

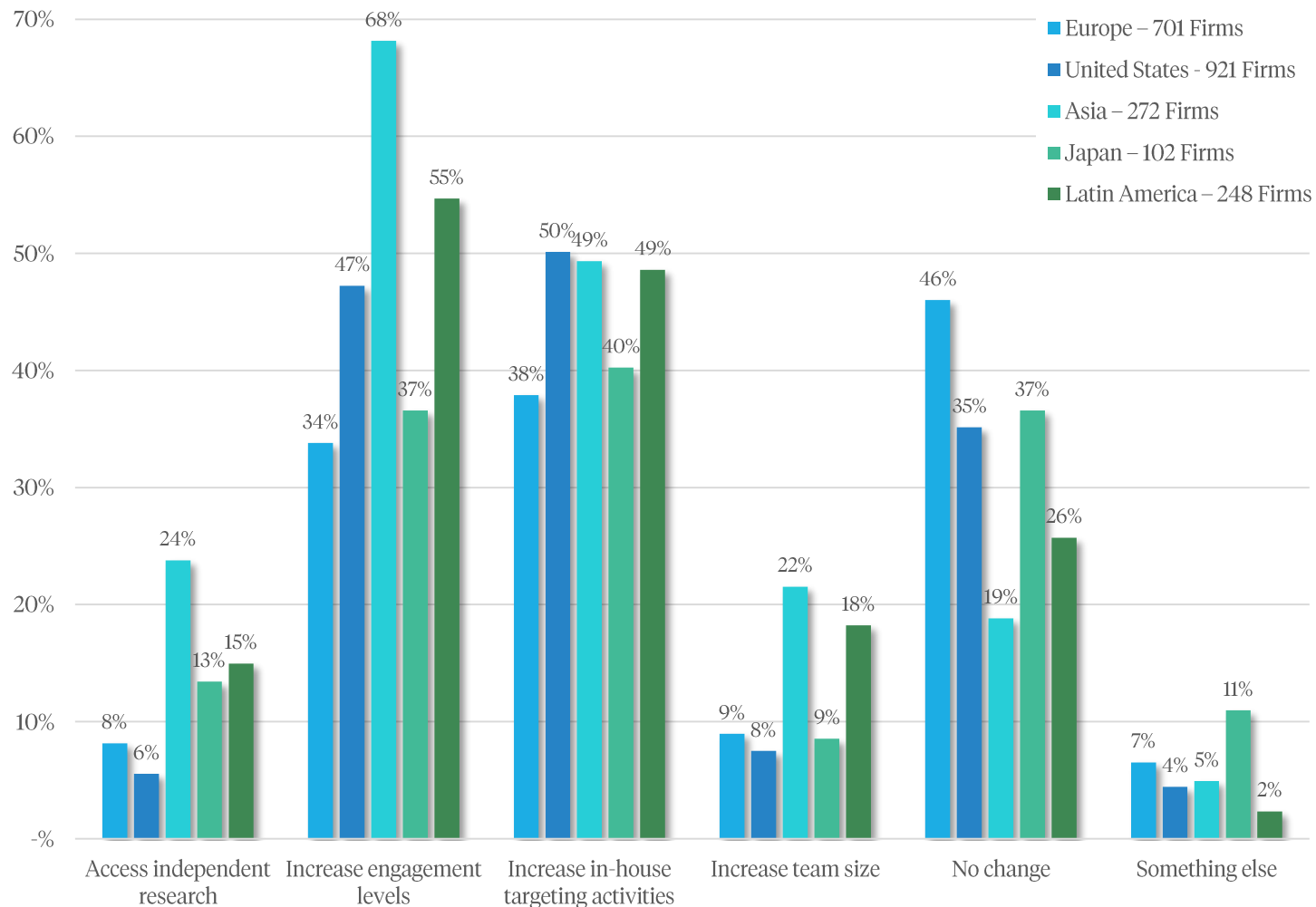


GLOBAL CORPORATE REACTIONS TO THE CHANGING INVESTMENT LANDSCAPE

2018/2019 Global Executive Teams Insights

HOW ARE CORPORATES RESPONDING TO MIFID II?

European firms are not yet as proactive as their global peers in the face of change

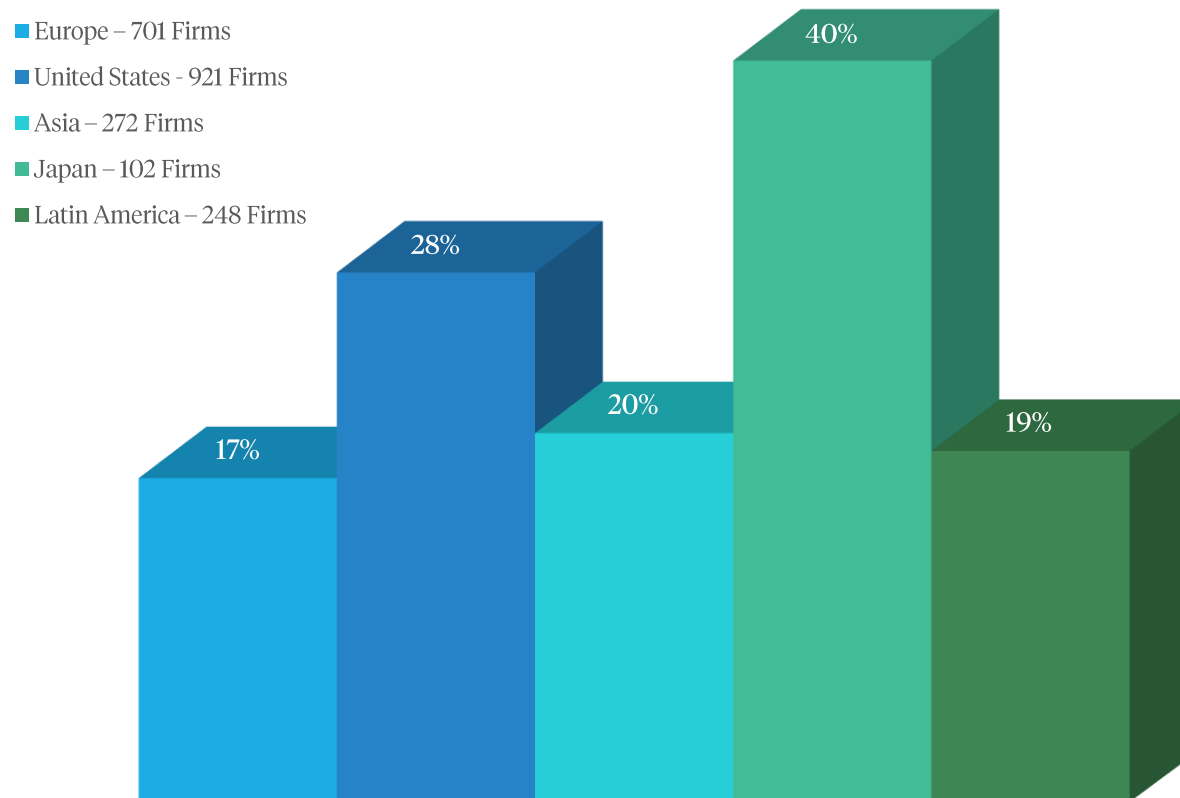


As the one year anniversary of the implementation of MiFID II approaches, the effects felt throughout the global investment community remain disparate across regions for the buy, sell, as well as on the corporate sides as shown in *Institutional Investor's* 2019 All-America and 2018 All-Europe, All-Asia, All-Japan, & Latin American Executive Team surveys. Nearly half of the U.S. Investor Relations Officers polled report that their firms plan to increase engagement levels and just over half will increase in-house targeting activities in the face of MiFID II changes. Asian and Latin American firms reported even stronger support for these measures. Interestingly though, IROs in Europe reported much lower support for these proactive measures and in fact nearly half of European IROs reported that their firms would make no change to their activities post MiFID II.

WHAT ROLE IS PASSIVE INVESTMENT PLAYING?

Passive investments are taking up larger portions of shareholders in the U.S. and Japan

As it has been noted that the investment community expects that passive investments will increasingly take up a greater part of investment market share around the world, this has not yet panned out in some many regions. In Europe, Asia (ex-Japan), and Latin America, passive investments account for only around a fifth of the shareholder structures of corporate firms. Conversely, passive investments take up more significant portions of the shareholders in the U.S. (28%) and in Japan (40%).

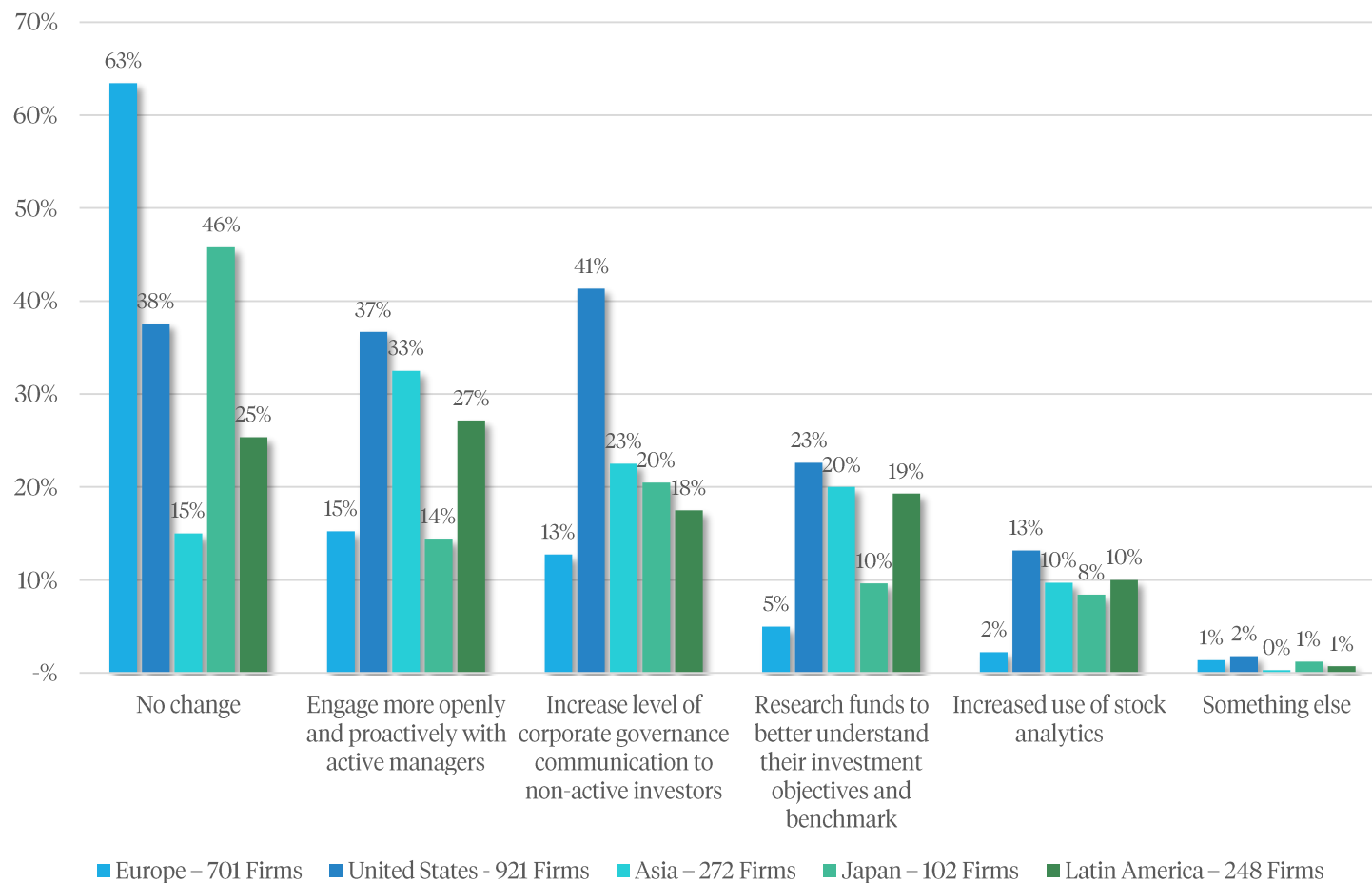


WHAT IMPACT IS PASSIVE INVESTMENT HAVING?

U.S. firms are doing more to make adjustments for passive investments

Similar to their responses in face of regulatory changes, the majority of European IROs also expect that their firms will not be making changes to their activities in reaction to passive investment representation.

Interestingly, even though passive investments account for 40% of their shareholder structure, nearly half of IROs responding from Japan also expect to make no changes to their activities. However, IROs in the U.S. are expecting to be more proactive in relation to increasing passive investments with well over a third of them report they will be engaging more openly and proactively with active managers and will increase the level of corporate governance communication to non-active investors.



Over 1,300 publicly listed companies from around the world participated in *Institutional Investor's* 2019 All-America and 2018 All-Europe, All-Asia, All-Japan, & Latin America Executive Team surveys.

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