Australian Shareholders' Association Limited
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Argo Investments Limited 2023 AGM report

ASX code	ARG
Meeting date	10:00AM Monday, 23 October 2023
Type of meeting	Physical with simultaneous livestream (view only)
Monitor	Greg OConnell assisted by Bob Ritchie
Pre AGM-meeting	Yes, in Argo offices with Chief Operating Officer Timothy Binks and, by video, with Chair Russell Higgins and MD Jason Beddow. ASA represented by Greg OConnell and Bob Ritchie.

Meeting Statistics

Number of holdings represented by ASA	300
Number of shares represented by ASA	4,393,275
Value of shares represented by ASA	$37,650,366 (opening price of $8.57)
Total number attending meeting	242
Market capitalisation	$6.9billion Assets under Management
ASA open proxies voted	On a poll. ASA voted AGAINST the Remuneration Report and voted in favour of all the other resolutions.

Argo shareholders surveyed, respondents are “happy” and “long term”

The Chairman and Managing Director highlighted market volatility and challenging macroeconomic conditions in the market over the last year. More recently, increases in interest rates are applying headwinds to equities prices and returns.

Both the interim and the final fully franked dividends for the 2023 financial year mark record highs for Argo.

The full AGM recording is available here.

Post-COVID-19, Argo is seeing changes in investor behaviour with investor sentiment moving back to growth-style investments, interest rate increases driving a slight reduction in shareholder numbers and driving an ARG Price/NTA discount.

Over the most recent three financial years, Argo’s NTA performance, after expenses, was 12.0%, exceeding its S&P/ASX 200 Accumulation Index return of 11.1%. One, five- and ten-year performance comparisons against the benchmark were negative.

Argo’s Board renewal is proceeding well with the retirement of Director Roger Davis and the appointment of new Directors Peter Warne and Melissa Holzberger.

Argo surveyed its shareholders during the year, establishing a high degree of shareholder satisfaction. One third of survey respondents have been shareholders for 20 or more years and two thirds for 10 or more years.

ASA voted against Argo's Remuneration report, motivated by concerns originally identified in FY2020, where Argo changed incentive payments, increasing the incentive reward for meeting the Benchmark and increasing the rate of reward allocation for exceeding the benchmark (to a reduced ceiling). Subsequent changes to Argo's Remuneration Framework have maintained those changes.

Our objection has consistently been to the policy as there has been no resulting LTI payment as Argo's performance in that LTI tranche has not reached the benchmark of equaling the index.

ASA's Remuneration comments were responded to by Chair Russell Higgins. The Argo Chair expressed disappointment with ASA. He highlighted ASA's provision of a copy of the ASA Voting Intentions (VI) document to Argo only one working day before the AGM (correct), of errors in ASA material (not identified), and a reading of the ASA disclaimer included with the Voting Intentions.

The Chair also reported a recent Firstlinks article reviewing Morningstar data for Australian equity managers performance against the S&P ASX200 index over 5 years, identifying that over 80% of Australian equity managers underperformed their Benchmark, i.e. a manager meeting or exceeding their Benchmark is in the top 20% of performers and that managers in that category deserve reward.

The Chair also advised Argo had commissioned, in 2022, an expert remuneration company to review Argo's Remuneration plan and that they concluded Argo's Remuneration was competitive and fair; and that LTI opportunities and vesting outcomes over the life of the pan had been below the industry mean information not sighted by ASA).

We observe this "once per year" information exchange between ASA and Argo, concerning Argo's changed approach to investment incentives, is a slow, drawn out and inefficient way of getting to a point of mutual understanding.