



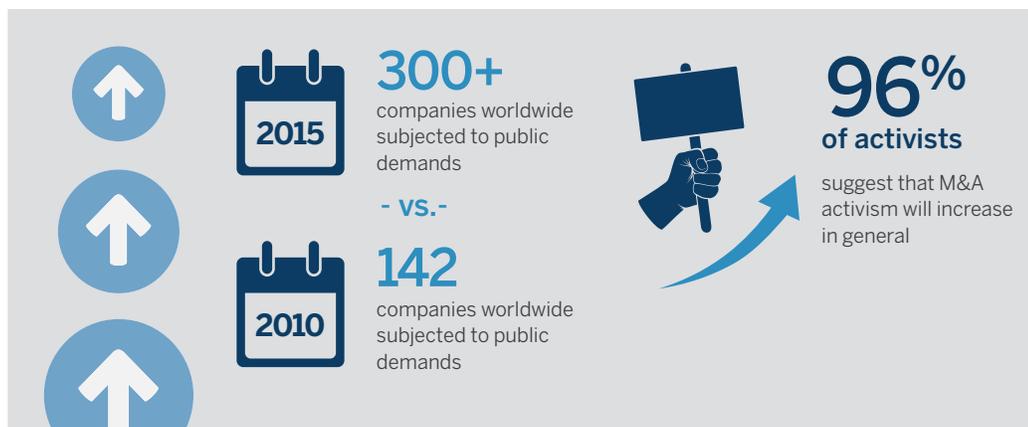
The Shareholder Activists' View | 2015 Second Annual (Part I of II)

Strategic Communications
FTI Consulting

FTI Consulting and Activist Insight surveyed 24 activist firms, which collectively have engaged in more than 1200 activist events in 10+ countries, including funds that have been involved in some of the largest and most high-profile activist situations of the past year. This is FTI Consulting and Activist Insight's second annual activism survey following last year's "The Shareholder Activists' View".

Appetite for Activism

There is continued appetite for activism in marketplace, and activist funds are continuing to position themselves to take advantage of this appetite.



The past five years have witnessed a sharp increase in activist activity, with 300 companies worldwide subjected to public demands in the first half of 2015, according to Activist Insight data. This compares with 142 in the whole of 2010. Activists themselves see no slowdown in the space over the coming year, with just 4% of those surveyed suggesting activism funding will decrease.

Primary focus activist funds now have assets of

\$169 billion

Partially focused activist funds control

\$173 billion



For a Total of
\$342 billion

focus activist funds now have assets under management of \$169 billion, while partially focused activist funds control \$173 billion for a total of \$342 billion.

One reason activist engagements have increased significantly over the past few years is the growing amount of capital at funds' disposal. It is estimated that primary

Appetite for Activism (cont'd)

"Activists are concerned with promoting change. Time and again they have shown the ability to navigate turbulent market conditions by adjusting their strategies."

— Steve Balat, Managing Director, FTI Consulting

This increase in monies has not only spurred more activist situations, it has caused hedge fund activists to increasingly target companies with larger market capitalizations. The number of board seats sought by activists at companies with market-caps of more than \$10 billion has almost doubled from the 23 sought between 2010-2012 to 43 from 2013 to present.

Investors in our survey overwhelmingly believed that assets allocated to shareholder activism would continue to increase. Simultaneously, these funds are positioning themselves to take advantage of this increased allocation; 86% of the funds we spoke with expect to engage in new capital-raising over the next 12 months.



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Stakeholder Cooperation

The wider financial community has grown progressively more accepting of activists, and activists have identified institutional holders as important future partners in their campaigns.

70%  indicated they expected an **increase in future partnerships with institutional investors and pension funds.**

100%  indicated **institutional investors have become more accepting of activist investors.**

Not only are activists raising more money, but they are increasingly cooperating with other financial stakeholders. Despite some high profile examples where two activists have invested in the same company, most activists don't expect to increase their cooperation with fellow activist investors in pursuing target companies. Instead, 70% indicated they expected an increase in future partnerships with institutional investors and pension funds. We have already seen these newfound partnerships play out in pairings of activists and pension funds in ValueAct's

collaboration with several large mutual-fund companies to garner a board seat at Microsoft, as well as in the CalSTRS support of Trian's nominees in its proxy battle with DuPont.

Simultaneously, there is a perception of greater acceptance of activists by these institutional investors. While the funds surveyed saw greater acceptance of their strategies across the board — from management teams, boards of directors, sell-side analysts, retail investors and the media — institutional investors were the most highlighted; all respondents indicated institutional investors have become more accepting of activist investors than in previous years. This benefit is felt not only in proxy contests, where institutions vote sizeable stakes. Indeed, it appears some institutional investors are even providing the leads for activist investors, waving them into a stock they believe is in need of the activist's help.



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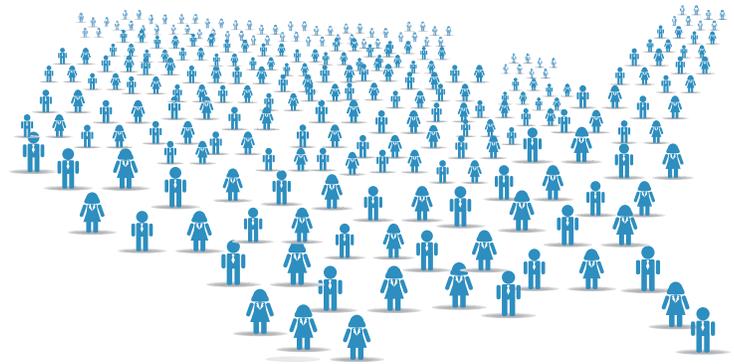
Geographic Shift

Investors increasingly believe the U.S. activist landscape is getting crowded, and are turning their eyes to Canada and Europe.

Although the proportion of activists who believe that increased competition for targets is reducing the opportunity set in North America remains a minority, the overall perception that the market is crowded has increased significantly, from 13% in 2014 to 40% this year. As a result, some activist funds have turned their eyes to other markets as well, specifically Canada and EMEA. Although both European and Canadian shareholder activism has decreased from their highs in 2012, the survey shows that this trend may be reversing in 2016. The most cited non-U.S. jurisdiction activists currently being considered for investments were Canada and the United Kingdom, both of which were cited by over 50% of funds surveyed. France, Denmark, Switzerland, Australia, and the Netherlands were also highlighted by a significant number of investors.

As activist investors begin approaching target companies in advance of their nomination deadlines for 2016 director elections, a greater variety of companies than ever before will have to prepare for dealing with an activist. A second part of this survey will address the main themes activists expect to dominate 2016, including which industries rank high on their list as the best to target.

[Register here for updates.](#)



The overall perception that the market is crowded has increased significantly, from



13%

- to -



40%

Contact Us

Steven Baletsteven.balet@fticonsulting.com

+1 212 850 5735

Jay Frankljason.frankl@fticonsulting.com

+1 202 312 9216

Ed Bridgesedward.bridges@fticonsulting.com

+44 (0)20 3727 1067

Geoff Seredneskygeoff.serednesky@fticonsulting.com

+1 312 861 4721

Adam Richesariches@activistinsight.com

+44 (0)207 129 1314

Josh Blackjblack@activistinsight.com

+44 (0)207 129 1314

For more information, visit: <http://activistinsight.com> and <http://www.fticonsulting.com/insights/featured-perspectives/fti-activism-solutions>

About Activist Insight

Since 2012, Activist Insight has provided its diverse range of clients with the most comprehensive information on activist investing worldwide. Regularly quoted in the financial press, Activist Insight is the trusted source for data in this ever-evolving space. Activist Insight offers two great products: Activist Insight Online and Activism Monthly Premium magazine, and counts many of the world's leading investment banks, law firms, shareholder communications firms and institutional investors as its clients.

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. With more than 4,400 employees located in 26 countries, FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management, strategic communications and restructuring. The Company generated \$1.76 billion in revenues during fiscal year 2014. For more information, [visit www.fticonsulting.com](http://www.fticonsulting.com) and connect with us on [Twitter \(@FTIConsulting\)](#), [Facebook](#) and [LinkedIn](#).

Research Methodology

The Strategic Communications segment at FTI Consulting executed the primary research, surveying 24 activist firms between June – July 2015. The survey sample consisted of economic activist funds that have been engaged in more than 1200 activist events.