

## Change afoot as Third Point board strikes deal with rebels

By Gavin Lumsden / 21 Feb, 2022



Rebel shareholders in **Third Point Investors** ([TPOU](#)) have won a seat on the board, raising the prospect of corporate governance improvements and a cessation of hostilities with Dan Loeb's £1.2bn hedge fund.

The London-listed investment company, which has been engaged in a 10-month battle with activists led by Asset Value Investors, has announced the appointment of Richard Boleat, an independent non-executive director put forward by the rebels last month.

Boleat, a chartered accountant who chairs debt funds **CVC Credit Partners European Opportunities** ([CCPG](#)) and **SME Credit Realisation** ([SCRE](#)), joins the board with Vivien Gould, another experienced investment trust non-exec, currently on the boards of **Lindsell Train** ([LTI](#)), **Barings Emerging EMEA Opportunities** ([BEMO](#)) and **Schroder AsiaPacific** ([SDP](#)).

Rupert Dorey, a corporate debt specialist who joined the board in 2019, will chair the company. He succeeds Steve Bates who resigned in December after the activists threatened to target his other business interests in their escalating campaign to strengthen TPOU's discount controls and limit the influence of Loeb's New York-based fund management firm Third Point LLC.

In return the activists, who also include Metage Funds, Global Value Fund and Pinehurst Partners, have agreed to withdraw their requisitioning a vote for Boleat's appointment and a general meeting of shareholders will not be held.

In a statement on Friday, the board said the rebels, who own 18% of TPOU ordinary shares, had also undertaken to 'refrain from taking certain other actions with respect to the company', implying they expected further concessions to be made.

Tom Treanor, head of research at Asset Value Investors, who has acted as a spokesman for the group, would not comment on Boleat's appointment.

The arrival of Boleat and Gould will bring to five the number of independent non-execs on the hedge fund's board. The six-strong board also includes Josh Targoff, the non-independent representative of Third Point, who the rebels failed to remove in early December.

The rebels had targeted Targoff as a proxy in their push for the company to give shareholders quarterly exits at close to asset value, having previously been frustrated by the board's refusal to hold an extraordinary general meeting to vote on the issue.

They were angered when Loeb and VoteCo, an entity linked to his company, used their stakes to retain Targoff. Without these the rebels claimed to have won the votes of three quarters of independent shareholders.

## **'Significant win' for AVI**

Christopher Brown, investment companies analyst at JP Morgan Cazenove, said: 'This is a significant win for AVI and its fellow requisitionists as the board has agreed to appoint Mr Boleat without being forced to do had it lost the requisitioned EGM vote.'

Brown noted that when nominating Boleat the rebels had said a vote for him would give him a mandate to 're-engage with shareholders' many of whom felt 'disenfranchised' and, they

hoped, review TPOU's governance and mechanisms to control its current 10% share price discount.

'We thus infer that Mr Boleat's appointment, and also that of Ms Gould, will lead to some important changes to the governance of TPOU, with the most problematic being the way in which VoteCo has used its super voting rights to frustrate the requisitionists, and their desire for more regular exit opportunities, which now look increasingly likely,' Brown said.

Andrew Rees, an analyst at Numis Securities, TPOU's corporate broker, said the withdrawal of the requisition and ceasefire agreement were positive. Institutional shareholders currently have a window to transfer their stakes into the Third Point Offshore or 'Master' fund, which TPOU feeds into, at a 2% discount to asset value.

'If the vocal shareholders take the exit, then the listed fund may be left with a visibly more supportive shareholder register, which could be positive for the rating,' said Rees.

Third Point, itself an activist pressing change at UK oil major Shell, invests in public and private equity and corporate credit. Its performance last year was boosted by the US flotations of Upstart, a lender that uses artificial intelligence to credit score borrowers, and cybersecurity firm SentinelOne.

Rees said Third Point had reduced these long-standing positions in the tech selloff of the past three months. TPOU sterling shares (TPOS) have fallen 16% since late November but are up nearly 11% and 70% over one year and three years, beating the respective MSCI World index gains of 7.9% and 51%.