



INSIGHT

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The story begins, as so many do, with a journey. A bookseller in a garage, a London-based antiques salesman who branched out into shells, then oil, and a Western Cape retailer with just eight stores. Fast forward to Amazon, Shell and Shoprite – three household names, and definitely companies you should trust with your money, based on their history.

Compelling investment rationale, or not so much?

Ultimately, these three stories, and most of those belonging to listed equities – globally and locally – are about evolution. It isn't always a revolutionary change, but each story is about constant innovation, strategic shifts, and goal progression. These are stories that aren't done justice through backward-looking, snapshot-in-time results presentations. A forward-looking understanding cannot be assumed based on a previous period's headline earnings, and not even on guidance or outlook statements.

It is all about a compelling equity story; not just an investment case, but an actual story. An equity story is a narrative that a company crafts, combining financial data with qualitative information, such as a company's competitive advantages, market position and management team, to provide a compelling reason for investors to buy its stock. Essentially, it's a comprehensive summary of a company's strategy, and its potential for future growth and profitability, tailored to resonate with investors. While this is not new news, it is important to remember that not all stories are created equal, and they certainly aren't all told with the same efficacy and impact.

The difference in story-telling ability is massive; a poorly told story might bore the dinner table, or your investor universe, while a well-told story has the power to captivate, persuade and create lasting impact by engaging both the logical and emotional centres of the audience's brain. It fosters connection, inspires action, and can even drive change.

And so, we get to the crux of this humble article. The role of Capital Markets Days (CMDs) in defining and delivering the equity story.

Consider this, you spend the day unpacking a new strategy, giving insights into a relatively complicated federated model, all while showcasing the depth and skill of your broader management team. Your share price rallies on the day and keeps going in the months after, with the event having acted as a catalyst for an equity rerating.

Alternatively, you could dedicate a morning to going into detail on a poorly understood part of your business that is ascribed zero in your broader valuation. Experts are brought in to illustrate the market positioning and growth potential. The share price rallies: optionality turns into material value and shortly thereafter, an offer is received for said part of the business, resulting in a disposal and accelerated shareholder value creation.

There are more examples of value-delivering outcomes such as these from CMD engagements, but the key takeaway from the stories above is that each company had something new or compelling to talk about. The time was dedicated to helping investors and analysts understand certain areas of the business that were of specific interest to them, or which were visibly misunderstood by the broader market.

Asking fund managers and analysts to sit through hours and hours of content that offers no new insights or tangible progress on strategy will not endear you to your audience. Think reading the latest best seller versus your school history textbook. Ultimately, it only makes sense to host a CMD if the audience stands to benefit beyond what they can gain from reading your company website and other already-published material.

And so, it should go without saying that the success of a CMD, as with the heart of any great story, relies on content. A well-crafted and compelling presentation is an art that requires a careful blend of storytelling, data visualisation and strategic messaging. Setting out a narrative that leaves your audience with a clear understanding of the investment thesis, while being mindful of their time, is at the core of a successful CMD.

The content of your CMD will depend on your underlying goals. Being strategic in your communications means defining exactly what you want the audience to walk away knowing – and creatively finding a way for this messaging to shine through.

Interactive and dynamic elements like videos, animated graphics, data visualisations, demos, polls, product displays, AR & VR experiences, and well-run Q&A sessions help your audience walk away with a deeper understanding of the messaging. Keep in mind that when you invest in engaging content in a thoughtful way, it can be leveraged across the forward investor relations calendar and other marketing initiatives. Additionally, employing techniques to create a more personal experience allows for more meaningful conversations between investors and company executives.

To fully drive home the message, seize the opportunity to immerse your audience in your company brand, highlighting softer messages such as values and purpose, and tangibly presenting innovations and key differentiators through the conscious buildout of a physical and digital environment. By really thinking through the attendee experience and creating a unique journey to complement the company's offer, you are not only telling a story, but allowing investors to feel part of it, creating a more memorable experience with longer-lasting impact.

Lastly, never ignore the epilogue. A CMD does not end when the presentations are over. The importance of a well-structured follow-up strategy to ensure that key messages resonate beyond the event and provide valuable insights for future improvements cannot be underestimated or overlooked.

Gathering feedback, analysing engagement metrics, and maintaining ongoing communication with investors are essential steps to maximise the event's impact internally. Every author wants to know when they have written a best seller!

The moral of this story is this; stories are hardwired into our very biology. We are storytelling organisms that use narrative structures to organise our thoughts, and because we use stories to recall facts, our knowledge is based on stories themselves. So don't save stories for bedtime, use them to influence investment time horizons. 

