



# Activist Insight

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## Activists leaving companies in good shape

On average, the performance of stocks in which an activist investor has exited its position since 2010 have closely tracked the market during the time of the activist's involvement with the company. These stocks have returned an annualized 4.1% on average compared with an average annualized return of 4.5% from the S&P 500 index (as of May 2, 2013). Interestingly, however, Activist Insight's data shows that activist-targeted stocks have outperformed the S&P 500 by an annualized 4.3 percentage points since the date of the activist's exit, suggesting activists imbue a lasting positive effect on shareholder value at the companies they leave behind.

Notable examples of situations in which activists have exited a stock which has gone on to outperform the market include Starboard Value's campaign at small-cap healthcare company Surmodics Inc. (Fig 1). The company saw an impressive 119.1% increase in its share price in the 22 months after Starboard first publicly disclosed its holding in November 2010, owing in part to a successful share repurchasing campaign led by the activist, but Surmodics has gone on to experience a 29.4% further rise in its share price in the seven months since Starboard's exit, outperforming the S&P 500 by 18.5 percentage points.

It is, however, large-cap companies that have generally fared the best, outperforming the S&P 500 by an average of 13.1 percentage points after an activist has exited its position. Indeed, JANA Partners' push for a spin-off at Marathon Petroleum in late 2011 may have contributed to an increase in the issuer's share price of 22.4% in the period between the activist's Schedule 13D and its exit three months later, but Marathon shareholders have gone on to enjoy a 72.0% increase in share price in the 15 months since then, outperforming the S&P 500 by 53.0 percentage points.

While it is difficult to fully attribute the outperformance of stocks since an activist's exit to the work achieved by the activist during its involvement with the company, the data certainly offers an argument against the outdated notion that activists seek only short-term value extraction, and instead suggests activists may help companies to create long-term value for shareholders.

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Activist Insight was founded at the beginning of 2012 by Nick Arnott and Kerry Pogue. The company provides the most comprehensive global information source on activist investment. This includes live alerts on activist investments, 120 detailed activist manager profiles, over 1000 relevant company profiles as well as unique stats on activist campaigns, proxy battles and much more.

If you'd like more information about this topic, or to schedule an interview with Nick Arnott or Kerry Pogue, please contact Adam Riches at +44(0)207 129 1314 or email [press@activistinsight.com](mailto:press@activistinsight.com)



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**Fig 1**

Activist	Company	Annualized stock return since activist exit	Annualized S&P 500 return since activist exit
Starboard Value	Surmodics Inc.	54.5%	19.1%
JANA Partners	Marathon Petroleum	55.7%	15.3%
ValueAct Capital	Immersion Corp.	84.2%	19.1%
Elliott Management	Iron Mountain	28.0%	20.9%
Pershing Square	Fortune Brands	61.2%	20.9%