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**S&P Global**

Market Intelligence

# S&P Global Activist Surveillance

<https://www.spglobal.com/marketintelligence/en/mi/products/investor-relations-solutions.html>

# Activist Surveillance



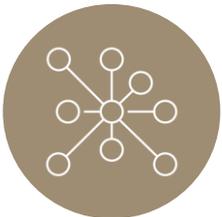
## Our Experience

- As the most trusted name in the investor relations community, S&P Global's surveillance program matches each client with experienced professionals, leveraging over 25 years of activist expertise.



## Our Partnership

- Alongside our strategic partners, S&P Global is uniquely positioned to provide our clients with high quality and diverse consultation when preparing for potential activist campaigns.



## Our Customization

- Given that all activist situations provide unique challenges, we have the capabilities to tailor our reporting based on the key concerns of the Management/IR team in order to maximize value for our clients.

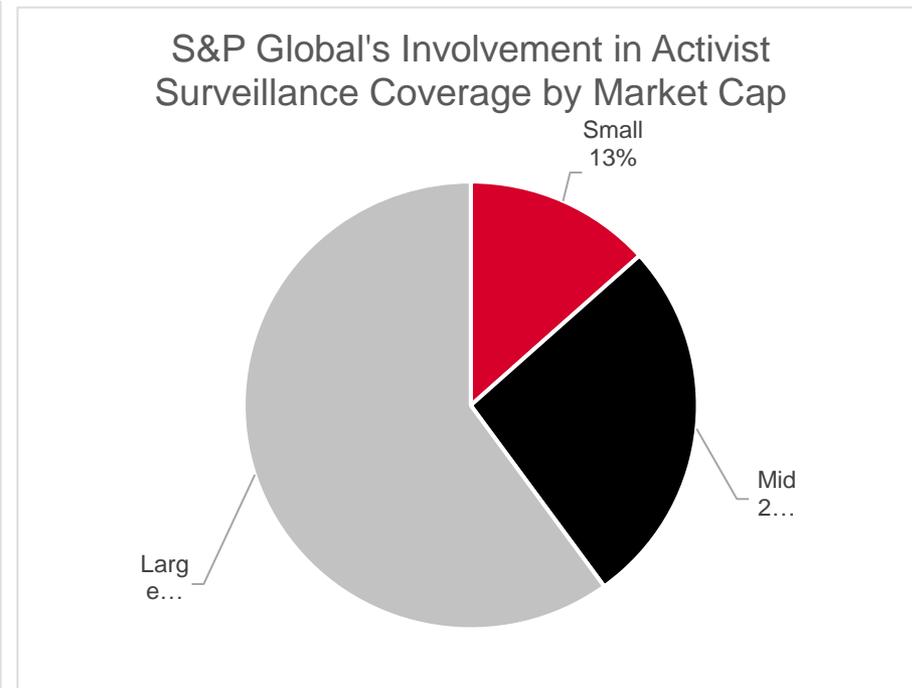
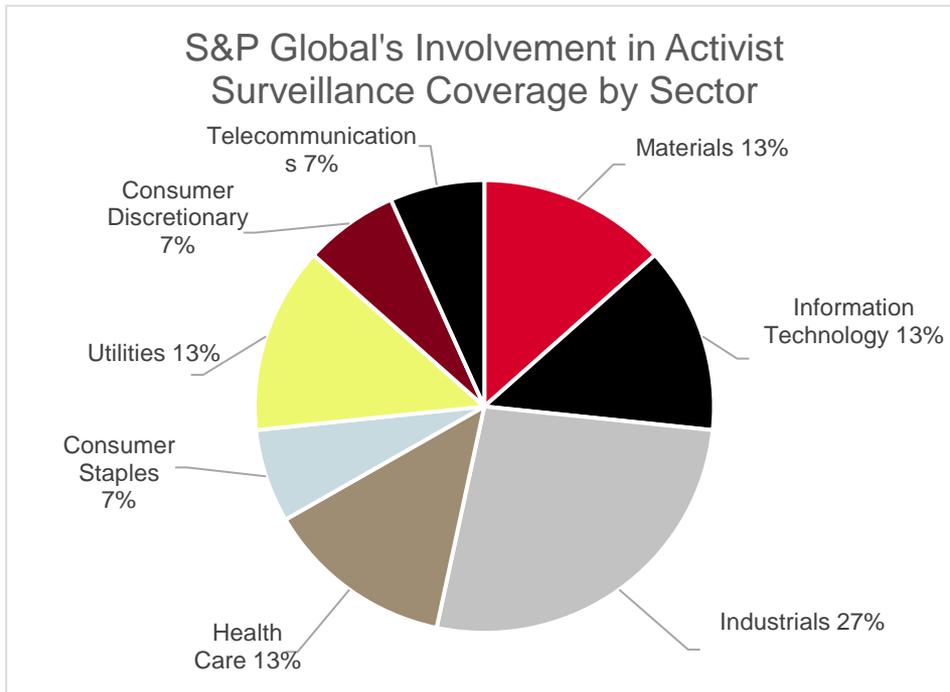


## Our Visibility

- Within our Global Markets Intelligence group, which has visibility into **900+ Clients** and **\$17T in Equity Capital Flows**, our activist surveillance team is well-equipped to detect and monitor abnormalities in trading.

# In-Depth Knowledge & Expertise

- S&P Global's Activist Surveillance team works with companies in an array of sectors. This diversification uniquely positions the team to **provide unparalleled insights** on activist tendencies throughout the broader markets.
- S&P Global's Activist Surveillance team works with clients across all market caps. We understand challenges that IR teams of all sizes face respective to activism, which allows us to **provide the best services to fit your needs.**



# Daily Activist Surveillance Report

- S&P Global's Daily Activist Surveillance report analyzes daily settlement flows, using our proprietary surveillance methodology to monitor potential activist involvement in the stock.
- Our findings are aggregated in a brief, board-ready report on a daily basis. The report includes the most up-to-date settlement analysis, as well as overall trends observed since the latest public filing information.
- The team will also monitor long-dated options as well as swaps and over-the-counter options, which in some cases have been the key to identifying potential activist positions historically.



# Daily Activist Surveillance Report: Example

## Key Trading Metrics

<b>Trade Date:</b>	<b>12/17/19</b>
Settlement Date:	12/19/19
Closing Price:	\$76.15
% Change:	(0.01%)
S&P 500 - % Change:	0.03%
S&P Sector - % Change:	(0.10%)
Daily Volume:	10,667,330
Daily Volume - % of 90-Day Avg:	351.79%
# of Block Trades:	8
Block Volume:	8,935,107
Block Volume - % of 90-Day Avg:	1117.86%

## Activist Concern

**HIGH**

Recent settlement flows continue to indicate the presence of shareholder activism

## XYZ Settlement Flows

	DAILY	MONTH-TO-DATE	QUARTER-TO-DATE
ETF	27,353	241,508	1,089,577
Hedge Fund	4,578,906	4,552,787	2,186,468
Institutional	(4,599,934)	(5,571,902)	(4,770,663)
Retail	82,809	(981,159)	(206,525)
Stock Loan	(37,469)	234,414	552,406
Trade Desk	593,806	930,905	383,790

## S&P Global Trading Intelligence

### Daily Insights:

- There was a late block trade of ~7.9M shares on the day at the closing price of \$76.15, which drove the total trading volume higher.
- Regarding the block trade, there is strong evidence in DTC settlement indicating **D.E. Shaw** likely converted a majority of its swap position to equity shares. Namely, over 5.0M shares went into a few hedge fund custodians and left several of the derivative/activist custodians that were used by **Nomura** in Q3. These hedge fund custodians are typically used by D.E. Shaw on the equity side among other hedge funds. The most likely scenario is D.E. Shaw converted at least 5.0M shares into equity as part of a year-end portfolio adjustment. Part of this strategy could be tied to profit-taking amid the strong stock price performance since 9/30.
- We are confident a conversion to equity or at least a similar type of position adjustment took place as the share magnitude was reflected in the after hours block trade this day. Given the fact this trade crossed the tape, we know the activity was not correlated with additional loaning.

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# Daily Activist Surveillance Report: Example (continued)

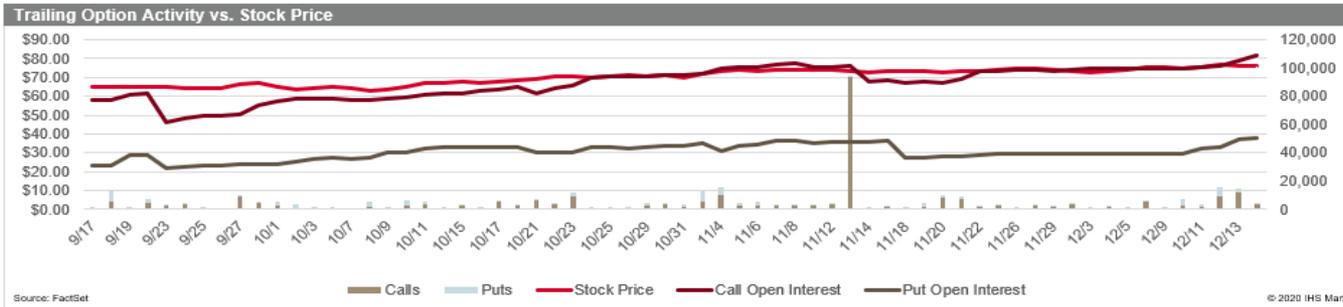
## Daily Options Activity

Most Active Calls	Strike Price	Volume	Top Options Holders*	Calls (Shares)	Puts (Shares)
January 2020	\$70.00	100	Susquehanna Financial Group, LLLP (Broker)	1,341,400	421,300
December 2019	\$78.00	75	Barclays Capital, Inc.	1,066,400	121,300
June 2020	\$85.00	66	Goldman Sachs & Co. LLC	668,400	504,000
			BofA Securities, Inc.	567,500	362,600
			D.E. Shaw & Company, L.P.	500,000	40,000

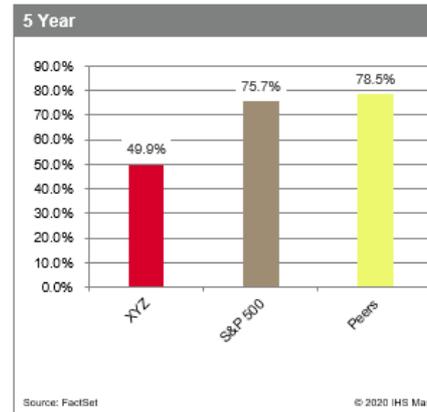
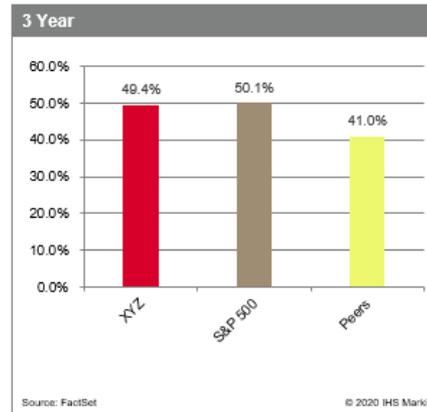
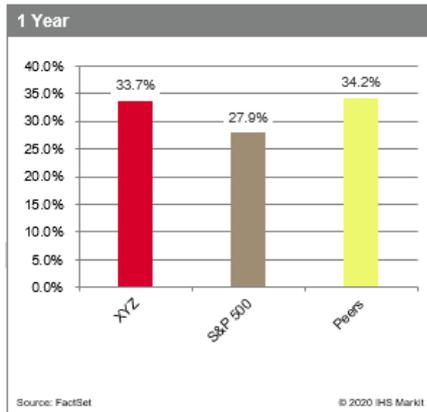
  

Most Active Puts	Strike Price	Volume
March 2020	\$70.00	210
December 2019	\$77.00	100
December 2019	\$77.00	100

\* Based on listed options holdings disclosed in 13F filings

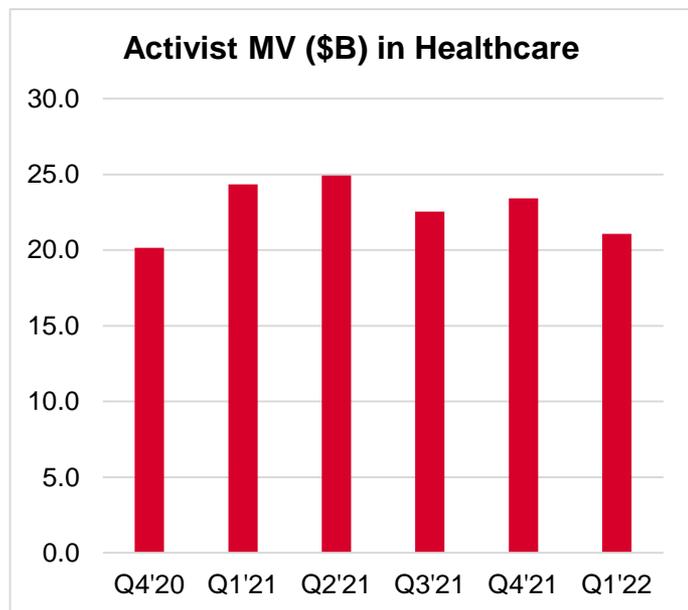


## Total Shareholder Return

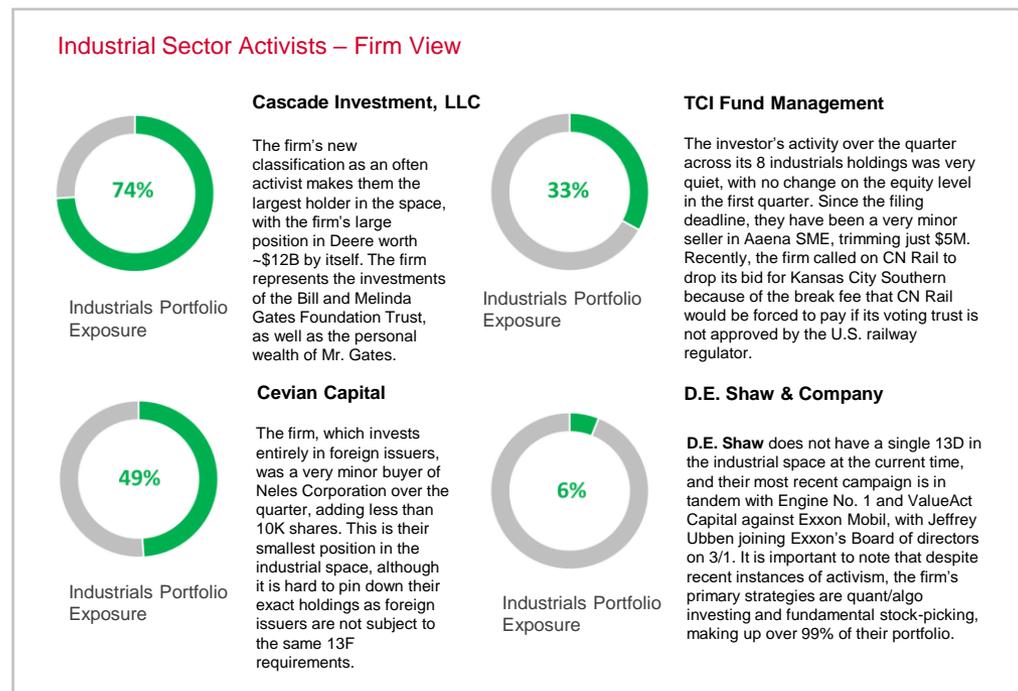


# Activist Trends Across Your Industry

- S&P Global's sector teams provide a breakdown of the quarterly activist teams **updated information on campaign** trends within each sector of the S&P 500, providing **ns at a very granular level.**
- While the largest activists often receive the most attention in the media, the sector breakdowns also cover niche firms that have the ability to take concentrated positions and **exert influence on small- and mid-cap issuers.**



\*Assets held by activist firms



# Activist Highlights



- The fourth quarter saw a new activist emerge in the Healthcare space, with **Politician Capital Management** filing its first 13F disclosing roughly \$1.0B stake in Managed Care company **Centene Corporation**.
- This quarter highlighted a fairly new Healthcare-specific activist investor, **Velan Capital Investment Management**, which filed a 13D in **Radius Health** and began a campaign against the company going as far as nominating board candidates.

# Meet the Activist Surveillance Team

- The activist surveillance team works hand-in-hand with the sector-focused surveillance analysts to monitor any notable activist trends on a daily basis.

**John Karageorge**  
Executive Director  
25 Years Experience

**John Hefferon**  
Director  
30 Years Experience

**Hal Garrity**  
Director  
12 Years Experience

**Najy Nahkle**  
Associate Director  
13 Years Experience

**Alper Sungur, CFA**  
Director  
12 Years Experience

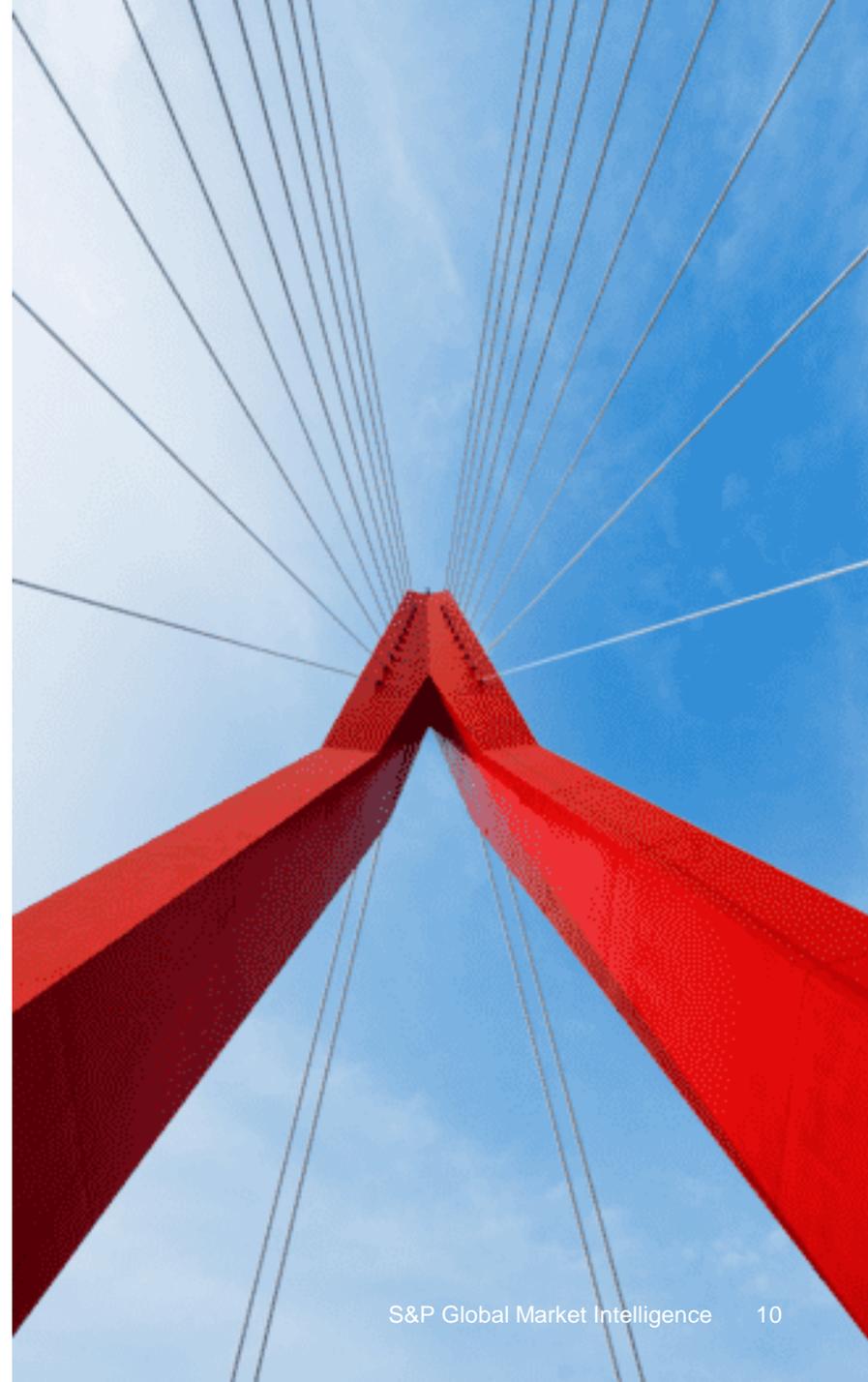
**Steven Friedman**  
Associate Director  
10 Years Experience



# Activist Surveillance Team

Our team has experience in identifying activity from (but not limited to):

- Barington Capital Group
- Carlson Capital
- Corvex Management
- Elliott Management Corporation
- Greenlight Capital Management
- Icahn Associates
- JANA Partners
- Pershing Square Capital Management
- Starboard Value
- TCI Fund Management
- Trian Fund Management
- ValueAct Capital Management



# Learn More

*“S&P Global’s knowledge of activist tendencies and early activist identification is second to none. It was S&P Global who alerted us to the activist action, even though our company also had a proxy firm engaged at the time. S&P Global continues to be one of our most trusted advisors.”*

**- Fortune 300 Consumer Services – SVP of Investor Relations**

*“I’ve used multiple surveillance teams in the past, and the S&P Global team is the best I’ve worked with. Activist investors have been very active in my industry, and the S&P Global team has been extremely accurate in tracking activists’ trading in my stock.”*

**- Mid Cap Specialty Chemicals – Chief Financial Officer**

At S&P Global Market Intelligence, we understand the importance of accurate, deep and insightful information. Our team of experts delivers unrivaled insights and leading data and technology solutions, partnering with customers to expand their perspective, operate with confidence, and make decisions with conviction.

S&P Global Market Intelligence is a division of S&P Global (NYSE: SPGI). S&P Global is the world's foremost provider of credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help many of the world's leading organizations navigate the economic landscape so they can plan for tomorrow, today. For more information, visit [www.spglobal.com/marketintelligence](http://www.spglobal.com/marketintelligence).