

ACTIVISM ... FLOATING ALL BOATS?

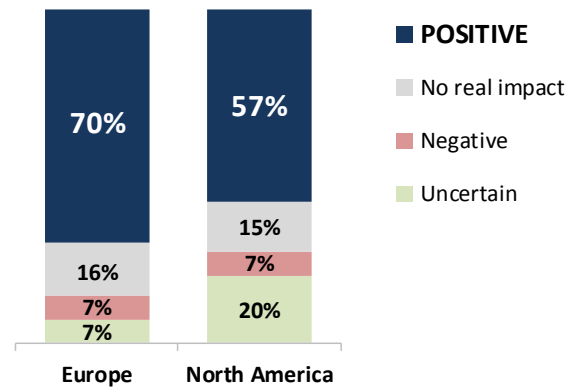
The old truism goes, "A rising tide floats all boats." Few would argue when it comes to an improving economy or demographic trends that make a key target market more robust for its core participants. But does the saying also hold true for such a controversial and disruptive trend as shareholder activism? Our research suggests that investment professionals on both sides of the Atlantic (but especially in Europe – refer to the top chart at right) believe that it does.

And the second chart clearly supports the first. European investment professionals (and their North American colleagues to a somewhat lesser degree) are rather convinced that shareholder activism will continue to grow over the next couple of years.

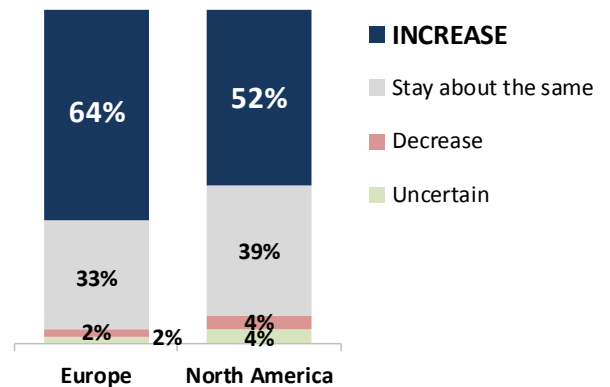
Accordingly, latent support for activism is always in place. Indeed, it may be that European investors, adrift in a general swirl of uncertainty about economic growth and the possible impacts of Brexit, are becoming especially receptive to activism as one of the few positive trends driving the appeal of equity investments at the present time.

These are sobering findings. It will increasingly be incumbent on investor relations officers to keep senior management apprised of the chronic risk, to keep a watchful eye out for vulnerability (especially on the corporate governance front, a favoured avenue for activist scrutiny) and persistently monitor the shareholder base for signs of activist involvement.

Impact of Rise in Shareholder Activism on Equity Markets
(Among the sell- and buy-side in each region, 2018)



Expected Trend of Activism over Next Couple of Years
(Among the sell- and buy-side in each region, 2018)



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