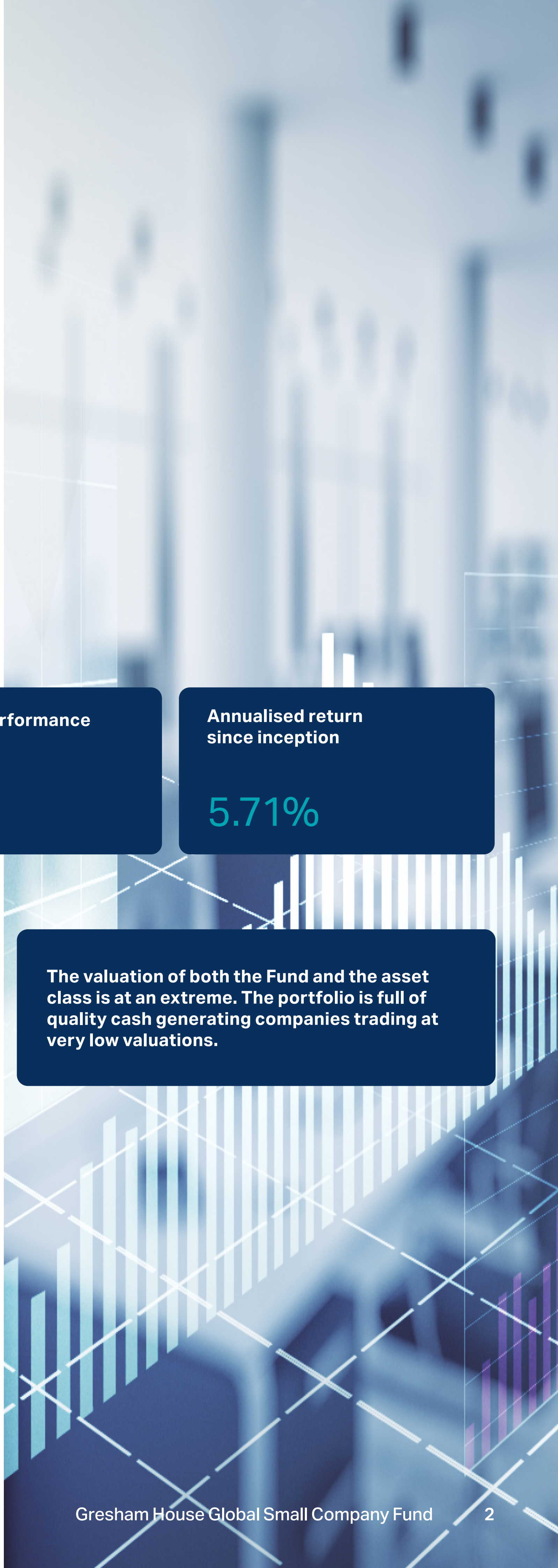
# Gresham House Global Small Company Fund

Quarterly Report
1 April 2025 to 30 June 2025

Gresham House
Specialist investment

# Highlights



The Gresham House Global Small Company Fund is a concentrated equity fund which invests in small cap stocks globally. It targets long established, well-managed, high quality, cash generative companies capable of delivering above average growth over time, but whose prospects are undervalued by the market.

This unaudited quarterly update provides an overview of Gresham House Global Small Company Fund (the Fund) performance between 1 April 2025 to 30 June 2025.

The Fund launched in 2012 with a target return of 8 -10% per annum.

**Unit Price**

**(NAV per Unit)**

€203.1436

**Year to date performance**

7.10%

**Annualised return since inception**

5.71%

**Gresham House Global Small Company Fund gained 7.42% over the quarter.**

**The valuation of both the Fund and the asset class is at an extreme. The portfolio is full of quality cash generating companies trading at very low valuations.**

The Investment Manager, Gresham House Asset Management Ireland Limited (Gresham House Ireland, Investment Manager or the Manager), is a leading Irish based asset manager, managing a range of funds, which invest globally, to grow and protect our clients' assets while generating sustainable income.

For more information visit

www.greshamhouse.ie

# Investment Manager's Report

## Market Commentary

The second quarter of 2025 was one of the most extreme quarters in terms of market volatility we have seen in many years.

In early April, the S&P 500 fell into bear market territory having declined more than 20% from its highs on worries about the "Liberation Day" tariff announcement. President Trump designated 2nd April as "Liberation Day," invoking emergency trade powers to tackle the U.S. trade deficit. He introduced a universal 10% baseline tariff on all imports effective 5th April and imposed additional "reciprocal" tariffs ranging from 11% to 50% on 57 countries with which the U.S. had large trade deficits. These were scheduled for 9th April.

After the announcement triggered a stock market crash, the implementation of most reciprocal tariffs was suspended until 8th July. After the tariff plan was put on "pause" stocks began to recover. By the end of the quarter both US and European markets were up over 11%, the best quarterly performance since 2020. The rally became known as the TACO trade. TACO (i.e. Trump Always Chickens Out) was a phrase coined by Financial Times columnist Robert Armstrong in early May. The fact that President Trump seemed to bend when market pressure was applied explains in significant part the stock market's willingness to bet on the continuing U-turn on tariffs.

Outside of self-inflicted tariff volatility, geopolitics returned to the world's attention in the quarter. Israel initiated its surprise attack on Iran and the US opted to join them in a direct military intervention. After the attacks and a small retaliatory effort, markets concluded that Iran's options are limited, and we wouldn't see a meaningful deterioration. This view seems well placed and we concur.

With all the geopolitical and tariff noise many investors may have expected the US dollar, traditionally seen as a safe haven, to rally. However, our belief since inauguration has been that President Trump is a weak dollar president and this is playing out. The call has now become consensus which means we could see a temporary dollar rally. However, given the fundamental backdrop of reckless fiscal spending and isolationism we find it difficult to envision a sustained dollar rally.

In our equity funds we continue to find significant pockets of value outside the US and down the market capitalisation spectrum.

In our multi-asset funds we are becoming more positive on risk assets particularly in light of fiscal and monetary loosening.

## Fund Performance

The Gresham House Global Small Company Fund rose 7.42% over the quarter, bringing year-to-date performance to 7.10%.

Following an extended period of under performance and persistent outflows from the asset class, signs of renewed investor interest in small caps are beginning to emerge. Small and mid-cap indices across the US and Europe posted strong gains in Q2, reflecting improving sentiment and an increasingly supportive macro backdrop.

In the UK meanwhile, one of the hardest-hit markets, with its worst run of institutional redemptions since before the Global Financial Crisis, fund manager surveys and Morningstar analysis now point to "muted but improving" confidence. Similar green shoots are visible in Asia, where Indian small cap funds attracted ₹20,749 crore (approximately €2.25bn) in retail inflows through the end of May.

Valuations remain compelling, with small cap indices across the US, Europe and the UK trading on forward P/E multiples of around 14-17x. With the fund heavily overweight Europe, we are encouraged by the region's improving macro environment, particularly increased German fiscal stimulus and rising defence spending across the continent, coupled with stabilisation in regions like France. We believe this creates a strong foundation for continued earnings momentum and sustained recovery in the small cap space.

Uniphar added 39% over the quarter, extending its strong Q1 performance. Following a period of post-Covid volatility, the earnings downgrade cycle appears to be behind the business, and a more predictable, recurring profit base is now emerging. The path is increasingly clear for bolt-on M&A, and we see upside to the company's medium-term EBITDA target of €200mn. Valuation is still undemanding and while we have taken some profits off the table, we remain comfortable with the long-term story.

German machinery specialist Jungheinrich also delivered a strong quarter, rising 27%, supported by its exposure to domestic fiscal expansion, with around 22% of revenue generated in Germany.

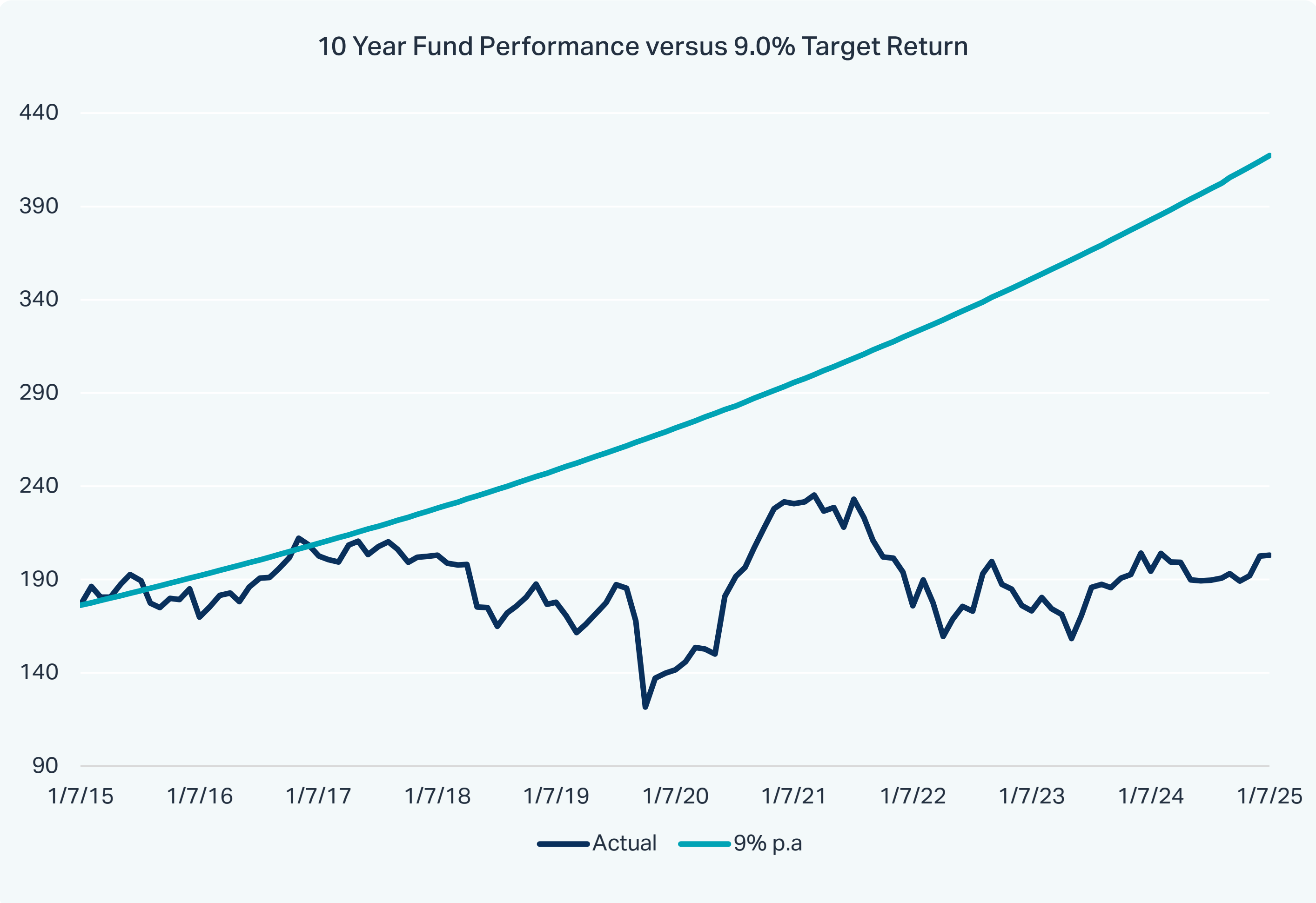
Capital goods business Manitou meanwhile gained 24% as the industry destocking cycle nears its end. The groups order book surged during the quarter and the trends suggest no signs of a slowdown (Q1'25 = € 574mn, Q4'24 = € 532mn, Q3'24 = € 252mn and Q2'24 = € 86mn), as the destocking cycle comes to an end.

Breedon was the biggest under performer in the fund, declining 14% during the quarter as adverse weather conditions weighed on volumes in the US, and the UK market remained subdued. Analysts are revising near-term estimates lower, however we believe Breedon continues to operate in structurally attractive end markets across the US, the UK and Ireland, and is well positioned over the short- to medium-term.

After several years of under performance, small-cap equities are beginning to regain investor interest as market leadership broadens beyond mega-caps and AI beneficiaries. We see an increasingly compelling opportunity set, with valuations at historically low levels, balance sheets in good shape, and a backdrop of improving earnings momentum.

| | YTD | 1 month | 3 months | 6 months | 1 year | 3 years | 5 years | 10 years | Since Inception |
|---|---|---|---|---|---|---|---|---|---|
| Net Return | 7.10% | 0.27% | 7.42% | 7.10% | 4.47% | 15.50% | 43.46% | 15.26% | 103.14% |
| Annualised Return | 7.10% | 0.27% | 7.42% | 7.10% | 4.47% | 4.92% | 7.48% | 1.43% | 5.71% |
| | | | | | | | | | |
| Best Month | 20.60% | Nov-20 | | | | | | | |
| Worst Month | -27.51% | Mar-20 | | | | | | | |
| **Current Month** | 0.27% | | | | | | | | |

| Regional Split | % | Top Holdings | % | Sector Weighting | % |
|---|---|---|---|---|---|
| Europe | 55.49 | Forterra plc | 4.82 | Industrials | 37.94 |
| UK | 38.90 | Breedon plc | 4.77 | Materials | 22.10 |
| US | 5.61 | Origin | 4.56 | Consumer Discretionary | 11.36 |
| | | Eurocell plc | 4.47 | Consumer Staples | 9.88 |
| | | Irish Continental Group plc | 4.42 | Health Care | 6.00 |



# The Team

## Investment Team

### Derek Heffernan
Chief Investment Officer

### Kuda Damba
Senior Investment Analyst

### Gerry Hennigan
Senior Investment Analyst

### Callum Heapes
Investment Analyst

## Client Relationship Team

### Patrick J Lawless
Chair of Investment Committee

E: p.lawless@greshamhouse.ie

### Ian Naughton
Head of Client Relationship Management

E: i.naughton@greshamhouse.ie

### John O'Driscoll
Sales and Business Development Manager

E: j.odriscoll@greshamhouse.ie

### Kenny Downes
Client Relationship Manager

E: k.downes@greshamhouse.ie

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