Responsible People Vote

Perspectives: September 13th, 2024

The Pew Research Centre states, "About 66% of the voting-eligible population of the US turned out for the 2020 presidential election – the highest rate for any national election since 1900". Statista shows voter turnout in the UK's general elections have averaged 65% since 1997. In South Africa's 2024 election, voter turnout was 58%. Apparently, over *eleven million* registered South African voters did not bother casting their ballots. Bear in mind that it was even a national public holiday, at a *huge* cost to businesses in the economy.

One would think that people who own shares in listed companies that are worth multiples of millions and billions to them directly, who have *real* skin in the game, measured in visible, tangible value, would have every incentive to pay attention, show up, and cast their vote. In comparison to the tedious, antiquated, and analog process of voting in person at national elections, casting votes as a shareholder is in fact an incredibly efficient and fully digital process. I can do it with my laptop or smartphone, from anywhere in the world, and I do not need a public holiday or a whole day off work.

Ummm…Think again.

Yesterday, JSE listed **Bell Equipment** held a special general meeting for all its eligible minority share owners to vote on a proposed scheme of arrangement to sell their shares to IA Bell Pty Ltd (its founding families). Both Bell Equipment and IA Bell Pty Ltd followed due process and spent several millions of Rands on advisors, documentation, not to mention the value of their own and everyone else's time and energy. A concerted effort was made over a whole month to contact all the minority share owners individually to offer personal assistance with the voting process, which was fully digital. At the proposed R53 per share, the value of the combined minority block of shares was R762,5mn – a tidy sum.

Lo and behold – only 75% of the eligible number of shares cast their votes. As a result, the final voting outcome was likely shaped very differently.

Given a 75% turnout, the voting outcome yesterday was 53% in favour of the scheme, and 47% against. On a technical matter (super exciting Company Act stuff) which is not the topic under discussion in this note, they needed a minimum of 75% in favour to implement the scheme, buyout, and delisting.

Now, IF there had been a 100% turnout, and assuming on the one extreme that all those additional votes cast were *in favour*, then the voting result would have been **65% in favour, and 35% against**. On the other extreme, assuming all those additional votes cast were *against*, then the voting result would have been **40% in favour, and 60% against**. [*You're welcome to check my math*]

I could fill several more pages with the valuable implications that can be drawn from this, but I feel your imagination would do a far better job.

Suffice for me to say that, in any tight election, voter turnout matters a great deal, and that a low voter turnout can easily result in meaningful distortions of truthful insights, as well as significant real-world impacts.

Earlier in 2024, South African and UK citizens had their fair chance to vote, and soon it will be the turn of US citizens. We all have so much at stake, but if the SA and UK voter turnouts are anything to go by, the US presidential election will likely also result in meaningful distortions of truthful insights, as well as significant real-world impacts.

Responsible people, who are responsible citizens *and* owners of businesses, know to pay attention, show up, and cast their vote. It matters a *lot* more than many people may ever realize.

Our work continues...

Daniel Malan, CFA
Founder, Managing Director & Chief Investment Officer

daniel@perspectiveim.co.za

Perspective Investment Management
www.perspectiveim.co.za

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