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Shareholder Activism Annual Review 2025

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Shareholder Activism Annual Review 2025

Editor's foreword

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Welcome to the Shareholder Activism Annual Review 2025 from Diligent Market Intelligence. This year, I'm excited that, for the first time, we have as sponsors and contributors the pre-eminent law firm representing activist investors, Olshan Frome Wolosky, and the pre-eminent law firm representing companies, Sidley Austin (as recognized by the Diligent Market Intelligence Advisor Awards last month). Having these alternative perspectives gives our readers the full picture of the state of shareholder activism, and I'm delighted to say that both will speak at our Stewardship Series conference in New York City this month.

Of course, the state of shareholder activism becomes harder and harder to define each year as new entrants muddy the water of what it means to be an activist and defense tactics become more complex and proactive.

By some measures cited in this report, activists were less successful. Some regions, including the U.S., saw more unfulfilled demands and fewer board seats as well as a few high-profile defeats. Institutional investors appear to have pulled back some of their previous support for activists, and along with the universal proxy card, control slates have become rarer and more difficult to elect.

But activism also has a habit of catalyzing change, whether or not the activist's public demand was deemed successful, as demonstrated by the number of CEO exits at companies targeted by activism. That key theme of this report has been widely cited already but the reasons for it are intriguing. Are activists focusing more on CEOs, or are operational demands highlighting the importance of management execution? Are boards becoming less tolerant of underperformance? The implications for corporate governance are important in a year that may prove volatile with the new and unpredictable economic intervention characteristic of a Trump presidency.

Indeed, another key theme is the symbiotic relationship between activism and M&A. Experts expect that the Trump administration's deregulatory agenda and more relaxed antitrust approach will boost M&A volumes, which in turn will attract activists. The data show that activists began increasing their push for dealmaking well before Trump took office, but the cycle is likely to continue if the economic environment is favorable.

It would be remiss not to mention the green shoots of activism in Europe, as well as the continued impact of activists in Canada, Japan and Korea. These markets are likely to see more activity over the coming year, including a mixture of U.S. funds venturing overseas, new local players, and nontraditional activists such as long-biased active institutions, founders, and long-term holders who have grown frustrated with their holdings.

Happily, we will be on the ground to hear from local practitioners and investors, as well as sharing updates on our platform. We will be at the International Corporate Governance Network (ICGN) conferences, including Tokyo in March, and will also host our own Stewardship Series event in London later in the year. Make sure to say hi to our journalists, researchers and account managers at these events and don't be shy to contact us if you would like more information about our events and sponsorship opportunities.

I'll end with a reminder that our datasets offer a full overview of shareholder engagement, corporate governance, and executive compensation, often updated in real time. For investor relations, stewardship teams, and corporate advisors, Diligent Market Intelligence offers an unrivalled insight into market risk.

Shareholder activism adapts to changing environment

Andrew Freedman and
Ryan Nebel, chair and vice chair of Olshan Frome Wolosky's Shareholder Activism practice

Shareholder activism reached new heights in 2024, despite evolving global markets and a shifting geopolitical landscape.

Activist campaigns at companies with market capitalizations greater than $500 million reached a new record in 2024, representing a 40% increase since 2021, Diligent data show. Even a record number of companies were targeted by first-time activists—many of whom we have collaborated with and expect to be repeat activists in 2025. Throughout the year, several prominent engagements demonstrated that shareholder activism remains an effective tool for holding companies accountable and championing strategic and operational improvements to enhance shareholder value.

In the U.S., several of the most high-profile campaigns in recent memory concluded in 2024: Elliott Management at Southwest Airlines and Trian Partners at Walt Disney.

At Southwest Airlines, Elliott launched a special meeting campaign that led to the resignations of nearly half the airline's board, including the early retirement of its executive chairman, and the appointment of five Elliott-endorsed nominees to the board. Despite a different outcome, Trian Partners' campaign at Walt Disney showed how shareholder activism still can drive meaningful changes at the world's most influential companies.

> “2025 holds immense potential for impactful campaigns, as activism continues to strengthen, evolve strategically and drive meaningful change.”

Meanwhile, in Canada, two high-stakes proxy fights resulted in complete board overhauls at Gildan and Dye & Durham, marking major victories for the Olshan-advised activists and demonstrating the power of strategic shareholder engagement.

Don't sleep on Japan—activism is booming, with new campaigns continuing to rise in 2024. Japan has emerged as a leading force in activist activity across the APAC region. Prominent APAC-focused funds, including Strategic Capital, Dalton Investments and Oasis Management, have been leveraging the region's increasing receptiveness to activist interventions. We are aware of other well-known activists with boots on the ground in Japan exploring opportunities as this jurisdiction continues to mature into a hotbed for activism.

As shareholder activism continues to evolve globally, activists remain proactive in identifying new opportunities. Europe appears to be on the verge of a new wave of activism, driven by U.S.-based activists such as Trian Partners, Sachem Head and Oaktree Capital, who continue to seek opportunities across the continent. While the recent dip in campaigns reflects a period of tactical recalibration, Europe appears poised for a new wave of activism led by U.S. funds.

During 2024, we called out companies that were clearly leveraging the universal proxy rules as a pretext to justify bylaw amendments that restrict director nominations. However, the pendulum swung back in favor of activists with the Delaware Supreme Court's ruling in *Kellner v. AIM Immunotech Inc.*, which invalidated certain over-reaching and "indecipherable" advance notice provisions. This landmark decision reinforces the strength of shareholder rights and the push for accountability. Looking ahead, defense firms may advise companies to adopt more subtle governance measures, presented as routine governance updates in the form of director qualification provisions, intended to proactively trim long-tenured directors who are typically low hanging fruit for activists.

In 2024, a record number of CEOs worldwide resigned following activist pressure, with CEO departures from U.S. companies targeted by activism increasing nearly threefold, according to Diligent. The surge in such top-level departures corresponds with the increased focus on strategic and operational activism during the year. We expect this trend to continue into 2025, as evidenced by Ancora Advisors' newly-launched campaign at U.S. Steel seeking to replace its CEO.

> "Don't sleep on Japan—activism is booming."

We think shareholder activism in the U.S. and globally is poised to have a record-breaking year. The expected corporate tax cuts and relaxed antitrust policies under the Trump administration could create a favorable environment for M&A-focused activism in the U.S., while anticipated tariff programs may unlock new opportunities for activists navigating international markets.

With these tailwinds, 2025 holds immense potential for impactful campaigns, as activism continues to strengthen, evolve strategically and drive meaningful change. While activists remain vigilant in monitoring geopolitical and economic shifts, inflation trends and market volatility, they are well-positioned to adapt and capitalize on emerging opportunities in what we expect to be an exciting and dynamic year ahead.

Another “super year” for activism

Kai Liekefett and Derek Zaba, co-chairs of Sidley Austin’s Shareholder Activism and Corporate Defense practice

2024 was called a “super year” for political elections, with 72 countries and half the world’s population going to the polls. Incumbent political parties across the globe lost these elections at a dizzying rate as voters punished those seen as responsible for inflation and other economic woes.It was also a booming year for shareholder activism, but incumbent directors fared much better than their political counterparts at the ballot box as activists failed to persuade investors of their case for change in proxy contests that went to a vote. With many expecting 2025 to be another “super year” for activism, here is a look at what we observed in 2024.

The post-pandemic surge in activism continued with 255 campaigns launched by primary and partial-focus activists in 2024, up from 251 the year prior and a 7% increase when compared to 2022, according to DMI data. These figures reflect a continued surge in activism in the U.S. and Asia, including Japan and South Korea. Meanwhile, activism activity in Europe softened due to the ongoing conflict in Ukraine and general economic uncertainty.

Activists and companies in the U.S. continue to evolve, adapting their strategies over time amidst a changing activism landscape. Activists had a dismal year at the ballot box in the second full year under the universal proxy card rules, with only eight U.S.-headquartered companies losing at least one seat at a contested election.

“Activists and companies in the U.S. continue to evolve, adapting their strategies over time amidst a changing activism landscape.”

Proxy advisors and investors continue to demand that activists prove a compelling case for change. In some proxy contests, activists nominated slates, sometimes for control, that went far beyond what was justified. In others, companies addressed the merits of the activist’s campaign unilaterally. At the same time, the uncertainty and distraction of proxy contests have meant that boards remain willing to enter into cooperation agreements with activists, especially when the activist is willing to accept, or has themselves identified, high-quality independent candidates.

Large, well-known activists made up a smaller proportion of activism activity in 2024, with campaigns by non-traditional activists and first-timers tending to be more unpredictable.

Activists have increasingly turned to CEO change as a catalyst for near-term stock price improvement. Replacing a CEO has always had a much more direct impact on any company than replacing a few directors. Public demands to oust CEOs have always been risky as they create a higher burden of proof for the activist when courting shareholders and can be counterproductive to settlements if a board of directors disagrees with the activist's assessment. However, the tactical calculus as to whether to explicitly call for a CEO's ouster, either publicly or privately, appears to have changed - a trend we expect will continue in 2025.

The focus on advance notice provisions remains elevated, with plaintiffs' attorneys and activists targeting perceived overreach by boards. But these attacks were largely quieted by the Delaware Supreme Court in July, which ruled that advance notice provisions would only be facially invalid if they were "unintelligible," while also striking down portions of advance notice bylaws that had been adopted in the middle of a multi-year activism campaign. While companies should review their advance notice provisions in light of the new case law, state-of-the-art advance notice provisions remain critical for boards and public shareholders to gain information about activists and their nominees.

The election of President Trump is a boon to activism, with the potential for lighter antitrust scrutiny under the new administration stimulating M&A and deregulation stimulating economic activity. However, even with an improved antitrust environment, whether M&A will return as activists' favorite demand depends in part on improvements in the credit markets (tied to further rate cuts at the Fed) and whether public valuations continue to accelerate beyond buyers' willingness to pay.

> "Activists have increasingly turned to CEO change as a catalyst for near-term stock price improvement."

However, unlike the 2024 "super year" for political elections, shareholder activism has become a year-round and every-year phenomenon. Expect more of the same in 2025.

The views expressed in this article are those of the authors and do not necessarily reflect the views of Sidley Austin LLP, its other lawyers, or its clients.

Executive summary

1. For the second year running, the total number of companies publicly targeted by activist investors globally surpassed 1,000 amid changing market conditions and a complex geopolitical landscape.

2. In the U.S. market, shareholder activism reached a new record in 2024 with almost 600 U.S.-based companies facing demands, up 7% on 2023 and a 16% increase when compared to 2022.

3. Activists targeting U.S. boards have secured fewer seats, including through settlements, since the rollout of the universal proxy card with the figure falling from 176 in 2022 to 155 last year.

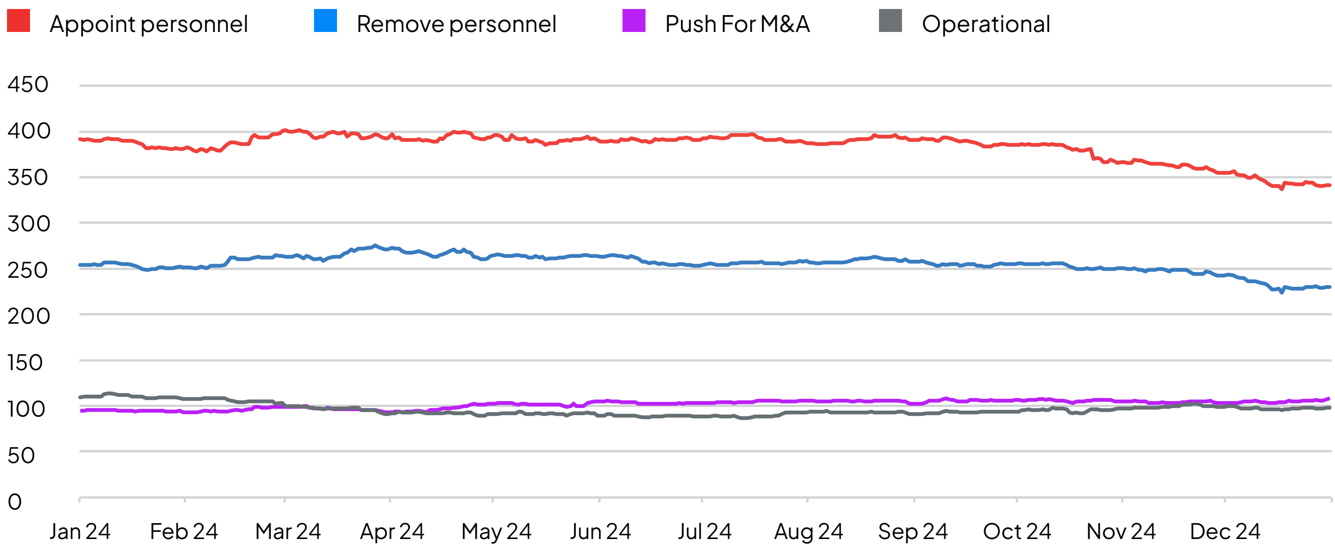
4. As boards grow impatient to see financial underperformance addressed by management, the number of CEOs who left U.S.-based companies after an activist encounter almost tripled in 2024.

5. Japan and Korea continued to attract the majority of activist attention in the Asia region in 2024 with a total of 162 companies targeted as both markets work to retain their focus on corporate governance reforms.

6. With an anticipated uptick in global dealmaking, activists had already started to shift focus last year with the number of M&A demands over the preceding 365 days rising from 94 on January 1 to 109 on December 31, the joint highest for the year.

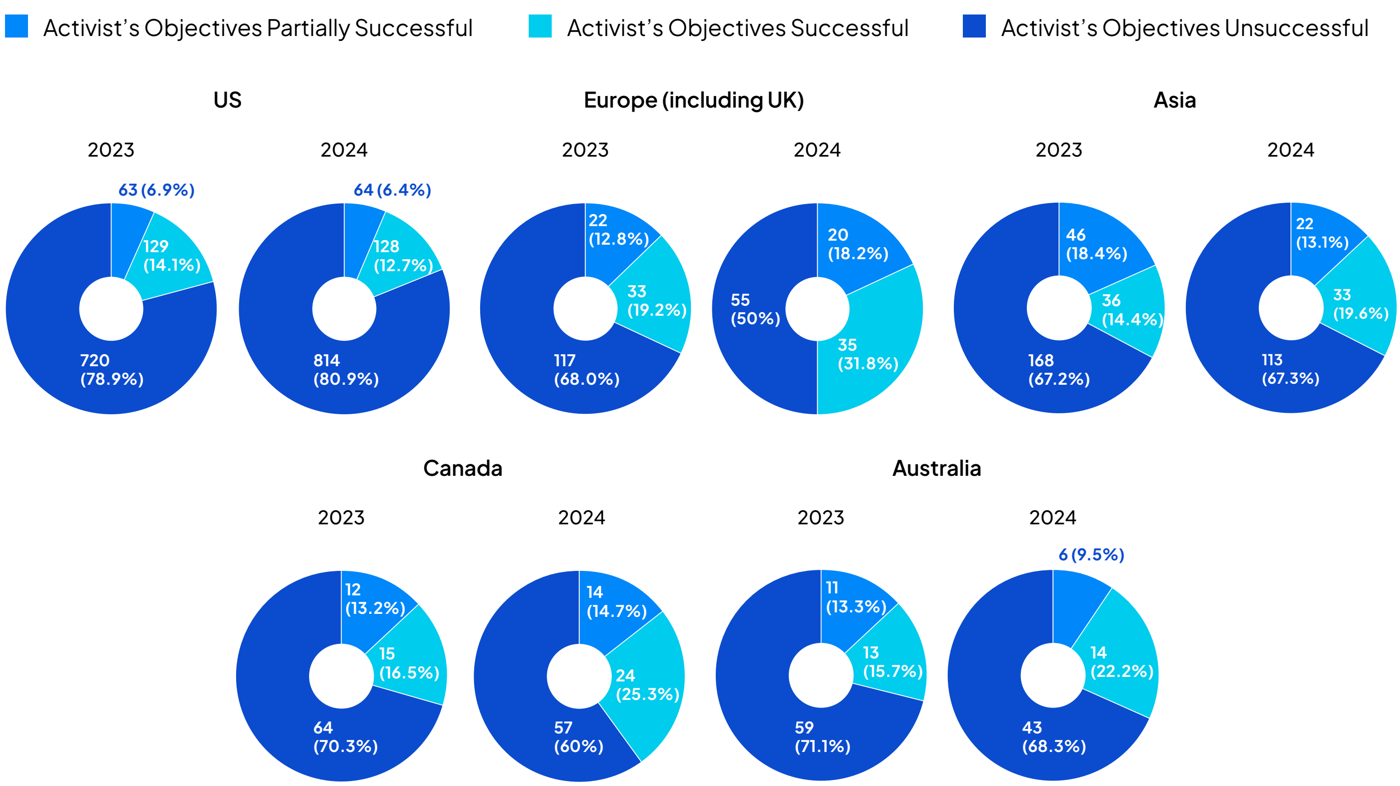
Activism infographics

Activism: Rolling 365-day total of public activist demands by demand type (From Jan 1, 2024 - Dec 31, 2024)



Source: Diligent Market Intelligence / Activism

No. and success rate of activist campaigns resolved in 2024 and 2023, by region



Source: Diligent Market Intelligence / Activism

No. companies publicly subjected to activist demands by year and region

Region	2021	2022	2023	2024
Asia	134	189	221	202
Australasia	71	64	55	59
Canada	45	55	73	57
Europe (including UK)	180	143	128	105
Other	22	16	8	13
US	462	510	553	592
Total	**914**	**977**	**1,038**	**1,028**

Source: Diligent Market Intelligence / Activism

No. board seats gained by activists globally, by method and region

Region and method	2020	2021	2022	2023	2024
US					
Settlement	145	112	145	146	130
Vote	41	20	31	15	25
Europe (including UK)					
Settlement	24	31	14	11	24
Vote	34	20	24	25	21
Asia					
Settlement	19	9	14	18	4
Vote	62	63	76	81	76
Canada					
Settlement	22	7	15	25	27
Vote	31	13	15	19	21
Australia					
Settlement	17	15	18	8	3
Vote	8	17	15	18	4

Source: Diligent Market Intelligence / Activism

No. board representation demands made by outcome, by year and region

	2021	2022	2023	2024
Asia	**67**	**81**	**93**	**69**
At Least One Seat Won	23	33	31	27
No Seats Won	44	48	62	42
Australasia	**46**	**46**	**47**	**33**
At Least One Seat Won	25	20	12	5
No Seats Won	21	26	35	28
Canada	**17**	**12**	**27**	**29**
At Least One Seat Won	7	10	20	16
No Seats Won	10	2	7	13
Europe (including UK)	**55**	**56**	**43**	**51**
At Least One Seat Won	32	25	13	31
No Seats Won	23	31	30	20
Other	**8**	**6**	**3**	**2**
At Least One Seat Won	6	2	3	2
No Seats Won	2	4	0	0
US	**128**	**149**	**142**	**170**
At Least One Seat Won	73	93	88	94
No Seats Won	55	56	54	76
Grand Total	**321**	**350**	**355**	**354**
At Least One Seat Won	166	183	167	175
No Seats Won	155	167	188	179

Source: Diligent Market Intelligence / Activism

Who are the real winners under UPC?

While many had predicted that the introduction of the universal proxy card (UPC) would mean a boon for activists, after two years the evidence is more nuanced, with activists often appearing to face an even higher bar in order to win support for their candidates, writes Antoinette Giblin.

The Security and Exchange Commission's (SEC) new regime for director elections was made applicable to all U.S. shareholder meetings held after August 31, 2022 and was widely expected to make proxy fights head-to-head contests between sitting directors and dissident candidates that activists would more often win, especially when advancing minority slates, due to the pick-and-mix menu presented.

However, activists targeting U.S. boards have come away with fewer seats including settlements since its rollout, with the figure decreasing from 176 in 2022 to 161 in 2023 and falling further to 155 in 2024, according to Diligent Market Intelligence (DMI) data.

Management shutouts

Adding to the anxiety for activists, management's record in the bigger contests of 2024 appeared more solid. "One of the standout takeaways of the first two proxy seasons under UPC is that boards are still winning the vast majority of proxy fights. In fact, this season was probably one of the best for boards in the last decade," Kai Liekefett, co-chair of Sidley's shareholder activism & corporate defense practice, told DMI. "Even under the UPC, activists still need to have a compelling case for change and if they don't, then they're simply not going to win a proxy fight."

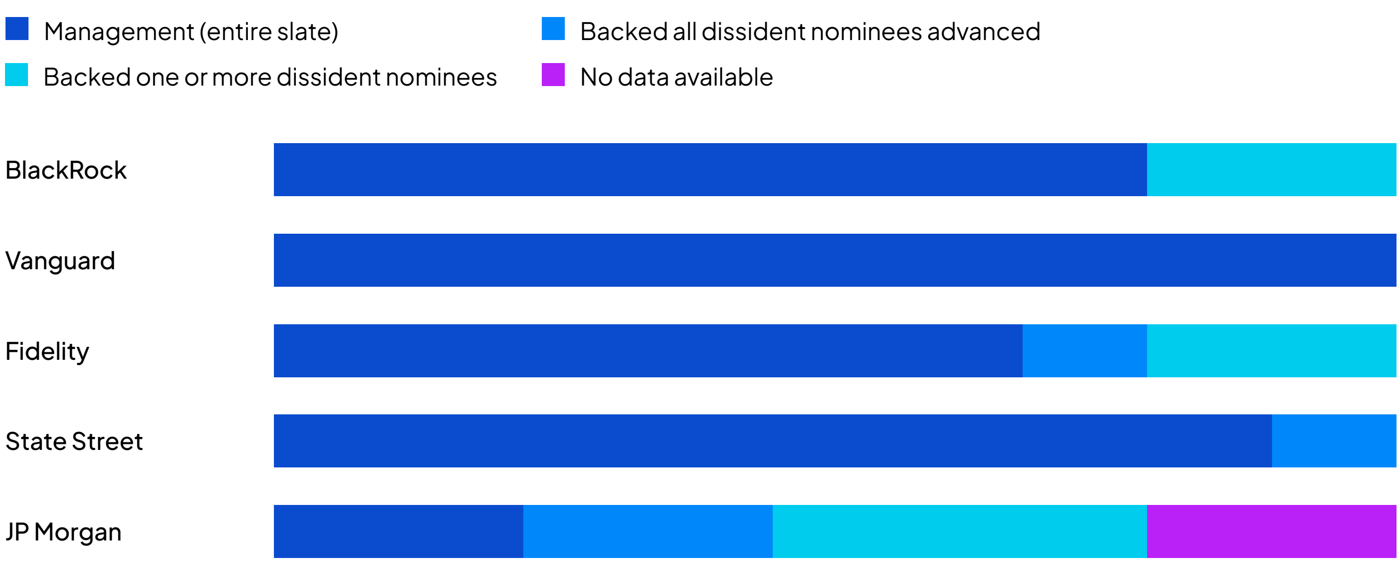
In nine contests examined by DMI from the proxy season that ran from July 2023 to June 2024, activists had partial success in just one, where Ancora Advisors claimed three out of the seven seats it had sought at Norfolk Southern. In all eight others, management defended their boards shutting the door to dissident nominees.

> "Companies can overcome a negative ISS recommendation, but activists effectively need the support of at least one of the proxy advisory firms, and often both, in order to win a board seat."

Endorsements

For success in 2025, obtaining the support of the proxy advisory firms is considered critical to any board seat win. In the contests examined by DMI, Ancora Advisors was the only activist to secure the backing of Glass Lewis (for six of its seven nominees), while Institutional Shareholder Services (ISS) gave the nod to five Ancora candidates.

How the largest index fund managers voted



*Based on a sample of nine key proxy contests examined by DMI

*Based on a selection of the largest index funds and available data

Source: Diligent Market Intelligence / Activism & Voting

"Companies can overcome a negative ISS recommendation, but activists effectively need the support of at least one of the proxy advisory firms, and often both, in order to win a board seat," said Dave Whissel, managing director at Spotlight Advisors.

> "The season was probably one of the best for boards in the last decade."

Indeed, in the three fights where ISS backed at least some dissidents, only at Norfolk Southern did the activist win seats. At Disney, Glass Lewis backed management, while ISS broke for Nelson Peltz. None of the top five asset management firms by assets backed a dissident nominee, according to DMI.

Steven Balet, partner at FGS Global, told DMI that getting the ISS recommendation does not necessarily mean an activist will win. "What you have to do is produce a report that speaks to the issues that are important to ISS and to their clients, which may differ in their views from ISS. We have seen where those clients will vote differently than the ISS recommendation, which is what happened in the case of Disney."

Conversely, in a proxy contest at Masimo in September – after the cutoff for voting disclosures – Politan Capital Management won seats with the support of both proxy advisors.

Overall, asset management giant BlackRock gave its backing to management's full slate in seven of the nine key contests examined by DMI, with Vanguard backing management in all nine contests, Fidelity in six and State Street in eight.

Indeed, research conducted by Spotlight Advisors has found that in proxy fights using the universal proxy card, BlackRock's vote has aligned with the outcome more than 90% of the time. "The fact that the index funds continue to accumulate capital and represent a larger portion of the overall shareholder base is significant and, in my view, favors issuers," concluded Whissel.

A never-ending season laden with new tactics

Looking ahead, as well as the impact of UPC and the importance of such key endorsements, the universe of activists is expected to expand and diversify with new tactics continuing to emerge including the creative use of technology and social media as seen in 2024. This saw Elliott deploy a new weapon in the form of a podcast series titled "Stronger Southwest" as it moved to control the messaging around its campaign for change at the airline.

Proxy solicitor InvestorCom also observed the powerful influence of social media as it supported Focused Compounding in its board fight at Parks! America where the dissident secured four seats on the safari parks operator's seven-person board at the June vote. "In much of that campaign, social media was used to communicate. It really got the word out to deliver a successful campaign and shareholders got to know FC better through those channels," John Grau, CEO of InvestorCom, told DMI.

Activist targets have also found new ways to communicate with their shareholders with Disney using its creative talents to release an animated video that saw Professor Ludvig Von Drake (the uncle of Donald Duck) bring its message to the media giant's significant retail investor base.

The timeline of campaigns is also expected to be more fluid as also evidenced last season. "We're seeing attacks on companies right after their AGM. Activists aren't waiting for the AGM for leverage, they aren't waiting for the nomination window for leverage. They feel the leverage is available to them anytime because of what they can achieve through these new avenues," concluded Balet.

Demand type breakdown of US-based companies publicly subjected to activist demands

Demand group	2022	2023	2024	23 – 24 % change
Appoint Personnel	139	153	162	↑ 5.9%
Capital Structure	22	19	20	↑ 5.3%
Divestiture	22	27	36	↑ 33.3%
Environmental	73	87	99	↑ 13.8%
Governance	262	254	247	↓ 2.8%
Operational	40	53	57	↑ 7.5%
Oppose M&A	24	30	19	↓ 36.7%
Push For M&A	44	42	56	↑ 33.3%
Remove Personnel	59	53	64	↑ 20.8%
Remuneration	59	82	84	↑ 2.4%
Return Cash to Shareholders	35	34	54	↑ 58.8%
Social	109	131	167	↑ 27.5%

Source: Diligent Market Intelligence / Activism

Sector breakdown of US companies publicly subjected to activist demands by year

Sector	2023	2024	% change
Basic Materials	16	20	↑ 25%
Communication Services	10	10	0%
Consumer Cyclical	85	98	↑ 15.3%
Consumer Defensive	44	44	0%
Energy	24	19	↓ 20.8%
Financial Services	61	72	↑ 18%
Funds	35	39	↑ 11.4%
Healthcare	73	75	↑ 2.7%
Industrials	79	84	↑ 6.3%
Real Estate	23	25	↑ 8.7%
Technology	81	88	↑ 8.6%
Utilities	22	18	↓ 18.2%

Source: Diligent Market Intelligence / Activism

Sea-change in the C-suite

Boards under pressure from activist investors are reacting faster to change CEOs, potentially shortening the window in which leaders are expected to show results, writes Josh Black.

The number of CEOs who left U.S.-based companies after an activist assault almost tripled in 2024, signaling a "sea change" in corporate governance.

According to data from Diligent Market Intelligence (DMI), 67 of the 846 CEOs of U.S. companies who moved on last year did so within 12 months of a public demand by a dedicated activist fund, roughly 8%. In 2023, the number of CEOs leaving after an activist encounter was 24, or less than 3% of the 916 CEOs that moved on.

That is despite the number of "remove CEO or board member" demands tracked by DMI falling slightly from 2023's all-time high.

Market observers interviewed for this report suggested the change had less to do with activist strategies and more to do with boards of directors becoming more aggressive, especially in response to financial underperformance.

"I do think it's a rising theme [for activists] but I think some of it has to do with the way boards are moving," said Val Mack, a managing director at FTI Consulting. "In every scenario where a CEO has been replaced, that has not been the sole ask of the activist."

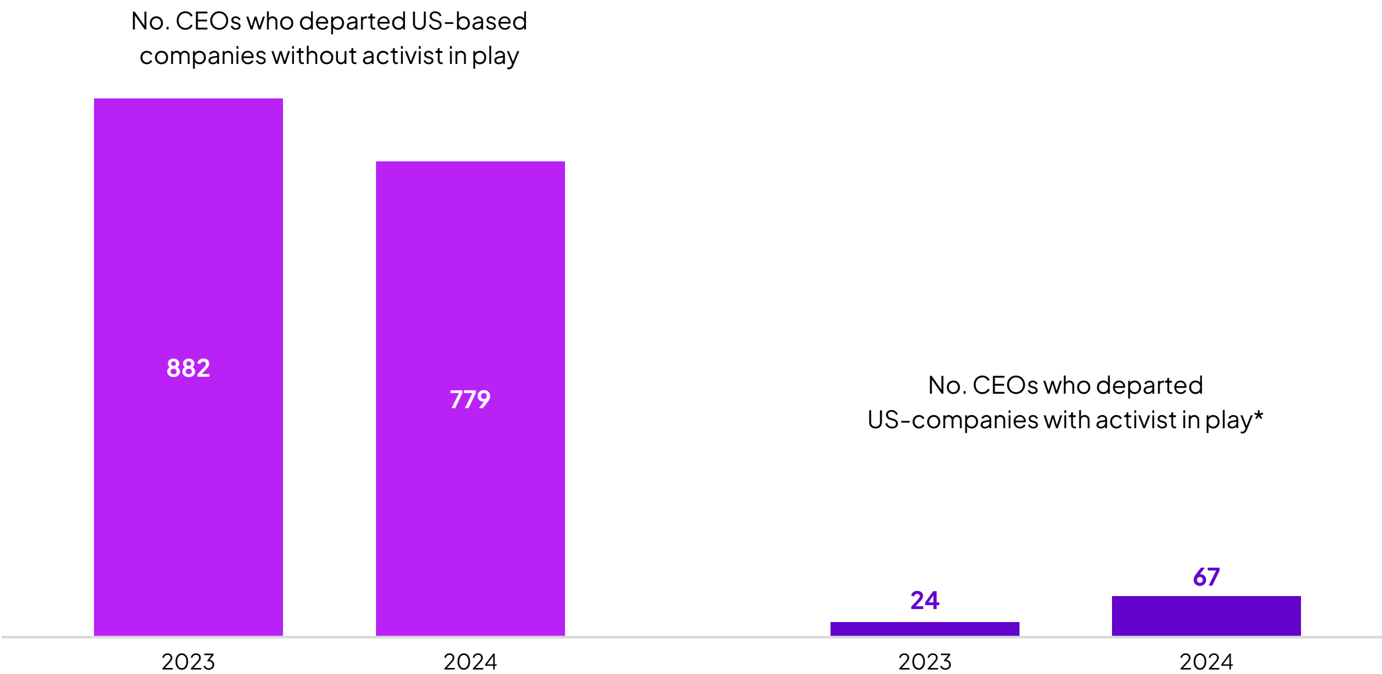
Finer margins

"Boards demonstrated in 2024 a kind of impatience with management and maybe an increased aggressiveness in terms of their willingness to make change happen at the CEO level," agreed Jim Rossman, global head of shareholder advisory for Barclays. "Activists were more focused on operational and strategic missteps and along with that is boards holding management to account."

> "The grace period or the civility of not targeting the CEO has gone now."

Activists didn't always have success on the theme last year. In a proxy fight that hinged on succession planning, the popular Bob Iger saw off Trian Partners. Disney ended its fiscal year in September with earnings per share twice as high as in 2023, justifying the decision.

CEO departures



*Within 12 months of an activist demand having been advanced

Source: Diligent Market Intelligence / Activism & Governance

Norfolk Southern boss Alan Shaw survived a train derailment and a proxy contest with Ancora Advisors, only to be ousted in September over a consensual relationship with a subordinate. And Starbucks replaced Laxman Narasimhan in August, about 18 months into his tenure and with Elliott Management privately seeking changes.

For Steve Balet, a partner at FGS, the trend has become almost detached from the outcomes of proxy fights. "Regardless of the amount of seats that an activist has gotten, what we definitely saw in 2024 and will continue to see in 2025 is that the CEO is on the hot seat," he told DMI. "We're seeing that either activists are directly calling for CEO change or upon receiving seats on the board, CEO change is often one of the first major actions we see that new board undertake."

"If the activist is campaigning about operational issues, there's a high likelihood that once they get on the board, the first thing they're looking to change is who's at the helm," he added.

Mantle Ridge, an operationally focused activist firm led by Paul Hilal, has successfully sought to replace the CEO in every one of its campaigns since launching in 2017. At the turn of the year, it successfully replaced Air Products & Chemicals CEO Seifi Ghasemi, a decade after Hilal's former firm Pershing Square Capital Management installed him.

In proxy solicitation materials, Mantle Ridge argued that, while suitable for the first phase of the company's turnaround, 80-year-old Ghasemi is now making "problematic misjudgments." Air Products brought forward an announcement on its CEO transition to slightly before the annual meeting date.

A new governance trend

Beyond the operational imperative, the higher rate of turnover for CEOs has two implications for governance, according to Rossman.

Firstly, the "unwritten rule" that targeting a CEO directly was a last resort for activists could be over. "There was an understanding that the bar would be higher with proxy advisors and investors," he said. "The grace period or the civility of not targeting the CEO has gone now."

The other is whether CEOs are given time to show results.

"There are certain years and events that sit there as pivot points. The speed with which boards are willing to change their minds about keeping a CEO is a real sea change in governance," he continued. "I used to think there was a standard of best practice – that the board would allocate a certain amount of time and process to that decision. At the end of 2024, I ask whether that good governance practice has been thrown out the window?"

> "The speed with which boards are willing to change their minds about keeping a CEO is a real sea change in governance."

FTI's Mack suggested that the growing prominence of the CEO's role both in governance and the public eye has started to bring harder-to-resolve challenges. "I think some of the recognition that comes with being a CEO has made it trickier in many ways," she said.

Targeting the CEO is a way for activists to generate media coverage and play to digital marketing that thrives on name recognition. "People will know the CEOs name," she told DMI. "They won't necessarily know every board member."

Equally awkward to navigate is the greater range of topics executives would speak to after 2020. Having weighed in on ESG, DEI and politics, CEOs are now faced with the fraught challenge of how much to retreat in the face of a backlash. Pleasing all stakeholders has never been so difficult, even without an activist calling for your ouster.

Deals, scandals and ratios

A cadre of dedicated activists focused on Japan is growing emboldened, using new levers to target an increasing number of companies, writes Jason Booth.

Almost 100 Japanese companies were subjected to shareholder demands in 2024, according to DMI data, while the number of campaigns advanced by primary and partial-focus activists operating in the region grew from 58 recorded in 2023 to 64 in 2024.

One especially useful tool for activists is an order by the Tokyo Stock Exchange (TSE), effective in early 2023, that listed companies maintain a price-to-book (PTB) value of one or higher.

"It's like a trigger of the [activism] movement. Many activists used the PTB mandate to attack companies," noted Minoru Sawaguchi, a partner at law firm Mori Hamada & Matsumoto in Tokyo. The pressure created has had some positive effects, Sawaguchi said. "The chief executives of Japanese companies with low PBR are afraid and in some cases are making proactive improvements to avoid being attacked."

"One especially useful tool for activists is an order by the Tokyo Stock Exchange (TSE), effective in early 2023, that listed companies maintain a price-to-book (PTB) value of one or higher."

Scandals expose governance issues

Boards and executives of Japanese companies facing public scandals were especially vulnerable in 2024, giving activists and other shareholders an opportunity to provide both criticism and advice at an operational level.

Oasis Management questioned Kobayashi Pharmaceutical's investigation into allegations of serious health issues caused by its over-the-counter tablets containing red yeast rice, and said the Japanese company needs to run a new, independent probe.

Elsewhere, Hankyu Hanshin's proposal to reappoint CEO Kazuo Sumi as a director secured less than 58% support, one of the lowest votes of the year, with market watchers attributing the protest vote to a scandal involving a theater member at the Takarazuka Revue, a member of the Hankyu Hanshin Group.

Last month, Fuji Media Holdings' main subsidiary Fuji TV announced the departure of President Minato Koichi and Chairman Kanoh Shuji after the Japanese broadcaster faced criticism, including from an activist investor, over its handling of a sexual misconduct scandal.

Rising Sun, a partial activist holding a 7% stake, called the company's response a "virtual car crash" and argued it "only served to reinforce" the firm's belief that Fuji Media had "serious corporate governance shortcomings."

"I think there's a growing sense that shareholders have had enough, and management needs to get with the program, or else there will be new management," said one Tokyo-based lawyer advising Japanese corporate clients, who wished to remain anonymous.

Activists want information

Governance topped the list of demands made by activists in 2024, just ahead of returning cash to shareholders, for the second year on record. Investor support for shareholder-sponsored proposals remained strong and especially so for such governance demands, which saw an average 21% backing, followed by those related to remuneration at 17.5%.

Breakdown of demands advanced at Japan-based companies

Demand type	2023	2024
Appoint Personnel	19	19
Capital Structure	8	7
Divestiture	17	14
Environmental	13	7
Governance	58	56
Operational	10	8
Oppose M&A	5	4
Push For M&A	4	9
Remove Personnel	16	10
Remuneration	34	19
Return Cash to Shareholders	58	52
Social	4	6

Source: Diligent Market Intelligence / Activism

Many governance demands involved shareholders calling for greater disclosure of information, ranging from management plans with specific quantitative targets, to more details on non-core assets such as real estate or equity cross holdings, and policies related to director independence and board skill matrix.

Tokyo-based activist Strategic Capital was among the most prolific Japan-based activists in 2024. The firm nominated a slate of six directors and won three board seats at clothing company Daidoh in a June vote, with the campaign focused on losses in recent years that the dissident argued had warranted new management.

Similarly, Strategic Capital targeted Osaka Steel, urging the target to develop a plan to reduce greenhouse gas emissions, have a majority of its board made of independent directors, and set out a strategy to close the value gap between its stock price and book value.

While criticizing companies for low valuations has become a common tactic, Strategic Capital founder Tsuyoshi Maruki told DMI that director qualifications will be one of the hot topics of 2025. Particularly concerning, he feels, is the tendency of companies to deem a director as independent despite personal relations with management or with companies with significant equity cross holdings.

"Even if a director comes from a related company holding more than 10% [of the target company's] shares, they can still be called independent," he told DMI in an interview at his Tokyo office. "So, we always try to interview and to understand their qualifications and whether they are doing their proper role."

M&A drives activity

The increased appetite for information is driven in part by investor efforts to value companies amid a rise in M&A activity in Japan with a doubling in the number of investor demands pushing for dealmaking. M&A volumes in Japan rose 30% year-on-year in 2024, according to Goldman Sachs, which wrote in a recent report that "corporate governance reforms driven by the Tokyo Stock Exchange and new guidelines on corporate takeovers from the Ministry of Economy, Trade and Industry have fueled momentum."

Some of the biggest activist campaigns of the year saw investors make specific governance demands tied to M&A. For instance, Artisan Partners called on Seven & i Holdings, a major retail conglomerate, to improve transparency and accountability related to multiple takeover offers. This included making public the names of the directors on the special committee reviewing a bid.

Palliser Capital, another activist, called on Tokyo Tatemono to produce a clear road map for identifying and disposing of non-core assets, including real estate and equity stakes in other listed companies.

Political risks

The upturn in M&A is expected to result in more activism calling for or opposing deals. But given Japan's historical ambivalence to foreign activist investors, could threats of a trade war by U.S. President Donald Trump cause Japanese regulators to become more conservative on allowing deals to go forward?

According to Nicholas Smith, Japan strategist at CLSA, the issue is more likely to be on the U.S. side, calling the often-politicized Committee on Foreign Investment in the United States (CFIUS) deal approval process a "black box."

"I've spoken to lawyers about this, and they say no, there's much less room for Japan to get politicized than in the U.S.," he told DMI. "Compared to CFIUS, Japan is very open."

No. board seats gained by activists at Japan-based companies, by method

Method	2020	2021	2022	2023	2024
Settlement	0	9	10	6	0
Vote	24	22	34	23	7
Total	**24**	**31**	**44**	**29**	**7**

Source: Diligent Market Intelligence / Activism

No. Japan-based and Korea-based companies subject to activist demands by year

Region	2020	2021	2022	2023	2024
Japan	67	66	109	103	96
Republic of Korea	10	27	49	77	66

Source: Diligent Market Intelligence / Activism

No. board seats gained by activists at Korea-based companies, by method

Method	2020	2021	2022	2023	2024
Settlement	0	0	0	1	1
Vote	0	10	26	33	21
Total	**0**	**10**	**26**	**34**	**22**

Source: Diligent Market Intelligence / Activism

Activism gains momentum in Korea

Korea has seen a steady increase in shareholder activism with 66 companies targeted in 2024, compared to just 10 in 2020. And while recent political upheaval in Seoul might slow corporate governance reforms, industry sources told DMI's Jason Booth that such events won't halt efforts to hold Korean companies accountable for their returns to shareholders.

Shareholder activism got a boost early last year when Korea's Financial Services Commission (FSC) announced that it will require listed companies to produce corporate value improvement plans in their annual governance reports, as well as detailed dividend payment plans.

Refreshing the board with new skillsets has been a common focus in the wider push for better governance. The year saw South Korean activist fund Align Partners press seven local banks to add more directors with financial expertise and focus on improving per share metrics to close the value gap with foreign peers.

However, the future of activism in Korea was thrown into question in December by political instability sparked by an aborted declaration of martial law by President Yoon Suk Yeol, whose party was seen as a proponent of governance improvements and greater rights for minority shareholders.

Both domestic and foreign investors have argued that current Korean law enables controlling shareholders at family-run chaebol conglomerates and other firms to pursue actions that benefit the founding family at the expense of minority investors.

Lee Changhwan, founder and CEO of Align Partners told DMI in an interview that while reforms may slow due to the political situation, the popularity of such measures among the general public means he doesn't expect that they will stop. He noted that both major political parties have introduced legal initiatives to boost corporate governance and returns.

"These initiatives are the result of the people of Korea wanting better shareholder protections and a better-kept market," noted Lee. "That's why both parties are competing with different, but similar plans."

Activism in Asia

Japan and South Korea continued to attract the majority of activist attention in 2024 with a total of 163 companies targeted. Activists operating in Hong Kong, meanwhile, set their sights on 12 companies, up from eight facing demands in 2023 while Singapore recorded campaigns at 10 issuers, largely in line with the level of activity seen in the prior 12 months.

Overall, activists lost ground on the number of board seats won with 80 in 2024 compared to 99 in 2023 and only four achieved through settlements.

> "Japan and South Korea continued to attract the majority of activist attention in 2024 with a total of 163 companies targeted."

No. board seats gained by activists at Asia-based companies, by method

Method	2020	2021	2022	2023	2024
Settlement	19	9	14	18	4
Vote	62	63	76	81	76
Total	**81**	**72**	**90**	**99**	**80**

Source: Diligent Market Intelligence / Activism

No. Asia-based companies subjected to activist demands by company HQ

Company HQ	2020	2021	2022	2023	2024
Japan	67	66	109	103	97
Korea, Republic of	10	27	49	77	66
Hong Kong	10	10	8	8	12
Singapore	13	12	8	11	10
China	8	9	2	9	6
Israel	2	3	4	6	5
Malaysia	5	2	4	5	3
Taiwan	3	1	1	1	3

Source: Diligent Market Intelligence / Activism

Activism in Europe

European shareholder activism saw a shift in 2024 with a 28% increase in the number of U.K.-listed companies publicly targeted. After a notable decline in activity in 2023, 46 U.K.-based issuers were met with demands as activists questioned valuations seen to be significantly lower than U.S. or global peers with many pressing their targets to redomicile to other jurisdictions. Ireland also saw increased activist attention with eight Ireland-based targets compared to just four in 2023.

Meanwhile, other jurisdictions in the region saw a dip in activity with 13 Germany-based companies targeted compared to 22 the prior year and six French targets compared to 13 in 2023.

Overall, activists operating in Europe had greater success through settlements with 24 board seats gained in 2024 compared to just 11 in 2023. The contests that went to a vote delivered 21 seats for dissidents compared to 25 the previous year.

“European shareholder activism saw a shift in 2024 with a 28% increase in the number of U.K.-listed companies publicly targected.”

No. board seats gained by activists at Europe-based companies (including UK), by method

Method	2020	2021	2022	2023	2024
Settlement	24	31	14	11	24
Vote	34	20	24	25	21
Total	**58**	**51**	**38**	**36**	**45**

Source: Diligent Market Intelligence / Activism

No. Europe-based companies subjected to activist demands by company HQ

Company HQ	2020	2021	2022	2023	2024
UK	41	47	43	36	46
Germany	60	44	33	22	13
Ireland	2	3	3	4	8
France	12	12	10	13	6
Switzerland	6	5	5	6	6
Slovenia	8	5	2	5	3
Netherlands	7	7	3	4	3
Luxembourg	1	1	1	1	3
Spain	5	4	5	2	2
Norway	5	1	1	1	2
Italy	4	8	2	3	2
Belgium	4	5	1	2	2

Source: Diligent Market Intelligence / Activism

Activism in Canada

Although Canada recorded a fall of in the overall level of activity in 2024 with 57 companies publicly facing demands compared to 73 in 2023, activists operating in the region had greater success in gaining board representation with 48 seats secured compared to 44 the previous year.

The market also had one of the most standout campaigns of the season that saw Gildan Activewear concede defeat in May after a five-month board battle with Browning West. The outcome has been described by many in the industry as one of the most noteworthy activist wins in a decade.

No. Canada-based companies subjected to activist demands by year

	2020	2021	2022	2023	2024
Canada	56	45	55	73	57

Source: Diligent Market Intelligence / Activism

No. board seats gained by activists at Canada-based companies, by method

Method	2020	2021	2022	2023	2024
Settlement	22	7	15	25	27
Vote	31	13	15	19	21
Total	**53**	**20**	**30**	**44**	**48**

Source: Diligent Market Intelligence / Activism

Activism in Australia

The level of shareholder activism in Australia ticked upwards in 2024 with 56 companies targeted compared to 54 in 2024. However, activists secured significantly fewer seats on their targets' boards with a total of seven gained in the 12-month period.

Activists successfully achieved their objectives in 25% of resolved campaigns in 2024, up from 16% the prior year.

> "The level of shareholder activism in Australia ticked upwards in 2024 with 56 companies targeted compared to 54 in 2024."

No. Australia-based companies subjected to activist demands by year

	2020	2021	2022	2023	2024
Australia	72	69	63	54	56

Source: Diligent Market Intelligence / Activism

No. board seats gained by activists at Australia-based companies, by method

Method	2020	2021	2022	2023	2024
Settlement	17	15	18	8	3
Vote	8	17	15	18	4
Total	**25**	**32**	**33**	**26**	**7**

Source: Diligent Market Intelligence / Activism

Champagne on ice for M&A return

Amid a changing landscape, activists are emboldened to shift focus to M&A in 2025, Simon Roughneen writes.

Activism around mergers and acquisitions picked up as the year drew to a close, with increasingly favorable movements in inflation and interest rates punctuated by the election of an administration activists perceive as more open to the art of deal-making.

Activists were "literally popping champagne" after Donald Trump's return to the White House was confirmed, according to Kai Liekefett, partner and co-chair, Shareholder Activism & Corporate Defense Practice at law firm Sidney Austin, who said the perception was that the Biden administration's antitrust inclinations made it "too hard, too strict on M&A."

Where M&A goes, activism will surely follow – or sometimes lead. Diligent Market Intelligence (DMI) data show the number of demands advanced at U.S. companies to consider an M&A deal rising from 42 in 2023 to 56 last year, with the number of demands to counter proposed M&A falling from 29 to 19 over the period.

An attractive lever

For activists pushing for returns, M&A is considered as one of the more attractive levers compared to other more time-consuming and slower-burning forms of activism such as those focused on operational demands or balance sheet engineering, as Duncan Herrington, managing partner at Jasper Street Partners, told DMI. "Nudging boards toward a sale has long been a favored value creation angle for activists due to the relative speed and certainty of generating a control premium versus executing operational enhancements."

This view is shared by Peter Michelsen of Qatalyst Partners, who heads up the firm's activism and shareholder advisory practice. "The preference for an activist is usually to find a target that is sellable over the near to midterm. That is often preferable to executing an operational change thesis, which typically takes a lot of work and time," he said.

With M&A volumes at 20-year lows relative to global market capitalization, according to Goldman Sachs, the related activism uptick is surely overdue. In its recent report, EY-Parthenon projected a 10% rise in M&A activity in 2025 while also observing strong movement in November with $142 billion spread over 114 deals.

Emboldened by this changing landscape, activists had already begun to shift focus to M&A in the final quarter of 2024. The number of M&A demands over the preceding 365 days rose from 94 on January 1 to 109 on December 31, the joint highest for the year. And some targets began 2025 by responding to such demands.

With Elliott Management pointing to inconsistent financial results and an underperforming share price in November, Honeywell International was by mid-January said to be close to announcing a breakup, having seemingly heeded the fund's call to "embrace simplification."

No. companies publicly subjected to M&A demands, by region

	2021	2022	2023	2024
Asia				
Oppose M&A	12	5	11	6
Push for M&A	10	11	11	11
Australasia				
Oppose M&A	4	3	4	4
Push for M&A	6	4	3	6
Canada				
Oppose M&A	6	5	11	7
Push for M&A	4	1	10	8
Europe (including UK)				
Oppose M&A	30	15	10	6
Push for M&A	13	15	20	18
Other				
Oppose M&A	1	1	1	0
Push for M&A	3	1	1	1
US				
Oppose M&A	25	25	30	18
Push for M&A	37	44	42	56

Source: Diligent Market Intelligence / Activism

Another Elliott target, this time Goodyear Tire & Rubber, said in early January that it would sell its Dunlop tire brand to Sumitomo – a deal that followed its mid-2024 divestment of its off-road tire business to Yokohama Rubber. The mid-cap had arrived at a settlement with Elliott in mid-2023 that saw it add three new board members and set up a strategic and operational review panel.

In the same week that Goodyear rolled its Dunlop brand off-ramp, Getty Images unveiled a $3-billion merger of two of the world's leading stock and news image providers in a planned tie-up with Shutterstock. The deal followed activist Trillium Capital sharpening its focus on Getty, including a 2023 takeover attempt.

"Over the past several months we have seen activists push for companies to streamline their operations and unlock value by exploring break-ups and spinoffs across various industries," said Amy Lissauer, Bank of America's head of global activism and raid defense. This year could see an acceleration, due to what Lissauer summed up as "a confluence of factors," including a "declining interest rate environment, a strong stock market, corporate boardroom support of transformational M&A, sponsors sitting on record levels of dry powder and an expected favorable regulatory environment."

Anything that improves the M&A market is going to be reflected in activism, as Herrington told DMI. "Strategic reviews, sales of companies, divestitures of businesses - you're going to see an even more pronounced emphasis on those with activists in the coming couple of years."

Sectors to watch

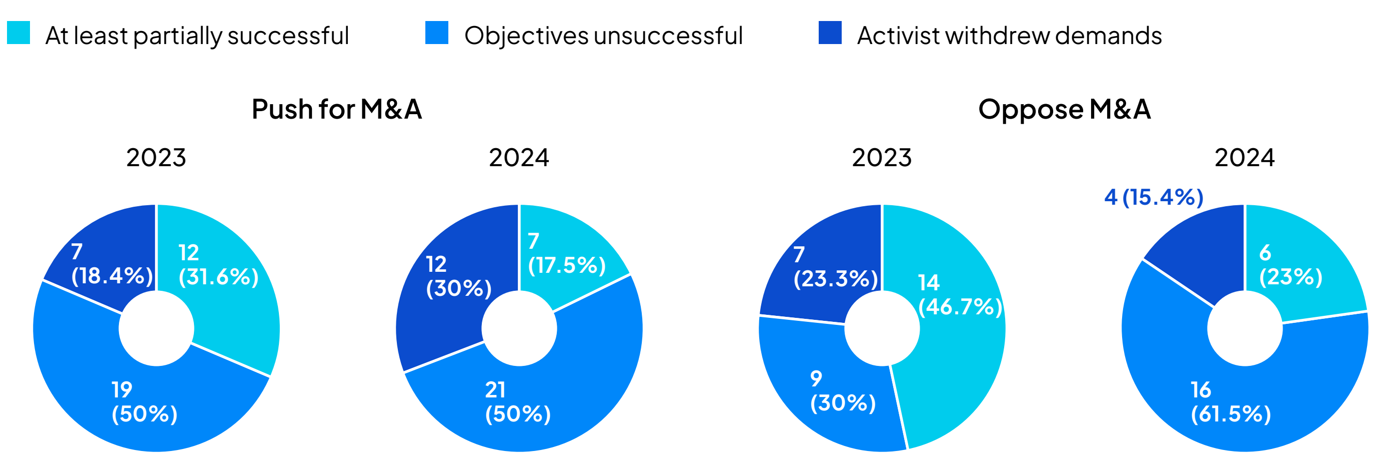
So where will the action be? Many are watching tech and healthcare. Lissauer noted that the majority of activity in 2024 was across three sectors: technology, media and telecommunications, consumer, and retail and industrials. For 2025, she expects activists may target industries that are undergoing active M&A and consolidation activity, such as technology and financial institutions while also monitoring for a possible shift from large-cap companies to small or mid-sized targets.

Other industry experts expect oil and gas companies, data center operators, artificial intelligence (AI) and mid-sized players in retail and health to come into play with government policy in the U.S also likely to play a role. "Trump is very focused on supporting the energy industry, so that could be another area where we might see consolidation." Liekefett said.

And while there are concerns that inflation could prove stubborn, in turn limiting further interest rate cuts, activists are unlikely to be deterred from pushing for deals.

"Even with these potential headwinds, the factors driving the improved dealmaking environment are still likely to make M&A theses more attractive to activists this year," Lissauer concluded.

No. and percentage of US M&A-related demands where the activist was at least partially successful, by demand type



Source: Diligent Market Intelligence / Activism

On The Record

Olshan's Ryan Nebel and Meagan Reda, and Sidley's Kai Liekefett and Derek Zaba reflect on what's in store for shareholder activists and the boards they pursue in 2025.

Ryan Nebel
Olshan Frome Wolosky

Meagan Reda
Olshan Frome Wolosky

Kai Liekefett
Sidley Austin

Derek Zaba
Sidley Austin

> "The universal proxy card has altered the mix of campaigns that go all the way to a shareholder vote."

Was the first Trump administration good for activists? How do you expect the second will impact campaigns?

Ryan: Trump's first administration was somewhat of a mixed bag for activists. Notably, the SEC enacted rules to regulate proxy advisory firms, such as Institutional Shareholder Services (ISS) and Glass Lewis, during Trump's first administration. These rules, which were subsequently rescinded under the Biden administration, were largely opposed by activists and cheered by corporations.

It is hard to say how Trump's second term will impact activist campaigns with any level of certainty. On the one hand, the first administration saw the SEC adopt pro-company regulations that could negatively impact activism, which could happen again. On the other hand, the tax policies and deregulation favored by Trump are reasons to be optimistic for a fertile investing environment. One thing I think we can expect to see more of during the next four years is an increase in M&A activity. Activists and companies alike will welcome a departure from the Biden administration's antitrust enforcement policies.

Kai: Activists were popping champagne when President Trump was reelected. Any administration that lowers taxes is good for activists - and by this measure, the first Trump administration was great and likely the second will be no different. We expect that the Trump administration will catalyze activism in three other ways: lighter antitrust scrutiny helping to thaw the M&A market, deregulation leading to greater economic activity, and potential economic dislocation from tariffs creating vulnerable companies.

A liquid M&A market is key for activist investors because company sales are the fastest and most profitable exits for activist investments, particularly for small- and mid-cap companies. The slowdown in dealmaking under the Biden administration undercut campaigns based on M&A: per data from Diligent, activist demands for U.S.-headquartered companies to sell themselves during President Biden's term dropped by almost 30% compared to President Obama's second term and 33% compared to President Trump's first term.

Has the universal proxy card actually been bad for activists?

Derek: In my experience, the universal proxy card has been modestly beneficial to activists in non-control contests. While it is true that activists have not done well in campaigns that went to the ballot box in recent years, the full story is more complicated. For instance, UPC has altered the mix of campaigns that go all the way to a shareholder vote. We had multiple campaigns where companies would have won the vote under the old regime, but boards have been less willing to go to a vote because of the increased uncertainty created by UPC. Control contests are far less common but I believe the general consensus is that the universal proxy voting mechanics make it somewhat more difficult for an activist to achieve outright control in a single election cycle.

Ryan: No. It is important to remember that the universal proxy card is just a voting mechanic. It does not favor one side or the other. Instead, it fosters shareholder democracy by allowing shareholders to pick and choose the individual director candidates they believe are best suited to represent their interests in the boardroom, as opposed to being forced to select one slate of candidates or the other. As such, the universal proxy card has been a good thing for shareholders, and activists are shareholders at the end of the day.

If the universal proxy card was bad for activists, I don't think that we would have seen members of the defense bar campaign so vigorously against its adoption or continue to utilize tactics, such as implementing unwieldy advance notice bylaw provisions, designed to thwart contests and limit its use.

> "There are plenty of properly functioning boards that are doing the right things and creating value for shareholders – these are not the companies in need of an activist."

Are settlement agreements under threat from Delaware courts?

Meagan: Generally, no – settlements are not under threat from the Delaware judiciary. Following last year's Moelis decision, certain amendments to the DGCL were proposed to address issues raised by Moelis and certain other high-profile Delaware Court of Chancery decisions. The DGCL amendments, which went into effect last summer, now expressly permit boards to enter into agreements, including settlement agreements, with their shareholders. There might be a small set of cases filed before August 1, 2024, where this issue remains live, because the amendments do not affect pending cases. However, I understand these cases are very few in number and I believe they will have little, if any effect, on future settlements.

Kai: No, but we do expect more attention to be paid to boards' decisions to enter into settlement agreements. After the Moelis decision last year, there was considerable uncertainty about the legal validity of market-standard settlement terms that give the activist consent rights over certain board actions (such as increasing the size of the board). Following the adoption of the new DGCL Section 122(18) in August 2024, that uncertainty might now subside. Going forward, we expect plaintiffs' attorneys to place more scrutiny on boards' intentions in entering into settlement agreements. Boards should not look at settlements as the "default" outcome for activism, nor should they enter into a settlement because they expect an unfavorable outcome at the ballot box. Instead, directors must prudently consider whether the changes to board composition and other requirements of the settlement agreement are in the best interests of the company and its shareholders.

Succession planning is a big theme among activist campaigns. Do boards do a good enough job without activist intervention?

Derek: Yes. Most public company boards effectively perform the functions that are core to the operation of the board, such as succession planning. But activists target only a tiny subset of all public companies, which is not representative of the broader population. Among targeted companies, the level of attention given to succession planning is mixed. In most cases, activism tends to accelerate board refreshment that was already under consideration or being implemented on a more deliberate timeline. Thoughtful boards recognize that recruiting talented directors with the right fit takes time, and that it harms board oversight when board leaders or directors with deep institutional knowledge are rushed out the door.

While activists tend to dismiss new director appointments during an activism campaign as a tactical ploy, stakeholders should instead be focused on whether the board added the right people to the boardroom to help oversee the company's management and strategy going forward.

Ryan: Activists pick their targets for a reason. There are plenty of properly functioning boards that are doing the right things and creating value for shareholders – these are not the companies in need of an activist.

However, I do think it is fair to say that the boards of companies subject to activist demands generally do not do a good enough job absent activist intervention. The number of times we have seen underperforming companies act only after being approached by an activist is staggering. Defensive and reactionary responses are not indicative of boards that are proactively doing what is required on their own. A typical corporate explanation may be that changes were underway well in advance of an activist's arrival, but even accepting such a convenient excuse, it would still mean that the company did not do a good enough job of communicating to its shareholders prior to the activist's involvement.

Is board diversity still an important consideration for both companies and activists?

Meagan: Yes. Board diversity is still an important consideration for both sides of a proxy contest, particularly under UPC, which places a greater focus on each nominee's specific characteristics.

Irrespective of the recent Nasdaq court decision or the scaling back of DE&I initiatives, I think shareholders will continue to expect diverse boards as a means of ensuring broader viewpoints, skill sets and more creative decision-making in the boardroom, among other benefits. Further, certain large institutional investors and proxy advisory firms continue to include diversity standards in their voting policies and/or consider diversity an important factor in making their voting recommendations.

Derek: Strong boards recognize that they make better decisions when multiple viewpoints are represented in a discussion. So diversity in the boardroom—including diversity in experience, skills, and ethnic and gender identity—will certainly remain an important consideration for boards. An increase in divergence of publicly held views within the shareholder base with respect to ethnicity and gender identity will tend to reduce the prominence of "diversity" in campaign rhetoric by both activists and companies. For that reason, we expect to see activists place less overt emphasis on the diversity attributes of their board slates.

Do you expect to see more creative uses of shareholder proposals in 2025?

Meagan: Yes, if the situation warrants, we may see similar approaches being utilized in 2025, particularly in situations involving egregious governance practices, material governance limitations, and/or aggressive defense tactics. With that said, I don't expect an influx of non-Rule 14a-8 proposals as some are anticipating and disagree with the rhetoric that this pathway is being utilized solely to bypass the Rule 14a-8 process.

What many fail to recognize is that submitting a non-Rule 14a-8 proposal requires more effort and resources, including complying with a company's advance notice bylaws and issuing a competing proxy statement, which is not suitable for all shareholders. For those willing to go the distance, however, it presents a compelling alternative by enabling the activist to solicit votes in favor of its proposal and have visibility into the vote outcome. I expect proposals of this nature to focus on meaningful governance improvements, as we saw in Warrior Met Coal and News Corp. These proposals have real teeth, even if non-binding, and are more likely to be supported by fellow shareholders and proxy voting advisory firms.

Kai: The use of "floor" proposals (proposals submitted under a company's organizational documents) at Warrior Met Coal and News Corp. may be occasionally repeated this year but will not supplant Rule 14a-8 as the principal means of shareholder proposals. Floor proposals certainly have advantages over Rule 14a-8 proposals: they are not subject to the Rule 14a-8 bases for exclusion (which will likely be strictly enforced by the SEC staff under President Trump), typically have later submission deadlines, do not require minimum holding periods, and are not limited to one proposal per meeting. But floor proposals are not an open door: shareholders submitting floor proposals must comply with the disclosure and procedural requirements of companies' advance notice provisions, and companies do not have to go through the SEC "no action" process before rejecting a floor proposal as non-compliant under these provisions. Before this new tactic becomes a trend, companies should review their advance notice provisions to ensure that they appropriately address shareholder proposals.

Finally, should we expect fewer operational and more M&A demands in 2025?

Kai: We do not see this as a trade-off. Activists will continue to target underperforming companies with operational demands, which will likely be exacerbated if President Trump institutes tariffs that leaves less nimble companies exposed. But we do expect a resurgence in demands calling for companies to sell themselves as activists seek to exploit market sentiment that the M&A market will reopen. However, it must be recognized that meaningful barriers to M&A remain. Public valuations remain high, and the M&A market will not fully thaw without warming in the credit markets, which will be stymied by resistance to further rate cutting by the Fed. As such, our view is that activists calling for M&A will need to prove that there are available buyers with the access to capital to acquire the targeted company at a compelling premium to current prices.

Ryan: I still think there will be plenty of operational-focused campaigns this year, but the widespread expectation is that we will see far more M&A-focused activist campaigns in 2025 than we did the past few years. In fact, we were already starting to notice an increase in M&A-related campaigns in the back half of 2024 and believe that the cadence of such campaigns will accelerate moving forward. In addition to potential improvements in the financing markets, the expected changes atop the Federal Trade Commission and the Department of Justice's Antitrust Division are anticipated to create a friendlier M&A environment in 2025. Further, in the event there is any market dislocation from potential tariffs or otherwise, it is reasonable to expect significantly underperforming companies to find themselves susceptible to activist demands to launch strategic review processes.

Ryan Nebel is vice chair of Olshan's shareholder activism practice while Meagan Reda is partner at the firm.

Kai Liekefett and Derek Zaba co-chair Sidley's shareholder activism and corporate defense practice.

The 2024 activist watchlist

Each year, Diligent Market Intelligence (DMI) creates a ranking of the most prolific activists over the past year, based on the quantity and size of their activist investments, comprehensively derived from the DMI database.

The following categories have been used to create a points-based ranking of each activist for this year's list: number of companies publicly subjected to activist demands, average market capitalization of targeted companies, number of countries where campaigns were initiated, success of public demands and the depth of news coverage on the activist on DMI in 2024. The methodology excludes investors that do not regularly employ an activist strategy and have targeted fewer than three companies in the period.

1: Elliott Management

No. companies publicly subjected to activist demands in 2024: **11**
No. countries where campaigns were launched in 2024: **3**
Average target market-cap: **$57.4B**
DMI news stories: **85**

Elliott Management publicly set its sights on 11 companies in 2024, up from nine the prior year and with campaigns in three countries.

The standout campaign of the year was Southwest Airlines, where the activist settled for five board seats after threatening to call a special meeting. At the time of writing, nine of 15 directors had been on the board less than a year, while former CEO Gary Kelly retired from the board.

Elliott also unveiled a $5-billion stake in Honeywell International in November, with the industrials conglomerate reportedly moving to explore the potential separation of its aerospace business. “Our position in Honeywell is one of Elliott’s largest investments to date, reflecting our strong conviction in the unique value creation opportunity present at the company today,” a November 12 letter reads.

Maintaining its primary focus on the U.S. market where it publicly engaged with seven issuers, Online marketplace Etsy added Elliott’s Marc Steinberg to its board while Match Group followed suit in March, naming two new directors to its board citing “constructive engagement” with the hedge fund.

Elliott disclosed a stake in Texas Instruments in May and three months later applauded the semiconductor company for guiding to a jump in free cash flow in 2026. It also privately pushed coffee giant Starbucks on ways to boost its stock price while welcoming an August announcement that named Brian Niccol as the beverage maker’s new CEO and chair, describing the leadership change as a “transformational step forward.’’

Outside of the U.S., Elliott had three targets in Japan. It returned to SoftBank, pressed Tokyo Gas to weigh a sale of some of its vast Tokyo property portfolio and pushed property group Mitsui Fudosan to purchase stock and sell down its stake in the company that operates Tokyo Disneyland.

Meanwhile, in Europe, Elliott engaged with Ireland-based industrial conglomerate Johnson Controls International with the company subsequently unveiling a succession plan for CEO George Oliver and the appointment of a new board member.

In November, the firm named its first female partner in Samantha Algaze, a senior portfolio manager who has been with the firm since 2013. In other changes, London-based Portfolio Manager Nabeel Bhanji departed Elliott after nearly 14 years, reportedly to join Citadel.

2: Saba Capital Management

No. companies publicly subjected to activist demands in 2024: **44**
No. countries where campaigns were launched in 2024: **2**
Average target market-cap: **$609M**
DMI news stories: **83**

Typically focused on closed-end funds (CEFs), 2024 saw Saba Capital Management ramp up its engagement on the niche form of activism with a total of 44 targets in the period, up from 37 in 2023.

In the U.S. market, this included board campaigns at 10 funds managed by BlackRock as part of a wider plan to enact changes to return the funds to their full net asset value. In July, BlackRock claimed victory reporting that management nominees at all 10 funds would remain in place while it would continue as investment advisor at all six funds where Saba had sought to scrap the asset manager’s contract. However, defeat seems to be no deterrent to Saba, which in October resumed its efforts against BlackRock, by pushing to terminate its investment advisory agreement with nine of its closed-end funds that had earlier seen off the rival’s attempt to gain board seats.

Saba’s late-2024 expansion into the U.K. market saw it target the boards of seven London-listed funds with the move drawing criticism that the activist was seeking short term profits at the expense of long-term investors – claims dismissed by its founder Boaz Weinstein who asserted that the targets’ performance had ranged from “underwhelming” to “disastrous.” “These discounts are not some ephemeral thing. These are costing Mom and Pop - the main investors in these funds - enormous amounts of money year in and year out,” Weinstein argued in a January presentation.

At Bermuda-domiciled ASA Gold and Precious Metals, shareholders elected Saba Partner and Portfolio Manager Paul Kazarian, and Ketu Desai at an April meeting. However, the activist returned in September with a new campaign to target the closed-end mining fund’s other two board spots. The two directors who survived Saba’s initial challenge moved to adopt a new shareholder rights plan in December, extending a defensive measure before the year closed.

3: Starboard Value

No. companies publicly subjected to activist demands in 2024: **9**
No. countries where campaigns were launched in 2024: **2**
Average target market-cap: **$31.3B**
DMI news stories: **43**

Jeff Smith's Starboard Value kicked off the year gaining two seats on Bloomin' Brands' board in a settlement agreement before moving on to nominate three directors for board seats at both Algonquin Power & Utilities and Alight in the following two months. Both contests ended in settlements between the activist and the respective companies, with Starboard gaining two seats on each of the boards.

In June, Starboard set its sight on Autodesk, seeking to delay its annual meeting so it could nominate candidates for election and calling for governance improvements and cost cutting. The design software maker took the demands on board when it announced a CFO transition and a shift to cost cutting in late November.

The activist also saw success in pushing Match Group to improve its profitability, with the company committing to job cuts just weeks after Starboard went public with its engagement and later stood alongside fellow activist Elliott Management in pushing Starbucks to focus on raising its share price.

Starboard closed out 2024 with campaigns at drug giant Pfizer and home and personal products company Kenvue. While Pfizer's CEO Albert Bourla played down the contest in the early weeks of 2025, stating that the activist is not being "aggressive" in its push for reforms, Starboard has taken a stronger stance at Kenvue, nominating five directors for election just two weeks before the close of the year.

Using a new tactic, the hedge fund also opted to advance an advisory shareholder proposal in the third quarter while soliciting its own proxies in a bid to increase pressure on News Corp. to dismantle its dual-class share structure. The proposal failed to pass at the November annual meeting, winning 35.2% support but had been endorsed by Institutional Shareholder Services (ISS) arguing it would establish a capital structure in which voting power is commensurate with economic ownership and economic exposure.

4: Bluebell Capital Partners

No. companies publicly subjected to activist demands in 2024: **5**
No. countries where campaigns were launched in 2024: **3**
Average target market-cap: **$41.1B**
DMI news stories: **48**

As 2024 drew to a close, Bluebell Capital Partners announced that it was winding down its activist fund as part of a planned restructuring. Co-founder Giuseppe Bivona said at the time that it would maintain its activism via co-investments and advisory mandates but could not justify the hedge fund's administrative costs.

Its activity during the year saw the activist spread its campaigns across three different countries with BlackRock, U.K.-based BP and Italy's Telecom Italia among its targets.

In January, Bluebell set its sights on energy giant BP with demands to revise its green strategy by abandoning targets for cutting oil and gas production, reduce investment in transition businesses and return more cash to shareholders.

Elsewhere, the activist was successful in getting former Telecom Italia director Giannotti De Ponti elected back to the company's board at its April 23 annual meeting - as one of six candidates it had put forward.

The meeting took place in the same month that Bluebell launched its attempt to have Larry Fink unseated as BlackRock's chairman. The activist made the case that BlackRock, which was founded by Fink in 1999, had underperformed relative to the S&P 500 since its 2009 IPO, arguing that "Mr. Fink may rightfully bask in the memories and celebrate his past successes, but shareholders, given the underwhelming results of the last 15 years, must look forward." Bluebell was unsuccessful in its demand however, winning just 13.1% support at the May 15 annual meeting after the asset manager asserted that its leadership structure has sufficient checks and balances in place to ensure independent oversight.

5: Engine Capital

No. companies publicly subjected to activist demands in 2024: **6**
No. countries where campaigns were launched in 2024: **3**
Average target market-cap: **$1.5B**
DMI news stories: **52**

Engine Capital launched public campaigns at six companies in the U.S., Canada and Ireland in 2024, the same number as advanced in both 2023 and 2022.

Headed up by Arnaud Ajdler, one of the firm's most notable campaigns in the period was advanced at Canadian software company Dye & Durham where the activist secured all six seats it had sought after the incumbent directors resigned in December, hours before the company's annual and special meeting.

At U.S. industrial products distributor MRC Global, the activist gained a board seat via an April settlement with the company citing "continued constructive engagement with Engine" and as part of the board's ongoing refreshment program. Also in the U.S., content and information company UpWork made an October announcement that it would reduce its total workforce by 21% just a month after Engine had called for an overhaul of its board among other suggestions to increase shareholder value.

In Europe, Engine Capital arrived at a deal with Irish beer and cider maker C&C Group in August under which the target agreed to launch a process to appoint one new non-executive director with capital markets expertise from a shortlist of nominees agreed with Engine.

6. Oasis Capital

No. companies publicly subjected to activist demands in 2024: **10**
No. countries where campaigns were launched in 2024: **3**
Average target market-cap: **$5.4B**
DMI news stories: **43**

Hong Kong-based Oasis Capital launched campaigns at 10 companies across three nations, including calling on U.K. sandwich maker Greencore to increase returns, gaining a board seat at U.S. data-center operator Applied Digital, and pushing for a sale at U.S.-listed Stratus Properties.

The overall focus was on Japan, however, where Seth Fischer's fund mounted 70% of his campaigns. One saw the activist urge Kobayashi Pharmaceutical to run an independent probe into allegations of serious health issues caused by its over-the-counter tablets containing red yeast rice. In another, Oasis called out drugstore operator Ain Holdings for failing to adequately disclose that two of its directors were arrested and convicted of "illicitly obtained information" in relation to a takeover bid. Despite claiming the support for both Glass Lewis and Institutional Shareholder Services for its four-director slate, Ain investors sided with management in the July 30 vote.

The biggest campaigns, however, centered on operational improvements and questioning deal valuations, supported in part by recent Japanese governance regulations requiring companies to disclose more financial details.

Oasis criticized Seven & i's rejection of the roughly $39 billion takeover bid from Canadian retail group Alimentation Couche-Tard. The activist threatened legal action over Taisho Pharmaceutical's $4.8-billion management buyout, alleging "an extreme conflict of interest."

"In the past, to mount a successful campaign you typically needed to have a scandal at the target company," noted Fischer in an interview with DMI. "Today, it's a new world where we're going to start benchmarking you to the best that you can be."

7: Trian Fund Management

No. companies publicly subjected to activist demands in 2024: **3**
No. countries where campaigns were launched in 2024: **2**
Average target market-cap: **$75.2B**
DMI news stories: **35**

Trian Fund Management pushed for reforms at three targets in 2024, the most notable of which saw the hedge fund return to Walt Disney with an eye for two seats on the media giant's board. The much-watched comeback failed to yield results with all incumbents returned after Glass Lewis and asset management giants BlackRock, Vanguard, Fidelity and State Street opted to stick with the status quo. The fund has since exited its position in Disney, selling 2.64 million shares in the third quarter.

Outside of Disney, however, Nelson Peltz did have success at U.K. pest control company Rentokil, securing a seat for Brian Baldwin in September. The appointment was made three months after news emerged that Trian had reached out to Rentokil to present its "ideas and initiatives to improve shareholder value" after taking a stake that made it among the company's top 10 shareholders.

In another campaign made public in July, Trian turned its attention to the healthcare sector arguing that Solventum, formerly 3M Health Care, had a significant value creation opportunity as a standalone public company. At the time, Trian told DMI that the company could unlock its potential through re-accelerating organic growth, restoring margins while investing to drive growth, and simplifying its portfolio of businesses as it "constructively" engaged with its management and board. The activist has since heaped pressure on the target, pressing it to simplify its portfolio and improve performance in a January letter.

> "Trian Fund Management pushed for reforms at three targets in 2024, the most notable of which saw the hedge fund return to Walt Disney with an eye for two seats on the media giant's board."

8: Sachem Head Capital Management

No. companies publicly subjected to activist demands in 2024: **3**
No. countries where campaigns were launched in 2024: **3**
Average target market-cap: **$10.4B**
DMI news stories: **11**

Sachem Head Capital Management targeted three companies in 2024, largely in line with its activity in 2023. The New York-headquartered investment manager was one of several activists that sought board representation at Spanish pharmaceuticals and therapeutics maker Grifols. The fund together with Mason Capital and Flat Footed advanced Paul Herendeen, a former senior executive at other large pharmaceutical companies, to be their representative on Grifols' board in a September open letter. The Barcelona-based drugmaker which had been targeted by Gotham City Research in a January short report, added Herendeen to its board in December alongside Lakeside Capital CEO Pascal Ravery.

That late-year win followed Sachem's founder and Managing Partner Scott Ferguson joining three other nominees in the revamped supervisory board at German food courier Delivery Hero, where Sachem announced a 3.6% stake in April amid reports that it wanted CEO and co-founder Niklas Oestberg to step down.

Also in April, Sachem Partner Andy Stafman won a seat on the board of U.S. cloud communications company Twilio, which he then lauded for taking "meaningful actions" to make itself more profitable – praise that came as Sachem said it would hold off on further challenges for board seats as part of the settlement agreement.

9: Align Partners Capital Management

No. companies publicly subjected to activist demands in 2024: 9
No. countries where campaigns were launched in 2024: **1**
Average target market-cap: **$6.6B**
DMI news stories: **13**

Seoul-based Align Partners started the year with a campaign for board seats at JB Financial, along with calls for other Korean banks to boost shareholder returns by improving the quality of their asset growth and returning cash to shareholders. In late March, Align gained two director seats at JB in the activist investor's second straight proxy vote for board representation at the South Korean bank.

The second half of the year was focused on Doosan Bobcat where the activist ran a campaign opposing Doosan Enerbility's plan to transfer its controlling stake in the construction equipment manufacturer to another group company while calling for an open sale process. That deal was cancelled in December, with Doosan Enerbility citing stock market losses and economic uncertainty caused by the martial law declaration by South Korean President Yoon Suk Yeol.

Align founder and CEO Changhwan Lee told DMI that the political situation may have given a good excuse to Doosan management to end a deal that had faced mounting opposition from shareholders. "I think they were really surprised to see this level of strong backlash from the shareholders," Lee told DMI in an interview. While Align achieved its goal of blocking the deal, Lee said management could relaunch the bid. "We are cautious. We are watching and communicating with other shareholders, but without any immediate action plan."

10: Carl Icahn

No. companies publicly subjected to activist demands in 2024: **3**
No. countries where campaigns were launched in 2024: **1**
Average target market-cap: **$17.3B**
DMI news stories: **18**

Veteran activist Carl Icahn launched three campaigns in the U.S. during 2024, the same level of activity recorded in 2023.

The first campaign made public in February saw Icahn secure two seats on the board of Ohio-based utility owner American Electric Power. The company also invited Icahn Capital Portfolio Manager Andrew Teno to be a nonvoting observer of the board. In July and after a petition to block the appointments, the Federal Energy Regulatory Commission ruled that the representatives could join the board but raised questions about the growing role played by activist shareholders at U.S. utilities.

Also in February, Icahn went on to claim two seats on the board of U.S. airliner JetBlue Airways in a cooperation agreement that saw Jesse Lynn, general counsel of Icahn Enterprises, and Icahn Capital Portfolio Manager Steven Miller added as board observers and as full board members following the 2024 annual meeting.

> "The company also invited Icahn Capital Portfolio Manager Andrew Teno to be a nonvoting observer of the board."

In December, Icahn floated the idea of a potential combination between Enzon Pharmaceuticals and Viskase after Viskase directors reached out to Enzon about a potential transaction. Enzon later formed a special committee to explore the idea.

The 2024 short seller watchlist

Short activity in 2024 was largely flat on 2023 with a total of 102 campaigns initiated globally. Almost 80% of such campaigns were directed at U.S.-listed targets, with technology and financial services among the most popular sectors.

While the level of activity in the U.S. market was in line with the previous 12 months, Europe-based targets were at the center of 10 short bets, compared to six in 2023, while Asia saw a drop-off in short attention with seven campaigns compared to the 13 advanced in 2023.

Hindenburg Research leads the 2024 short seller watchlist which is compiled based on data from Diligent Market Intelligence (DMI), including the number of short campaigns, average campaign returns, average target market-cap and news stories covering the investor.

1: Hindenburg Research

Activist short campaigns launched in 2024: **11**
Average one-month campaign returns: **14.3%**
Average target market cap: **$15.2B**
DMI news stories: **35**

In an unexpected turn of events, 2024 will go down as the last year that Hindenburg Research tops this ranking after the prominent activist fund opted to wind up operations.

In a January 15 open letter, founder Nate Anderson revealed the decision to disband the short firm after seven years. Founded in 2017, the short outfit built its brand by mounting campaigns at big-name targets including Carl Icahn's namesake conglomerate Icahn Enterprises and Indian conglomerate Adani Enterprises. In the 10-year period to 2024, Hindenburg advanced over 80 of its signature reports.

"The plan has been to wind up after we finished the pipeline of ideas we were working on," Anderson said. "And as of the last Ponzi cases we just completed and are sharing with regulators, that day is today."

The short seller fired off a string of reports during 2024, with nine targets in the U.S. and two in Europe compared to eight in 2023 and 10 the previous year.

Among its U.S. targets, Hindenburg took aim at iLearningEngines in an August report alleging that nearly all of the training software company's revenues and expenses were fake and being run through an unnamed tech partner with ties to its CEO. This sent the company's stock spiraling more than 53% on the day of publication, a decline that only worsened when an investigation resulted in five executives being placed on administrative leave and iLearningEngines filing for bankruptcy in December.

The short seller also penned a report in February accusing California-based Renovaro Biosciences' then-CEO Mark Dybul and Chairman Rene Sindlev of misleading shareholders about a key merger and ignoring alleged criminal activity by co-founder Serhat Gumrukcu. Dybul ultimately stepped down in October, with the company also appointing a new CFO in mid-January 2025. Renovaro's stock fell as much as 41.8% on the day of the report.

Looking to the European market, Hindenburg alleged in a February report that Temenos was manipulating earnings and using aggressive accounting practices to cover customer product dissatisfaction, causing the Swiss banking software developer's stock to fall around 29% on the day the report went live. The report also sparked a third-party review into the company's accounting as well as its decision to replace its CEO.

"Nearly 100 individuals have been charged civilly or criminally by regulators at least in part through our work, including billionaires and oligarchs," Anderson said in his closing note. "We shook some empires that we felt needed shaking."

2. Spruce Point Capital Management

Activist short campaigns launched in 2024: **11**
Average one-month campaign returns: **1%**
Average target market cap: **$29.8B**
DMI news stories: **13**

Spruce Point Capital Management found its 11 targets in the U.S., Canada and Bermuda with activity largely in line with recent years, recording 10 campaigns in 2023 and 12 in 2022.

2024's targets included Canadian engineering services company WSP Global, a short bet on New York-headquartered MSCI, and another on U.S. barcode scanner Zebra Technologies, as well as the launch of its campaign at California-based Boot Barn Holdings that took aim at its CEO James Conroy who subsequently stepped down.

Home improvement retailer Floor & Decor was among the short outfit's U.S. targets with a July report that claimed it had embellished its results amid intensifying competition and ballooning costs.

"After our report, the president announced his retirement, and the chief accounting officer announced his resignation." Spruce Point founder Ben Axler told DMI. "Furthermore, the company reduced its FY 2025 outlook for store growth."

Earlier in the year, the short seller also penned a report on PowerSchool Holdings, saying the U.S.-listed education software provider was using "aggressive" accounting practices to inflate its profitability metrics. In October, buyout firm Bain Capital acquired the company in a $5.6-billion transaction that Spruce Point described as "another bailout of a struggling business."

Looking ahead, Axler expects that 2025 will deliver a range of new opportunities for short outfits amid a changing landscape. "The new U.S. administration is promoting a more business-friendly environment with fewer regulatory burdens. As a result, we expect to find fruitful opportunities for companies pushing boundaries in the coming years."

3: Fuzzy Panda Research

Fuzzy Panda Research set its sights on half a dozen U.S.-based targets in 2024, increasing activity in the period with just two short bets the previous year and three in 2022.

It kicked off the year with a January report accusing mobile-medical services provider DocGo of fraudulent billing practices. While the company defended its internal compliance program, its stock tanked by almost 38% on the day of publication.

An April report targeting insurance group Globe Life resulted in one of Fuzzy Panda's greatest price moves in the year, after it alleged "extensive" insurance fraud and ''financial malfeasance'' at the Texas-based company. Globe Life's stock plummeted 53% on the day of the report while the company described the claims as ''wildly misleading'' and ''inflammatory." It was subsequently targeted by another short attack led by Viceroy Research some two weeks later.

"All the work that has come out on Globe Life by multiple short-sellers is pretty outstanding," Fuzzy Panda told DMI.

Activist short campaigns launched in 2024: **6**
Average one-month campaign returns: **9%**
Average target market cap: **$2.7B**
DMI news stories: 7

"It's rare when you have multiple activist short-sellers publish on the same target. It never ends well for the company in question. We think the fact that Globe Life's stock price has rebounded despite the company being under investigation by the SEC, DOJ, and multiple state insurance regulators is mind-boggling."

The short seller told DMI that it doesn't see the U.S. market environment changing dramatically in the coming few years. "We generally try to be agnostic to politics, but we do try to focus on thematic areas that the political party in charge is focused on."

4: Blue Orca Capital

In 2024, Blue Orca Capital targeted five U.S.-based companies focusing on the real estate, healthcare, energy and financial services sectors.

In February, it targeted energy storage solutions provider Fluence Energy with claims it was hiding an "incendiary" lawsuit filed by its largest shareholder and corporate parent, Siemens. Fluence retorted that the report contained "numerous inaccuracies and distortions" and that the litigation was "a small, ordinary course commercial dispute arising from a single project." However, its stock fell nearly 14% on the day of the report.

"It remains exceptionally difficult to produce differentiated and unique short ideas, but our team found and developed some great ideas last year," Blue Orca Chief Investment Officer Soren Aandahl told DMI. "Fluence stands out as a particularly prescient call, and in my opinion, showcases both our forensic approach to due diligence and the creativity of the idea generation."

Activist short campaigns launched in 2024: **5**
Average one-month campaign returns: **0.05%**
Average target market cap: **$8.9B**
DMI news stories: **7**

At real estate investment trust (REIT) Sun Communities, the short outfit released a September report pointing to an "egregious mess of conflicts of interest and dubious executive behavior." The company's stock fell around 10% in the days following the report.

Aandahl expects 2025 to be eventful for those operating in the shorts space. "President Trump's appointee to the SEC is a veteran who has long spoken of the value of short sellers to the overall integrity of the market, so I believe that critical and dissenting opinions from shorts will remain protected going forward."

5: Muddy Waters Research

Carson Block's Muddy Waters Research targeted two companies in North America as well as one in Europe in 2024, in a period that delivered what Block described as "a low supply of speculative assets relative to demand."

"2024 was not an outstanding year for activist short selling," he told DMI in an interview. "While we saw a return of demand for speculative assets with the AI hype that spilled over into secondary-order areas like energy, there wasn't an increase in new issuances to meet that demand."

Of the targets it did identify, make-up brand e.l.f. Beauty was the subject of one of its short reports released in November, marking the cosmetics company's second such short attack in the year. E.l.f. rejected its claims arguing that the report contained "numerous inaccurate statements" about its business.

Activist short campaigns launched in 2024: **3**

Average one-month campaign returns: **Negative 1.6%**

Average target market cap: **$13B**

DMI news stories: **9**

In February, Muddy Waters reported on Canadian fund manager Fairfax Financial Holdings, alleging it had "manipulated asset values and income" by engaging in "value destructive" transactions. The report saw Fairfax's share price drop 10%.

Meanwhile, a June report on Eurofins alleged that the Luxembourg-based drug tester's financials contained "material overstatements" of profits, cash balances and other asset values. While an investigation later refuted Muddy Waters' claims, the company's share price plummeted as much as 25% on the day of the report, hitting its lowest level in four years.

Shorts infographics

Short campaigns launched by year and company region

Region	2019	2020	2021	2022	2023	2024
Asia	28	31	21	6	13	7
Australasia	4	2	4	2	–	1
Canada	7	14	11	9	5	3
Europe (including UK)	8	13	7	10	6	10
Other	2	2	4	2	–	–
US	123	95	81	69	86	81
Total	**172**	**157**	**128**	**98**	**110**	**102**

Source: Diligent Market Intelligence / Activist Shorts

Average global one-week short campaign returns (%)

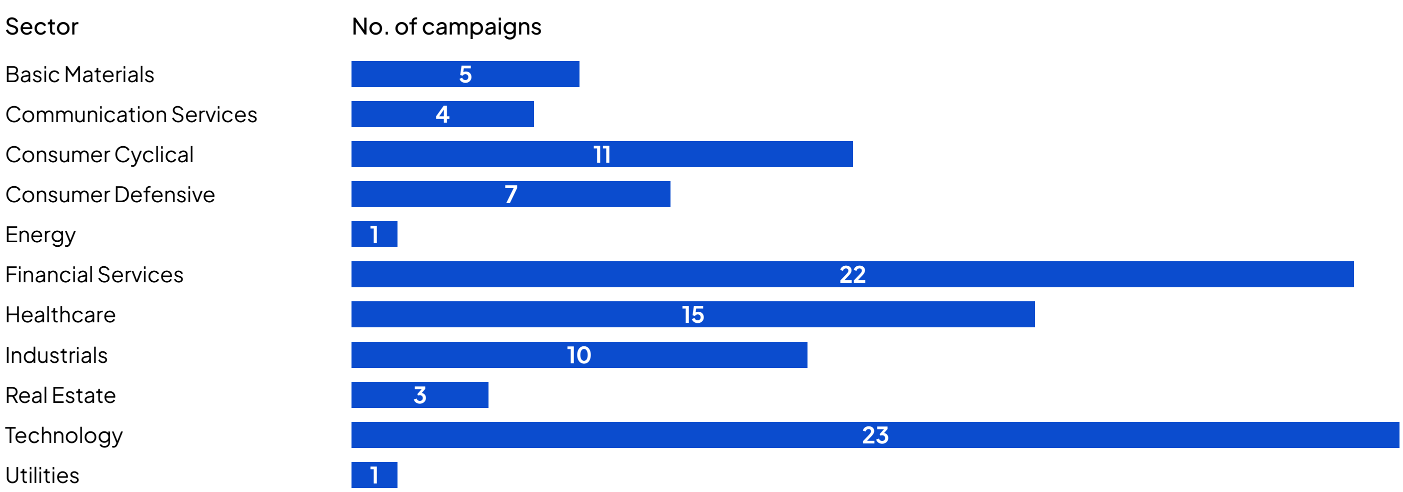
	2020	2021	2022	2023	2024
Average one-week returns	7.78	4.25	9.33	6.61	5.19

Average global one-month short campaign returns (%)

	2020	2021	2022	2023	2024
Average one-month returns	8.79	11.71	7.51	5.48	2.09

Source: Diligent Market Intelligence / Activist Shorts

Sectors most commonly targeted by short sellers globally in 2024



Source: Diligent Market Intelligence / Activist Shorts

About Diligent Market Intelligence

Diligent Market Intelligence is the leading provider of corporate governance, shareholder engagement and investor stewardship data. Trusted by advisors, investors and issuers globally, the Diligent Market Intelligence platform equips firms with the necessary information to proactively manage shareholder pressures, mitigate governance risks, and maintain a competitive edge in the market.

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