



Top 10 Topics for Directors in 2019: Shareholder Activism

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Reading Time : 1 min

Institutional Investors and Long-Only Funds

This year has also seen an uptick in traditionally passive and institutional investors who have played an active role in encouraging company engagement with activists, advocated for change themselves and formulated express policies for handling activist campaigns. As studies have noted, the top 10 institutional investors owned over 30 percent of the S&P 500 in 2017. As a result, an activist's success may often depend on gaining the support of institutional investors, who themselves have taken more proactive measures over the past year, including the following:

- T. Rowe Price published its "Investment Philosophy on Shareholder Activism," which establishes its approach to handling activist matters and attempts to strike a balance between acting independently while also not initiating campaigns on its own accord.
- AllianceBernstein issued a report advocating for support of activist investors, stating that "active equity managers are best positioned to stimulate change, to promote corporate improvements—and to increase the power of activist investing in the future."
- BlackRock's Larry Fink's letter to CEOs, noted that issuers "must be able to describe their strategy for long-term growth," and, specifically, "in the United States, . . . companies should explain to investors how the significant changes to tax law fit into their long-term strategy."
- Vanguard also took an active role in campaigns, supporting activist investors in five out of 13 proxy contests that went to a vote in the United States.

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