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## Signature forced to increase buyback terms

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THE founder of Multiplex, Andrew Roberts, may be left holding on to much of what's left of an underperforming investment company after the failure of a bid to unseat its board.

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The fund manager Geoff Wilson, of Wilson Asset Management, mounted the campaign to replace the board of Signature Capital Investments with his own nominees in September, accusing its directors of making a series of poor decisions. But at a tense meeting in Melbourne yesterday, shareholders voted to keep the board, including Paul Manka, a former director of Gold Coast property investment flop MFS.

Mr Wilson said pressure from his campaign resulted in a better deal for shareholders by forcing the board to increase a share buyback offer from 90 per cent of net tangible assets to 98 per cent, and increase the number of shares it was prepared to buy from 25 per cent to 75 per cent.

Speaking after the meeting, the fund manager likened his campaign to the Occupy Wall Street protests. "We, the 99 per cent, have held the 1 per cent to account," he said.

Mr Roberts holds 13 per cent of Signature through AR Management Co, bought last month as the company's board shored up its defence against Mr Wilson, but cannot sell into the buyback because of an escrow agreement.

If the offer is fully taken up, Mr Roberts would be left with 52 per cent of Signature, which declared a loss of \$14.2 million for the year to the end of June.

The buyback will leave the company holding the most illiquid parts of its hedge fund investment portfolio, plus investments contributed by Mr Roberts to pay for his stake.

However, Mr Roberts lacks board representation because yesterday AR Management Co's chief investment officer, John Shin, withdrew his nomination. Under questioning from shareholders, Signature's chairman, John Morrison, offered no explanation for Mr Shin's decision.

Mr Wilson had proposed replacing Mr Morrison, Mr Manka, Bruce McComish, Julie Raffe and Bill O'Neill with himself, Paul Dortkamp and Brett Spork.

Mr Wilson denounced the board, telling the meeting that since listing in 2005, SGI had lost \$130 million of shareholders' funds - about two-thirds of its assets.

"In our view, since listing this board has presided over poor decision after poor decision," he said. "They have made numerous flawed decisions." He said one example was the decision not to hedge against movements in exchange rates, taken when the Australian dollar was worth US77¢.

"Shareholders would be aware of the sustained appreciation of the Australian dollar in US dollars - this in itself has resulted in an unnecessary loss of close to 30 per cent in respect of United States dollar-exposed assets," he said.

While Mr Wilson was slightly ahead when proxy votes were revealed yesterday, the final tally was about 69 per cent against him after two funds from the US with large holdings decided to side with management.

*This story was found at: <http://www.smh.com.au/business/signature-forced-to-increase-buyback-terms-20111107-1n3qc.html>*