

## Preparing for

# ANNUAL GENERAL MEETINGS IN AN UNCERTAIN 2021

With economic recovery expected to be uneven in the second half of 2021<sup>1</sup> corporate issuers may need to consider a strategic plan from an investor relations perspective.

In Deloitte's CFO Insights: "Effective Investor Relations (IR): Lessons from the trenches,"<sup>2</sup> the following approaches were suggested to support effective investor relations in uncertain times:

1. Ensure the C-Suite understands the value drivers from your shareholder's point of view and their view of your company. Corporate finance individuals tend to focus on the P&L, and the balance sheet, while investors often focus on other items, such as cash flow and capital allocation, so it is important to address any issues. An understanding of investment community measures, what metrics investors focus on, their criticisms and the areas where your company is least understood will assist any communication effort required in the future.
2. Address "value gap" issues by having an effective dialogue with your investors that focuses on obtaining an understanding of the issues. Management debating valuation is generally not productive; and therefore, it is more effective to proactively discuss gaps directly that are supported by facts and measurable initiatives in a well-prepared statement during earnings calls, investor days or a public forum that observes the regulatory guardrails with respect to disclosure of information.
3. Communicate strategic changes or initiatives. Have clear, straightforward answers to investor's questions to explain the context behind the shift(s).
4. Disclose unfavourable news by working with investors with a mind-set of transparency and realism. Start by defining the topic, and then provide clear and concise information that would ensure an external understanding of the approach or process to a measurable solution. More importantly, a consistent and seamless message across the organization to ensure investors understand the situation and build confidence so that when issues do occur, the management team has a plan to get things back on track.
5. Deal with activist investors by engaging with them. The more you embrace and educate activists and other types of investors with differing views, the more successful you will be in appeasing many of those stakeholders. Perception becomes reality in many cases, which emboldens activists.

## Do you know who your shareholders are?

An investor relations function with a financial focus as well as a good communication strategy enables companies to manage effectively challenging situations. However, the investors that held your shares last year may not be the same investors that hold them today. Identifying the voting patterns of various investors and strategizing with you on a course of action is important. Having a knowledgeable partner with strong relationships in the investment community as well as a thorough understanding of the global voting process is equally important for you to achieve a successful result.

<sup>1</sup>Deloitte's Economic Outlook| January 2021 <https://www2.deloitte.com/ca/en/pages/finance/articles/economic-outlook.html>

<sup>2</sup>"Effective Investor Relations (IR): Lessons from the trenches," Deloitte: CFO Insights, 2015 <https://www2.deloitte.com/us/en/pages/finance/articles/cfo-insights-effective-investor-relations-ir-lessons-activist-shareholders-value-challenges.html>

## Do you know who your shareholders are? (Continued)

It is important to note that shareholders have different rationales for holding your company's shares. Are your shareholders:

- Long holding investment funds? If so, they may also be smaller Investment Counsellors that do not subscribe to any Proxy Advisory firm and fundamentally assess your company in-house.
- Are they retail shareholders guided by financial advisors or are they counseling themselves?
- Are they Hedge Funds that employ various alternative investment strategies?
- Are they quantitative funds that invest based on various mathematical formulas?
- Are they passive index funds?

Each type of investor has their own decision-making framework, guiding principles and processes. They can be located anywhere in the world and may or may not receive material through Broadridge. At D.F. King, we understand both your company's strategic needs as well as your investors. Our team has the deep corporate investor relations knowledge including experience working with both institutional and retail investors.

## What should the structure of your AGM and/or Special Meeting be – Virtual or Hybrid?

Cost is always a consideration but with the COVID pandemic distancing measures, virtual or hybrid annual meetings are the only options. As we approach the 2021 proxy season, some recent best practices and [perspectives on hosting a virtual meeting discussed in the United States](#)<sup>3</sup> may also be applicable in Canada. For instance, companies considering a virtual shareholder meeting may consider incorporating a set of best market practices that incorporates feedback from shareholders.

## Do you have the right partner supporting you in achieving the highest shareholder engagement and/or success with your transaction?

Shareholder engagement extends beyond providing general quarterly updates. It also involves identifying, locating, and providing the right support, to institutional or retail investors, understanding their needs. In bringing together the best process strategically and operationally to achieve the desired result, does your team consist of:

- Legal professionals with access to an understanding of the legal requirements in other jurisdictions (as required).
- Information Agent or consultants with strong depository intermediary/ participant relationships and access to CDS, DTC and the foreign Depositories.
- Information Agent or advisors with a strong operational understanding of the global market place framework and the knowledge on how a transaction needs to unfold in order to minimize impact on the company, its investors, while remaining cost efficient and supporting the highest success rate or result.

<sup>3</sup>Zally Ahmadi, "Considerations for Virtual Shareholder Meetings in 2021," D.F. King, February 2021.  
<https://lp.astfinancial.com/rs/573-SHZ-365/images/7504-R4A-Virtual-Shareholder-Meetings-Tear-Sheet-3.pdf>

## Do you have the right partner supporting you in achieving the highest shareholder engagement and/or success with your transaction? (Continued)

- Proxy Solicitors that can locate and support a productive dialogue with your investors no matter whether they are institutional, retail, local or global and provide accurate projected vote reporting because they know can successfully identify the pending votes.
- A dependable Transfer Agent with an understanding of your and your investors' needs and works with you to ensure satisfaction is achieved on both fronts.

Ensure that you have an experienced and dedicated team supporting you in all aspects of your meeting or transaction so that you can focus on your business.

## Are You Considering a Virtual Shareholder Meeting?

As the 2021 proxy season approaches, companies considering a virtual shareholder meeting should consider reviewing: the emerging set of market best practices, updated proxy advisory firm policies, updated offerings from virtual shareholder meeting providers and feedback from shareholder engagement.

At AST and D.F. King, an AST Company, we're ready to support all your annual meeting and proxy solicitation needs with proper research, planning and smooth annual meeting execution. Complementing AST's transfer agent services, D.F. King offers a full range of proxy and corporate governance advisory services, including ownership intelligence, investor perception studies and information agent services.

As you plan amid economic uncertainty due to COVID-19, you can count on all of us at AST and D.F. King to provide the Annual Meeting and proxy solicitation services and support you need. If you require some clarity or support on any aspect of your meeting, please reach out to your Relationship Manager and they will be able to provide you with assistance.

Contact us to learn more about how our solutions and expertise can help your company.

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