

SASHA PLANTING

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# An unlikely flame-thrower

ASSET MANAGER TAKES ON THE SOVEREIGN BOARD

“SOME INVESTORS LOOK ONLY AT THE RETURNS, WITHOUT STOPPING TO ASK WHETHER THE COMPANY IS DOING BUSINESS IN AN ETHICAL AND MORAL WAY. THIS IS JUST AS IMPORTANT TO ME.”



Asief Mohamed doesn't look like your average flame-thrower, but this quietly spoken man, who heads up boutique asset management firm Aeon Investment Management, believes corporate South Africa needs a fire lit underneath it.

He is leading the charge, along with fellow shareholder activist Chris Logan, to ring some changes in the executive pay structures at poultry producer Sovereign Foods.

The board and management of Sovereign has been in the media recently for what appears, on the face of it, to be excessive enrichment at shareholders expense.

In a letter addressed to the board and shareholders Mohamed lays out the reasons for his unhappiness. He takes exception to the fact that in the year to February 2015, executive and non-executive remuneration amounted to 32% of profits before tax. This is a disproportionate amount, he says.

What irks him further is that the bonus and share option costs were made despite the fact that management did not achieve the economic targets set out by the board in the February 2015 annual report, and in prior years.

Short-term incentive targets were changed without informing shareholders; the bonus criteria was made easier and thresholds lowered for management relative to that reflected in the February 2014 annual report. "One cannot retrospectively lower economic targets," he says. He adds that the February bonus took into consideration the fact that management had not been paid a bonus in the previous four years.



He also sold out of African Bank because he believed the board of directors was weak and the process to appoint directors lacked substance. "Some investors look only at the returns, without stopping to ask whether the company is doing business in an ethical and moral way. This is just as important to me."

Mohamed believes his activism stems from his background. By Standard Five (Gr7), he was working regularly in local shops – butcheries and bakeries, packing boxes and mopping floors – to bring extra income into the home. He was the oldest of six children. His dad, though partially blind, was a bone cutter at a local polony factory and his mom made and sold samoosas.

His marks were terrible at school. "There was no culture of reading in my family partly because of the low level of education of my parents."

By the time 1976 came around he was at Spes Bona High in Athlone, along with the likes of Dullah Omar – and actively involved in the boycotts and the Thornhill Residents Association. Incredibly despite his activism, his marks started to improve and his matric marks were good enough to earn a bursary for tertiary study from Shell.

This did not guarantee automatic entrance into UCT though – this was only 1981 and apartheid was in full force. It took three attempts at the

'Coloured Affairs' department in Cape Town to secure a permit to study at the university.

## " I'M NOT IN FAVOUR OF ASSET MANAGERS TELLING EXECUTIVES HOW TO RUN THEIR COMPANIES "

He graduated with a BComm, coming 10th out of 400 students, and then completed his CA and CFA.

Mohamed met his wife, Riyani at UCT. They have three daughters, only one of whom has followed him into the world of economics. The other two are studying medicine at UCT. All of his girls, he says, are very socially conscious, though one less so than the others. "That's also okay," he says. "We are all different."

"So you see. I am not a flame-thrower, nor is this a marketing campaign. My awareness of social and governance issues is part of who I am. But in the long run I believe our clients benefit as well. ■