

Daniel Loeb

UK investors threaten Loeb's London group with court action

Shareholders frustrated over discount between share price and value of underlying assets



Daniel Loeb, chief executive officer of Third Point - which has refused to call a shareholder meeting © David Paul Morris/Bloomberg

Joshua Oliver SEPTEMBER 30 2021

A group of rebel UK investors has threatened the London investment company managed by billionaire activist Daniel Loeb with court action over its refusal to call a shareholder meeting.

Third Point Investors Limited (TPIL), a UK investment trust that feeds money to Loeb's main New York-based hedge fund, has been locked in a [running battle](#) with a group of shareholders who are demanding it do more to narrow the discount between the trust's share price and the value of its underlying assets.

London fund manager Asset Value Investors (AVI), the largest of the discontented shareholders, on Thursday published a letter saying it was prepared to go to court to force a vote on its proposal to address the discount.

The letter is a stepping up of tensions in the UK shareholders' struggle with Loeb, who is known for the tough tactics he has taken in activist fights with public companies he has invested in such as Sony and Sotheby's.

The group of investors, who together own roughly 17 per cent of Third Point's \$1.1bn London vehicle, have been pushing for changes that would allow shareholders to sell their stakes at close to their underlying value, rather than at the share price, which is some 15 per cent lower.

This month, TPIL's board rejected the [latest call for a shareholder meeting](#) to vote on the proposals, saying it would “inappropriately infringe on the board's ability and obligation to manage the Company [and] would have no legal effect”.

Tom Treanor, executive director of AVI, said the company's response was “wrong in law” and “hugely frustrating for shareholders”.

He said the activist group had instructed lawyers to “write formally” to TPIL and set 21-day deadline for the company's response, after which they could ask a court in the channel island of Guernsey, where TPIL is registered, to force a vote.

TPIL and Loeb did not immediately respond to a request for comment, but the company has stood by its legal position and insisted the proposed changes would harm shareholders. “We disagree with the view that the broader group of shareholders' interests would be served by pursuing such a course which would likely result in the rapid demise of the Company as a whole,” Steve Bates, chair of TPIL's board, said in results published in September.

He said Loeb's investment strategy and the company's own measures to reduce the discount contributed to a 27 per cent jump in TPIL's share price in the six months to June.

Shareholders backed the board at an annual general meeting in July, but 20 per cent of investors voted against the re-election of Josh Targoff, general counsel and chief operating officer of Third Point, as a management representative on the board.

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