A Look Forward at Next Generation Investors

NIRI Chicago Annual IR Workshop



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The Metropolitan - Willis Tower ◆ Chicago, IL

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What Year was the New York Stock Exchange Formed?

Poll question was…

- A 1602
- B 1698
- C 1776
- D 1792
- E 1849

NYSE





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How many Publicly Traded Companies are there in the World?

Poll question was…

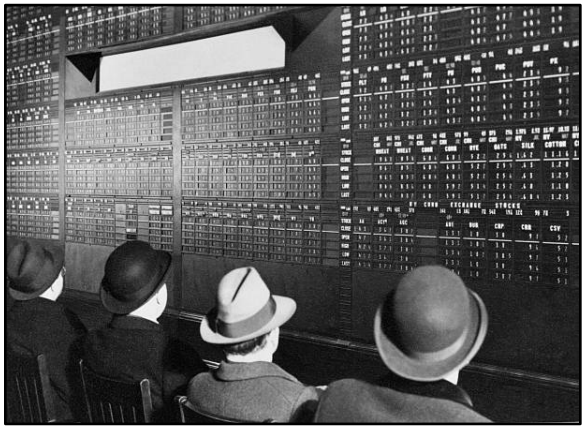
A 3,800

B 18,100

C 32,300

D 47,600

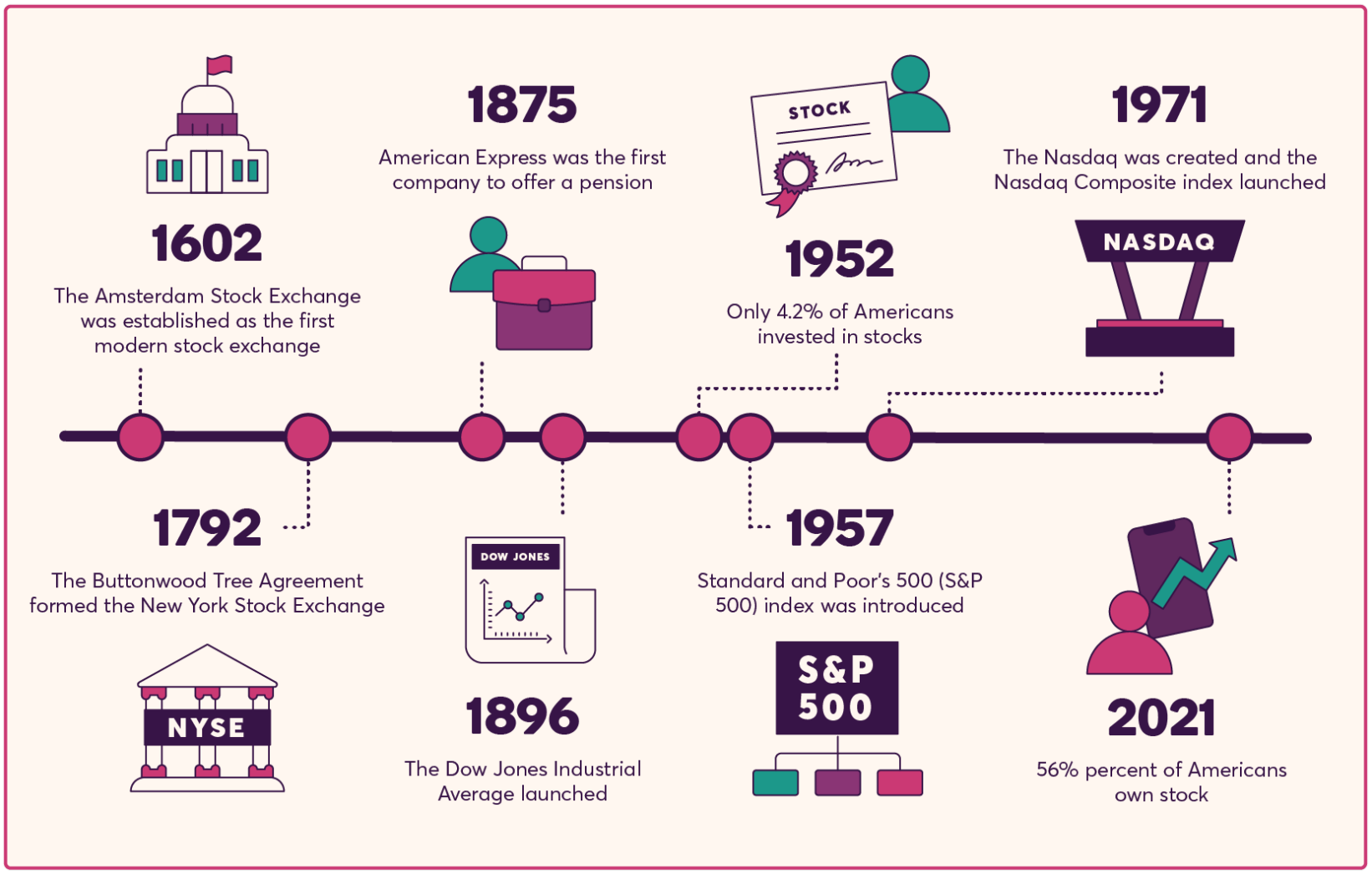
E 58,200





Source: World Exchanges (data as of 2022)

The Evolution & History of Investing



We Are Living in an Evolving World



Changing expectations



Industry transformation



Economic uncertainty



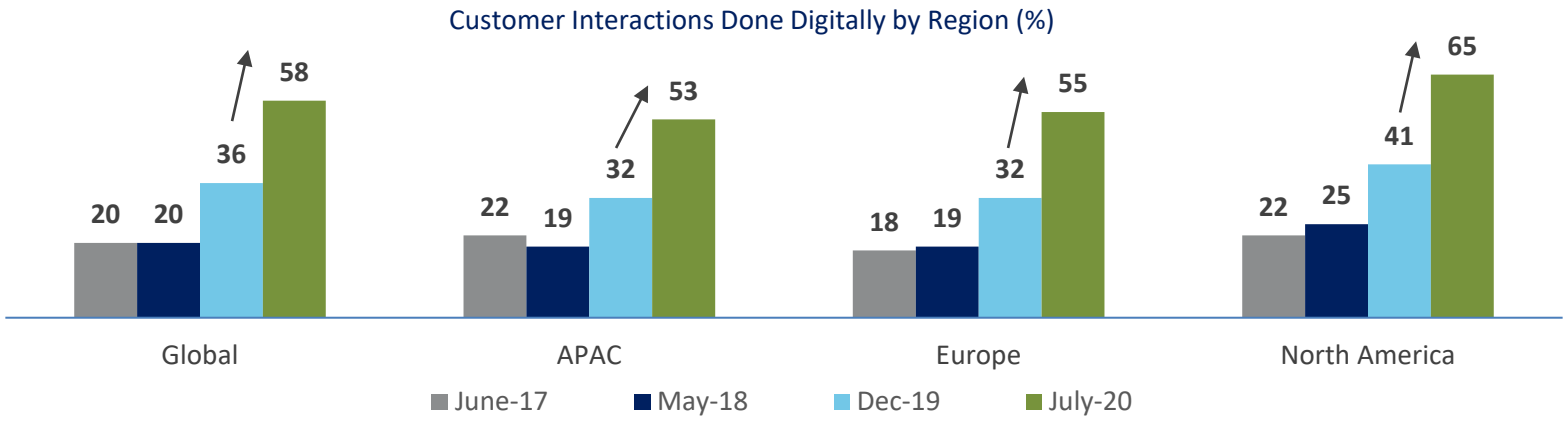
Regulatory environment



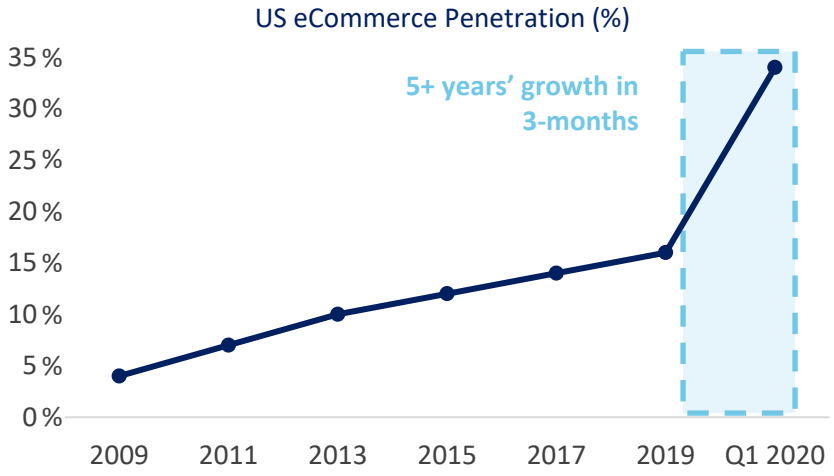
Digital evolution

The Pandemic Has Accelerated Digital Adoption Around The World

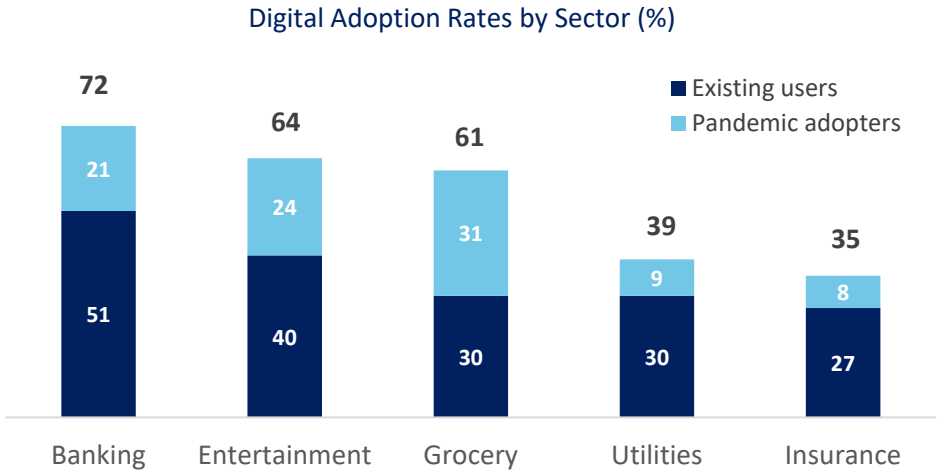
Leap in digital customers interactions globally



Surge in US eCommerce penetration



Strong digital adoption in banking



Source: McKinsey & Company

The Rise of the Investor Generation

- Every generation is influenced by the world around them
- Generational behaviors are shaped by macro trends in society
- You can’t stop progress
- Next Gen investors are Millennials and Gen Z
- Their influence is already reshaping the investment world



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The Pandemic Launched a New Generation of Investors

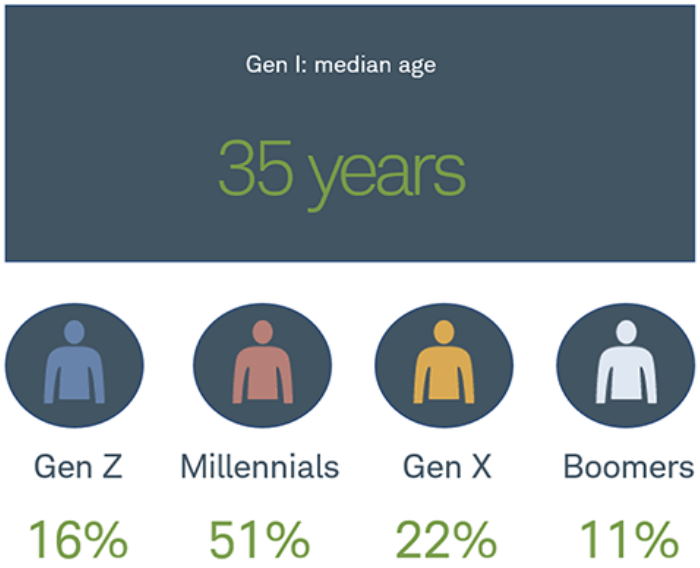
- 15% of U.S. Stock Market Investors got their start in 2020
- Charles Schwab calls this the “generation investor” of investors
- More bullish about the markets than older investors
- Lower trading costs and new products and services created greater ease and access
- Began as “traders” during the pandemic and are now “investing”
- Market volatility creating investing opportunities



Source: Schwab Stud

Who is Generation Investor “Gen I”?

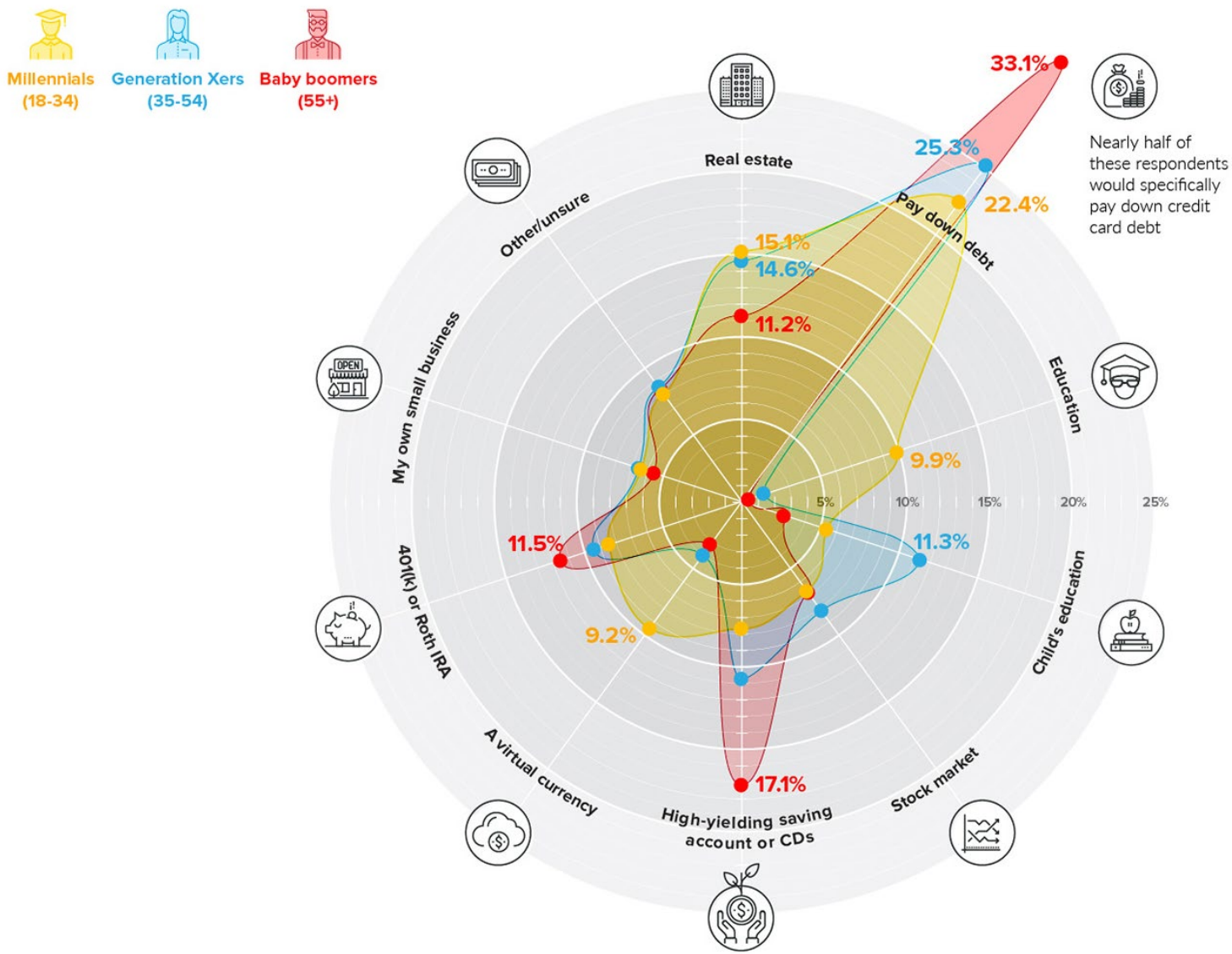
- Spans all age groups



- DIY mentality looking for tools and information
  - 94% want access to information and tools to “do their own research”
  - 90% want educational materials to improve their investing skills
  - 82% are interested in access to an investment profession to provide ongoing help and guidance

Source: Schwab Stud

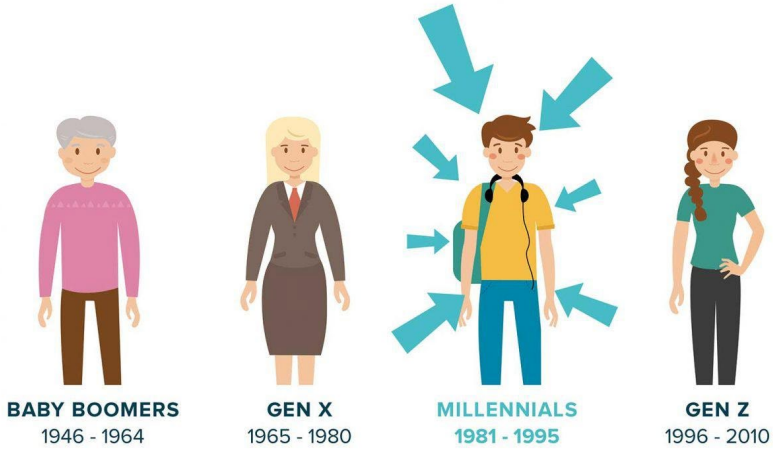
How Different Generations would invest $10,000



Source: LendEDU

Millennials

- Born between 1981-1996
- Age 26-41
- Total 72.2 million in the U.S.
- Largest generation today
- 1/3 of all millennials carry a student loan
- Into:
  - Friends – considered the most connected generation
  - Heavy users of digital technology and rank text messages as most used communication method
  - Work life balance is very important
  - Socially conscious and connected what's happening in the world

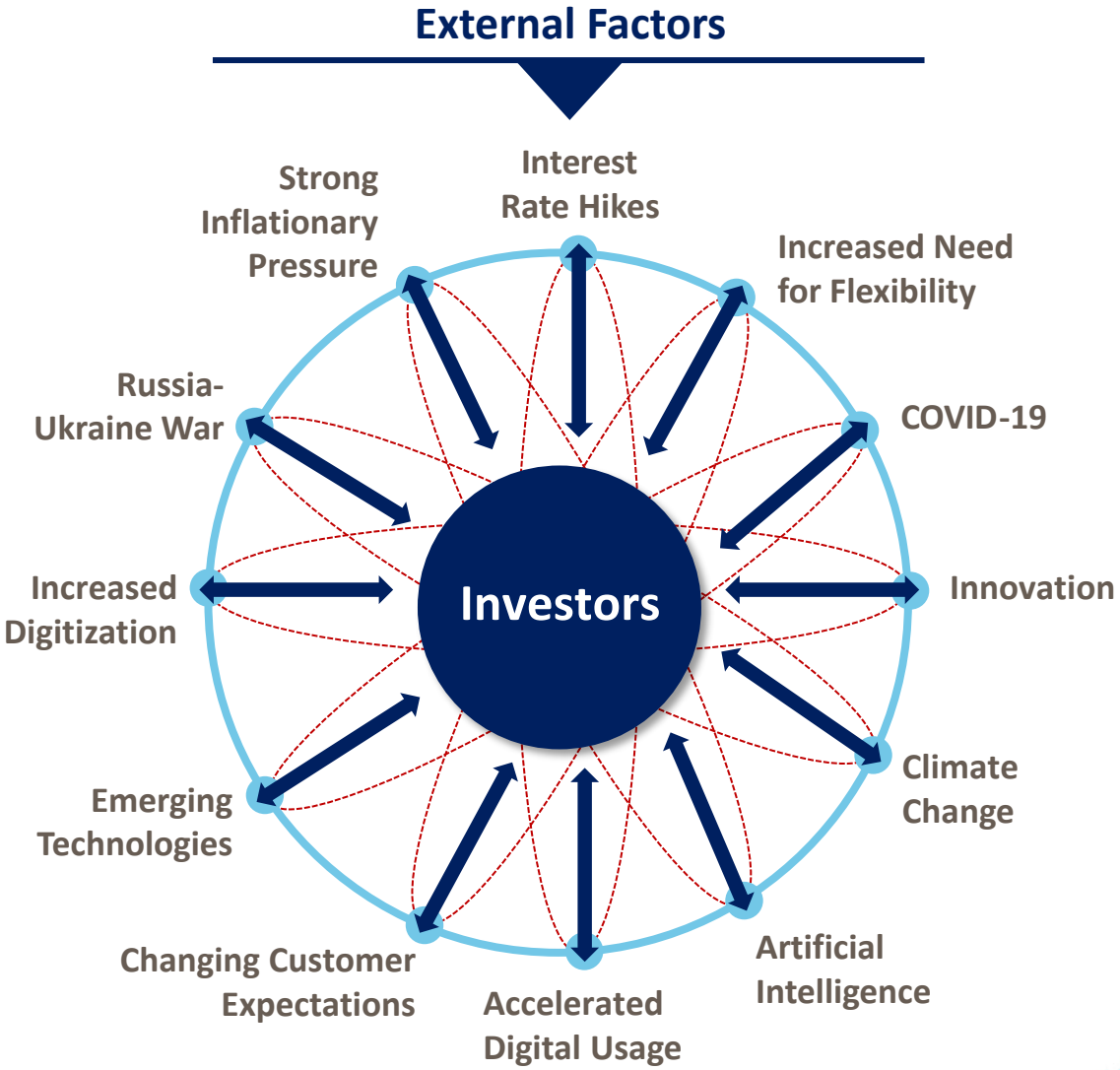


Gen Z



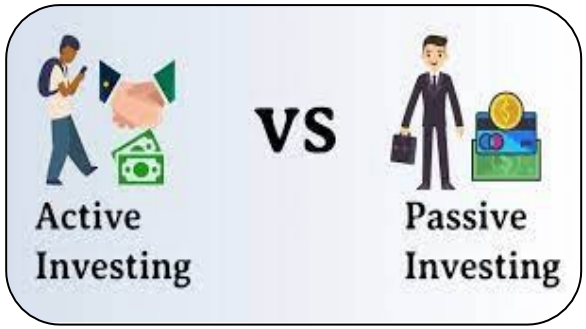
- Born between 1997-2012
- Age 10-25
- Total 68.6 million in the U.S.
- Into:
  - Anything digital native - no memory of a world without smartphones
  - Internet importance for connections
  - Social media is fully integrated into their daily lives - more image and video oriented than text, driving TikTok to surpass Twitter in popularity

Trends in the World Today that Investors are Focused On



Trends Reshaping the Investing World Today

Passive vs. Active



- Market structure has changed as we have seen a massive shift from active to passive investing
- Passive investing and indexing are mainstream investing strategies
- Rise in algorithmic trading

New Trading Platforms

Robinhood
E*TRADE
charles SCHWAB
reddit
TradeStation
TD Ameritrade
InteractiveBrokers

- Trading platforms like Robinhood have commission-free investing
- Online chat forums like Reddit, r/wallstreetbets and TikTok are influencing retail investors to buy stocks
- Meme stocks (GameStop, AMC, Bed Bath & Beyond)

Next Gen Investors



- Global investor base is becoming more diverse as markets attract new group of institutional and retail investors who think and act differently
- Many investors are young / tech-savvy with access to a host of new asset classes, like crypto & NFTs

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8 Key Themes That Will Reshape the Future for Investors



Artificial Intelligence



Blockchain Technology



ESG



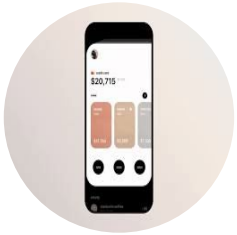
Digitization



Commission Free Trading



Cryptocurrencies & Digital Assets



Fintech Apps



Investor Appetite for Growth

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Next Generation Investor Relations Areas

- Movement from active to passive investments
- Asset allocation more important than ever
- Changed market structure
- Thematic investing
- ESG disclosures & metrics
- New methods and forms of communication



Conclusion

- The IRO role is changing
- It’s not just about fundamentals anymore
- We need to be more strategic
- Need different tools and resources
  - Need to reassess how we allocate our time



Today's IR Workshop

- Designed with these topics in mind
- Panel discussions:
  - The Rise of Passive & Thematic Investing
  - ESG Influences on the Buyside
  - Creative Approaches to Investor Engagement





