

Washington H Soul Pattinson and Co. Limited 2023 AGM report

ASX code	SOL
Meeting date	Friday, 8 December 2023
Type of meeting	Physical with watch only webcast
Monitor	Peter Gregory, Norman Windell and Jonathon Goh
Pre AGM-meeting	With Chair Robert Millner, Chief Operating Officer Jaki Virtue, Company Secretary Pamela Longstaff, Head of Corporate Affairs Courtney Howe.

Meeting Statistics

Number of holdings represented by ASA	232
Number of shares represented by ASA	1,036,711
Value of shares represented by ASA	\$34.1m
Total number attending meeting	In person 204 including 133 shareholders. 227 viewed online.
Market capitalisation	\$11.9 billion
ASA open proxies voted	ASA voted in favour of all the resolutions

Here are the [SoulPatts AGM presentations](#) with the key points raised:

- With a new board policy for reviewing director independence when tenure exceeds 10 years, Tom Miller announced his retirement on 31 December 2023. Tom's career with SoulPatts began 23 years ago and he has been a director for 13 years. Lead Independent Director Michael Hawker, following the tenure review policy, intends to retire at the 2024 AGM.
- A key step for the company is its rebranding under the name SoulPatts. Shareholders can learn more on the [new SoulPatts website](#). The inclusion of the [expanded leadership team](#) and [investment management team](#) is valuable for shareholders to understand SoulPatts depth of capabilities and skills.
- First quarter update:
 - portfolio return of -0.4% vs AllOrds returning -7.3% driven by the Strategic Investments Portfolio;
 - Q1 investments across Agriculture, Credit and Emerging Companies Portfolios;
 - \$469m of committed but undrawn investments;
 - recent announced proposal to acquire Perpetual;
 - and a cash balance of \$694m.

- The Perpetual announcement demonstrates the SoulPatts process of investment. It saw an opportunity to increase its position in Perpetual in response to its share price weakness. On SoulPatts seeing value enhancing opportunities it could apply, a proposal was presented to unlock value, for Perpetual and SoulPatts shareholders, through a creative, flexible and long-term approach.

The board received a number of questions from ASA and other shareholders which provided valuable insight into SoulPatts. Here are some highlights:

- Dividend decisions are a balance between making payments to shareholders now and investing to grow the company which brings future value to shareholders. SoulPatts has maintained a discipline of paying between 75% and 95% of cash generated by the portfolio. Dividends increased by 20% in FY23, and a special dividend was paid in the previous year – “shareholders have been well rewarded”.
- During the year an additional 23 people joined SoulPatts. This is a 43% headcount increase, and the management team and board have been very focused on bringing people on board and having each of them become an effective part of the team and a contributor to the performance of the business. More importantly for SoulPatts, in bringing new people on board, is the preservation of the very unique culture that makes the company successful. Todd Barlow said that during the last year the leadership team has managed this very well, with this view reinforced by a culture survey with overwhelmingly positive results
- SoulPatts is very happy with the performance of the agricultural investments and has been surprised with the number of opportunities it is seeing that meet its very high hurdles for this sector. Currently there is about \$600million invested.
- With businesses wholly owned by Soul Patts the company actively supports their success. SoulPatts contributes capital and governance oversight. This means a model that assists on their growth journey, showing them that pathway to performing like a big business, actively engaging on their growth journey, showing them the pathway to performing like a big business, active engagement on best practice including regulatory, legal and risk, but also implementing a culture that is enduring and successful, showing them what they can achieve with the right structures in place around capital and a long term vision for growing the business. This relieves the business of the pressure of having to manage for the short term and supports them every step of their journey.
- The board will consider the introduction of a more informative Board Skills matrix. The appointment of new directors to replace retiring directors, and possible expansion of the board to include additional skills and experience is currently under discussion by the board.
- The Aquatic Achievers Swim School business is recovering well post Covid, with SoulPatts now being, in this highly fragmented industry, the biggest operator in the country. The business is benefiting from newly developed quality programs and technology introduction to effectively manage the business and benefit customers.
- SoulPatts has exposure to overseas markets through its listed investments and is now seeking private opportunities by working with high quality partners whose experience in selected geographies is proven.

All resolutions were carried, although the Remuneration Report only received 75.9% support, narrowly missing a first strike.

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