

**THIS ANNOUNCEMENT, INCLUDING THE SECTION TITLED "IMPORTANT INFORMATION" AT THE END OF THIS ANNOUNCEMENT, SHOULD BE READ IN FULL.**

14 January 2025

**Herald Investment Trust plc**

**LEI: 213800U7G1ROCTJYRR70**

### **Herald's long-term outperformance of Saba**

The Board of Herald Investment Trust plc ("**Herald**" or the "**Company**") has noted recent statements made by Saba Capital Management, L.P., the US fund manager which has requisitioned a general meeting of the Company, and that Saba continues to fail to engage substantively with the Board's questions regarding Saba's proposals and track record. The Board has also noted that recent market commentary further challenges Saba's claims about its track record. The Board believes that Saba wants to take control of Herald to, in part, add to its own assets under management.

#### **Does Herald have a better long-term performance track record than Saba?**

It is long-term investment performance that best demonstrates a manager's skill, but the Board notes that Saba still fails to provide evidence of Saba having a long-term track record similar or equal to that of your Company since Saba started investing in 2009.

From publicly available data sources and press articles, the Board believes that Herald has materially outperformed Saba Capital Master Fund, Ltd. (the "**Saba Master Fund**"), which is believed to be Saba's longest standing fund, since the fund's launch in August 2009<sup>(1)(2)</sup>. The Saba Master Fund, often described as Saba's flagship fund, is currently a shareholder in Herald and each of the other six Targeted Trusts.

The Board believes that the Saba Master Fund has delivered an annualised net return of approximately 4.8% from 1 August 2009 to 7 June 2024 (being the latest date to which its performance data is available from public sources), implying a cumulative return of approximately 99.5% (in each case calculated in USD, the Saba Master Fund's base currency).<sup>(2)</sup> In direct contrast, Herald's annualised NAV total return over the same period was 14.1%, or a cumulative return of 611.4% (in each case calculated in GBP, Herald's base currency).<sup>(1)</sup>

<b>Returns for period 1 August 2009 to 7 June 2024</b>	<b>Herald NAV total return (calculated in GBP)<sup>(1)</sup></b>	<b>Saba Master Fund net performance (calculated in USD)<sup>(2)</sup></b>
Annualised	14.1%	c. 4.8%
Cumulative	611.4%	c. 99.5%

*Percentage returns calculated in the fund's base currency (Herald: GBP; Saba Master Fund: USD).*

*So far as the Board is aware, Saba has not disclosed publicly details of the Saba Master Fund's performance for the periods set out above. Because Saba has failed to provide details of its long-term performance track record, the information relating to Saba and the Saba Master Fund contained in this announcement has been gathered from third party sources available on the internet and has not been confirmed by Saba. Please refer to the section titled "Important information" at the end of this announcement for further information.*

Furthermore, the reported discrete annual returns for the Saba Master Fund raise questions regarding the potential volatility of Saba's strategy. For the 13 years that annual performance data is available publicly from third party sources and press articles (2010 to 2023 inclusive, with the exception of 2017. Only cumulative or partial data is available for 2009, 2017 and 2024), the Saba Master Fund delivered negative annual performance in six of the 13 years according to such sources.<sup>(3)</sup> Over the same period, Herald's discrete annual NAV total return was negative in only three years.<sup>(3)</sup>

**On the basis of the performance set out above the Board does not believe that appointing Saba in place of the existing Manager would be in the best interests of all Shareholders.**

The Board believes that the majority of Herald's shareholders are longer term investors, rather than short-term traders, and thus are aligned with the Manager's investment approach of finding companies which offer long-term growth potential, typically over a five year horizon or more. **Saba has highlighted the Company's investment into Super Micro Computer, Inc. ("Super Micro"). The Board considers such investment to demonstrate aptly that Herald's long-term approach can create significant value for Shareholders: with a maximum book cost of less than £8 million, the Company's investment in Super Micro has made over £100 million in realised gains, with further unrealised gains of over £15 million, as at 10 January 2025.** Herald first invested in Super Micro in January 2018 thanks to the Manager's company research and deep sector knowledge.

Saba's proposals, which lack any meaningful detail apart from the intention to appoint itself as manager, fundamentally change the Company's investment strategy and offer an uncapped cash exit on uncertain terms, risk significant value destruction for Shareholders and are the antithesis of the Company's successful long-term investment approach.

The Board expects that, from what limited information that is available, Saba's proposals to change the Company's investment strategy and offer a cash exit to Shareholders would likely require the realisation of a significant proportion of the Company's current Portfolio. The current Portfolio is mainly composed of smaller quoted technology and communications companies. So far as the Board is aware, Saba has no experience of managing such a portfolio. The forced realisation of investments, including of some positions which by their nature have limited liquidity, could have a significant negative impact on the Company's NAV as a consequence of Saba's known selling appetite. Thus, Saba's recently proposed cash exit, which will not occur for "at least a year", may offer a significantly lower value than today's NAV.

**The Board believes that Saba's proposals are designed for its own economic benefit and will be to the detriment of those shareholders who wish to remain invested in a proven strategy which has delivered a 27x NAV total return since the first day of dealings.<sup>(4)</sup>**

Shareholders are strongly encouraged to **VOTE AGAINST** each of the Requisitioned Resolutions to be proposed at the Requisitioned General Meeting. Shareholders are encouraged to return an electronic proxy appointment, in accordance with the instructions set out on pages 12 to 13 of the Circular (as defined below) and the Notice of Requisitioned General Meeting, so as to be received by the Registrar as soon as possible and, in any event, **by no later than 12 noon on 20 January 2025.**

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**Important information**

Because Saba has failed to provide details of its long-term performance track record, the information relating to Saba and the Saba Master Fund contained in this announcement has been gathered from third party sources available on the internet and has not been confirmed by Saba.

Capitalised terms used throughout this announcement shall have the meanings ascribed to them on pages 18 to 21 of the circular published by the Company on 3 January 2025 (the "**Circular**"), unless the context otherwise requires.

Neither the content of the websites referred to in this announcement, nor the content of any other website accessible from hyperlinks on such websites, is incorporated into, or forms part of, this announcement.

Past performance is not a reliable indicator of future results. All figures contained in this announcement are unaudited.

Notes:

- (1) Source: LSEG Datastream. Total return calculations assume dividend reinvestment as at the ex-dividend date. Herald returns are shown in GBP, which is the base currency of Herald.
- (2) Source: HSBC, 'Hedge Weekly - Investment Funds Performance Review' (No. 24, 2024), page 16, accessed 8 January 2025 via <https://www.scribd.com/document/807516811/Hedge-weekly>. Saba Master Fund returns shown are in USD, which is the base currency of the Saba Master Fund.
- (3) Performance figures are measured from 1 January to 31 December and calculated in the base currencies, being GBP for Herald and USD for the Saba Master Fund. Annual performance figures were publicly available for the Saba Master Fund from 2010 to 2023 (inclusive), with the exception of 2017. For the avoidance of doubt, during 2017 Herald delivered a positive NAV total return.

Source relied upon for Herald's annual performance: LSEG Datastream. Total return calculations assume dividend reinvestment as at the ex-dividend date.

Sources relied upon for Saba Master Fund annual performance:

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| 2024 | HSBC, 'Hedge Weekly - Investment Funds Performance Review' (No. 24, 2024), page 16, accessed 8 January 2025 via <a href="https://www.scribd.com/document/807516811/Hedge-weekly">https://www.scribd.com/document/807516811/Hedge-weekly</a>  |
| 2023 | Ibid.  |
| 2022 | Ibid.  |
| 2021 | Ibid.  |
| 2020 | Ibid.  |
| 2019 | Ibid.  |
| 2018 | StreetInsider, 'Saba Capital's Tail Hedge Master Fund gains 25 percent in 2018' (8 January 2019), accessed 8 January 2025 via <a href="https://www.streetinsider.com/General+News/Saba+Capital%27s+Tail+Hedge+Master+Fund+gains+25+percent+in+2018/">https://www.streetinsider.com/General+News/Saba+Capital%27s+Tail+Hedge+Master+Fund+gains+25+percent+in+2018/</a>  |
| 2017 | N/A  |
| 2016 | Forbes, 'A 116B Pension Fund Is Walking Back Incendiary Claims Against Boaz Weinstein's Saba Capital' (22 March 2017), accessed 8 January 2025 via <a href="https://www.forbes.com/sites/antoinegara/2017/03/22/a-116b-pension-fund-is-walking-back-incendiary-claims-against-boaz-weinsteins-saba-capital/">https://www.forbes.com/sites/antoinegara/2017/03/22/a-116b-pension-fund-is-walking-back-incendiary-claims-against-boaz-weinsteins-saba-capital/</a> |
| 2015 | Ibid and Business Insider, 'Hedge fund manager Boaz Weinstein is making a huge comeback in 2016' (15 April 2016), accessed 8 January 2025 via <a href="https://www.businessinsider.com/boaz-weinstein-saba-performance-2016-4">https://www.businessinsider.com/boaz-weinstein-saba-performance-2016-4</a>  |
| 2014 | Hedge Fund Alert (20 May 2015 edition), page 2, accessed 8 January 2025 via <a href="https://static1.squarespace.com/static/560a98c1e4b0a09442e449f6/t/564267cde4b032f47d420554/1447192525087/HFA05">https://static1.squarespace.com/static/560a98c1e4b0a09442e449f6/t/564267cde4b032f47d420554/1447192525087/HFA05</a>  |
| 2013 | Ibid.  |
| 2012 | Ibid.  |
| 2011 | The Wall Street Journal, 'Dow Ends Year of Tumult Up 6%' (31 December 2011), accessed 13 January 2025 via <a href="https://www.wsj.com/articles/SB10001424052970204720204577131011144619848">https://www.wsj.com/articles/SB10001424052970204720204577131011144619848</a>  |
| 2010 | Institutional Investor, 'The Future Face of Hedge Funds' (21 March 2011), accessed 13 January 2025 via <a href="https://www.institutionalinvestor.com/article/2bsz43nhjs3mohfrgn400/portfolio/the-future-face-of-hedge-funds">https://www.institutionalinvestor.com/article/2bsz43nhjs3mohfrgn400/portfolio/the-future-face-of-hedge-funds</a>   |

- (4) Excluding warrant returns.

information, please contact [rs@seg.com](mailto:rs@seg.com) or visit [www.ms.com](http://www.ms.com).

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