



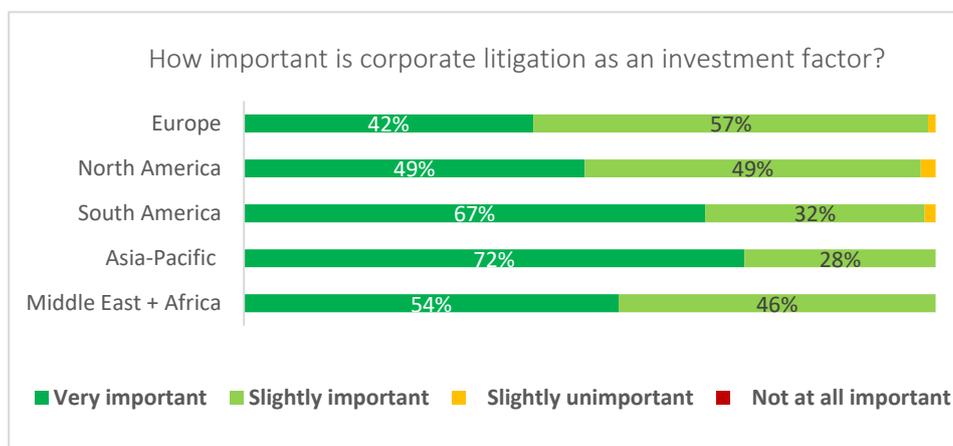
Decade of Disputes – The Trillion Dollar Investor View

At the start of 2020, FTI Consulting undertook research surveying 2,000 businesses on their expectations of the corporate environment in the years ahead. This research has found that business leaders were anticipating an increase in corporate disputes, giving rise to the 2020s being referred to as the “[Decade of Disputes](#)”.

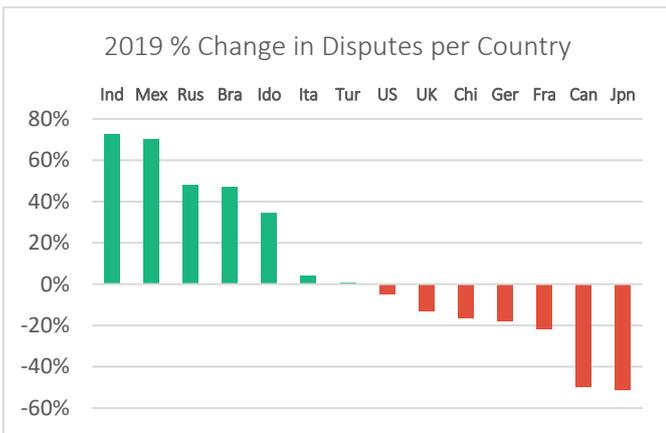
Now, halfway through the first year of this decade of disputes, FTI Consulting has sought out the investor view of corporate litigation and how it can affect their investment decisions – with responses from over 500 global institutional investors with a total AUM of over \$1 trillion.

Litigation Matters to 99% of Investors

In FTI Consulting’s research, investors were asked about the importance of litigation when assessing investment opportunities. In total 99% of investors indicated that corporate litigation is an important factor, of which 52% of investors believed it was “very important”. Of note, not a single investor indicated that corporate litigation was “not at all important” when assessing an investment opportunity. Hedge funds were found to be most likely to see corporate litigation as a “very important” investment factor, more so than endowment funds, pension funds, sovereign wealth funds, mutual funds, private banks or wealth managers.

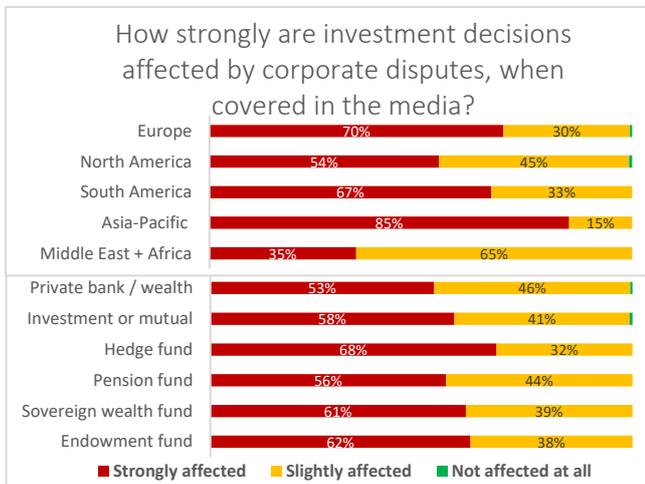


Of note, investors in South America and the Asia-Pacific region were those most likely to convey high importance to corporate disputes when assessing investment opportunities. This is reflective of the business environment FTI Consulting’s research identified at the beginning of 2020, with companies in emerging markets reporting an increase in litigation in the prior year and those in more developed economies within the G20 reporting a decline. Among those businesses reporting the fastest rise in corporate litigation were those based in India, Mexico, Russia Brazil and Indonesia.



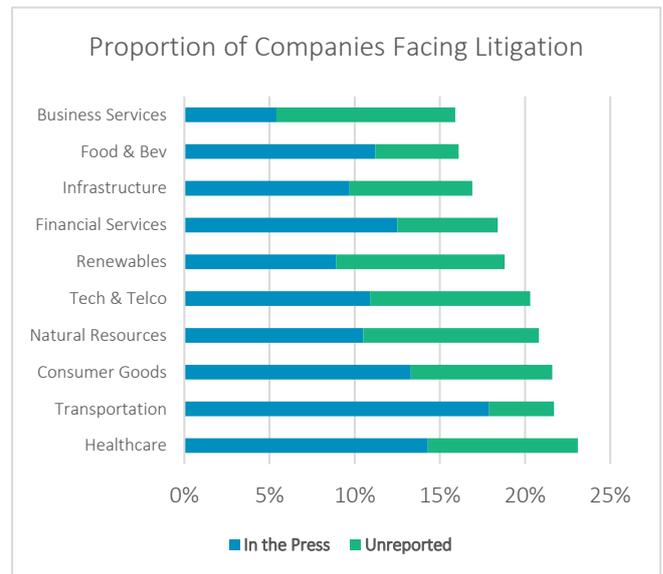
Litigation in the Media Spotlight

With the general assessment that litigation matters to investors, FTI Consulting also sought the view of what role the media plays with regards to investor perception – in many cases heightening the concerns of investors around corporate disputes. Overall, 61% of investors said that media coverage “strongly affects” their investment decisions when looking at companies engaged in corporate litigation. Once again, hedge funds were found to be those who viewed corporate disputes as strongly affecting investment decisions when they are covered in the media.



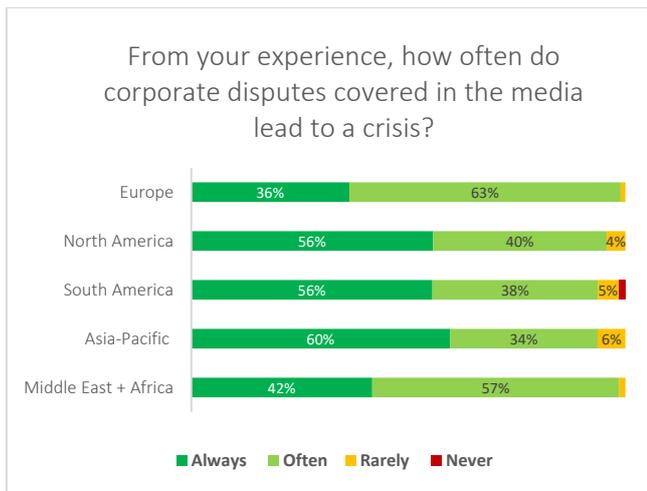
Of note, with exception of Middle East and Africa, institutional investors from every other region of the globe indicated that media coverage of corporate disputes strongly affects their investment decisions. This was the case for 85% of investors based in the Asia-Pacific region, 72% of whom had already indicated that corporate litigation is a “very important” investment factor.

Of course, not all litigation makes it to the media spotlight. According to FTI Consulting’s research of over 2,000 businesses, almost half (42%) of 2019’s corporate disputes went unreported in the media. This was a common theme for companies in the business services sector, but less common in the highly litigious industries of Healthcare and Transport, which include a mix of public and private sector provision.



An Unavoidable Crisis

There are occasions when a high-profile dispute becomes a corporate crisis. There are other times when a crisis occurs – such as a natural disaster or a cyber attack – and it leads to a multi-year piece of litigation for those affected to find a remedy. FTI Consulting’s research asked investors their view of when corporate disputes can become crises for companies, finding that 97% of those surveyed believed corporate disputes “often” or “always” become a crisis.



Research Methodology

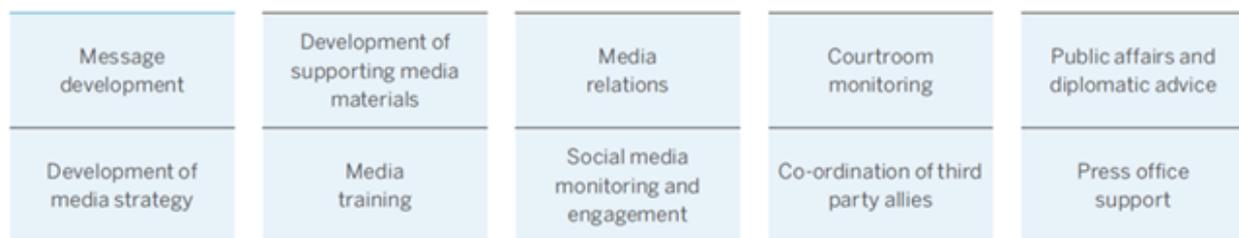
This research was conducted online with n=506 Global Institutional Investors from 10th to 15th July 2020 (inclusive). Their sum AUM total in excess of USD\$1 trillion. We used the convention for rounding, so not all sum totals might not add up to 100%.

For more information on the research methodology and our work, please contact dan.healy@fticonsulting.com

It is unsurprising to see the correlation between the regions where investors have a strong sensitivity to litigation in the media spotlight, and those who see corporate disputes as “always” or “often” leading to a crisis.

In an era when Covid-19 has created a global health crisis, followed by various forms of economic crises differing for each sector of the economy, we can already see a number of disputes emerging. Whether it is a claim in the insurance sector over business interruption insurance products, or a M&A related dispute over material adverse effect clauses, coronavirus-related disputes will only add to the decade of disputes ahead.

FTI Consulting’s Communications Services for Corporate Disputes



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