

KINGSDALE PERSPECTIVE

ACTIVISM HAS EVOLVED. HAVE YOU?

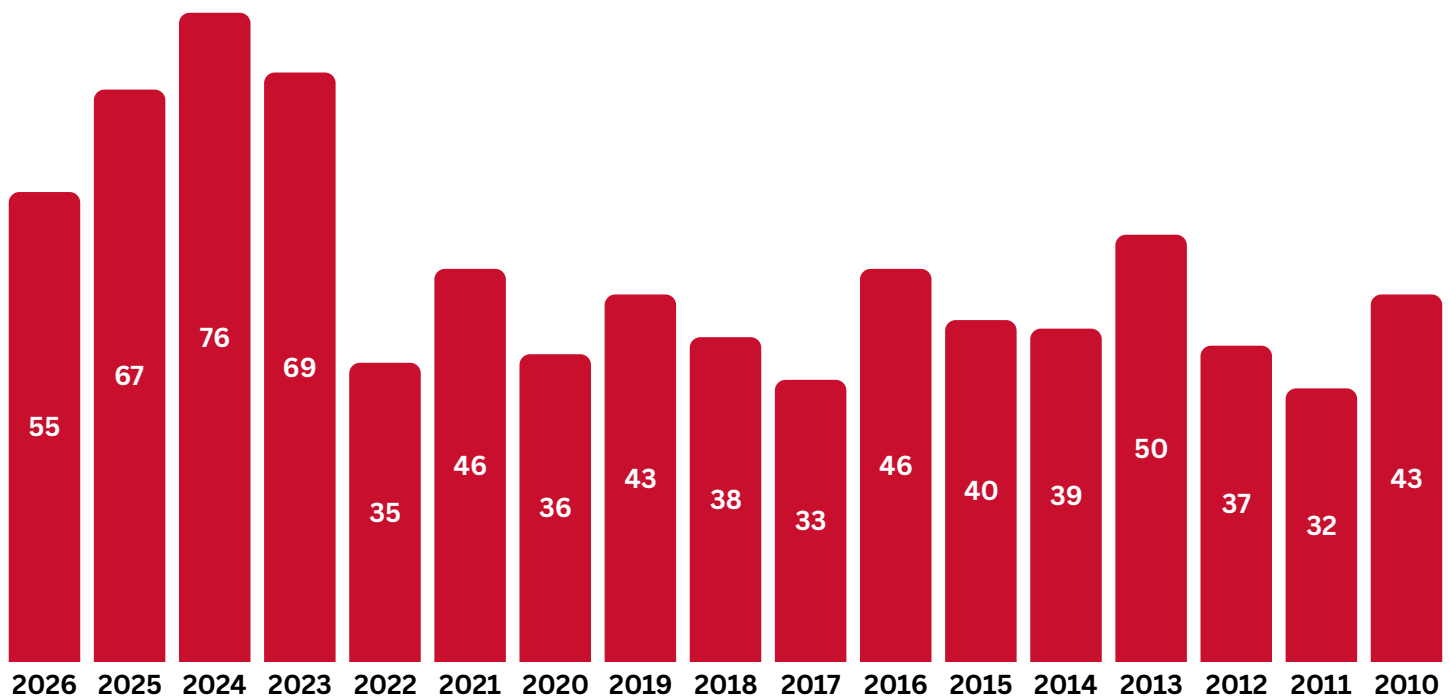
From Canadian Pacific to Universal Music Group, activism has shifted from operational intervention to strategic influence



A decade ago, shareholder activism in Canada was episodic, predictable, and results-oriented. Campaigns had a clear start, a defined thesis, and a visible end. Boards had time to respond.

Today, activism is continuous, multi-dimensional, ubiquitous, and does not necessarily begin with a campaign. It can build quietly, weaving a narrative around governance, capital structure, and shareholder value before surfacing. Boards no longer enjoy the luxury of developing a measured strategy in response to a defined shareholder concern and are operating under constant pressure.

Number of Shareholder Campaigns Initiated By Activists In Canada (2010-2026)



**Source: Kingsdale Advisors and various sources. Years refer to proxy seasons, which run from July 1 of the previous year to June 30.*

Canada may not match the U.S. in terms of activist volumes, but the vibe shift to a more impatient investor attitude is unmistakable. Before the pandemic, activity averaged 30–40 campaigns annually, peaking in the 2024 proxy season at 76 campaigns. But in the 2026 proxy season, we've seen a total of 55 activism campaigns, only slightly lower than the 2025 and 2024 levels*.

The pattern reveals that demands from shareholders have become more frequent, while also becoming increasingly sophisticated.

And nowhere is that shift clearer than in the playbook of one well-known activist over time.



Then: Canadian Pacific Railway

In 2012, when Bill Ackman launched his campaign against Canadian Pacific, his modus operandi was direct and confrontational.

His company, Pershing Square, holding about 14% stake, initiated a proxy fight to replace the CEO and reshape the board after his request for two board seats were rejected. The rationale was singularly focused on operational underperformance. Canadian Pacific lagged peers on efficiency and financial performance, and Ackman's campaign focused on leadership change, cost discipline, and operational turnaround.

With a simple objective of, “fix it,” it was classic activism because it was visible, concentrated, and outcome-specific.

The campaign escalated publicly and concluded decisively. With Kingsdale's support, Pershing Square secured shareholder backing in the proxy vote, resulting in a CEO transition, board turnover, and sustained operational enhancements and strong stock performance.

This activist campaign marked a turning point for the Canadian market. It challenged the assumption that large, established issuers were insulated from activism and signaled that even Canada's most prominent companies could be subject to coordinated shareholder pressure. In doing so, it helped redefine the activism landscape in Canada.

Now: Universal Music Group (UMG)

More than a decade later, Pershing Square's new approach looks fundamentally different.

Take Universal Music Group. With approximately a 4.7% stake, Bill Ackman has not launched a proxy fight. Instead, in April 2026, he introduced a structured, non-binding proposal to merge UMG with his investment vehicle and pursue a U.S. listing, valuing the company at almost a 78% premium to its prior trading price.

The argument this time isn't underperformance. It is under-optimization.

In a letter to the board, Ackman acknowledged that management had done an “excellent” job of executing its strategy and operating a strong business. His critique instead focused on structural constraints, including uncertainty around a significant shareholder position, delays to a U.S. listing, and underutilization of the balance sheet as drivers of valuation disconnect.

The energy once dedicated to confrontation has been redirected to reframing.

The market responded immediately to Ackman's thesis, with shares moving higher following his announcement, demonstrating how quickly a well-positioned argument can reshape the narrative.



But reshaping the narrative is not the same as winning the vote.

The campaign has since met its defining constraint: concentrated ownership.

Bollore Group, holding approximately 18.5% of Universal's shares and nearly 40% of its voting rights, publicly called on UMG's board to reject the offer at the company's AGM. The stated objection was that the bid undervalues the business. With a two-thirds majority required to approve the transaction, Ackman himself acknowledged the dependency plainly, "Without Bollore, we don't have a transaction."

The thesis was compelling. The coalition wasn't there.

And yet, UMG has since moved on core elements of the balance sheet critique regardless, announcing the sale of half its Spotify stake with proceeds directed to share buybacks. The move suggests that aspects of Ackman's strategic framing have gained traction, even as the board ultimately rejected the bid.

By June 2026, Ackman had sold out of UMG, reportedly booking a profit of around \$600 million.

Influence without control. That is modern activism.

What Changed

The structure of activism has evolved in tandem with a tactical shift:

From fixing underperformance to **unlocking value** in strong, well-run companies.

From proxy fights to **structured proposals**.

From control and replacement to **influence and repositioning**.

From defined endpoints to **ongoing engagement**.

From winning votes to **shifting strategy**, even a rejected campaign can move a board.

The activist themselves have transformed.



The Next Decade of Activism

The direction is clear:

- ✓ **Continuous:** Fewer defined campaign starting points.
- ✓ **Data-driven:** Earlier identification of targets through analytics and AI.
- ✓ **Coordinated:** Integration of financial, governance, and stakeholder narratives.
- ✓ **Time-compressed:** Shorter windows for boards to respond.

The advantage will shift from how boards respond to how early they anticipate.

The UMG situation adds another dimension, which is in concentrated ownership structures, the activist thesis and the transaction outcome can diverge entirely. A board that absorbs the argument while rejecting the deal is a new kind of victory, and a new kind of vulnerability, that neither side fully anticipated.

Prepared boards identify pressure early. Others are subject to it.

A Practical Playbook for Boards

Boards need a new operating model to keep pace with the new model of activism.

High-performing boards:



Identify vulnerabilities early before they surface externally.



Continuously monitor shareholder sentiment.



Run structured activist scenario modelling.



Align governance, disclosure, and engagement proactively.



Board Takeaway

Shareholder activism in Canada has changed fundamentally. What was once episodic and financially driven is now continuous and strategic.

For boards, the risk has shifted. It is no longer activism itself but failing to recognize how it has advanced.

Because in today's environment, by the time a campaign is visible, it is already underway, and by the time it is blocked, it may have already succeeded.

**To learn more about our governance and defensive advisory,
email strategy@kingsdaleadvisors.com**