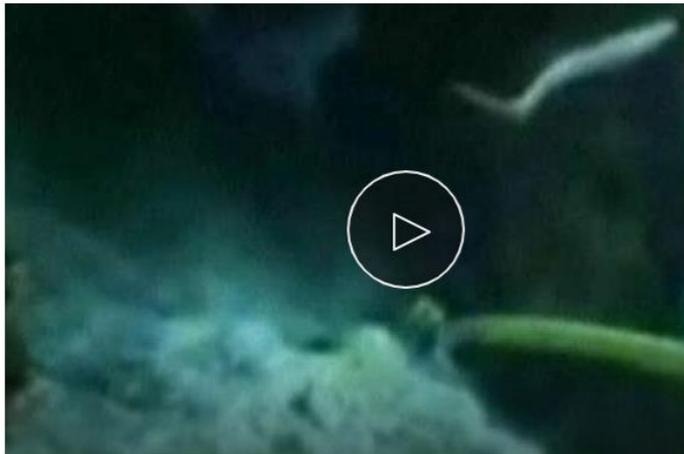


GOLF VON MEXIKO

Das Misstrauen wächst, das Öl strömt immer weiter

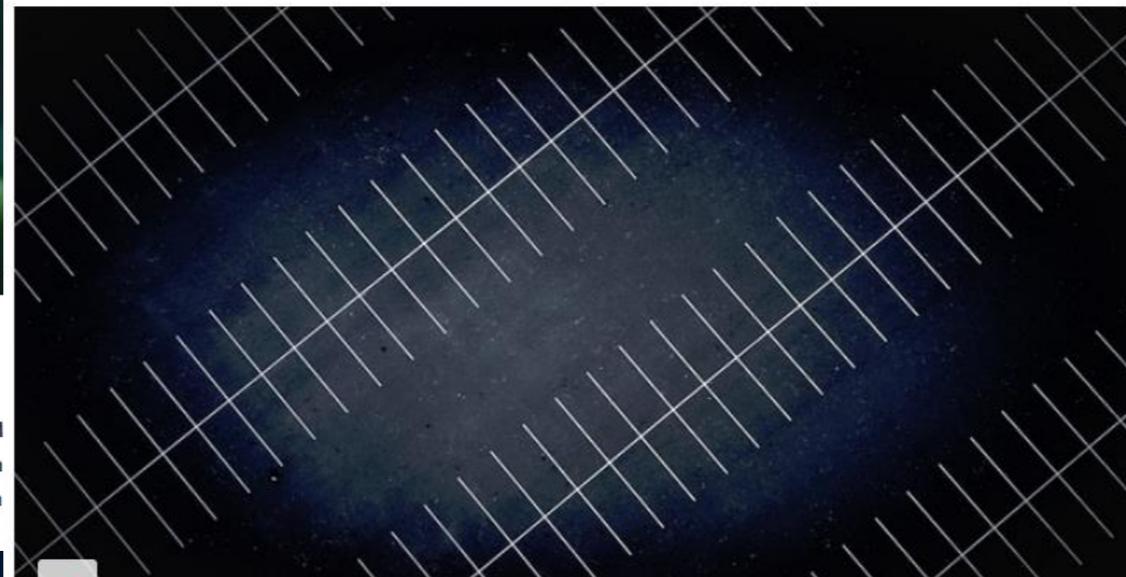
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Lieferprobleme der Fahrzeughersteller: Gewerbliche Kunden sind verunsichert

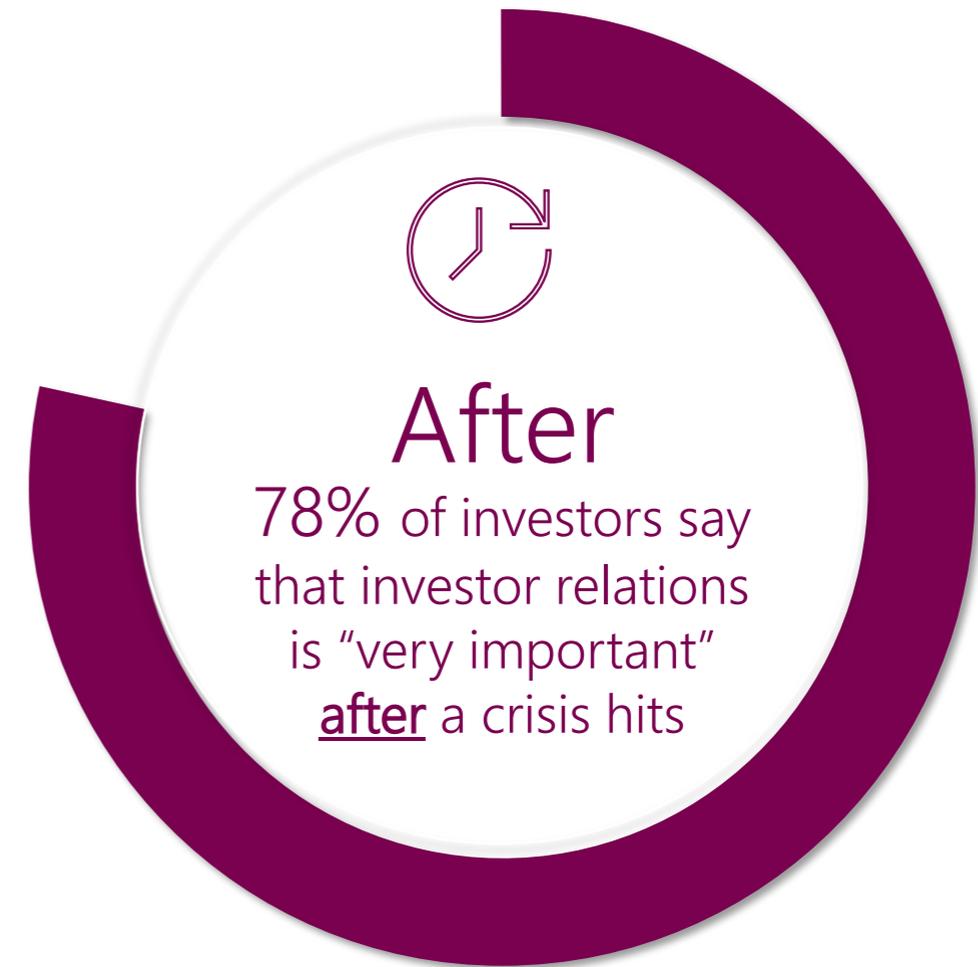


GOLF VON MEXIKO
Unterwasser-Video vom Öl-Bohrloch

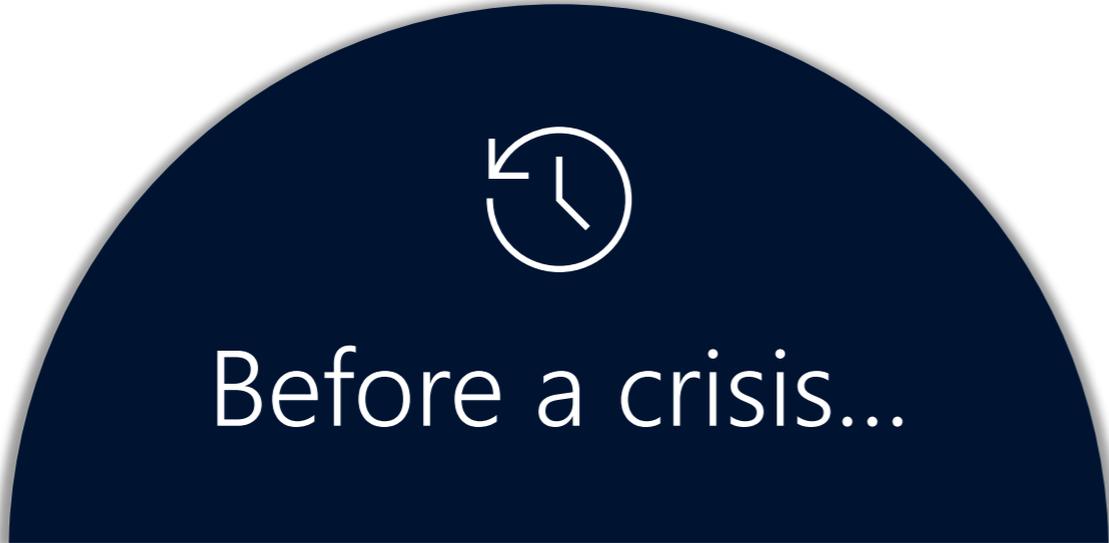
Seit einem Monat strömen täglich Unmengen Rohöl in den Golf von M. Angaben von BP über die tatsächliche Menge, mag in Amerika nieman glauben. Washington hat nun eine Chemikalie verboten, die das Öl im zersetzen soll.



In the Course of a Crisis, the Importance of Investor Relations Increases Significantly



Shareholder Values Shift in the Course of a Crisis



- 01 Management Access
- 02 Transparency
- 03 Proactive Communications



- 01 Management Quality and Experience
- 02 Established Relationships
- 03 Timely Disclosure

Experience, trust, and consistency signal readiness before a crisis occurs...

Management Quality and Experience

"To determine a company's ability to handle a crisis we look at the competencies of management team. We evaluate how the management plans to handle a specific crisis – we examine their thinking."

-Portfolio Manager
(Generalist)

1

Established Relationships

"If a company has a good reputation and track record when it comes to communicating with its stakeholders overall, then there is a good chance that they would be able to handle a crisis or a critical situation."

-Buyside Analyst
(Industrials)

2

Timely Disclosure

"If a company provides reliable and consistent disclosures then I feel more comfortable. Knowing they will quickly respond builds trust."

-Portfolio Manager
(Generalist)

3

After a crisis, provide the who, how, and when...

Investors want the basics; provide event details, relevant updates, and actions to resolve. If handled correctly, investors can *gain* confidence.

Management Access

"When a company is facing a crisis we like the ability to have access to management/IR to understand and evaluate their proposed response. We get concerned when IR is not available after a crisis."

-Portfolio Manager
(Generalist)

1

Transparency

"Companies need to provide very clear response after a critical issue, creating uncertainty only makes things worse for shareholders. Shareholders and Wall Street value visibility and clarity above all else, even if the issue is bad."

-Portfolio Manager
(Consumer, Info. Tech)

2

Proactive Communications

"IR should be proactive & accessible. I would prefer them to go on offensive and reach out to key investors. I evaluate how forthcoming and honest IR is – it builds confidence for the future. We are long term investors so we just want to understand the facts and what is being done."

-Portfolio Manager
(Generalist)

3

About Brunswick

BRUNSWICK



Geoff Serednesky, Director, Chicago

Geoff specializes in using insights-based approaches to guide financial or corporate communication programs and has extensive experience advising C-Suite leaders on a range of critical reputational and positioning issues. Geoff joined Brunswick from FTI Consulting, where he led the capital markets research offering. Geoff's work helped guide how clients engage and communicate with financial market audiences (buy-side investors, sell-side analysts, retail investors, financial media). Geoff has worked closely with companies undergoing transformational events such as M&A, Shareholder Activism, IPO, CEO transitions, and litigation exposure. He provides highly customized public affairs campaign research, with deep expertise influencing regulators on topics such as ESG, shareholder proposals, and proxy advisors.

Tel: +1 (312) 998-9739

Email: gserednesky@brunswickgroup.com



Alexander Kleedorfer, Director, Austria & CEE

Alexander has been working in various areas of corporate communications for almost 20 years. He brings his strategic skills, Eastern European know-how and experience in crisis and financial communications, transactions, restructuring and cybersecurity. Alexander supports Austrian as well as international clients in Austria and across the entire CEE region. Prior to Brunswick, Alexander served as Head of Communications at one of the major telecommunications companies in Central and Eastern Europe. He looks back on a career with international positions in business development, foreign trade, sales as well as controlling. He graduated from the Vienna University of Economics and Business Administration.

Tel: +4366488266330

Email: akleedorfer@brunswickgroup.com

About CMAI

Capital Markets Analytics Insight

Brunswick's CMAI team aims to integrate primary and secondary data into critical issues advisory services. Our team specializes in using perception and diligence-based approaches to guide financial and corporate communication decisions. The team leverages Brunswick's broad global collaborative network and deep capital markets expertise to offer informed independent advice on engaging financial market audiences during situations such as M&A, IPO, and Shareholder Activism, as well as ongoing Investor Engagement.

For additional information email:
CMAI@BrunswickGroup.com

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Financial Institutions
Healthcare & Life Sciences
Industrial & Infrastructure
Professional Services
Technology, Media & Telecoms

- **Insight**
- **Digital**
- **Campaigns**
- **Creative**

Working Globally

1,200 people
200 partners
30+ years
27 offices
One firm



- Abu Dhabi
- Beijing
- Berlin
- Brussels
- Chicago
- Dallas
- Dubai
- Frankfurt
- Hong Kong
- Johannesburg
- Lisbon
- London
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