



The Editor,
The Financial Times,
Number One,
Southwark Bridge,
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Sir,

Activists can be responsible and constructive

Douglas McBean's comments about 'self-styled activists...and their ilk' in his letter of September 12th ("Self-styled activists who have no personal liabilities") lump all activists into a single group. In fact, there is a wide spectrum of approaches within what is now labelled activism, ranging from the 'crow bar' mentality of some hedge funds at one extreme to the responsible and active ownership based on constructive engagement undertaken by some long term investors.

Use of the media differs across the activist spectrum. We believe the ability to effect change at companies relies on trust between investors and company boards and management teams and that this is engendered best by keeping discussions confidential. Our experience validates this - constructive and supportive discussions with companies are equally rewarding in terms of the results achieved and are typically a lot faster in bringing about change than confrontational approaches. It is of great concern that the FSA's recent statement on investors collaborating together has created confusion in the investment community and in turn made aggressive public pronouncements appear more legitimate (*Lombard*, September 11th). Surely, this was an unintended and detrimental consequence.

Where Mr McBean's generalisations are most misleading is on the subject of the 'disconnect' between activists and boards. While investors have no legal liability to the companies they engage with, the best activists have ownership and co-investment structures that align their long term personal interests with those of their clients and of the companies in which they invest. Moreover, the legitimate active share ownership that is practised by some activists is not about them 'foisting' strategies on to boards, but about them fulfilling their responsibilities as part owners of public companies to hold their agents, the directors, accountable for the management of the businesses. Rather than damning such behaviour, those who believe in public listing as an effective ownership structure should encourage more investors to be responsible active owners rather than distant shareholders.

Yours,

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