

FIRM NEWS

Schulte Roth & Zabel, Activist Insight and Okapi Partners Release Shareholder Activism Insight

November 19, 2020

Schulte Roth & Zabel, a market-leading law firm serving the financial services industry, today announced key findings from its November 2020 *Shareholder Activism Insight* report, published in association with Activist Insight and Okapi Partners. The report reveals data compiled from a September 2020 survey of 45 respondents from different activist firms.

The survey sample included activist funds that have engaged over 400 companies since 2013, including some of the largest and most high-profile situations, and managed a combined total of more than \$300 billion in assets. Respondents were asked about their experience with shareholder activism in their respective regions and their expectations for activity in the next 12 months.

Highlights from the report:

- 47% of respondents said the impact of COVID-19 would be somewhat or significantly favorable for activist investors. 22% said it would make no difference.
- 36% of respondents agreed with the statement that the United States was overcrowded and it was hard to find good targets, up from 33% in 2018. However, the United States was also the region where activists were most likely to see opportunities for activism.

- Consumer discretionary, industrials and healthcare were the sectors where most respondents saw “some” or “a lot” of opportunity for activism.

Click here for a PDF of the report.

Ele Klein and Marc Weingarten, SRZ partners and co-chairs of the firm's global Shareholder Activism Group, contributed expert commentary. The report also features Aneliya Crawford, New York-based shareholder activism and M&A and securities partner, Jim McNally, London-based shareholder activism, corporate and funds partner, and Michael Swartz, New York-based partner who serves as co-chair of the Litigation Group and head of the shareholder activism litigation practice.

“We are delighted to partner with Activist Insight and Okapi Partners to release the latest Shareholder Activism Insight report,” said David Efron, SRZ co-managing partner and co-head of the Investment Management Group. “This report is a valuable resource revealing major developments, including the reshaping of the shareholder activist model as a result of the pandemic,” commented Marc Elovitz, SRZ co-managing partner and chair of the Investment Management Regulatory & Compliance Group.

Mr. Klein commented, “COVID-19 has impacted markets in many ways, including shareholder activism. This report examines some of the ways things have changed, including for example through the use of virtual shareholder meetings. Time will tell whether these changes will stick or prove beneficial.” Mr. Weingarten noted, “There have been reports that shareholder activism in the U.S. has been volatile this year. It will be interesting to see what happens as the pandemic wanes, the administration changes and markets respond.”

Josh Black, editor-in-chief of Insightia, said, “The impact of COVID-19 on activist investing has been revealed slowly and unevenly through 2020, presenting neither clear advantages nor hurdles for would-be dissidents. This report helps cut through the uncertainty and provides perspective ahead of a challenging proxy season.”

“Just like everything else in 2020, the environment for shareholder activism changed in numerous ways,” said Bruce H. Goldfarb, president and CEO of Okapi Partners. “We expect investors to examine how companies and boards navigated the pandemic and a renewed focus on ESG issues next year.”

SRZ is widely regarded as the dominant global law firm for shareholder activism. We bring to each matter a sophisticated knowledge of market practices, vast experience and unparalleled expertise in all areas of law impacting activism. SRZ has more than 30 years of experience advising clients on more than 1,000 shareholder activism matters, making us one of the most experienced advisers to activists in the world.

SRZ assists with all matters relating to activism, including campaign strategies, corporate governance, proxy rules, trading and affiliate rules, Sections 13 and 16 compliance, antitrust regulations, federal and state securities and corporate laws, tax and regulatory issues and litigation. Our lawyers work with clients on a variety of activist strategies, including behind-the-scenes long-term partnerships between activists and management, proxy contests, board and management changes, consent solicitations, special meetings and withhold campaigns, M&A activism, exempt solicitations, regulatory approvals, investigations and legislative hearings, corporate governance improvements, defensive and offensive litigation, spin-offs, split-offs, divestitures and buybacks, and ESG.

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