

## Edge launches first 'evergreen' offer

**EDGE Performance VCT has launched its first 'evergreen' share class, aimed at investors who are looking for long-term tax-free income and growth.**

The evergreen offer comes in the form of a new 'H' share offering in Edge Performance, which is being marketed alongside a new planned exit 'I' share.

Edge Performance – whose investments range from live music to intellectual property licensing to digital media – has been one of the key drivers of the fast-growing planned exit sector of the VCT market. Since its launch in 2006 Edge Performance VCT has raised more than £100m.

Edge founder David Glick said, "Our new evergreen 'H' share is a response to clear investor demand. Having seen our track record, they are telling us 'If that's what you can do in the five years of a planned exit fund, we would like to see what you can do for us over a longer term'. That's why we have two offers this year - a new planned return of capital 'I' share, but also the 'H' share for investors seeking longer-term income and growth."

Importantly, said Glick, the new 'H' share seeks to align the interests of investor and the fund's manager, Edge Investment Management.



David Glick

"We will only receive our performance fee if cumulative dividends over the life of the fund average at least 10% of the investor's net cost of investment and the net asset value per H Share grows. We believe a tax free annual yield of 10% - assuming that shareholders obtain the full 30% income tax

relief on their investment – will be attractive to many investors."

The Edge management team's deep knowledge of the entertainment and media sector remains core to the company's appeal, said Glick, and indications are currently very favourable.

"The financial crunch has produced particular opportunities in our core sector of entertainment and media. Not only are valuations attractive, but prospects for growth are strong. This makes it the ideal time to offer investors a longer-term investment product which allows them to fully enjoy that growth potential – and with the benefit of VCT tax relief."

Despite the launch of the new evergreen 'H' share, Edge Performance remains committed to its planned exit roots, said Glick.

"The new Edge Performance 'I' share continues our successful planned exit formula," said Glick.

The 'I' share offer is targeting a minimum cash return to shareholders of £1.30 for each 70 pence invested (after tax relief). This represents a minimum targeted IRR of 13% - equivalent to 26% for higher rate taxpayers.

## Edge Performance pays out £16.64m to shareholders

**EDGE Performance VCT has paid a 7p per share dividend to holders of each of its C, D, E and F share classes, maintaining its target of delivering strong cash returns to shareholders.**

These latest payments bring the total dividends per C Share, D Share and E Share to 28p, 21p and 14p respectively with a maiden 7p per share dividend to F Share holders.

With these payments, the total cash distributed to shareholders by Edge since the Company launched in 2006 has

reached £16.64m.

Edge founder David Glick said, "Few things are certain in these times of instability in financial markets, so we are delighted to maintain our unblemished record of distributing cash to shareholders on target."

The dividend payments cap a successful half year for the Company, during which its G Share offer closed with a total of 24.2 million G Shares issue, and the company completed new investments totalling £4.3 million.

Edge Performance VCT Chairman Sir

Robin Miller said the Company's success has been all the more impressive since it has one of the lowest levels of running costs in the VCT sector. From its early days, Edge Performance took the pioneering approach of raising new funds each year through a separate share class, rather than through sister VCTs, he said, in part so that the running costs of the Company could be spread across each of the share classes.

"The low level of the Company's total expense ratio clearly vindicates this business model," said Sir Robin.

# Glick urges Treasury to unlock investment into the creative industries

**E**DGE founder David Glick has called on HM Treasury to make a simple rule change which could drive millions of pounds of VCT and EIS investment into growing companies in the entertainment and media sector.

Responding to the current Treasury consultation on increasing the flow of risk capital to small- and medium-sized businesses, the Edge submission pointed out that current rules on the percentage of revenues which investee companies can derive from acquired intellectual property are hampering attempts by entertainment companies, in particular, to secure investment.

Current VCT and EIS rules put a ceiling of 20% of revenue to be attributable to acquired intellectual property. But, said Glick, this flies in the face of industry practice and effectively bars the likes of record companies and music publishers from benefitting from VCT and EIS investment.

"This might seem like an arcane issue, but tackling this anomaly could unlock literally

millions of pounds of investment into sectors like television and music in which the UK has a real competitive advantage," said Glick.

Typically, entertainment companies look to own a blend of established – often acquired – copyrights as well as new material, he said. Edge has proposed a more equitable 50% limit and a new phasing-in provision, so that the percentage test would only be applied when the company has had a chance to utilise its investment, rather than being an immediate requirement.

Edge has lined up an impressive array of industry organisations behind its proposal, including the Music Managers Forum – which represents the managers of artists including Robbie Williams, Radiohead and Mumford & Sons – and UK Music, the umbrella body representing rights owners across the UK music industry.

"We are hopeful," said Glick, "that the Treasury will take note of the inequity of the current limit and agree a change."



## Edge Performance VCT invests in Roary and Fifi

**E**DGE Performance VCT has invested just over £520,000 in Chapman Entertainment, the TV production and licensing company formed by Bob the Builder creator, Keith Chapman.

Chapman's properties include the highly popular Roary the Racing Car and Fifi and the Flowertots.

Roary, voiced by race car legend Sir Stirling Moss, is the UK's number two boys' pre-school licensing property and has been sold to over 140 countries.

Fifi and the Flowertots, voiced by actress Jane Horrocks, is the number three girls' pre-school licensing property in the UK, and reaches 148 countries.

Edge investment manager Adrian Baillie said, "The Edge philosophy is to invest in strong executive talent and few are as strong in the children's licensing business as Keith Chapman, who has demonstrated his ability time and again to captivate children all over the world."

Chapman has recently launched two new pre-school properties, Little Charley Bear and Raa Raa the Noisy Lion, both of which are showing on the BBC's CBeebies.

Edge founder David Glick said, "Keith is one of the great creative forces in children's entertainment and we are pleased to be working with him."

## Edge takes Flight



Lord Flight

**L**EADING investment industry manager Lord Flight – currently Chairman of the EIS Association – has been appointed to the board of Edge Performance VCT.

Lord Flight began his career with N M Rothschilds, working for the merchant bank in both Hong Kong and India. In 1979 he joined Guinness Mahon, becoming a

Director in 1983, before setting up Guinness Flight with Tim Guinness in 1986.

When Investec bought Guinness Flight in 1998, he became joint Chairman of Investec Asset Management, of which he is currently a director.

Edge founder David Glick said, "Lord Flight brings decades of high level investment industry expertise to the Edge Performance VCT board plus an intricate knowledge of Government's approach to the tax advantaged venture capital schemes. We are delighted he has agreed to join us."

Lord Flight said, "I'm in the business of picking winners and Edge looks like a winner to me. In little more than five years Edge has become the UK's biggest single VCT. I look forward to helping the team build on this."

## Edge Key Contacts



David Glick



Alasdair George



Gordon Power

This document has been approved by Edge Investment Management Limited (the "Company"), a company authorised under the Financial Services and Markets Act 2000.

This document does not constitute or form, and should not be construed as constituting or forming, part of any offer or invitation to sell, or any solicitation of any offer to purchase or subscribe for, any securities in Edge Performance VCT plc or any other body corporate or fund, or an invitation or inducement

to engage in investment activity under section 21 of the Financial Services and Markets Act 2000, nor shall it or any part of it form the basis of or be relied on in connection with any contract therefor.

No reliance may be placed for any purpose whatsoever on the information contained in this document or on assumptions made as to its completeness. Some of the statements in the document represent the personal opinions of the directors of the Company.

## About Edge Group

**Edge Group** is a leading advisory and investment boutique for the entertainment industry.

The Edge difference is its unrivalled network of entertainment industry professionals which ensures quality deal flow and industry-leading expertise to evaluate opportunities.

**Edge Media** is a specialist corporate finance house with a particular expertise in buying and selling rights catalogues.

**Edge Investment Management** has quickly built a strong reputation in tax efficient investments in the entertainment and media sector.

For more information visit [www.edge.uk.com](http://www.edge.uk.com)

No representation or warranty, express or implied, is given by the Company, any of its subsidiaries or associated companies or any of their respective advisers, officers, employees or agents, as to the accuracy, fairness or completeness of the information, opinions or statements based on the belief of the directors of the Company contained in this document or expressed in the document and no liability is accepted for any such information or opinions or statements based on the belief of the directors of the

Company (which should not be relied upon) or for any loss howsoever arising, directly or indirectly, from any use of this document or its contents or information expressed in the document.

Any decision to invest in Edge Performance VCT should be based upon consideration of the relevant prospectus or information memorandum, as applicable, upon consideration of the prospectus as a whole.