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Dear fellow shareholders of Third Point Investors Limited (respectively "Shareholders" and "TPIL"),

**Asset Value Investors Limited ("AVI") urges Shareholders to vote FOR our resolution to remove non-independent director Joshua L Targoff from the TPIL Board at the EGM on 1 December 2021**

AVI Global Trust and three other Shareholders including Metage Funds Limited and Global Value Fund Limited (the "**Requisitioning Group**"), together representing over 18 per cent. of TPIL's Ordinary Shares, requisitioned the board of TPIL (the "**Board**") on 2 November 2021 requiring the Board to convene an extraordinary general meeting of TPIL (the "**EGM**") at which Shareholders will be asked to vote on a resolution to remove Joshua L Targoff, the representative of Third Point LLC ("**Third Point**") on the Board, as a director of TPIL.

The date for the EGM has now been set as 1 December 2021.

**The Board's intransigence and disregard for good corporate governance in their continued refusal to put our discount-control related advisory resolution to Shareholders has led us to propose this resolution instead as a proxy. Shareholders wishing to express their support for our advisory resolution should vote FOR the resolution to remove Mr. Targoff.**

**As a reminder, the advisory resolution that we requested be put before Shareholders was as follows:**

***THAT the Company put in place arrangements whereby, at the discretion of the Directors, Shareholders are provided with the opportunity (but without obligation) to redeem their shareholdings in the Company on terms (as regards frequency and percentage of shareholding) that match as closely as possible those available to investors who hold the same class of shares in Third Point Offshore Fund, Ltd (the "Master Fund") in which the Company has invested a majority of its assets.***

We continue to reserve all rights including the right to apply to the Royal Court in Guernsey for a declaration that the Board is obliged to comply with our advisory requisition whilst reserving our rights (and those of other Shareholders) to seek to hold the Board to account for any breach of duty. However, we are mindful of the fact that, even if the Board is found to have behaved improperly, the costs of legal action will ultimately be borne by TPIL – in other words, by ourselves and fellow Shareholders. We believe it is in the best interests of all Shareholders that we seek to bring this protracted saga to a conclusion as expeditiously as possible. This letter provides some further background to our latest actions.

On 22 October 2021, the Board declined yet again to convene an extraordinary general meeting requisitioned by the Requisitioning Group at which an advisory resolution relating to a discount

control mechanism would be voted on by Shareholders. The Board's response contained some astonishing statements which we will address in this letter.

The Board's obstructive behaviour has extended for so long now that it may be useful to take a step back and remind ourselves of how we have arrived at this point.

- **H2-2020:** The Board acceded to Shareholder requests for a Strategic Review (the "**Review**") in the face of widespread Shareholder discontent at the persistently wide discount to NAV at which the Ordinary Shares had traded for almost the entirety of their fourteen-year life. We note the consultant hired to lead the process was introduced to the Board by Third Point.
- **Q4-20/Q1-21:** While not wishing to unfairly pre-judge the outcome of the Review, we had concerns that its independence may have been compromised by the choice of consultant and wanted to avoid a review that was conducted behind closed doors and heard only what Third Point wanted it to hear. We therefore engaged in dialogue with other Shareholders holding a substantial proportion of the company's Ordinary Shares. We know these Shareholders unequivocally made their support for proposals like ours known to the Board. Indeed, in later conversations with the Chairman, we were assured that he too had received the same feedback that we had heard. We believe there is broad Shareholder support for our proposed discount control mechanism.
- **Feb-21:** With the Review ongoing, Third Point CEO Dan Loeb directed an extraordinary tirade at Shareholders during a webinar, accusing those Shareholders calling for the discount to be addressed of being "*small-minded*" and "*short-term profiteers*" seeking to "*game the system*". Mr. Loeb also cited "*voting protection...put in place specifically to protect our long-term investors from short-term profiteers who are looking to make a quick buck by trying to liquidate or diminish the amount of capital that we have invested...*", an interpretation of TPIL's constitution that is at clear odds with the stated purpose of the "VoteCo" structure. These comments were subsequently deleted from the official recording.
- **1 April 21:** the outcome of the Review was announced. The Requisitioning Group and many other Shareholders with whom we have spoken do not believe the announced measures accurately reflect the feedback received from Shareholders; rather, they appear to be reflective of a Board that kowtows to Third Point.
- **Over the following months,** AVI Global Trust, which alone held more than 10 per cent. of the Ordinary Shares, sought the support of Third Point Offshore Independent Voting Company Limited ("**VoteCo**") to requisition an extraordinary general meeting to vote on a discount control mechanism that in our view more accurately reflected the wishes of Shareholders. Despite TPIL's documents stating VoteCo's sole purpose as being to resolve "*jurisdictional regulatory issues in the US*", VoteCo refused to support our requisition and thus address the artificially high bar to requisition created by its holding of Class B shares. VoteCo's directors have refused to confirm whether there was any contact between themselves and the Board or Third Point regarding our request.
- **5 July 2021:** the Requisitioning Group representing over 18 per cent. of the Ordinary Shares (and over 10 per cent. of the voting rights) requisitioned an extraordinary general meeting for Shareholders to vote on an Ordinary Resolution to change TPIL's investment policy to address its persistent discount to NAV (the "**July Requisition**"). The Board subsequently refused to put the resolution to Shareholders on the grounds that it would be **overly binding** on them. We

note there were no restrictions on the Board itself putting the resolution to Shareholders if it chose to do so.

- **25 August 2021:** the Requisitioning Group requisitioned an extraordinary general meeting to discuss TPIL's persistent discount and to allow Shareholders a vote on an advisory resolution substantively similar to the July Requisition (the "**August Requisition**"). The Board subsequently refused to put the resolution to Shareholders on the grounds that it would ***not be binding*** on them.
- **30 September 2021:** AVI's legal counsel wrote to TPIL again requesting they call the meeting requisitioned in the August Requisition. AVI and other requisitioning Shareholders had taken advice from a leading QC that asserted the Board was mistaken in its rejection of the August Requisition.
- **22 October 2021:** the Board called an extraordinary general meeting to vote on the previously announced Exchange Facility and to discuss TPIL's persistent discount, seemingly acknowledging they had been mistaken in rejecting at least this part of the August Requisition. However, the Board has refused to call a vote on our proposed discount control mechanism, rendering such a meeting an ineffective talking shop.

The Board's 22 October 2021 statement accuses AVI of "*continued attempts to commandeer the apparatus of the Company in pursuit of its own agenda, at the expense of all shareholders*". This is a curious way to characterise the actions of Shareholders seeking to exercise basic shareholder rights. While it may suit the Board to portray AVI as fighting a lone battle in pursuit of its own "*agenda*", we are acting alongside Shareholders who, including our own stake, collectively own over 18 per cent. of the Ordinary Shares in issue. Furthermore, we are aware of widespread support for our proposals based on our discussions with other Shareholders who are not part of the Requisitioning Group.

The Board seems somewhat confused in expressing its "*disappoint[ment] that AVI has sought to continue its campaign to hold a special meeting to voice its own position*". The Shareholder meeting the Requisitioning Group have been campaigning for would provide by its very nature an opportunity for ALL Shareholders to voice their positions *via* a vote. While the Board claims that their measures announced in April are "*in line with feedback from the majority of shareholders*"<sup>1</sup>, it appears terrified of having this claim tested publicly.

We note that the Board's peculiar contention that AVI's campaign is seeking to "*draw attention*" to itself bears more than a passing resemblance to sentiments expressed in recent infantile tweets from Mr. Loeb<sup>2</sup>. Shareholders will be forgiven for wondering who is writing these Board statements.

We also note the Board's attempt to distract Shareholders by drawing a false equivalence between "*the London-listed investment trust managed by AVI*" and TPIL. AVI in fact manages two London-listed investment trusts: AVI Japan Opportunity Trust ("AJOT"), which trades on a premium to NAV, and AVI Global Trust ("AGT") which currently trades on a discount. AVI manages AGT under contract from its board of directors and its discount is properly a matter for discussion between its board and its shareholders, but nevertheless we would make two points in this

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<sup>1</sup><https://www.investegate.co.uk/third-point-investors-ltd--tpou-/prn/tpil-response-to-shareholder-communication/20210901070000PE89C/>

<sup>2</sup> <https://twitter.com/DanielSLoeb1/status/1444370517067239424>

regard. First, that AGT's and TPIL's discounts are of a very different scale (TPIL's current discount is approximately twice as wide as that of AGT at the time of writing and has been far more persistent over its life). On this point, we also note that TPIL's current discount is likely materially less wide than it would otherwise be were it not for our public engagement, which we believe has raised hopes of a structural solution to the discount problem finally being implemented. Second, that discount control mechanisms should not be adopted with a one-size-fits-all approach. TPIL is a feeder fund into the Master Fund, which offers liquidity terms that match those we would like to see implemented at TPIL. Therefore, by definition, TPIL's underlying assets are clearly suited to such a mechanism.

AVI and our fellow requisitioners have at all times acted in accordance with legal advice received from our domestic and offshore counsel and from a leading QC. It is curious to see the Board claim that our efforts to call a meeting rely on "*novel legal arguments and an incorrect understanding of how companies work*" while also observing their back-peddling in now agreeing to hold a discussion of discount control mechanisms at an extraordinary general meeting. We surmise they have been advised that their original rejection of this element of our requisition was wrong in law. Unfortunately, their refusal to also hold a vote at this meeting renders it meaningless. For the avoidance of any doubt, there is nothing preventing the Board from holding a vote at this meeting and no additional cost would be incurred in doing so. If the Board are confident that a majority of Shareholders would not support the discount control mechanism we have called for, then they should have no qualms in holding a vote on the matter.

**Contrary to the Board's assertions, we have no interest in prolonging this dispute. If our proposal were not backed by a majority of independent Shareholders, we would quite happily move on.** All we have ever sought is a transparent vote to assess Shareholders' views. The Board's rationale for not adopting the measures we have called for - despite such measures reflecting the underlying redemption terms offered by the Master Fund - seems to be that too many Shareholders will want an exit. This demonstrates an alarming lack of confidence in natural demand for TPIL's investment proposition. To be clear, we have suggested in previous public letters that Shareholders should be allowed to subscribe for Ordinary Shares at the same time as redemption requests are made. Any excess of redemptions over applications would result in those excess Ordinary Shares being redeemed by TPIL; any excess of applications over redemptions would result in those excess Ordinary Shares being issued by TPIL.

In any event, the Board's reticence to shrink the company has not prevented it from implementing the Exchange Facility<sup>3</sup>. It is hard to believe that a Board acting independently of its manager would opt for a scheme which both discriminates against smaller Shareholders<sup>4</sup> and hands the manager a worrying degree of discretion over who can participate, when there are obvious alternative approaches that could be carried out instead, or in addition, at the TPIL level. It would seem the Board has crafted this measure solely to help the manager save face (as the loss of Third Point's assets from departing Shareholders is offset by new assets in its private fund in the short term, and subsequent redemptions by these Shareholders will not be as public). The wealth management community - who we understand will be unable to participate in the Exchange Facility - are a key constituent of the London-listed closed-end fund sector, and it is shameful that the Board has effectively chosen to alienate them, all seemingly for fear of upsetting the Manager. There is no reason why the Board should not offer to those Shareholders unable or unwilling to take part in the Exchange Facility an alternative that would involve a redemption for cash of an

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<sup>3</sup> The 2021 and 2022 Exchange Facility allow Shareholders to exchange their Ordinary Shares in TPIL for underlying Master Fund Shares at a 7.5%/2% discount respectively.

<sup>4</sup> The restrictions on eligibility mean a sizable proportion of the Shareholder register will not be able to take part - the scheme is only open to large non-US Shareholders owning \$10m or more or those that have a prior relationship with the Manager.

equivalent part of their Shareholding at the same discount at which others are exchanging into Master Fund Shares. It should be noted that AVI should be eligible to participate in the Exchange Facility - our arguments here are not motivated by self-interest.

Finally, we note the recent precedent set by Alan Howard, co-founder and majority owner of Brevan Howard, who agreed not to vote his shares on a resolution that would have affected the management fees paid by BH Global to Brevan Howard<sup>5</sup>. We applaud Mr. Howard's stance and look forward to Mr. Loeb demonstrating a similar commitment to high standards of governance by not voting his Shareholding on our resolution on the grounds that he is conflicted (as voting in favour of our resolution would demonstrate support for a redemption mechanism that might lower management fees paid by TPIL to Third Point).

We do hope we can count on your support for our resolution at the upcoming EGM.

Yours sincerely,



Tom Treanor  
Asset Value Investors Ltd  
Executive Director/Head of Research

## **Note to Editors**

### **VoteCo Explained**

In common with several other London-listed funds with a US investment manager; a majority of investments in the US; and/or with large US shareholder ownership at the time of their IPOs, TPIL put in place a structure to mitigate the risk of losing its foreign private issuer status. Losing this status would have seen TPIL treated as a US domestic issuer for US federal securities law purposes.

TPIL's chosen structure involved the creation of Class B Shares that would at all times control 40 per cent. of the aggregate voting rights. TPIL's documents were clear that the sole purpose of the Class B Shares was to resolve "*jurisdictional regulatory issues in the US*". The Class B Shares were issued to VoteCo, a Guernsey company with a Board of Directors selected "to provide both financial market experience and a strong understanding of fiduciary responsibility" and a mandate to exercise the voting rights attached to the Class B Shares "*in the best interest of the holders of Ordinary Shares as a whole*".

A consequence of the existence of the Class B Shares (and the fact that, in aggregate, they represent 40 per cent. of the voting rights and issued share capital of TPIL), is that for the holders of the true equity in the Company (the Ordinary Shares) the voting percentage threshold to require the TPIL Board to convene an extraordinary general meeting has (arithmetically) been raised artificially to 16.67 per cent. of the Ordinary Shares.

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<sup>5</sup> See page six of the circular: <https://www.bhglobal.com/wp-content/uploads/2021/03/BH-Global-Notice-of-EGM-2021.pdf>