

Investor activism

Dan Loeb fends off rival activists at London-listed Third Point fund

Insurgents led by AVI complained about valuation gap between main and feeder funds



Dan Loeb tweeted about insurgent activist investor Avi: 'I hear the buzzing of a harmless insect. I believe it is a gad fly. Someone hand me a swatter,' © David Paul Morris/Bloomberg

Joshua Oliver YESTERDAY

Dan Loeb has scored a victory in his battle with insurgent investors at his London-listed investment company, winning a crucial shareholder vote.

The New York-based activist has himself been [under attack](#) from activists, who have complained about a valuation discount between the main fund at Loeb's Third Point and a London-listed feeder fund Third Point Investors Ltd.

Asset Value Investors, the largest insurgent, had urged TPIL shareholders to remove Josh Targoff, Third Point general counsel, from the London fund's board as a signal of their support for the activists' position. But that motion was defeated in a three-to-one vote at a meeting on Wednesday.

"Given the result of the vote announced at the extraordinary general meeting held today, the board expects that AVI will now cease in its attempts to impose its self-serving agenda," TPIL said.

AVI said the results showed it had "emphatic backing" from independent shareholders, but that the balance was tipped in part by votes from Loeb, who is TPIL's largest shareholder.

“It is in no one’s interest that this dispute plays out any longer in public, and we very much hope that the board will now be willing to enter into discussions with us privately”, AVI said.

The fight between Loeb and AVI, a £1.2bn London fund manager, centres on measures to narrow the gap between TPIL’s share price and its net asset value, which consists of exposure to Third Point’s main Cayman Islands-based fund.

Shareholders voted to back the board’s plan, which will try to shrink the discount through a share exchange facility with the main Third Point fund.

TPIL serves as a “feeder fund” passing investors’ money through to Third Point, which manages about \$20bn of assets and is known for tough activist fights with big public companies, including a recent campaign to break-up [Shell](#).

The discontented shareholders have accused Loeb of hypocrisy over his response to their campaign. Richard Webb, CEO of Metage Capital, one of the activists, said in October that the manager’s actions were “in stark contrast to the views frequently expressed by Dan Loeb when an investor himself”.

Loeb meanwhile has voiced his frustration at the challenge from UK shareholders on Twitter. “I hear the buzzing of a harmless insect. I believe it is a gad fly. Someone hand me a swatter,” Loeb tweeted about AVI last month. “Describing [AVI’s] antics as infantile is an insult to crying babies”, he said.

Fellow billionaire hedge fund manager John Armitage, who is TPIL’s third-largest shareholder, came to Loeb’s defence on Wednesday. He praised the company’s management and said “shareholders who are unsatisfied should sell their positions rather than distract the company by their futile stunts”.

The discount between TPIL to Third Point has recently narrowed to 13 per cent. The board hopes to close the gap further by encouraging new buyers, but on Wednesday said that “potential new shareholders . . . have expressed hesitance in purchasing shares whilst this distracting drama continues”.