



## ANALYST QUICK NOTES

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### Five Activist Stocks

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#### Weekly Stock List: Five Activist stocks

- Activist investing continues to gain advocates, and capital, as high-profile managers like Carl Icahn, Nelson Peltz of Trian, Daniel Loeb of Third Point LLC and Jeffrey Smith of Starboard Value, LP, train their sights on underperforming targets such as Perrigo, Whole Foods Market, General Motors and Bristol Myers Squibb. According to Hedge Fund Research (HFR), Activist funds' assets under management have more than quintupled since 2008, from a level of \$32 billion to \$176 billion, as of year-end 2016.
  - Why are assets growing? Activists are achieving successful results. In 2016, activists were able to get management to address their demands 58% of the time, up from 53% in 2014-15, according to the Activist Insight annual review of 2016. In 2016, activists typically went after board seats, sought M&A activity, targeted the balance sheet or pushed for operational improvements. Recent success stories include Starboard's investment in Yahoo!, Greenlight Capital's investment in Michael Kors and Perry Value's stake in Zoetis, among others. There have been recent high-profile failures, though. Pershing Square lost \$3 billion on its recently exited investment in Valeant Pharmaceuticals.
  - Below are five BUY-rated companies that activist investors have recently targeted:
    - American International Group (AIG). Carl Ichan has a major stake in this global insurance company.
    - Morgan Stanley Inc. (MS). ValueAct is a significant holder of this investment bank.
    - General Electric (GE). Trian is trying to shake up this Industrial company.
    - Arconic Inc. (ARNC). Elliott Management is pushing for change at this company.
    - Perrigo Inc. (PRGO). Starboard is a top investor at this mid-cap generics company.
  - For more information on these companies, please see our Analyst Reports on the website.
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