Digital Acceleration

Digital Investor
Survey 2021

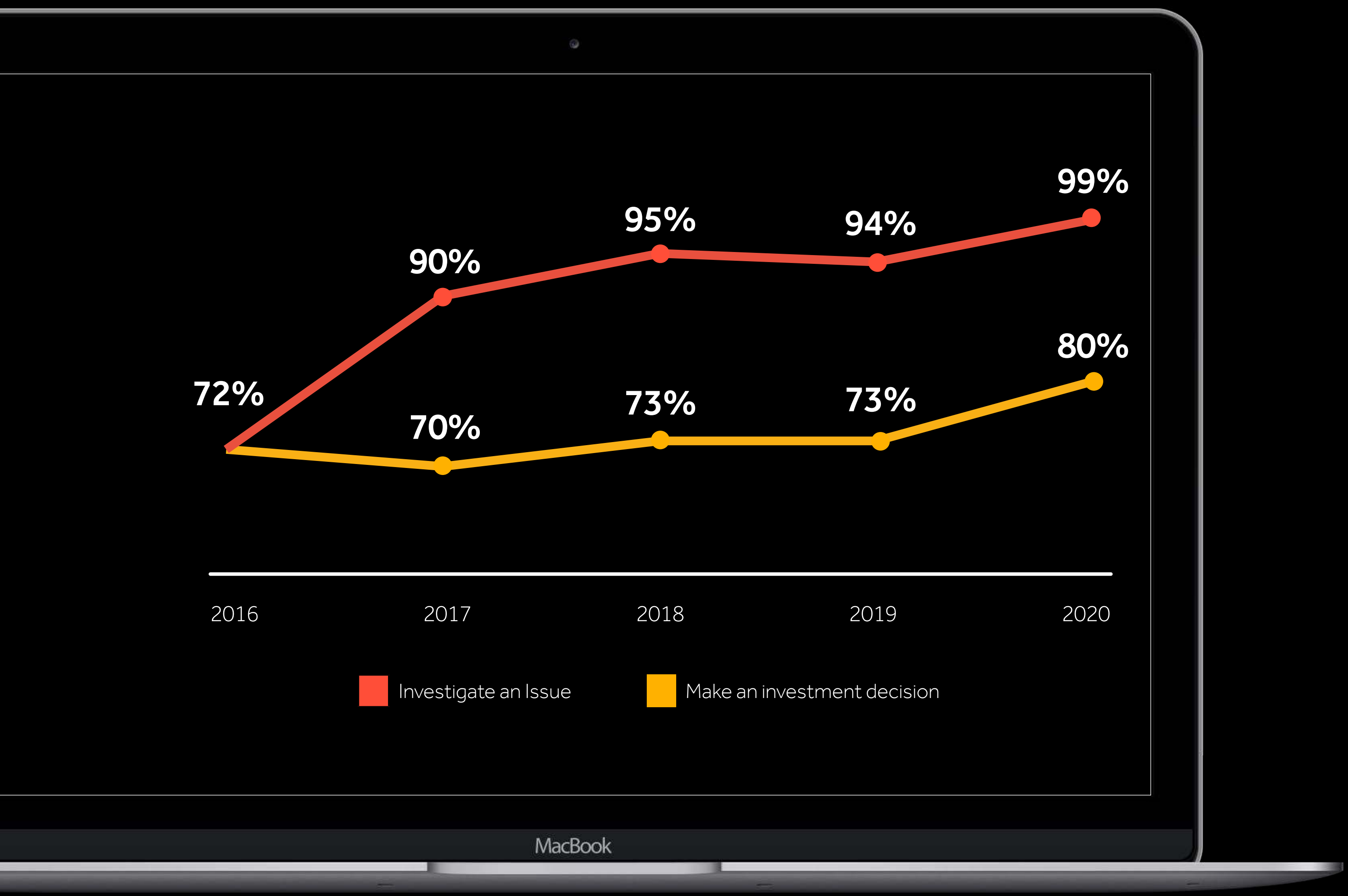
BRUNSWICK

Remote Working Drove Digital Acceleration among Insitutional Investors

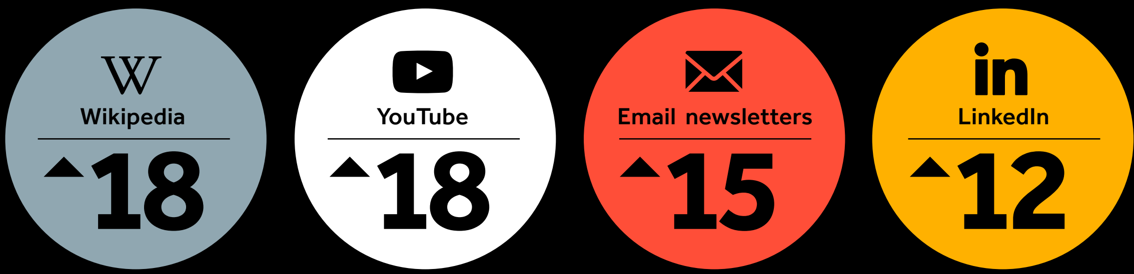
Driven by the COVID-19 pandemic, institutional investors changed the way they worked in 2020. In every corner of the world, investors found themselves working remotely, reliant on digital tools to connect and collaborate. Three quarters of investors said that the pandemic required them to do most of their work in a different location from where they worked before the pandemic. It is no surprise that investors relied more on digital sources and platforms for information than they ever have before.

The growth in YouTube and e-mail newsletters is especially notable. Like most Internet users, investors spent more time with video in 2020, underscoring the importance of rich content.

After holding steady for four years, digital usage accelerated in 2020



Fastest growing digital sources

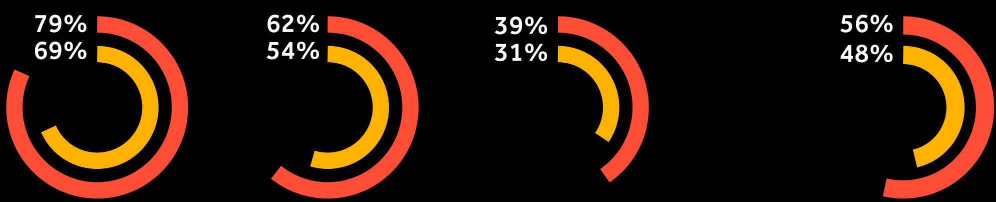


More investments influenced than ever before

A more digitally-reliant investment community made online sources and social media even more central to information sharing and decision-making. In 2020, digital sources powered more trading decisions and investment recommendations than ever before.

Buy-side analysts

Sell-side analysts



Shared information with team members

Discussed information with analysts

Decided to buy or sell a specific stock

Discussed the information with asset and fund managers

2019

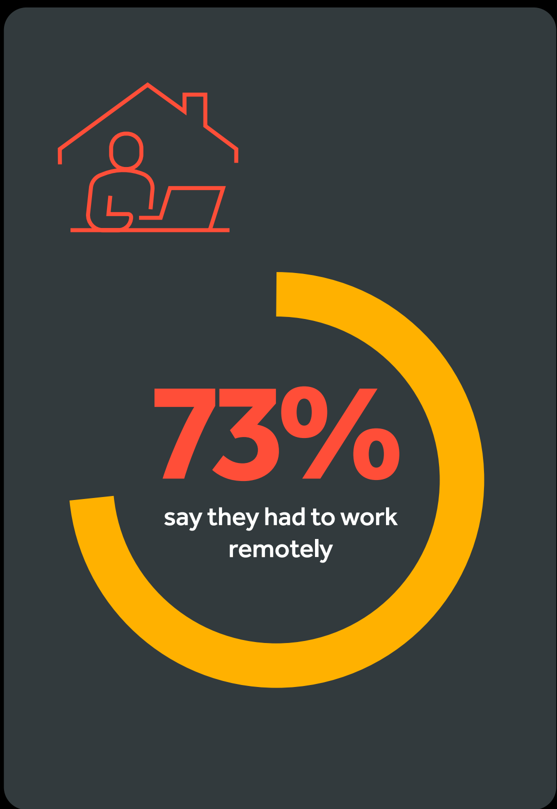
2020

Home and Back Again: Investors' pandemic journey

The COVID-19 pandemic forced changes in working situations all around the world. 73% of investors said they had to most of their work in a different location than before the pandemic. And 72% said they were currently doing most of their work from home.

Asia was the least effected region. Only 46% of investors based there said their working situation had changed as a result of the pandemic.

Three quarters expect to return to an office environment.



COVID changes drive digital source preferences

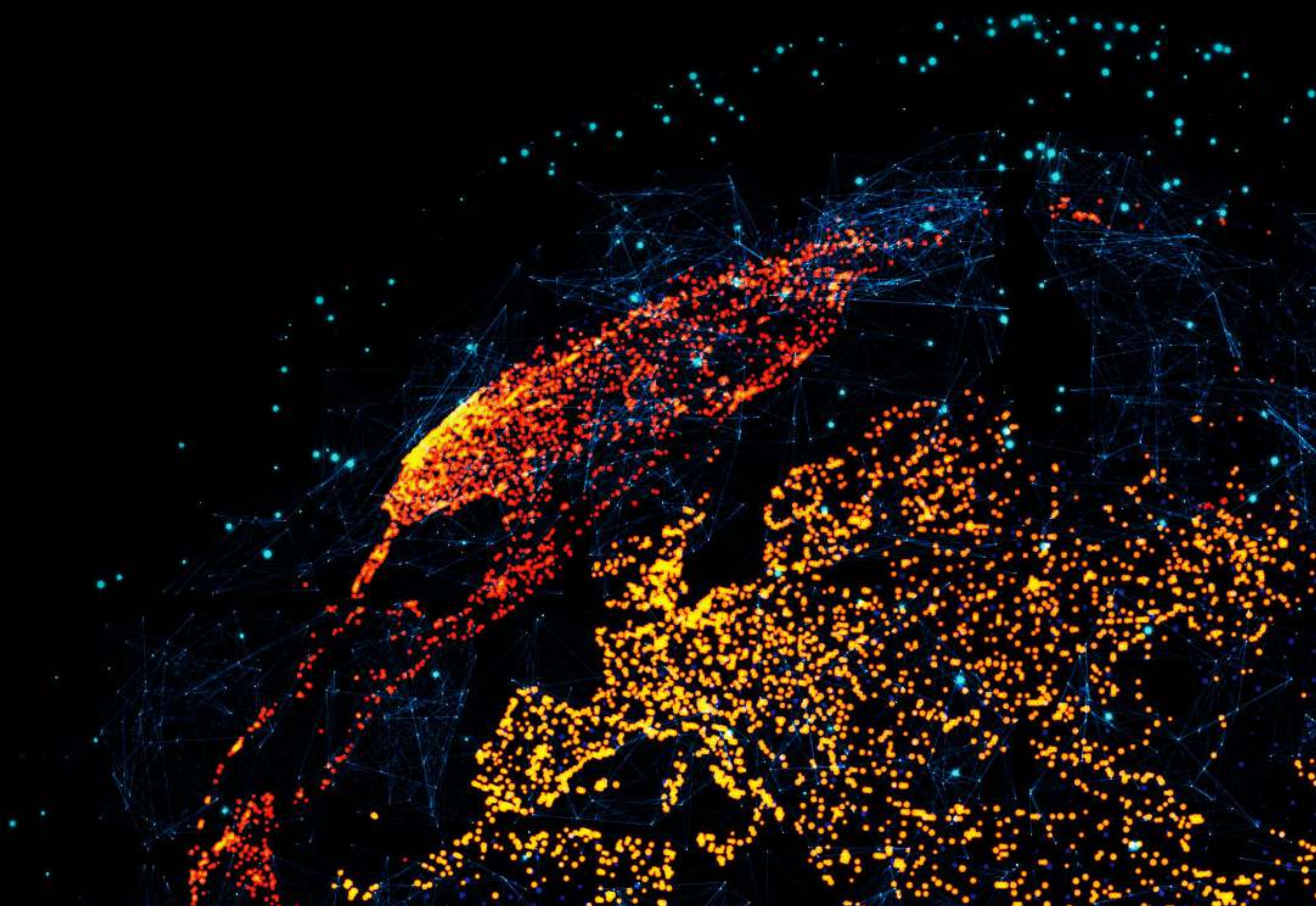
Investors forced to work remotely were more likely to listen to podcasts and use LinkedIn than those who were not.

And investors expecting to continue working remotely after COVID restrictions ease are more likely to subscribe to e-mail newsletters and rely on Zoom and webex.

The acceleration is likely permanent

Although the COVID pandemic may have driven investors toward digital sources in greater numbers than we would have otherwise seen, now that the shift has happened, investors are unlikely to revert to using fewer digital sources when they return to the workplace.

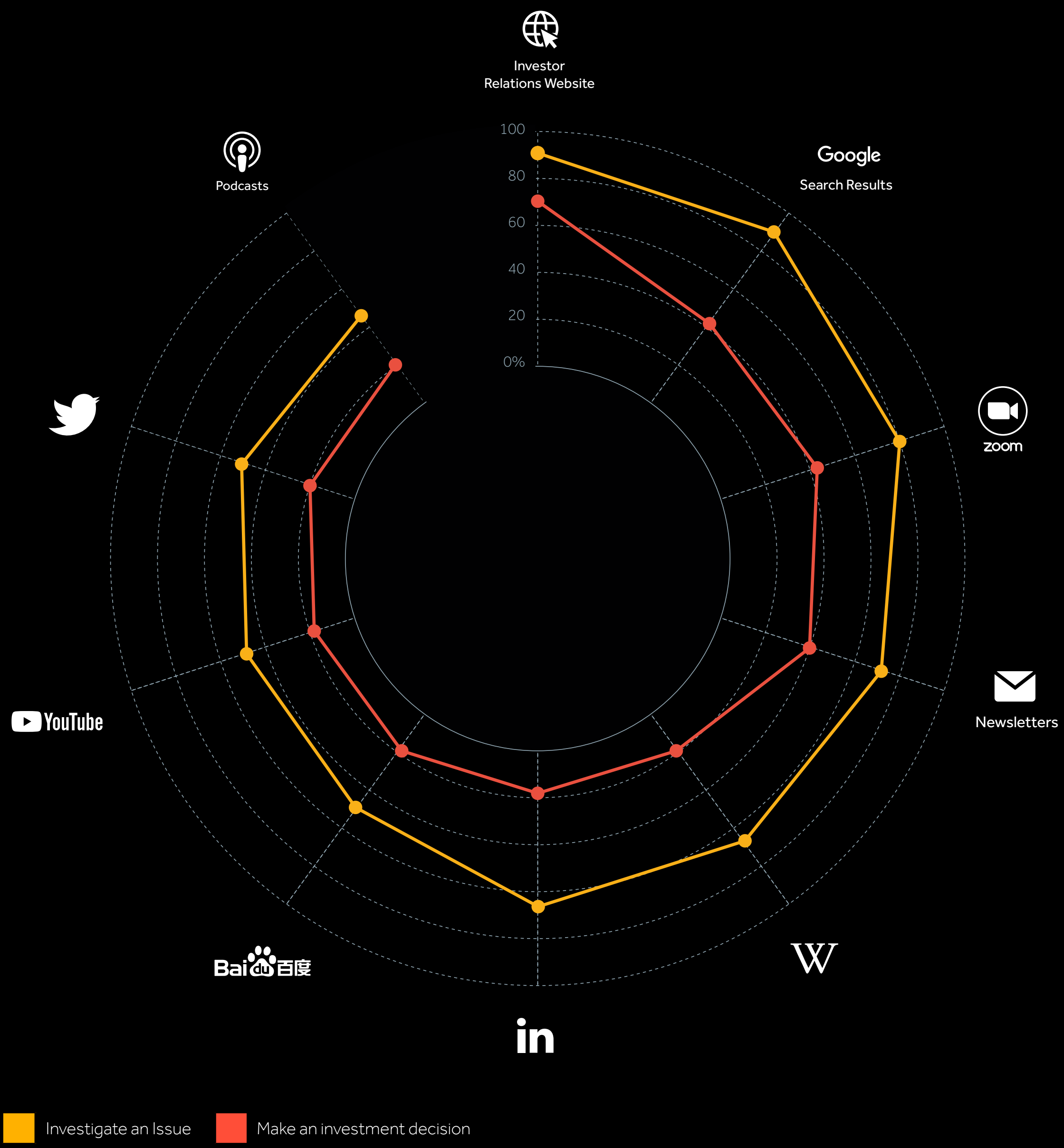
In fact, investors who expect to be back in physical workplaces in the near future are actually more likely keep using digital sources post-COVID: 84% of those returning to the workplace plan to keep relying on webinars/ Zoom as opposed to 78% of those who will continue to work remotely.



Most Used and Most Trusted: The Power of the Investor Relations Website

Included in the survey for the first time this year, company-provided investor relations websites emerged as the most used and most trusted sources of information for investors. To be clear, IR websites weren't just the top digital source. They were the most used and trusted of all of the sources that we tested.

92% of investors report using the investor relations section of a company's website to investigate an issue. And 72% say they have made an investment decision based on something they learned there.

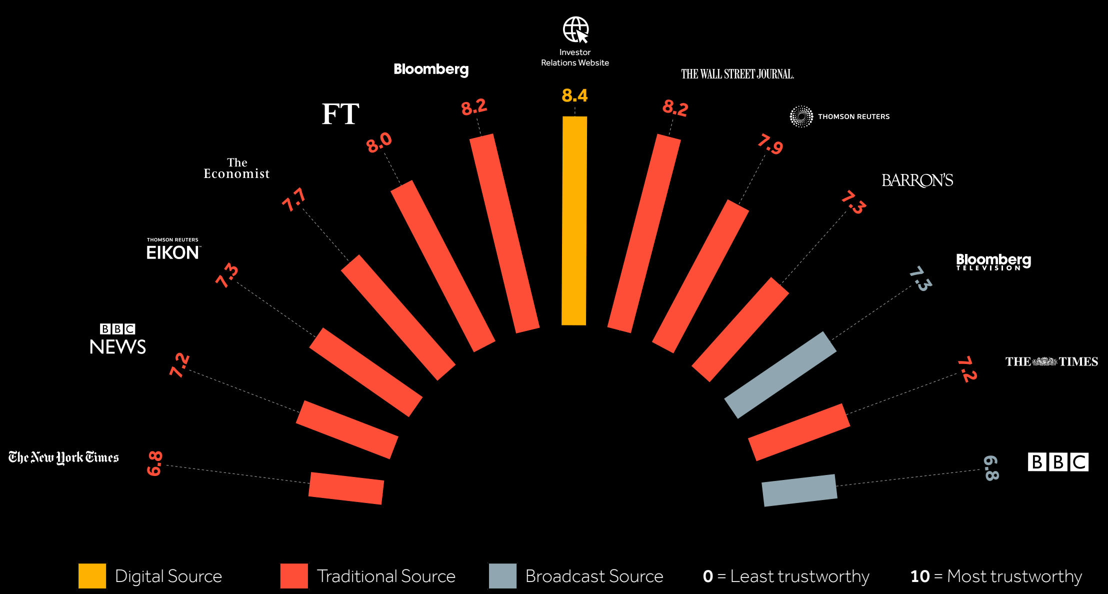


Depth of information, guided by regulation, makes the IR website indispensable

The reliance on IR websites and the high levels of trust is driven by the kind of information hosted there: it is all governed by strict rules and regulations. As such, IR websites are any company's most authoritative account of itself, backed by its auditors and other advisors.

The global variance in those rules and regulations also helps explain some of the interesting regional differences. In the UK and U.S., reliance on IR websites was high, but in Asia, where the regulators themselves may be less trusted, the story was a little different: While 85% of investors say they use IR sites for information, only 52% have made an investment decision, and trust levels for IR sites in Asia were more than a half point lower than the rest of the world.

On the other hand, trust for IR websites was highest among the largest investors, demonstrating how vital a strong presence is, even with investors companies might expect to speak to regularly.



The resource that investors want most

Asked which digital source they wanted companies to prioritise for reaching investors, respondents overwhelmingly chose IR websites. 50% said it was the best way for companies to communicate with them. The result was lowest in Asia, where 32% identified the IR site as the most important, matching the 32% who said that videos from the CEO and management topped their communications wish list.

Opportunity: A richer IR website experience

Few companies are presenting their story the way investors want it

The communications landscape has changed dramatically over the last decade, but there has been no real revolution in investor or financial communications.

What should modern investor communications look like?

- Richer content aimed at driving engagement and fuelling conversations in the right way
- A steadier flow of communications moments—from events to webinars—with useful, engaging content between.
- More personalized
- Better targeted and delivered more accurately to the right audiences.
- Measurable and actionable

What does that mean in practice?

- Build a more dynamic and responsive site experience for investors.
- Develop a more consistent content strategy
- Target audiences in a more sustained and concerted way

Reddit & GameStop: Game changing or game over?

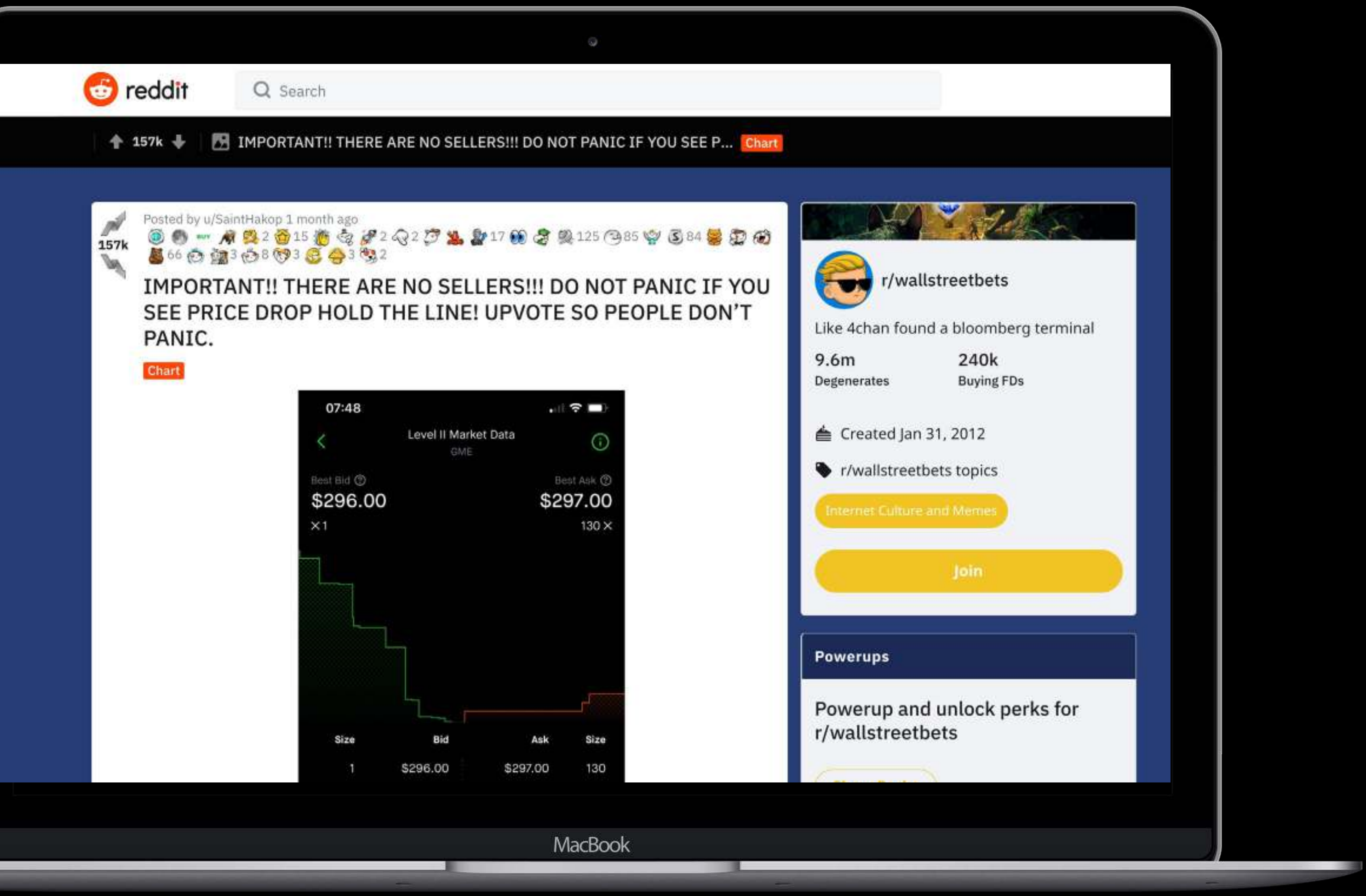
The Reddit community r/WallStreetBets captured the investment world's attention in January and February, as they collaborated to squeeze shortsellers and drive up the share prices for a range of stocks, most notably retailer GameStop.

We conducted a follow-up survey among institutional investors in the U.S., UK and Canada in February following the initial GameStop activity to assess their views. (For more details, see methodology box, this page.)

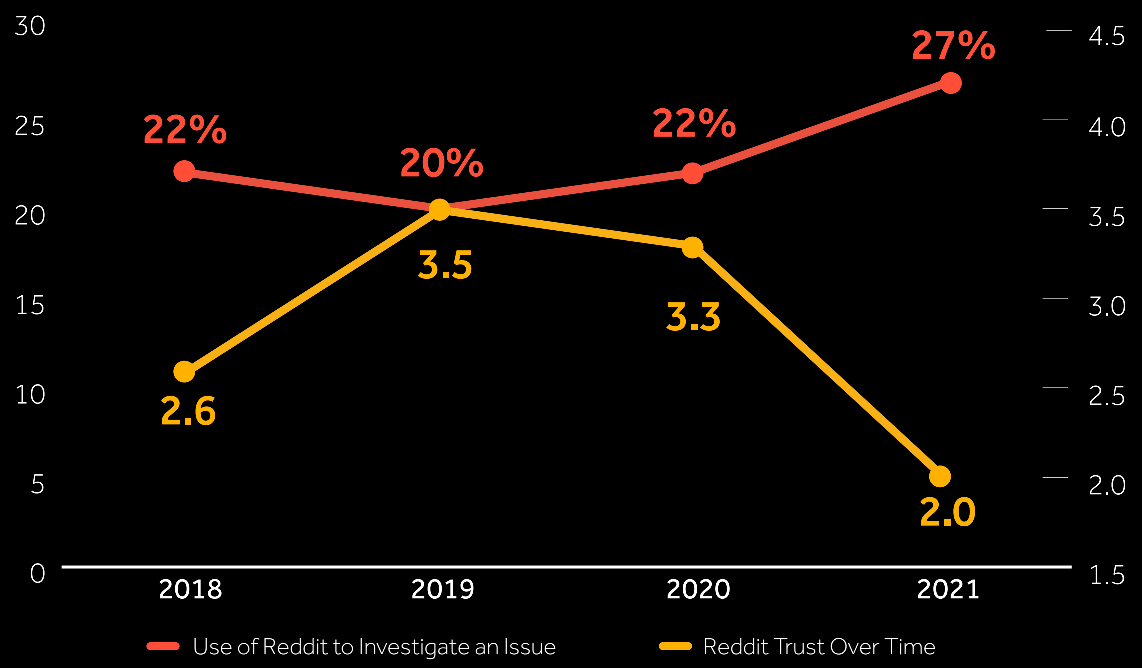
While Reddit usage increased 5 points since our primary survey November, trust in the platform declined from a mean score of 3.3 out of 10 to a new low of 2.0. Meanwhile, use of r/WallStreetBets was up 6 points, but there was no corresponding increase for other Reddit forums like r/personalfinance or r/investing.

54% of respondents scored Reddit either a 1 or a zero on trust, compared to only 27% in November. Those figures make Reddit the least trusted source we tested.

Nevertheless, 1 in 5 institutional investors said that they made a trade, changed a recommendation or altered a position as a result of activity originating in r/WallStreetBets.



Use of and trust in Reddit over time



Use of key subreddits among institutional investors

r/WallStreetBets

15%

(▲6 vs. Nov.)

r/Investing

11%

(u/c)

r/PersonalFinance

7%

(u/c)

Context & Methodology for our Reddit-focused Follow-up Survey

The fieldwork for this year's Brunswick Digital Investor Survey was conducted in November 2020. Just as we were preparing this report, the r/WallStreetBets community on Reddit mobilized its effort to force a short squeeze on a number of stocks, foremost among them GameStop. We anticipated fundamental shifts in views of Reddit among institutional investors, and so, we commissioned a further survey. The data in this section is primarily drawn from that second survey, which was conducted in February 2021, and limited to institutional investors in the U.S., UK and Canada. Any comparisons to prior year data in this section are with like-for-like geographic selections from previous surveys, so the prior year numbers in this section will not match global data that you see elsewhere in the report.

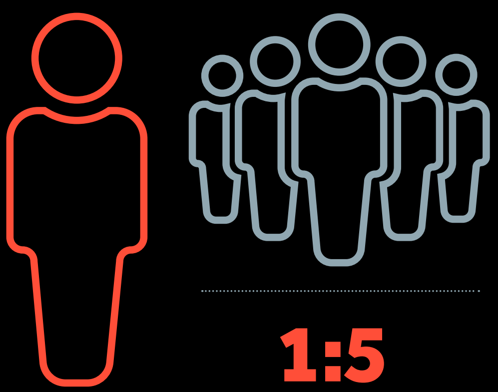
Investors anticipate more short squeezing

Asked about the implications of the r/WallStreetBets activity, 52% expected further short squeezing, but minimal changes to how they do business. 35% saw the story as an isolated incident that would require no changes for institutional investors. But 13% said the events indicate a fundamental shift in the balance of power in the markets that will require institutional investors to significantly change their models to contend with populist investors.

Interestingly, investors in the largest institutions – those with more than $1 trillion assets under management – were the most likely to see the need for big changes. 1 in 5 said significant changes would be required.

Whatever their views of the scale of the changes required, 35% of investors believe the impact would be positive, while 14% expected negative implications. The majority, 52%, weren't sure.

Looking ahead, 58% of investors said that the r/WallStreetBets situation made them feel concerned about future possibilities for investing, while only 42% said they were excited about the future implications.



of the **largest investors** said significant changes would be required to deal with **populist investors in the future.**

investors believe that **changes as a result of r/WallStreetBets would be positive.** Although the majority weren't sure.

Investors curious about r/WallStreetBets while a significant number are frustrated by "market manipulation"

Asked to describe their attitude towards members of the r/WallStreetBets community, 48% institutional investors chose "ambivalence. They might have a short term influence, but they won't be able to sustain it."

27% said they were "curious" and saw an opportunity to understand what they could learn and apply to their own work.

27% of UK-based investors and 43% of investors from the largest institutions, those with more than $1 trillion AUM, described their feelings as "frustration. This type of market manipulation isn't appropriate."

On 13% chose "respect. By organizing themselves they're shaping the market and achieving success."

48%
Ambivalence

"They might have a short term influence, but they won't be able to sustain it."

27%
Curious

"What can I learn from them that I can apply to my own work?"

20%
Frustration

"This type of market manipulation isn't appropriate."

13%
Respect

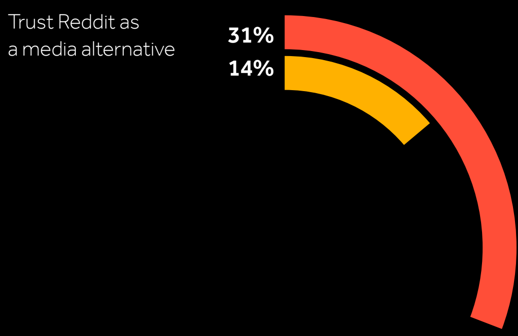
"By organizing themselves, they're shaping the market and achieving success."

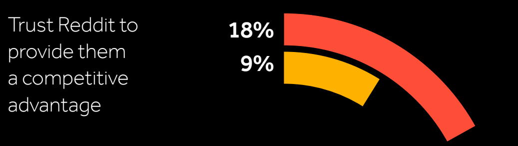
Younger investors see a revolution at hand

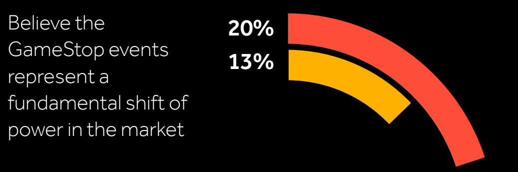
As we've seen in our prior surveys, younger investors (those aged 18 to 29) have a different relationship with Reddit. They are more likely than older investors to trust Reddit, especially to get information traditional media can't provide.

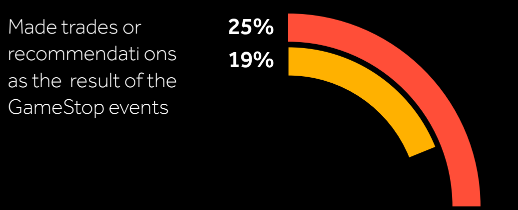
31% of younger investors trust Reddit as a media alternative compared to 14% overall. They also trust Reddit to provide a competitive advantage in their day-to-day work by a margin of 18% to 9% for all investors.

Younger investors are taking the GameStop events more seriously. They are more likely to view it as a fundamental shift in power: 20% of younger investors see it this way compared to 13% overall. They are also more likely to have made trades or changes in recommendations as a result —25% for younger investors versus 19% overall.





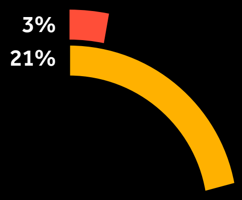




Investors 18-29 Overall Investors

% of Investors Who Report Feeling Excited About the Possibilities for Future Investing

Net % of Investors Who Believe Ensuing Changes to the Market Will Be Positive



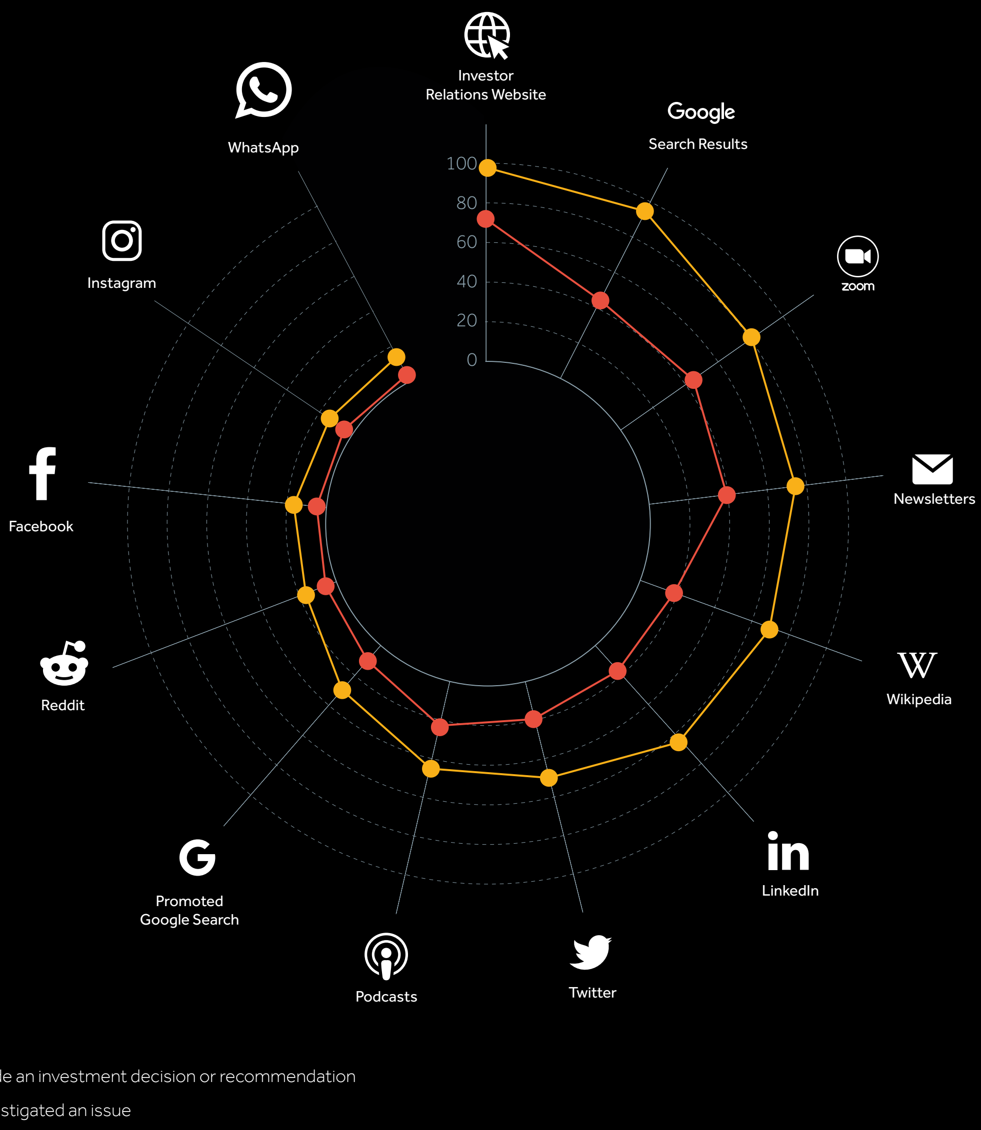
But there is an interesting contradiction among this group. On the one hand, the youngest investors are slightly more likely to believe that the GameStop situation will cause changes that are good for them personally. 47% say they are excited about the possibilities for their future investing as a result of GameStop, compared to 42% of investors overall.

On the other hand, this group is by far the least optimistic when asked whether the influence of the WallStreetBets / GameStop story will be good or bad for the broader market in the longer term. When we asked investors who believe the event will change investing whether they thougtht those changes would be for the better or worse, 26% of investors aged 18 to 29 thought the changes would be negative, compared to 14% of investors overall. The gap is even more pronounced in the "net" positive scores—the percentage of investors who think the changes will be positive minus the percentage who think they will be negative. The net positive among all investors is 21%, as opposed to 3% among investors 18-29.

Investors Seek a Wide Range of Sources

More, faster, and better information can be the difference between seizing an opportunity and missing it. So it's understandable that investors rely on a wide range of sources. The top six major digital sources are used by at least two thirds of investors. Investors used virtually all sources more in 2020 than in previous years, although podcast use was flat and Instagram down slightly.

The biggest usage growth was among e-mail newsletters, Wikipedia, LinkedIn, and YouTube (see chart on page 3). The longer-term trend tells a similar story. LinkedIn usage is up 19 points since 2016 while Twitter usage is up 11 points over the same period.



Digital communications making a big impact for investor engagement

Brunswick has developed significant, specialized expertise to make an impact with digital communications in a variety of investor engagement situations including M&A, IPO, capital raise, and on-going investor relations.

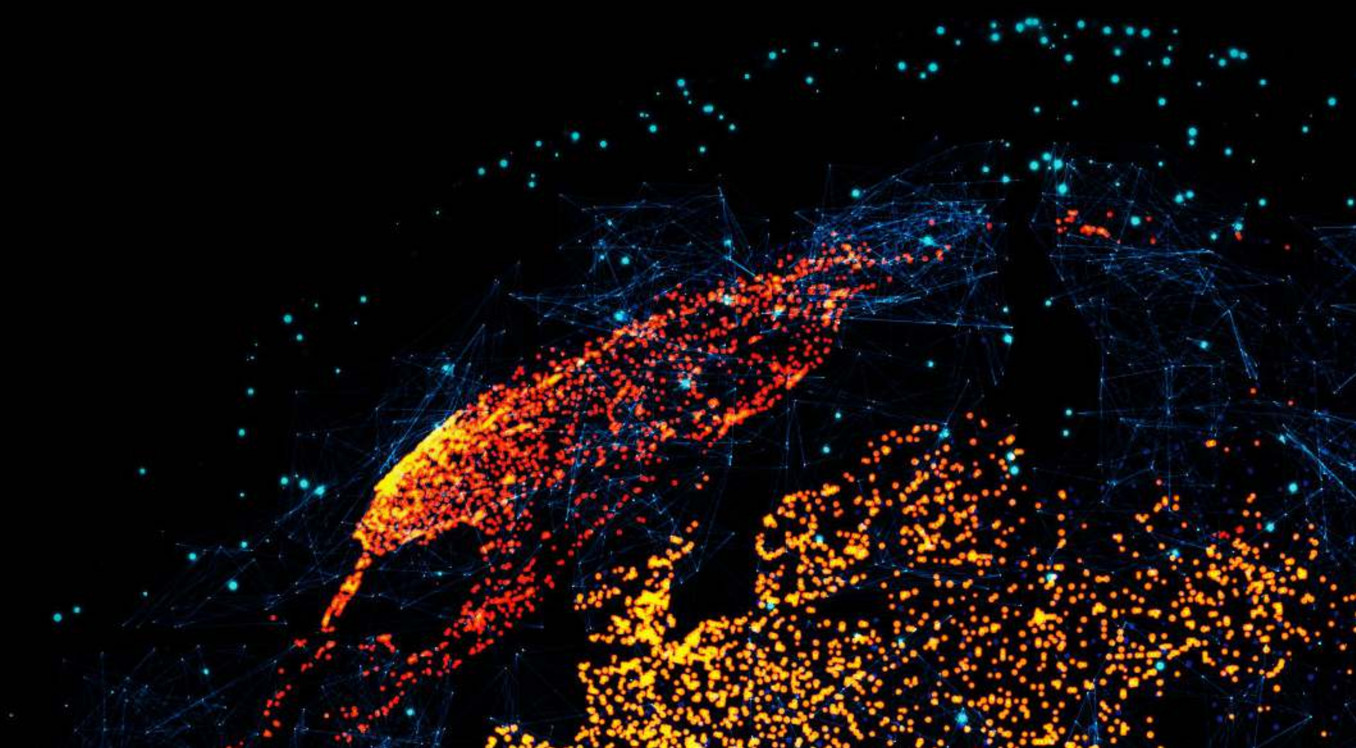
Practical examples:

Delivering for investors across a range of digital channels is making a big difference

For a major technology company, Brunswick developed a multi-channel strategy aimed at communicating the investment story more effectively between major financial milestones. We developed target audiences matched to their shareholder register for LinkedIn and Twitter and expanded the company's investor-focused with more use of video and engaging visuals. By delivering hyper-relevant content to an audience that craved it, we exceeded the company's benchmarks for digital content performance by more than 100%.

Digital is even more impactful in complex or sensitive situations

For a major airline, we used digital channels to amplify news and communicate critical updates about a vital capital raise. We used paid placement in Google search results for highly relevant keywords to ensure investors found the most helpful and definitive information and told the story behind the capital raise proactively using LinkedIn.

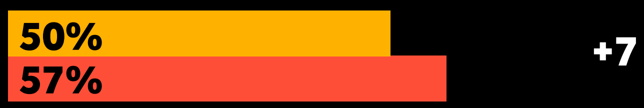


Investors Seek Sources Beyond Traditional Media

Investor desire for alternative information sources grew by 7 points in 2020, with 57% saying they use digital sources as alternatives to traditional media. The biggest increases were in Europe and Asia, where 60% and 64% respectively now rely on digital sources to learn information they can't find in traditional media. That's an increase of 13 points in both regions over last year.

What are the reasons you use digital media platforms as part of your work?

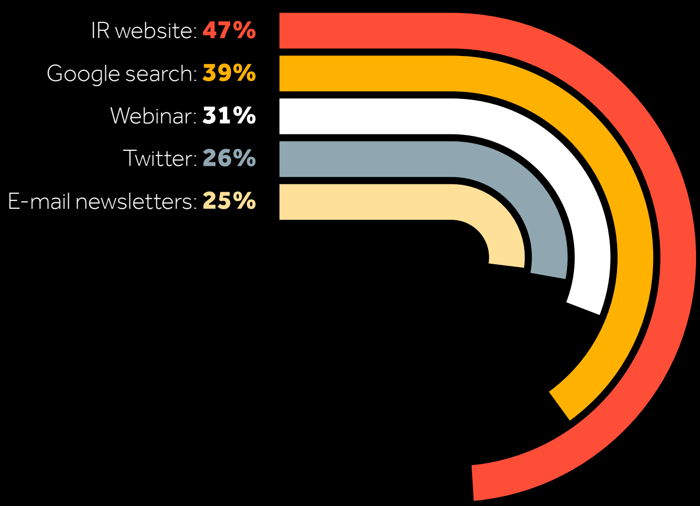
Learn information I can't find with traditional media sources



	2019	2020	Change
North America	54%	58%	**+4**
Continental Europe	47%	60%	**+13**
UK	52%	53%	**+1**
Asia	51%	64%	**+13**

For investors looking for alternatives to traditional media, their top choices for digital sources are official company information, Google search, webinars, Twitter and e-mail newsletters.

Top digital sources used as alternatives to traditional media



Digital sources deliver speed and competitive advantage

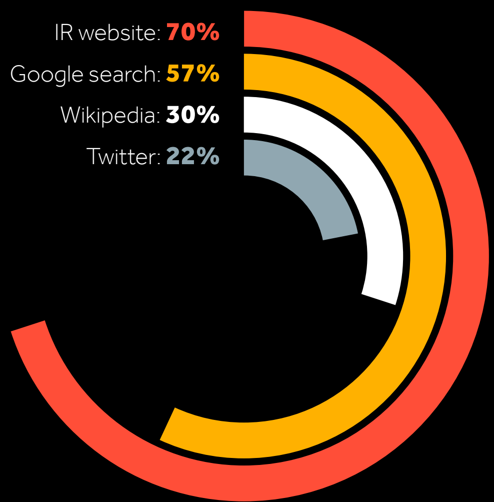
Digital sources offer a speed that more traditional sources can't match, which is why half of investors rely on digital sources to get the news faster than from other media sources. When speed is a factor, investors rely on official information from the company, Google search, Wikipedia and Twitter.

What are the reasons you use digital media platforms as part of your work?

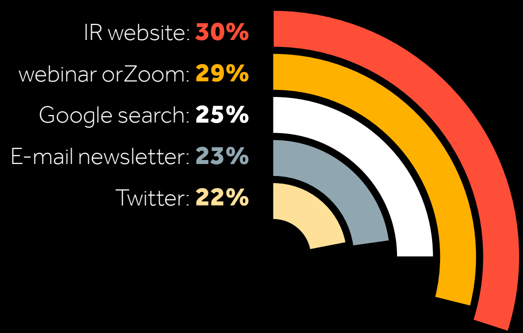
	2019	2020	Change
North America	46%	55%	**+9**
Continental Europe	29%	30%	**+1**
UK	41%	41%	**0**
Asia	58%	48%	**-10**

When investors are looking for a competitive advantage, they turn to more curated content: webinars from experts, their newsletter subscriptions, and the people they follow on Twitter.

Top sources for getting information quickly

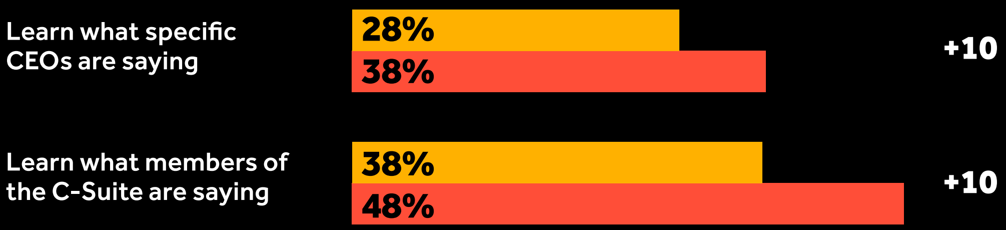


Top sources that provide a competitive advantage



Leadership Voices are Vital for Reaching Investors

Investors want and expect to hear from CEOs via digital and social media sources. Half said that they specifically use digital sources to hear from the CEO and c-suite. And this expectation accelerated in 2020, especially in Europe and the UK.



Learn about what C-Suite is saying

	2019	2020	Change
North America	39%	45%	**+6**
Continental Europe	35%	53%	**+18**
UK	32%	48%	**+16**
Asia	57%	57%	**0**

Across all main stakeholder groups, Connected Leadership is essential

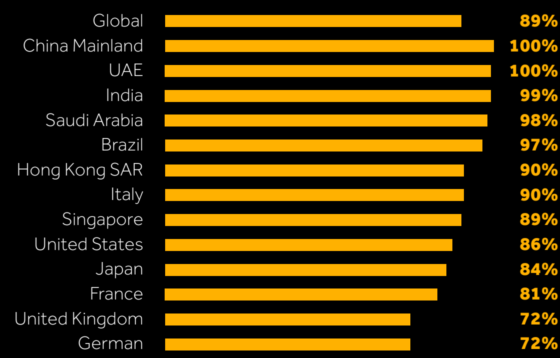
The findings that investors rely on digital channels to hear from CEOs and the c-suite are consistent with Brunswick's Connected Leadership research. The 2021 report surveyed employees of major companies and people who read financial publications in 13 countries and found:

- 84% of employees and financial readers say it is important for business leaders to actively communicate on social media.
- Among finance readers, 75% trust a CEO who uses social media as part of their work more than one who doesn't.
- 78% of financial readers will check at least of one of a CEOs social media accounts when learning more about them.

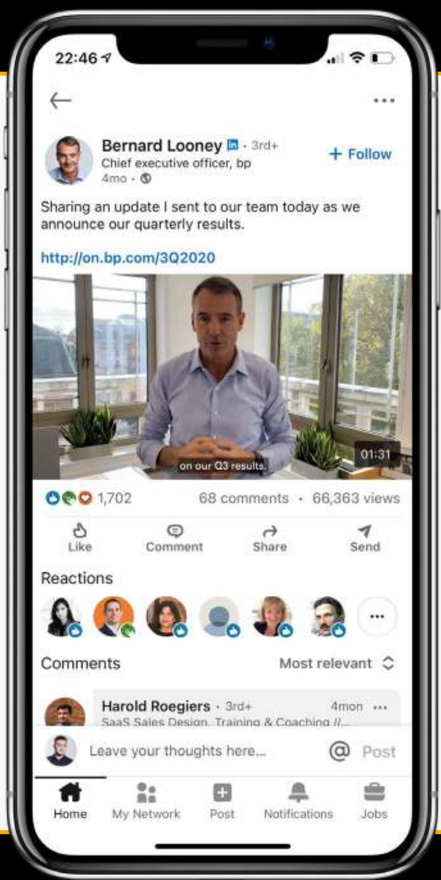
How important is it for CEOs to actively communicate on social media about their company?

Employees

Financial Readers



Data from Brunswick's Connected Leadership report, released January 2021. Details on Methodology on page 30.)



Impactful Connected Leadership: BP's Bernard Looney

Shortly after becoming bp's CEO-designate, Bernard Looney recognized that importance of engaging with employees around the world while also modernizing the company's leadership communications. We worked with him and his team to launch LinkedIn and Instagram accounts, using social media to communicate bp's net zero ambition and authentically engage with his audiences, including bp's critics.

Sustained engagement

Since then, Bernard and his team have developed a sustainable cadence of posting and responding to comments, using these channels to show bp's progress towards its net zero ambition, communicate through the COVID-19 pandemic, and listen to a range of stakeholders.

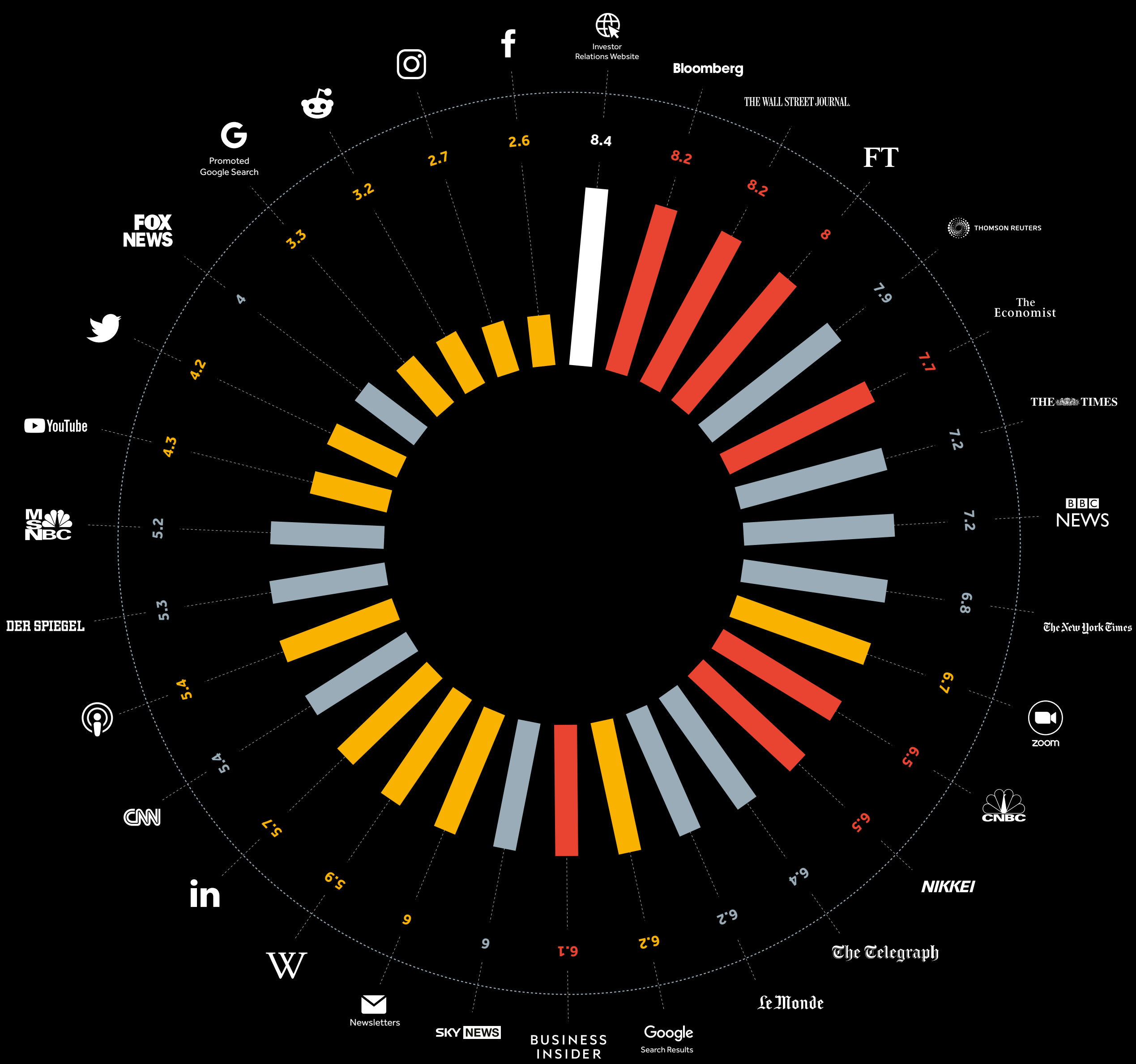
Connections with audiences in social and beyond

Bernard's presence on social media made him accessible to a wide range of audiences as a new CEO. In his first year, he attained Influencer status on LinkedIn and gained more than 100,000 followers across his Instagram and LinkedIn channels. Bernard's activity has also attracted positive media coverage from the Financial Times, BBC, and Bloomberg.

Trust in digital sources remains comparable to traditional media

While specialist financial publishers and news sources remain the most trusted sources for investors, a company's own investor relations data is even more trusted than any of those. And digital sources remain comparable in trust levels to longstanding traditional media outlets.

Investor trust in information sources



IR Website
Business Media
Broadsheet Media
Digital Media

Notable trust declines for Facebook and Twitter

Generally, trust in all sources was relatively flat versus 2019, and the longer trend since 2018 shows notable increases in trust for podcasts, YouTube, Wikipedia and LinkedIn.

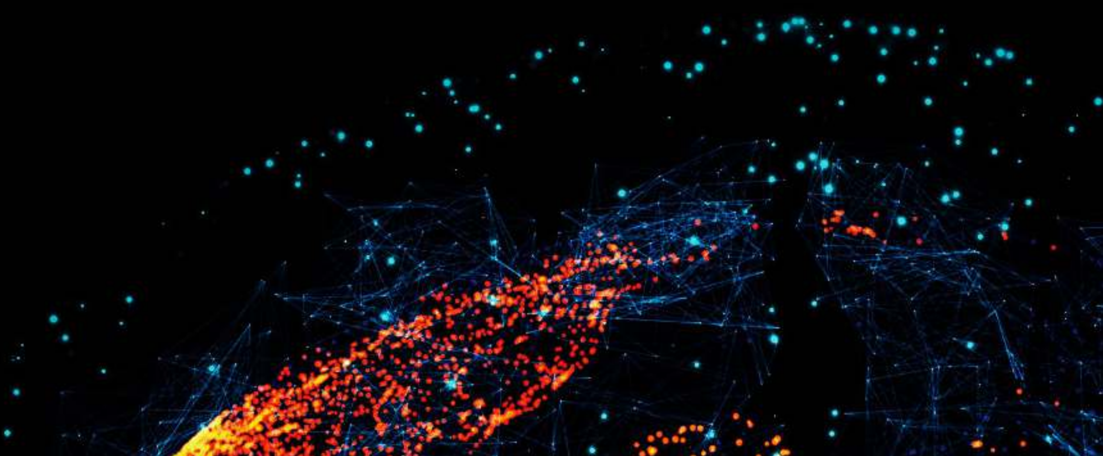
But Facebook and Twitter both saw notable drops in trust compared to last year, although usage of Facebook in particular among investors remains relatively low. Reddit also saw a significant decline in our main survey, and an even bigger drop in our follow-up Reddit-focused survey. (See page 10 for more details.)

Trust 2020 vs. 2019

Facebook
-0.4

Twitter
-0.3

Reddit
-0.3



Revealing Preferences on Podcasts and E-mail Newsletters

With 74% of investors saying that they use e-mail newsletters and 47% saying that they listen to podcasts, these channels present a largely untapped opportunity for businesses to connect with investors, so we wanted to understand which specific sources were most cited.

47% of investors named one or more podcasts that they use to gather information on a company or inform an investment decision or recommendation. 15% of respondents named a podcast that no one else mentioned, underscoring how fast-growing and granular the podcast landscape continues to be.

Podcasts ought to have tremendous appeal to corporate communicators and business executives. They provide an opportunity for an exec to have an extended, in-depth conversation with a usually well-informed observer without the time pressure or confrontational nature of a TV or radio interview.

Top 10 Podcasts

01 Capital Allocators

02 Invest Like the Best

03 Motley Fool Podcast

04 Exchanges at Goldman Sachs

05 The Acquirers Podcast

06 Real Vision

07 Grant's Current Yield

08 Planet Money Podcast

09 Masters in Business from Bloomberg

10 Yet Another Value

Top 10 E-mail Newsletters

When asked to name the e-mail newsletters that they use to gather information about a company or inform an investment decision or recommendation, 23% of investors mentioned one or more specific sources. Another 11% said that they subscribed to newsletters from companies they followed.

Newsletters are notably more popular in Europe, where 90% of investors use them, and Asia, whether 85% subscribe to one or more, than in the U.S., where 70% do.

01 ZeroHedge

02 Morningstar

03 Stock Advisor by The Motley Fool

04 Grant's Interest Rate Observer

05 Stratechery

06 Oaktree

07 Value Investor Insight

08 Benedict Evans

09 David Rosenberg

10 Axios Stock Market

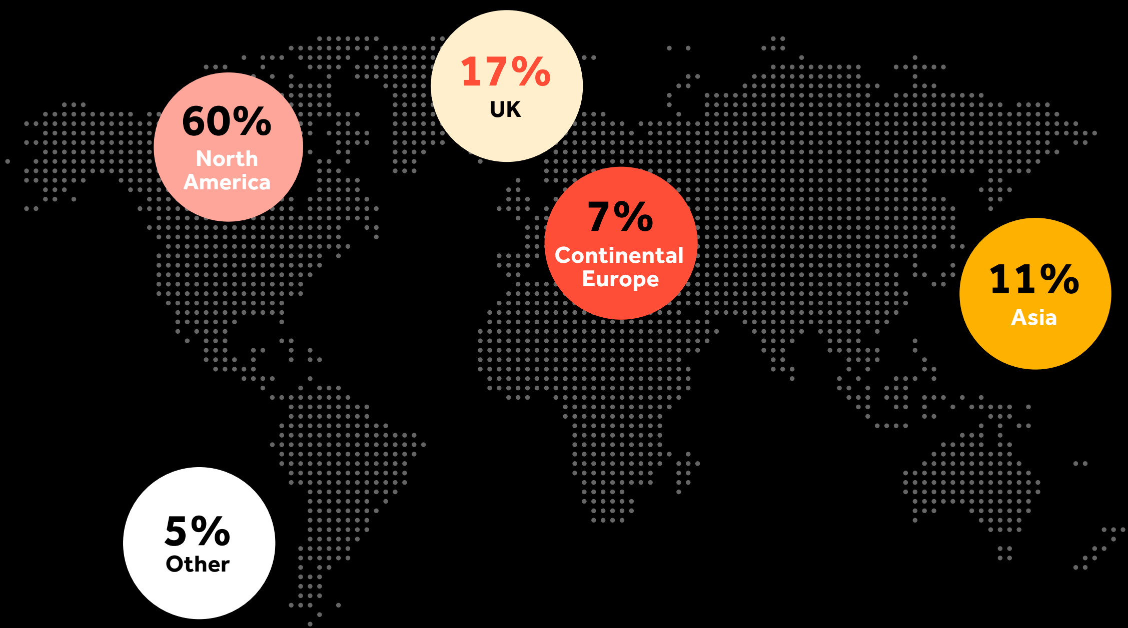
Methodology

Brunswick Digital Investor Survey

Brunswick's Digital Investor Survey has been tracking digital and social media behavior of buy-side investors and sell-side analysts around the world for a decade. It's designed to provide perspective on how this audience is consuming information online and the implications for how companies communicate. In 2020, 537 institutional investors around the world participated in the survey.

Survey of 537 institutional investors around the world. Conducted online from 12 November to 19 November 2020. 74% of respondents described themselves as buy-side investors, while 23% were sell-side analysts.

Regional splits as follows



Primary author: Marshall Manson

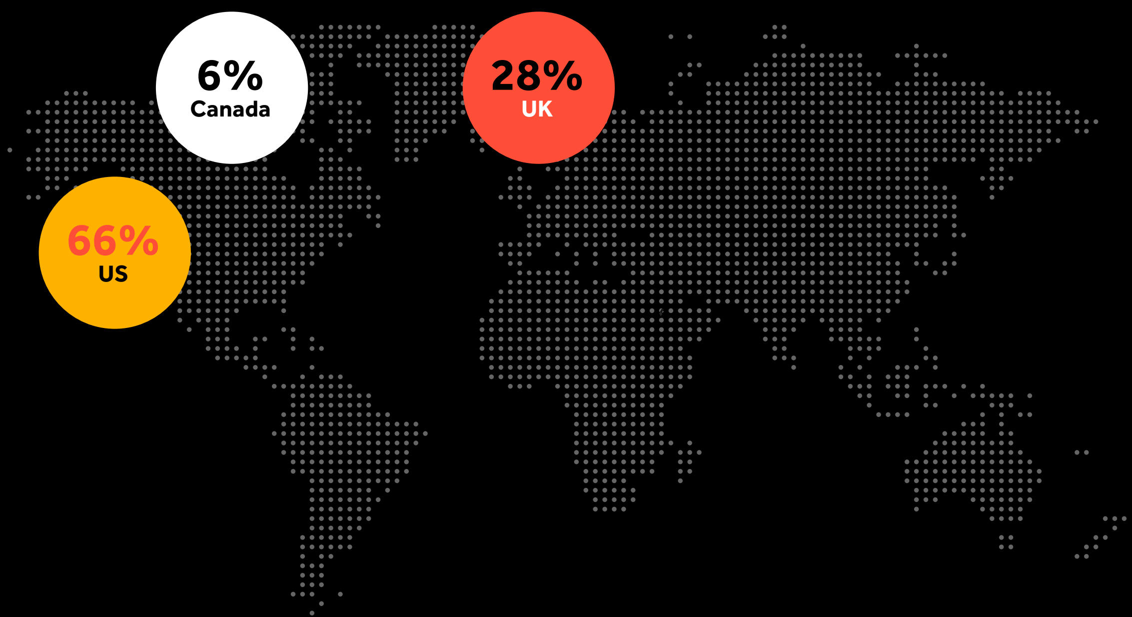
Contributions from: Hannah Page-Salisbury, Noah Kristula-Green, Sakina Bengali, Barton Lynch, Emilia Sipila, James McCobb, Mark Robichaux, Ben Burkill, Gavin Neil, Rudi Beqiri, Janelle Wright, Christina Trester

Follow-up Survey

Survey of 328 institutional investors in the United States, United Kingdom, and Canada. Conducted online from 8 February 2021 to 13 February 2021. 73% of respondents described themselves as buy-side investors, while 24% were sell-side analysts.

In order to make direct comparisons across years, prior year data on pages 9-10, is reflective of the same geographies and does not include respondents in Asia or Continental Europe.

Regional splits as follows



Brunswick Connected Leadership Survey

The Connected Leadership Survey was conducted by Brunswick Insight. The 6,500 employees surveyed were individuals across major global markets who are full-time or part-time employees at a for-profit company with over 1,000 employees. The 5,200 financial readers surveyed were members of the public across major global markets that regularly read at least two financial news publications. Data was collected from September 28 to November 29, 2020.

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https://www.brunswickgroup.com/digital-investor-survey-2021-i18508/

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