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Salvus now worth saving after being a long-term laggard

Wednesday, 3 August 2011, 5:39 pm

Article: BusinessDesk

Salvus now worth saving after being a long-term laggard in managing funds

By Jonathan Underhill

Aug. 3 (BusinessDesk) - Shareholders of Salvus Strategic Investments Ltd. will have a lot to vote on when they convene for a special meeting next month, where they could accept Milford Asset Management as the new manager, or sell the assets and consign the shell to a family trust.

The shares were last at 80 cents, a level it was trading at two years ago, valuing Salvus at \$16.7 million. Salvus is a play on the New Zealand stock market, with major holdings in companies including Skellerup Holdings, Freightways and Pumpkin Patch.

Elevation Capital Management Ltd., whose shareholders include Auckland commercial lawyer Andrew Harnos, high-profile fund manager Craig Stobo and Elevation Capital Ltd. owner Christopher Swasbrook, disclosed a 5.05% stake in Salvus last month.

Simon Wallace as a trustee of the Wallace Family Trust offered to buy 19.9% of the company at 78 cents a share in April.

Milford Asset Management owns 16.9% via its Milford Aggressive Fund and its high-profile fund manager Brian Gaynor is on the board of Salvus.

On July 22, Salvus signed a new management agreement with Milford, conditional on agreement from Salvus's other shareholders at the special meeting.

"It's really a matter for Salvus's shareholders to work through," said Anthony Quirk, managing director at Milford. "There will be an independent report and options for shareholders to vote on."

Today, Salvus said it had been approached by Simon Wallace on behalf of the Wallace Family Trust with a proposal to leave the Salvus vehicle as a listed shell company, should the Milford deal fail the vote and the portfolio wound up with capital returned to shareholders.

"To deal with this possibility, the Board has today signed a conditional subscription agreement with the trustees of the Wallace Family Trust, conditional on shareholder approval," the Salvus statement said.

Under the Wallace plan, the family trust would be issued with new shares amounting to a controlling stake and a new board would be appointed.

Shareholders of Salvus also have a do-nothing option, which would see current managers continue to manage the investments.

(BusinessDesk)