

Shareholder Litigation: Views From the Frontline

December 10, 2020

Executive Summary:



The shareholder litigation landscape is rapidly changing across the globe. The U.S. remains the most active region, with over 400 federal class action lawsuits filed in 2019. Over \$3.2 billion in settlements were reached in U.S. cases (covering filings made from 2006 to 2019), and over \$6.7 billion was distributed to damaged investors from settlements reached in prior years.

On the global scene, 2019 brought over 40 new opt-in/passive actions across nine separate jurisdictions. With all of this activity, Greenwich Associates sought to explore how investment managers in North America, EMEA and APAC were managing this increased volume and what they were anticipating their activity might be in the years ahead.

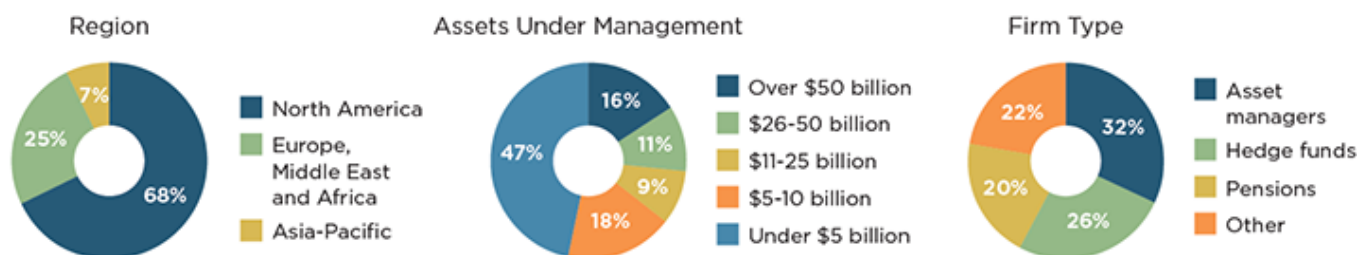
In this Greenwich Report, we take a deeper look into shareholder litigation trends over the past year. We examine the important factors driving participation in litigation and provide an overview of U.S. opt-out, non-U.S. opt-in and passive litigation.

Methodology:

In Q4 2019, Greenwich Associates interviewed 61 firms across pensions, asset managers, hedge funds, and banks/custodians, among others. The research focused on understanding investor views of the shareholder litigation process, with particular attention on corporate governance, factors driving involvement, sources of information, and the firm's internal policies.

The majority of firms responding were based in North America, with a quarter from EMEA and the rest from Asia-Pacific. Assets under management (AUM) ranged from nearly half (47%) at under \$5 billion, up to 16% over \$50 billion. Respondents were primarily asset managers (32%), hedge funds (26%) and pensions (20%), with the remainder spread across banks, custodians and proprietary trading firms.

DEMOGRAPHICS



Note: Based on 61 respondents.
Source: Greenwich Associates 2020 Shareholder Litigation Study



www.greenwich.com | ContactUs@greenwich.com

Coalition Greenwich, a division of CRISIL, an S&P Global Company, is a leading global provider of strategic benchmarking, analytics and insights to the financial services industry.

We specialize in providing unique, high-value and actionable information to help our clients improve their business performance.

Our suite of analytics and insights encompass all key performance metrics and drivers: market share, revenue performance, client relationship share and quality, operational excellence, return on equity, behavioral drivers, and industry evolution.

About CRISIL

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better. It is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics, and data to the capital and commodity markets worldwide.

CRISIL is India's foremost provider of ratings, data, research, analytics, and solutions with a strong record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights and efficient solutions to over 100,000 customers through businesses that operate from India, the U.S., the U.K., Argentina, Poland, China, Hong Kong, and Singapore.

For more information, visit www.crisil.com

Disclaimer and Copyright

This Document is prepared by Coalition Greenwich, which is a part of CRISIL Ltd, an S&P Global company. All rights reserved. This Document may contain analysis of commercial data relating to revenues, productivity and headcount of financial services organisations (together with any other commercial information set out in the Document). The Document may also include statements, estimates and projections with respect to the

anticipated future performance of certain companies and as to the market for those companies' products and services.

The Document does not constitute (or purport to constitute) an accurate or complete representation of past or future activities of the businesses or companies considered in it but rather is designed to only highlight the trends. This Document is not (and does not purport to be) a comprehensive Document on the financial state of any business or company. The Document represents the views of Coalition Greenwich as on the date of the Document and Coalition Greenwich has no obligation to update or change it in the light of new or additional information or changed circumstances after submission of the Document.

This Document is not (and does not purport to be) a credit assessment or investment advice and should not form basis of any lending, investment or credit decision. This Document does not constitute nor form part of an offer or invitation to subscribe for, underwrite or purchase securities in any company. Nor should this Document, or any part of it, form the basis to be relied upon in any way in connection with any contract relating to any securities. The Document is not an investment analysis or research and is not subject to regulatory or legal obligations on the production of, or content of, investment analysis or research.

The data in this Document may reflect the views reported to Coalition Greenwich by the research participants. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Coalition Greenwich compiles the data received, conducts statistical analysis and reviews for presentation purposes to produce the final results.

THE DOCUMENT IS COMPILED FROM SOURCES COALITION GREENWICH BELIEVES TO BE RELIABLE. COALITION GREENWICH DISCLAIMS ALL REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, WITH RESPECT TO THIS DOCUMENT, INCLUDING AS TO THE VALIDITY, ACCURACY, REASONABLENESS OR COMPLETENESS OF THE INFORMATION, STATEMENTS, ASSESSMENTS, ESTIMATES AND PROJECTIONS, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT. COALITION GREENWICH ACCEPTS NO LIABILITY WHATSOEVER FOR ANY DIRECT, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE OF ANY KIND ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT.

Coalition Greenwich is a part of CRISIL Ltd, an S&P Global company. ©2024 CRISIL Ltd. All rights reserved.

greenwich.com

ContactUs@greenwich.com

Ph +1203.625.5038