

Washington H Soul Pattinson & Co Ltd 2024 AGM Report

ASX code	SOL
Meeting date	Friday, 22 November 2024
Type of meeting	Physical (webcast)
Monitor	Peter Gregory
Pre AGM-meeting	With Rem Chair, Josephine Sukkar; COO, Jaki Virtue; Company Secretary, Pamela Longstaff; and Head of Corporate Affairs, Tanny Mangos.

Meeting Statistics

Number of holdings represented by ASA	244
Number of shares represented by ASA	1,002,268
Value of shares represented by ASA	\$34.3m
Total number attending meeting	In person 132 shareholders and 61 guests. 155 people attended online.
Market capitalisation	\$12.4 billion
ASA open proxies voted	ASA voted in favour of all the resolutions.

Monitor Shareholding: The individual involved in the preparation of this voting intention has a shareholding in this company.

The 'for' voting was Election of Bruce MacDiarmid 99.9%, Remuneration Report 94.3%, and MDs Grant of Performance Rights 98.4%.

A recording of the [Soul Patts FY24 AGM](#) has been provided including these notable items - at 11.15 are the FY24 highlights, 14.45 the 3 year performance since the Milton acquisition and 16.20 a video of Soul Patts Private Equity investment strategy.

The Chair described the streamlined Soul Patts Annual Report with the first 20 pages giving a comprehensive overview of the company's performance. This is supported by a detailed Sustainability Report.

Following the AGM, Michael Hawker will retire, with David Baxby being appointed lead Independent Director. Bruce MacDiarmid joined the Board on 1 August 2024.

Dividends have continued to increase each year since 2000. For FY24, dividends increased 9.2% over the previous year. A Dividend Reinvestment Program has now been introduced.

Managing Director Todd Barlow spoke of the importance of people to the success of our company and shared that Soul Patts, with its culture and engagement survey outperforming the top quartile of finance organisations in Australia by 11%.

With their 3 key financial measures Soul Patts performed well in FY24. The cash generated by investment increased by 10.3% over pcp; Net Asset Value per share grew by 12%; and the

management of investment risk across the portfolio is demonstrated through \$4.7 billion of total transactions from ongoing portfolio rebalancing.

Responses to ASA questions:

Risk management in a larger, more complex organization. Since the Milton acquisition, which transformed the portfolio as well as the nature of the business, the team has grown including people from different backgrounds and different skills and experience. Operations, risk management, and compliance capabilities have been increased as is appropriate for a larger business. To support the portfolio expansion into areas, such as corporate credit, Soul Patts uses external specialist advisors to give valuable input into its investment management decision making. Throughout this transformation process, the company leadership has had a huge focus on retaining the strong Soul Patts culture that is the basis for the company's success and will continue to make the business successful long term.

The issue of \$450 million convertible bond to raise long-term capital. The issue of this convertible bond in August 2024, and the July 2021 issued, \$225 million convertible note, that has now been converted into equity, is in response to favourable opportunities that are available, and is not a set long-term strategy. The earlier convertible note was issued at a coupon rate of less than 1%, so Soul Patts have had the benefit of very cheap debt before this debt was converted to Soul Patts shares at market price (no discount). The new \$450 million bond is debt with a coupon rate of 2.8% that will be applicable until 2030 or when Soul Patts decides to repay the debt or convert it into it into equity. Soul Patts considers these sources of capital is overall beneficial to shareholders as favourably priced debt that enables further expansion of the portfolio. Soul Patts will not offer equity to a particular class of investors at less than market price.

Soul Patts investment in water rights – this is a growing investment class that Soul Patts has been involved with for some time now. Firstly, to ensure that Soul Patts has access to water for its own agricultural operations, and secondly, as it is a good investment class, particularly as the government is buying back some water rights, which of course is reducing supply. It is becoming more attractive for some institutional investors thus increasing demand.

Soul Patts investment in Perpetual. While there is a scheme meeting planned for February, like every other shareholder, Soul Patts is waiting to see the scheme documents to know what the actual arrangements will be, and to see what the future options for Soul Patts are.

As is usually the case with Soul Patts AGMs several interested individual shareholders asked questions. Here are some specific responses:

Soul Patts has had a successful outcome from a retirement development and is now commencing another larger project in Narrabeen that will take a couple of years to complete.

The swim school business is about consolidating a very fragmented industry. Soul Patts has been able to set up structured training programs and through its scale, bring proper management systems, and introduce sharing of resources across different locations to the benefit of the industry and customers. Demand has not diminished with cost-of-living concerns.

With the Emerging Company portfolio, while there are some large positions, it is an investment class where the value of investments can change quite rapidly, and as a result positions are frequently traded.

Soul Patts culture has always been around value investing. That is about growing businesses that will continue to grow and having the discipline not to get caught up in short-term trends.

Everyone who physically attended the meeting left with an information bag that included an orange and apple from Soul Patts private equity investee Redlands – delicious!

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