

# Investor Days: It's Catch-Up Time

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# Investor Days: It's Catch-Up Time

Large-cap US companies are lagging their pre-pandemic pace for hosting investor days, presenting a clear opportunity for management teams to engage. This is notable given data indicates firms who host investor days have shown stronger relative returns vs. those who do not. In this report, we take a look at trends in US investor days over the past 10 years, including over 1,150 events for S&P 500 companies, with a focus on the pre-pandemic and recent pandemic periods.

## Key takeaways

- **The hammer in the strategic toolkit.** Investor days are valuable to management as well as to investors. Planning and executing an investor day brings organizations together by committing everyone to a strategic plan and public financial targets.
- **Odds are you're overdue.** Large-cap US firms paused or slowed investor day activity as a result of the pandemic, and have only begun to rebound, creating an opportunity to re-engage now and get back on track.
- **Survey says: it's worth it.** Companies that host an investor day are more likely to have stock outperformance. While we do not assert cause and effect, we observe better relative stock performance (vs. sector benchmarks) among companies that held investor days in both the periods before and after the pandemic.

## More than just one day

Investor days are a powerful tool that firms can use to ensure their strategy is well understood by the investment community. But investor days also serve many important broader purposes, including:

1. galvanizing business leadership to the strategy;
2. setting clear financial goals;
3. driving transformations, new areas of emphasis from new management teams; and
4. binding stakeholders to a shared mission, including clients, employees, shareholders and communities.

These benefits, combined with investors' appreciation for investor days – and the long-term strategic framing they deliver – make these events a critical best-practice for all companies. When done well, they serve as a foundation for long-term strategic messaging internally and externally for years after the actual day, and build deeper relationships within the investment community.

### Fewer investor days are happening

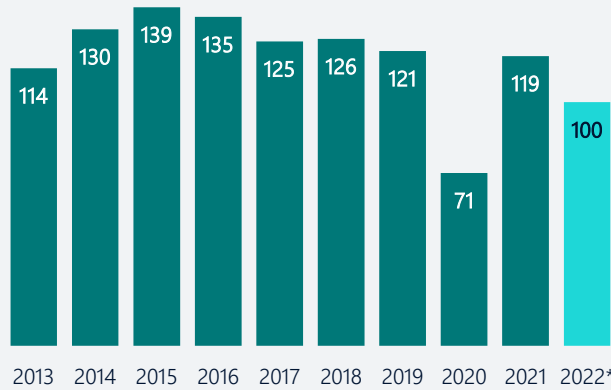
Over the past 3 years, there have been roughly 290 investor day events among S&P 500 companies, down 22% compared to the ~370 investor days held in the 3 years pre-pandemic.

The pandemic clearly drove the decline, but over the past two years, we have not observed a full and consistent rebound.

We believe this presents opportunities for companies who choose to engage, where an investor day can help differentiate them from the competition.

### Investor day frequency in 2022 still ~20% below pre-pandemic levels

# Investor days hosted by S&P 500 companies



Source: Brunswick Group, S&P Capital IQ; \*YTD Oct 31 prorated to full year.

### Not all sectors are the same

We observed that 49% of S&P 500 companies held at least 1 investor day event from the beginning of 2017 through the end of 2019, versus only 41% from 2020 through 2022.

Sector differences can help explain the gap. While healthcare, technology and industrial companies remained relatively active hosts in both periods, greater uncertainty for real estate and consumer discretionary appears to have had an impact.

Even so, with 8 of 11 sectors showing some level of activity slowdown in the past 3 years, the opportunity to re-engage is common among many US companies.

### Proportion of S&P 500 sectors that hosted investor day in the 3-year period:

Sector	Pre-Pandemic	During & Post Pandemic
Health Care	50%	55%
Information Technology	63%	49%
Industrials	55%	48%
Utilities	27%	47% ↑
Consumer Staples	64%	42% ↓
Communication Services	27%	41% ↑
Materials	46%	39%
Financials	48%	34% ↓
Consumer Discretionary	46%	29% ↓
Energy	30%	26%
Real Estate	45%	13% ↓
<b>S&amp;P 500</b>	<b>49%</b>	<b>41%</b>

■ >46%: Top    ■ 31%-46%: Middle    ■ <31%: Bottom

Source: Brunswick Group, S&P Capital IQ

## Value in presenting long-term goals amid uncertainty

Given high levels of uncertainty in the current market, investors are arguably more interested in hearing from management teams now than in other periods. Investor days provide a forum for management to reinforce how current strategy remains on track, or present an opportunity to share proactive strategic changes to better achieve long-term goals.

### Evidence points to benefits from investor days

Our research found better median company performance for investor day participants, in both the pre- and post-pandemic 3-year periods.

Specifically, companies that hosted at least 1 investor day event during 2017–2019 had a median excess shareholder return of 18 percentage points more than their respective sector return during that 3-year period. This compares to a 14-percentage-point median excess return over the 3 years for companies that did not host an investor event.

Over the course of the pandemic and in the post-pandemic period (January 2020 to November 2022), we found even greater median equity outperformance for hosts vs. those that did not host, suggesting that in uncertain times, investor communication is even more valuable.

Importantly, these measures are not intended to show cause and effect, but to demonstrate the positive performance associated to those companies that chose the discipline and transparency that comes from hosting investor days.

*The Strategic Investor Relations team at Brunswick Group helps leading companies globally execute effective investor engagement programs, including investor relations perception audits, investor thesis development, investor day planning, content generation and advice, management preparation and coaching, digital delivery, design and more.*

### To continue the conversation:

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