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**The Investment Company plc**

**("The Investment Company" or the "Company")**

**Proposed appointment of Investment Manager, proposed board changes, proposed purchase by the Company of its own ordinary shares**

**and**

**Proposed issue of ordinary shares in the Company**

Further to the Company's announcement on 20 February 2023, the board of The Investment Company is pleased to announce that, following a thorough review of available opportunities, the Company has entered into discussions to:

- appoint Chelverton Asset Management Limited (**"Chelverton"**) to act as investment manager (**"Investment Manager"**) to the Company with a new investment strategy of investing primarily in quoted equities of UK small and mid-cap quoted companies to achieve long-term capital growth;
  - provide an opportunity for shareholders to either retain some or all of their shareholding in the Company with the proposed Investment Manager offering a new investment strategy or, alternatively, to realise their investment in cash (at the prevailing net asset value per ordinary share, adjusted for transaction costs); and
  - undertake an issuance of ordinary shares to existing and new shareholders with the aim of increasing the size and liquidity of the Company,
- (together the **"Proposals"**).

Founded in 1998, Chelverton is an independent, employee-owned fund management firm with a strong focus on performance and investor outcomes. As at 28<sup>th</sup> February 2023 Chelverton managed c.£1.7bn across a number of mandates encompassing both open-ended and closed-ended UK and European focused-funds including the MI Chelverton UK Equity Growth Fund, managed by the UK Equity Growth Team. By focussing on long-term investor returns that can be generated by companies with rising cashflows, the team seeks to take advantage of the potential for superior long-term capital performance of certain UK small and mid-cap quoted companies.

Should the Proposals become effective, in order to generate long-term capital growth, the Company intends to pursue an investment strategy of investing in cash-generative UK small and mid-cap quoted companies that are expected to grow faster than the UK stock market as a whole over the long term and which can finance their own organic growth.

This strategy has been successfully deployed by the MI Chelverton UK Equity Growth Fund, which has returned 222.05% since launch in October 2014 (Source: Morningstar, NAV to NAV, B Shares Acc, Total Return to 28.02.2023).

It is intended that the Chelverton UK Equity Growth Team, comprising of James Baker, Ed Booth and Henry Botting would be responsible for the management of the Company's portfolio.

As part of the Proposals, certain employees of Chelverton intend to subscribe for ordinary shares in the Company.

It is also intended that David Horner (founder and Managing Director of Chelverton) will be appointed to the board of the Company (the **"Board"**) as a non-executive director. David has indicated to the Board that he intends to waive his remuneration entitlement. Michael Weeks intends to step down from the Board on completion of the Proposals. The other directors of the Company are expected to remain as directors following completion of the Proposals.

The Board believes that the Proposals will provide shareholders with the opportunity to either remain in a vehicle managed by an award-winning asset manager with a strong track record of creating value for its investors, or to receive a full cash alternative for those shareholders who wish to realise their investment (through a process which is comparable in terms of cost, but more timely, than a liquidation of the Company).

Should the Proposals become effective, the continuing directors of the Company have expressed their intention to retain their full shareholdings in the Company.

The Proposals are conditional, *inter alia*, on shareholder approval and further announcements will be made as and when appropriate.

**Ian Dighé, Chairman of The Investment Company, said:**

*"Having reviewed a number of potential opportunities and options available to the Company, we are pleased to be putting these proposals to shareholders. The directors believe that the proposals offer existing shareholders two appropriate alternatives: either to retain their shareholding in the Company whilst it pursues a growth mandate managed by a team with a proven track record, or to have their capital returned to them. The continuing directors look forward to retaining their shareholdings in the Company and working with the Chelverton team."*

**David Horner, Managing Director of Chelverton, said:**

David Horner, managing director of Chelverton, said.

"We are investors with a long history of, and expertise in, investment in UK small- and mid-cap quoted companies who believe in the positive long-term compounding effect of rising corporate cashflows on shareholder returns. It feels to us that we are at a point in time where valuation levels in our investable universe are extremely attractive as we believe that interest rates are set to peak and economic growth is set to pick up."

**Enquiries**

**The Investment Company plc**  
Ian Dighé, Chairman

+44 (0) 20 3934 6630  
[info@theinvestmentcompanyplc.co.uk](mailto:info@theinvestmentcompanyplc.co.uk)

**Singer Capital Markets - Sponsor**

+44 (0)20 7496 3000

James Moat / Alex Bond / Alex Emslie

**Chelverton Asset Management Limited**  
David Horner/ Al Rae

+44 (0) 7222 8989

**ISCA Administration Services Limited**  
Company Secretary

+44 (0) 1392 487056



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