



# Shareholder Insights & Intelligence

ACTIVISM AND M&A SOLUTIONS



Driven by shareholder activists, potential regulatory changes and the rise in influence of retail investors, the evolving capital markets landscape has made it increasingly important for boards of directors, management teams and investor relations groups to be firmly in tune with changes in their shareholder bases and understanding the implications of those shifts.

A **stock surveillance service** provides real-time knowledge of the company's shareholder base and is especially valuable for investor relations teams and management teams to monitor the daily equity flows within their stocks. It allows the company to be more prepared when it conducts non-deal roadshows and outreach to the investor community after an earnings call, while also managing investor access to executives.

Real-time shareholder identification is also a vital tool for companies that are facing a contested M&A or shareholder activist situation. The ability to identify an accurate shareholder base is critical to recognizing early action and estimating how many votable shares investors hold within their portfolios. Stock surveillance is the first defense against shareholder activism, as it provides data on investor purchases before they are in the public realm. Many shareholder activists build their positions with over-the-counter (OTC) derivatives, and it is important to understand the mechanics of these tools as it relates to an investor's beneficial ownership.

#### — HOW FTI CONSULTING CAN HELP

Our team's approach to shareholder insights and stock surveillance helps clients navigate complex markets and uncover unique opportunities by combining the traditional elements of interpreting investor ownership and trading data with our full suite of resources and capabilities. Regardless of size or financial status, we tailor our offering to suit the immediate needs of the client, while focusing on the client's long-term aspirations.

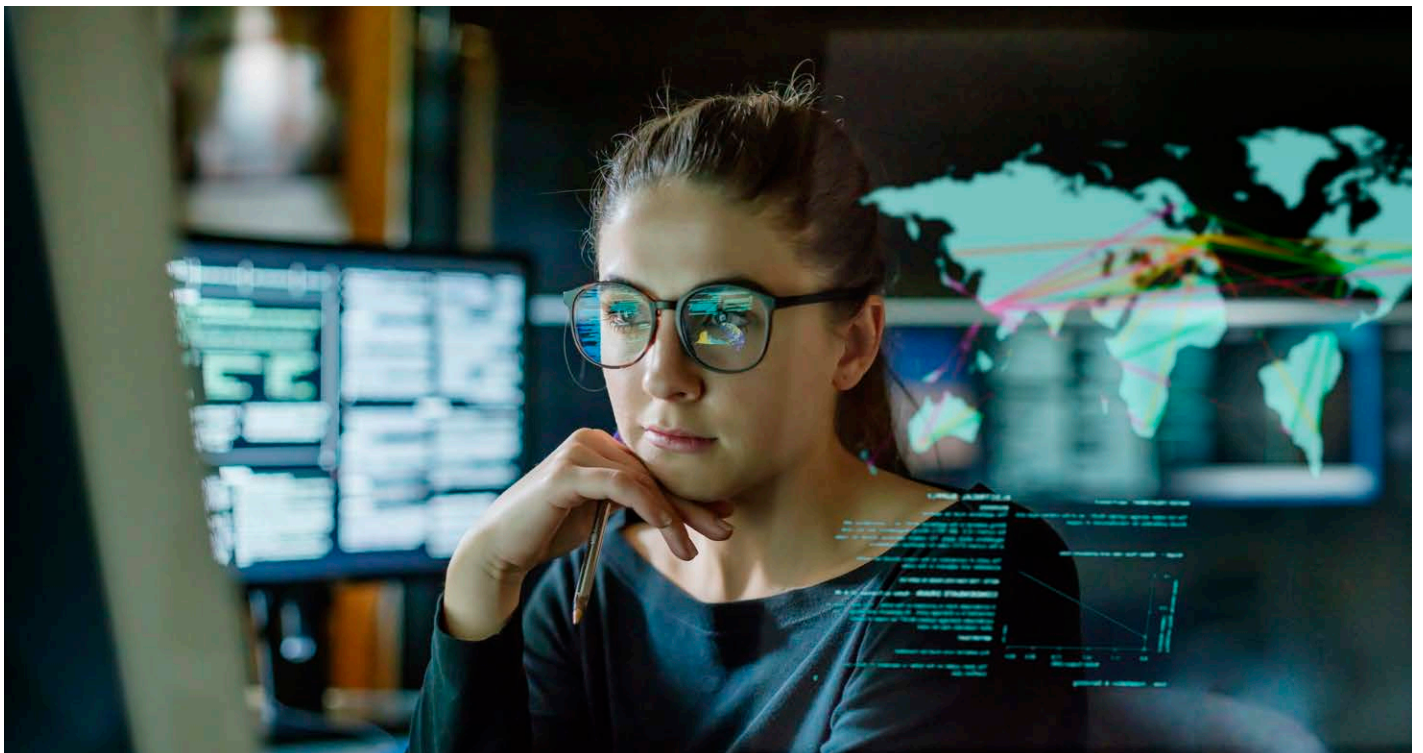
Combining a stock surveillance offering with the capabilities of a global consulting firm gives clients access to a network of professionals with varying expertise. Our team has over 20 years of experience working with publicly traded companies, their C-suites and boards of directors in order to create a stronger investor relations program, while strengthening their activism preparedness plans to capture the "first mover advantage" in the context of a potential proxy fight.

## Stock Surveillance/Investor Targeting

- We use quantitative and qualitative data to craft real-time shareholder lists for investor relations professionals to help them understand the ebbs and flows in their stocks
- We calculate investor cost bases to provide context into shareholder movements, explaining whether investor transactions are driven by profit-taking, or if there is potentially a disconnect with the company's vision
- We provide insights for clients' board reporting
- With the recent rise in retail investing, we benchmark the increases in a company's retail base by determining what percentage of buying/selling is allocated towards institutional investors versus retail investors
- We develop investor targeting insights to help management teams maximize their investor outreach efforts. With pre-IPO companies, we work to create a viable peer group, while focusing on both the direct peers and fundamental peers, to uncover potential investors that would be interested in the client's story

## Activism Vulnerability Assessment

- The quarterly activism vulnerability assessment, driven by data from [FTI's Activism Vulnerability Screener](#), provides board-level focus within governance, balance sheet, total shareholder return and operating performance
- The exercise help clients identify market and industry trends, as well as quarterly benchmarking, to solidify activism preparedness techniques
- While this does not replace an activism preparedness plan, it provides a baseline for clients to understand how they stack up against their peers and the broader market with regards to shareholder activism
- We assist clients in determining where their internal weaknesses lie, putting those deficiencies into the context of a shareholder activist's mind and uncovering the tactics the activist would employ





## CASE STUDY

### Share Repurchase Optimization

A client using FTI's Shareholder Insights & Intelligence service wanted to leverage the real-time shareholder intelligence to maximize its ROI. The client recently had two of its top 10 shareholders aggressively selling their large positions, which in turn was putting pressure on the stock. There was no news to drive this decrease in stock price. The client's Treasury group used this information to make opportunistic share repurchases in the open market, as it was already engaged in a share repurchase program. With the knowledge from the stock surveillance, the opportunistic share repurchases were made, resulting in millions of dollars in savings.



## CASE STUDY

### True ESG Ownership

A client wanted to get a better understanding of how Wall Street sees the company with regards to ESG. While many institutional investors claim that ESG is part of their investment criteria, most funds are not fully dedicated to investing in companies with a strong ESG skeleton. The team at FTI Consulting conducted a deeper dive of funds within the client's top 25 shareholders to determine the "true ESG ownership" of the client. While over 50% of the top 25 investors claimed to use ESG as part of its investing criteria, the analysis showed that less than 10% of those shares were allocated to ESG funds. That information can now be benchmarked on a quarterly basis and serves as hard data as to how the ESG-investing public views the client.



## CASE STUDY

### Wolfpack Analysis

A client was recently engaged with an activist seeking a hostile takeover of the company. FTI Consulting worked with the client to create a wolfpack analysis: identifying investors that have historically held equity positions alongside the known shareholder activist. These associated investors, known as an investor "wolfpack," represent a minimum base of suspected votes for the dissidents. In this instance, we identified a wolfpack of nearly 10 investors that have historically followed the investing habits of the dissidents. The analysis provided daily, real-time insights into shareholder movements, in addition to pinpointing areas where the client needed to focus attention in meetings with the investor community.

# Key Contacts



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David Farkas is the practice lead for FTI Consulting's Shareholder Insights & Intelligence offering that focuses on stock surveillance, activism vulnerabilities and investor targeting. Mr. Farkas brings extensive experience with hundreds of corporate clients on investor relations best practices, real-time shareholder activist identification and intelligence, and shareholder outreach strategies. His expertise also extends to companies involved in pre-IPO engagements.



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Jason Frankl founded and leads FTI Consulting's Activism and M&A Solutions Practice, which works with companies that are the subject of shareholder activism and/or M&A activity in the development and implementation of strategies designed to maximize shareholder value. Mr. Frankl also advises management teams and boards of directors on how to proactively develop and implement defense strategies. Mr. Frankl has led teams of FTI Consulting professionals in connection with many high-profile shareholder activism and hostile M&A situations.



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Laura Volkman works with companies that are the subject of shareholder activism and/or M&A activity in the development and implementation of strategies designed to maximize shareholder value. Ms. Volkman also works as a key member of FTI Consulting's Shareholder Insights & Intelligence offering, which advises companies on movements within their shareholder base and provides the C-suite and investor relations professionals with differentiated market insights.

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