



To the shareholders of Edge Performance VCT

ShareSoc and its Edge Shareholder Action Group (whose leaders are Cliff Weight, Robin Goodfellow, Richard Roth, Mark Lauber and Andrew Kenny) reluctantly endorses the Board's proposal for a new investment management agreement, while drawing the attention of shareholders to the following matters:

- i. The new deal, by removing the costs cap, provides extra payment to the manager, EIL, if Coolabi is sold in the period 2020/21; this money will be well spent if it incentivises a prompt sale of Coolabi.
- ii. If the Coolabi sale were to be completed quickly and funds returned to shareholders promptly the cost cap in the **existing** manager agreement would mean EIL would receive no fees for managing the I class for the year 2020/21.
- iii. The probability and timing of the proposed sale of Coolabi are unknown at the time of writing. Further information may emerge prior to the AGM. Shareholders should **attend the pre-AGM webinars** and take account of any new information in considering how to vote on the new investment management agreement.
- iv. Some shareholders may be tempted to vote against certain directors to express dissatisfaction. However, the removal of directors at the AGM could prejudice the sale process. This position is not supported by all the leaders of the Shareholder Action Group with some opposing the re-election of Sir Robin Miller and of Terry Back.

**To register for the webinar on 14 August at 16.00, go to**

**<https://www.sharesoc.org/events/>**

or

**<https://tinyurl.com/y5bpa52m>**

A Shareholder Action Group was formed following the 2019 AGM, at which shareholders voted for the removal of three directors. The members of the Action Group were concerned about the lack of progress of the sale of Coolabi, the historic performance of both the I and H class shares, and the costs and governance of the VCT.

These issues have now been addressed to some extent, by:

1. The announcement of the sale process for Coolabi.
2. The proposed investment management agreement, which involves a reduction in investment management fees to zero for the I class from 1/3/21.
3. Provisions and promises in the agreement that protect the H class shareholders and should prevent them being charged excessively in future. In particular, it is envisaged that following a successful Coolabi sale, the H class will raise additional funds and the costs will then reduce significantly from the current position of being one of the highest in the VCT world. In any event, a costs cap will be back in place by 1/3/22 at the latest.
4. The appointments of Sir Aubrey Brocklebank, Robin Goodfellow (a member of the Action Group) and imminently a new director with very extensive industry experience; and the retirements of Lord Flight at the AGM, and of Sir Robin Miller as soon as the new director has settled in.



Following the 2019 AGM, the directors have engaged with shareholders and have listened to their views and concerns. The Action Group has negotiated robustly with the Board. Not all our requests have been accepted, but both ShareSoc and the Action Group feel that the proposed compromise position is acceptable.

The existing investment management agreement would provide no payment to the manager if the Coolabi sale was made and funds repaid to I class shareholders before 1/3/2021, whereas the proposed agreement would save the manager up to c. £800,000 in respect of managing the I class in 2020/21.

We hope that a successful Coolabi sale will be concluded, that the H class is able to raise funds and that, when it does, a more suitable cap on expenses will be put in place.

The situation remains complex and may alter substantially over the coming weeks. Our support of the Board's proposal is based on the information available to us at the time of writing.

Yours faithfully,

ShareSoc and The ShareSoc Edge Shareholders Action Group

ShareSoc is the trading name of The UK Individual Shareholders Society Ltd.

For more information see

**[www.ShareSoc.org](http://www.ShareSoc.org),**

**[www.sharesoc.org/campaigns/vct-investors-group/](http://www.sharesoc.org/campaigns/vct-investors-group/)**

and

**<https://www.sharesoc.org/campaigns/edge-vct-campaign/>**