

Survey Shows Retail Investors Open to Shareholder Activist Viewpoints

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A [recent survey by the Brunswick Group](#) counters beliefs that retail investors are always “pro-management” in any voting contest. The survey examined the views of 801 US-based individuals who play an active role in their personal investment decisions.

Two-thirds are aware of shareholder activism and 74% think shareholder activism adds value to companies “by pushing corporate executives and boards to make decisions about issues that company management is otherwise unwilling to make.” Most of these investors say that activists force companies to aim for long-term value creation for shareholders, while only a slight majority indicate that companies are already doing enough to return value to shareholders. 51% do not believe that boards of directors are working in retail investors’ best interest.

Interestingly, excessive executive compensation or executive compensation that is not viewed to be tied to a company’s performance is the main reason that a retail investor would support an activist proposal. Retail investors also tend to trust the financial press as the best source of information during a campaign, although a large majority would also read materials from the company as well as the activist investor and research the issue online.

The importance of retail investors, particularly in close contests, has been of increased interest lately and could be the subject of more focus as activism increases. The survey indicates from other sources that as of July 2015, 300 companies have already been subjected to activist campaigns, a 23% increase over the same period last year. Moreover, in 2014, a reported 249 companies were targeted by activists that had not experienced campaigns in previous years.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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