MARCH 2025

THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET

AIM JOURNAL

Is there a case for better integrating registry with Investor Relations?

In last month's edition of AIM Journal, we looked at the Investor Relations lessons that might be learned from Saba Capital's string of actions in trying to force change at Investment Trusts - and the way that many of these entities were seemingly left scrabbling to cover all bases as they mounted their respective defences. That initiated some debate as to whether there would be a benefit if securities registry should be considered as a part of the investor relations function, rather than sitting where it does more typically under the remit of the Company Secretary.

Is this feasible – or simply an idea that sounds great in practice but would struggle to work in theory?

1) The language:

On the positive, a modern marketeer's clear focus when it comes to engagement and response rates would surely help close that gap between issuer and investor. Communicating in a language that puts investors first would have the potential to build trust between investor and the issuer. A fresh set of eyes on the narrative, along with what is said and how it is projected, could therefore reinvigorate that entire relationship.

2) The logistics:

It's important to remember that registry doesn't have to be a resource intensive process for the issuer. A modern registrar ought to be in a position to automate systems sufficiently to remove a lot of the heavy lifting by utilising already established digital tools and mechanisms. Technology means that issuers no longer need to be expert users when it comes to registry. Whilst there may be the occasional need for manual intervention - maybe when responding to technical shareholder queries - suggesting the challenges this may pose would be insurmountable fails to reflect the potential benefits of change or indeed the focus on usability that registrars like Avenir have invested so heavily in.

Is there a case for better integrating registry with Investor Relations? (cont'd...)

3) The oversight concern:

Any change like this would bring challenges, and the giving up of some oversight from one area of a business to another would require some learning on both sides. For example, the Marketing or IR team would still require a degree of supervision to ensure that all those vital legal responsibilities are still being met. From a management perspective, how easy is it for that to be divorced from the Company Secretary's office? Indeed, would the requisite back and forth especially in the early stages to ensure the narrative was compliant – and not just overly sales-focused - be a good use of all resources to meet the objective, or could this simply slow down the turnaround times? This may mean that a strategic shift like this would work better for larger companies who could in turn better accommodate any resource reallocation.

4) A cost/benefit analysis:

That leads to the wider cost considerations beyond the absolute headcount in terms of actual monetary and administrative resource. Today, there rarely appears to be budget for extra investor engagement and only when matters becomes urgent is the money found. But again this points back to the debate as to whether firefighting action is the best use of shareholder funds – and what positive impact a more proactive approach might deliver on the valuation?

What we have seen and learnt from the Saba saga is that at least in some instances, significant sums have been exhausted in defence processes that might not need to have been spent if better investor engagement had already been in place. So, in the aftermath of so many requestioned general meetings in such a short space of time, will any of the boards of the targeted Investment Trusts seek to justify the defence spend as a good use of shareholder funds or will some grasp the initiative to do things differently in the future? Indeed, can they seek to mitigate any such future spend risk by employing strategies that ought to make it easier to align the investors and the issuer? After all, as the old adage goes, "prevention is better than the cure".

Jai Baker, Head of Business Development, Avenir Registrars.

This article originally appeared in the March 2025 edition of AIM Journal.