



ShareSoc

UK Individual Shareholders Society

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Press Release

ShareSoc Launches Campaign on Excessive Share Price Discount at Graphite Enterprise Trust

ShareSoc (the "UK Individual Shareholders Society"), has launched a Shareholder Action Group in relation to Graphite Enterprise Trust Plc. We have major concerns about the persistent discount to Net Asset Value (NAV) at which the shares of this company trade and some aspects of the corporate governance of the company.

In the view of ShareSoc, and the shareholders in Graphite Enterprise whom we represent, the discount at which the company's shares trade (about 34% at the time of writing) is excessive. This issue was raised at the recent AGM, and at the previous one, but the directors have made it clear that they do not plan to tackle this issue.

Narrowing the discount to a more reasonable level would give an immediate and substantial uplift to the market price of the shares.

Although the company has more than doubled the dividend recently, that will still only mean a yield of about 1.3% and it has had no obvious impact on the share price. Also the dividend cost is only £3.6m when profits were £29.4m last year, and investment trusts are no longer inhibited from returning all profits to shareholders via dividends due to the recent change in regulations.

The company has suggested that the discount needs to be compared to their peer group, but others such as HG Capital are on much less discount, and some other private equity investment trusts which are on wide discounts have been taking very vigorous steps to tackle the problem.

To suggest as the company does in the Annual Report that "*the key to reducing the discount is to generate demand for the company's share through strong performance over the long term and communication of the company's strategy*" is really only saying the same as was said at the previous AGM. So far this approach has had very little impact on narrowing the discount.

Our other main concern about this company is that the Chairman and two other directors have been on the board for more than ten years. Are these directors truly independent of the fund manager is a question you should ask after that length of time, bearing in mind that in investment trusts the board is often heavily reliant on the fund manager for advice and administrative support?

Unfortunately the fund manager often has a vested interest in maintaining the status quo because a discount control policy usually involves share buy-backs or tender offers which reduce the size of the fund.

Shareholder Action Group Formed

Any shareholders in Graphite Enterprise Trust who wish to learn more about the issues at this company and be kept informed on future news can register on our web site at www.sharesoc.org/campaigns3.html .

We would like to see this company introduce a specific discount control policy with more vigorous steps taken to tackle the wide discount.

For further information, please contact:

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Note any members of the press who wish to receive a complimentary copy of our informative monthly newsletter should send a request to info@sharesoc.org . Our newsletters cover not just the affairs of our organisation but contain general financial news and commentary. Examples of our past newsletters are available on our web site. You can also follow ShareSoc on Twitter from @ShareSocUK.

About the UK Individual Shareholders Society (ShareSoc)

ShareSoc represents and supports individual investors who invest in the UK stock markets (and who own as much as 30% of the shares in UK public companies in aggregate). We are a mutual association controlled by our members with "not-for-profit" articles and incorporated as a company limited by guarantee. The organisation is financed by member subscriptions, donations from supporters and by the services it provides to members. Associate Membership of ShareSoc is free and is open to everyone with an interest in stock market investment. More information on ShareSoc can be obtained from our web site at www.sharesoc.org .