Managing the rapid evolution of investor engagement

Volatility. Tariffs. M&A. Activism. Policy change. Regulatory change. Geopolitical shifts. Change and uncertainty have brought us to the halfway point of 2025, with challenges impacting how to best engage with an often fluctuating and complex shareholder base.

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Going into the second half of the year, we examine some of the tips, tricks and trends that IROs can harness to deliver ever more value to their management, boards and shareholders.

IR professionals around the world have been operating on shifting sands. While they are adapting to a new political and regulatory environment, management and boards are reconsidering their priorities. At the same time, more data is becoming available – something that is hugely beneficial but potentially also overwhelming.

Having the right perspective on this picture changes everything. What IR teams need is the right information, at the right time and with an added level of depth that helps them see the competitive angle that allows them to get ahead of conversations.

“Whenever our management is out on the road, we try to be very clear as to what our own macro assumptions are,” explains one senior IR professional at a US-headquartered bank.

“Back in 2024, for example, there were talks around rate cuts. Are we going into a recession? This certainly led us to be more conservative on the lending side of our business.”

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To 13D or not to 13D

Your company has likely come up against multiple headwinds amid the market turmoil we have seen this year – as well as hopefully some opportunities. As an IRO, you will want to understand what your investors think about your company, your management, your peers and more. Investor feedback is a vital part of the glue that holds together a puzzle IROs must put together to deliver real value to their management, their board and their investors.

But in February 2025, a new complication arose after SEC guidance was issued on the circumstances in which an investor must file a 13D report.

“That regulatory change has had a huge impact on engagement”, says David Farkas, NIRI member and Head of Shareholder Intelligence at Georgeson, a Computershare company.

The change requires investors with a more than 5 percent holding to become a 13D filer – if they engage with an issuer in a way that pressures the company to adopt certain measures or ties support for directors to adoption of certain provisions. Farkas describes this as the biggest shift of the season and one that has already been ‘very problematic.’

“What we’re seeing at the beginning of calls is almost like a safe harbor statement,” he explains. “Investors will say, ‘We are not looking to influence management.’ They are essentially in ‘listen-only’ mode.”

Any reduction in feedback impacts an IRO’s productivity. But Farkas says, “Companies are just not getting it from some of the larger investors now.” There is broad frustration around the rule change – from the company side but also among investors who want to be able to share their views ‘without necessarily becoming a 13D filer.’

This makes it harder for IROs to get a picture of where some investor education might be needed. It also makes it harder to have meaningful conversations around hot-button topics such as ESG, DEI or the impact of tariffs.

“IR is pivotal here and, as IROs, we need to make sure that in the midst of all this fervor and passion, you try to leave your political beliefs at the door,” advises one senior IR professional, adding that she gathers feedback on ESG through an annual ESG non-deal roadshow and conversations with heads of stewardship.

“You need to remind the company that the formation of capital is important, keeping lines of communication open with all investors is important,” adds this IRO.

There are repercussions for the proxy too. Farkas points out that this quietening down of investor feedback makes it harder to gauge how investors are going to vote their shares. “Proxy advisors become incredibly important because that is an avenue to help get a vote across,” he says.

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The growing willingness of major shareholders to support activist campaigns, with M&A activity and CEO performance key focus areas

It is against this increasingly tricky engagement backdrop that companies must also contend with a growing willingness from major shareholders, including traditionally passive funds, to support activist campaigns.

Some highlights from **Georgeson's annual activism report** include:

- Half of activist campaigns in North America were mainly focused on appointing or removing board members or C-suite executives during 2024. M&A or divestitures accounted for 26 percent of campaigns, with 12 percent targeting operational issues
- Large-cap companies (those with a market cap of $10B or more) received a third of all activist attention in the US, with up to $2B market caps accounting for more than half of activist activity. 'Smaller companies are also less likely to have sufficient resources to defend against activists, which can likely lead to a quicker settlement,' note the report authors
- Activists succeeded in one out of five M&A demands at large-cap US companies in 2024, though there were also good rates of success across mid and small caps, with authors expecting 2025 to 'prove more conducive for overall M&As'
- In Europe, institutional investors play a more prominent role in activities that could be classified as activism than in other regions: 37 percent of such demands were made by institutional investors in 2024, versus 28 percent by activists

Activists succeeded in one out of five M&A demands at large-cap US companies in 2024.

"We've seen a resurgence in activism across multiple markets," explains Kirsten van Rooijen, Integration CEO, Investor Engagement and Head of Issuer Services, Computershare Continental Europe. "Campaigns are becoming more sophisticated and nuanced, often focusing on governance reforms, board refreshment, ESG-related performance and capital allocation strategies. **Traditional activists are now being joined by institutional investors who are more willing to challenge boards**, especially where perceived underperformance or misalignment with shareholder interests exists."

While IR professionals might have traditionally come in a little later in an activism situation, van Rooijen says these now front-line teams are 'increasingly alert to activism.' And, she explains, campaigns can gather support even from unlikely sources.

"When portfolio performance is difficult, any alpha is welcome: if activism creates a pop in the share price, it can be very tempting for fund managers to look to bank a gain, no matter how much they like the company and its management team," she warns. This might be at odds with most active investors' goal of long-term buy in, but van Rooijen stresses that fund managers are themselves benchmarked to quarterly performance.

"No matter how long term they want to be, few fund managers can withstand two consecutive quarters of poor performance. This makes all companies more vulnerable to short-term decision making from the buy-side," she continues. It is crucial that IR teams talk to investors to understand and address their key concerns in a bid to 'head off any potential activist campaigns before they come to fruition.'

Within this resurgence, data points to two key areas of focus: M&A activity and CEO performance.

On the M&A side, van Rooijen explains that while increased interest rates and volatile equity valuations have made deal-making more complex, M&A-related activism is on the up. "Shareholders are scrutinizing both the rationale and terms of deals more closely. Investors are demanding better disclosure around synergies, execution risks and the strategic rationale of transactions," she notes.

When it comes to CEO performance, van Rooijen describes chief executive accountability as being 'under the microscope.' "Investors are connecting executive performance more directly to long-term value creation, ESG execution and resilience during uncertainty," she stresses. "We're seeing greater pressure on boards to justify CEO compensation, a focus on succession planning and leadership during transformation or crisis periods."

Board experience is another key touchpoint, despite universal proxy cards not yet having the impact anticipated.

Going forward into the second half of the year, IR professionals should expect:

- A further institutionalization of activism
- More scrutiny around ESG delivery versus ESG rhetoric
- A greater use of technology and data analytics by investors to monitor issuer performance
- A rise in cross-border engagement, especially in markets where governance norms are shifting.

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Engaging in a volatile world

The current environment, from shifting views on ESG matters to greater scrutiny of senior management to the simple inability to give certainty to what's coming up over consecutive quarters, is having a big impact on the ways in which companies are engaging.

Even as SEC policy changes have impacted feedback from some investors, elsewhere, engagement continues to intensify in both frequency and complexity.

"The geopolitical and macro environment are influencing management's priorities and focus," points out Ann Bowering, CEO, Issuer Services, Computershare North America. "In the need to adapt in very short-term ways to disruption, management is focused very much on operational stability, business continuity, positioning for the medium to long term – in what is a very fast-changing, uncertain environment."

"Their shareholders are looking for confidence, clarity and vision of strategy in responding to this environment. That **communication and engagement is a really important piece, but it is also really challenging because the environment in which you are doing that is changing rapidly** with likely different impacts on different parts of your business."

Biopharma companies have felt the urgency of these challenges in 2025. One IRO explained how she was trying to differentiate engagement as a small cap in a struggling sector. "When you are a small company, you have to think a little bit differently. There are multiple companies trading for less than cash. You have got the geopolitical noise that is so loud right now and very overlapped with the investor community: I have never seen so many analyst notes focused on what is happening in Washington.

"With all that noise, looking at ways that we can differentiate our story, looking at ways we can differentiate our relationships with investors and really elevate our message becomes key," she stressed.

In a climate like this, the role of IR is critical.

"When things are so volatile, with news flow and the range of possible outcomes turning on a dime, it is easy to become paralyzed," says Bowering, adding that it is important to remember that fund managers will share this sentiment too. "They will not want to rush into decisions based on limited information and risk crystallizing large paper losses at potentially exactly the wrong time," she notes.

Like Bowering, van Rooijen stresses that communication is key. "IROs need to get out there, put their head over the parapet and talk to investors," she explains. "This is not a time for detailed guidance: when short-term visibility is low, long-term investors will be focusing on quality franchises, with strong market positions and client relationships, high returns, strong cash generation, impregnable balance sheets, supply chain resilience, diversification. At the same time, many investors may also face redemptions and a need to raise cash in their portfolios – they will be searching for companies in a potential weak spot that they can sell."

Bowering agrees, "The need is for IR to communicate how their business has weathered storms time and again – and that market dislocation – creates opportunities. In times like this, the right communication at the right time helps ensure investors understand why they are invested in your story and want to retain that position for the long term," she says.

All this requires a matching shift away from the old playbook: the once-a-year roadshow is out, dynamic engagement is in. What's needed is:

- Ongoing, two-way engagement across a broader set of stakeholders
- Differentiated messaging by investor type
- The strategic use of ESG and governance metrics in storytelling

Early engagement with proxy advisors and key shareholders ahead of proxy season or transactions.

At many companies, IR is increasingly talking the lead in investor one-on-ones. IR Impact data shows that in-person, **IR-only roadshows were up 3 percentage points to just over a fifth (22 percent) of the total in 2024**. For virtual events, North American IROs ran 24 percent of roadshows without management representation in 2024.

Having the right IR skillset is essential. The ability to tell the right story. The ability to get management in front of the right investors – with the right datapoints. Having insights into the share register or an investor's thinking post-meeting. These are the strategic value-adds that are elevating the modern IR role and, as we move further into the data age, smart IR professionals are using the information available to them to support that role progression.

Overall, Bowering sums it up when she says, "The role of IR is evolving – from a communications function to a critical, strategic bridge between capital markets and corporate leadership. By staying ahead of investor expectations and emerging risks, IR can safeguard corporate reputation, shore up shareholder support and drive long-term value."

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Innovative ways of engaging with shareholders using data and intelligence, including around annual meetings

So how do IROs arrive to and maintain this strategic level of investor relations – even as the role becomes ever more demanding? The answer is in the very tools and services that offer both a competitive edge through data as well as the support and personalized insights that allow you to get the utmost from that data.

A clear thread of technology runs through the myriad of challenges issuers have faced over the first six months of 2025. New or enhanced solutions are seeking to keep pace with the growing needs of the modern IRO as companies look to them for insights on shareholder activism, as they take up the ESG mantle or simply seek to provide as much clarity to management and the board as possible.

This is where Computershare has set its sights — on the efficiencies that also elevate the role of IROs. Computershare services are driving forward innovation in everything from feedback tools to services that help cut through what Bowering terms 'the gatekeepers' muddying the US share register waters.

Farkas talks about the ways in which stock surveillance is used – a core IR tool but also an area of issuer-led innovation. It allows IR teams to understand who is influencing the stock but it is also about understanding who to meet on the road. Elsewhere, stock surveillance serves as a key tool in shareholder activism prep.

"We are the first line of defense for an activist campaign, because we see the trends on the back end," explains Farkas, talking about a difference between a hedge fund purchasing shares and a hedge fund purchasing shares for shareholder activist purposes. "We are able to monitor the derivative activity, we let IROs know when there is something suspicious and make sure they are not caught on their heels. It is all about knowing what is going on in advance."

He is also seeing clients get creative with their surveillance data. "I worked with a client where the stock was under pressure, with two of their top shareholders selling out. The company increased its share repurchases and saved the company several million dollars," recalls Farkas. He also points to companies using surveillance information for M&A purposes or to better monitor and predict the register around an IPO.

But key to really getting your ROI on the data are the insights derived from real people, he adds. Like the IROs he works with, Farkas is seeking to build that added layer of trust. "We want people to think, 'Okay, if my stock surveillance provider doesn't say that there's an issue, then there is not an issue.'"

Bowering points to the investment that Computershare is making in driving forward its core purpose. "Our job is to connect listed companies with their shareholders. That is what we do," she stresses. And it is an area ripe for efficiencies.

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One such example is the firm's soon-to-be-launched app that 'allows us to digitally identify a shareholder and help them embark on a digital journey of connecting with their listed assets,' she explains. A first for the US, the app makes the ownership process easier for investors while also offering benefits from a company perspective, such as the opportunity to send alerts.

That might be a reminder that the AGM is coming up and you need to register your votes; it might be a message from your CEO about why you should support a specific corporate action. "It is about opening the channel of communication digitally for the shareholder, but it is also a really exciting initiative for IROs," says Bowering.

Elsewhere, Computershare is investing in technology that allows the firm to better capture the sentiment of shareholders at various touch points – another key development in times of fast-changing market moods. "It is about efficiency and how informed an IRO is about their shareholder base," notes Bowering.

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Strategy amid uncertainty

It is often said that IR shines in a crisis and that's certainly true in today's volatile markets: IR has become a critical, strategic function essential to weathering any challenge. It does that by having insights and depth of understanding that allows management to be agile when necessary. These skills become key assets when fund managers are potentially selling even those stocks they find value in – a situation that Computershare experts expect to run through to 2026.

But IROs cannot do it alone. And they do not have to. Firms like Computershare can help IROs by not only delivering actionable data, but also confidence. This supports an IRO's ability to engage the right investors, to improve their understanding of investor voting intentions or serve drive an IRO's ability to feed investor sentiment back to management and the board.

Computershare can help IR professionals:

- Deliver better understanding and engagement with the share register in a way that enables more robust solicitation – even more essential given the SEC policy changes we've seen this year
- Flag notable changes in the registry that could indicate activist interest – backed by context and decades of experience
- Build better forms of meaningful engagement with the investor base through a deeper understanding of who management should meet and what those investors are looking for
- Gather genuine feedback from investors post-meeting, with encryption allowing the kind of frank responses institutions are not typically comfortable sharing through a third party
- Deliver new and flexible forms of digital shareholder engagement that can push out everything from AGM and vote registration alerts to messages from the CEO that help build relationships and garner support for the proxy

Reach out to our leaders to learn how Computershare can support your investor relations strategy.