

Gresham House Global Small Company Fund

Quarterly Report

1 October 2025 to 31 December 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 October 2025 to 31 December 2025.

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

Unit Price
(NAV per Unit)

€203.1888

Year to date performance

7.12%

Annualised return since inception

5.49%

Gresham House Global Small Company Fund rose 3.73% 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.

*All performance figures stated in this report are 'Net Performance' (i.e. net of fees and charges)

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

2025 was a volatile year for markets, with animal spirits ultimately outweighing the trade concerns that emerged in the first half of the year following the United States raising tariffs to levels not seen since the 1930s. Developed market equities fell 16.5% in early April but ultimately shrugged off the shock and finished the year with healthy returns. As the year progressed, investor focus shifted toward the positive implications of very loose fiscal policy alongside a more accommodative monetary stance. Notably, 2025 was the first year since the Covid pandemic in which all major asset classes delivered positive returns.

The Gresham House Global Multi-Asset Fund gained 14.87% in 2025. The Gresham House Global Thematic Multi-Asset Fund returned 5.35%. On the equity side, the Gresham House Global Equity Fund delivered 17.15%, while the Gresham House Global Small Company Fund gained 7.12%. The Gresham House Euro Liquidity Fund returned 1.54%.

Looking ahead to 2026, we expect continued growth in selected equities and commodities, while broader market indices may struggle. Valuations across major indices are now higher than those reached at the peak of the dot com bubble, and consensus earnings expectations for 2026 appear highly optimistic. The encouraging feature of the current environment is that excess valuation is not universal. While market conditions increasingly resemble the late 1990s, we believe a similar playbook is appropriate. The strategy is straightforward. Avoid areas where valuation risk dominates and target capital towards pockets where active judgement can add value.

Avoiding the most overvalued assets, particularly United States mega cap artificial intelligence beneficiaries, does not require stepping away from risk entirely. Our valuation framework continues to point toward non-United States large cap equities, deep value stocks, and smaller capitalisation companies as offering sensible, and in some cases attractive, expected returns. Portfolio construction can therefore tilt away from the artificial intelligence trade without sacrificing long run return potential, should markets ultimately revert toward fundamentals.

Markets also signalled growing concern around currency debasement during the year. Precious metals were the standout asset class of 2025, with the Bloomberg Precious Metals Index returning 80.2%. This materially benefited the Multi-Asset Fund, which maintained exposure to both gold and silver. While we retain exposure to precious metals, we have actively adjusted positioning as valuations in parts of the complex have become stretched.



Derek Heffernan
Chief Investment Officer

In an environment characterised by abundant liquidity and ongoing policy experimentation, the ability to distinguish enduring value from transient narrative is more important than ever. Our focus remains firmly on assets with durable cash flows, sensible valuations, and strong balance sheets. These remain the enduring foundations of compounding capital through periods of uncertainty.

Fund Performance

The Gresham House Global Small Company Fund gained 3.73% over the quarter, bringing 2025 performance to 7.12%. Returns were driven by holdings in Industrials, Consumer Staples and Consumer Discretionary equities, while Communication Services and Health Care detracted.

We remain highly confident in the outlook for global small caps, with our valuation models highlighting significant opportunities across the small cap value landscape. Valuations across the US and Europe remain at compelling levels, supported by solid fundamentals and improving earnings momentum. Across developed markets, small caps are trading at a significant discount to their long-run average, with that discount ranging anywhere from c.15% in Europe to 25% in the US. These companies have been shunned by the market for a long time now, but we believe we are at the early stages of a recovery in sentiment and are enthusiastic about the opportunity set ahead of us.

Irish bank Permanent TSB was the top contributor during the quarter, rising 23% following the announcement of a formal sales process. When we initiated the position in June, our investment thesis was based on four key factors: (i) The bank was materially under-earning due to a regulatory constraint limiting capital deployment; (ii) Growing evidence that this could be resolved in the near term alongside meaningful cost-reduction initiatives; (iii) A supportive macroeconomic backdrop in Ireland; and (iv) A highly attractive valuation of approximately 0.5x price-to-book. While corporate activity was not required for the thesis to play out, M&A optionality was always an important consideration. We have since taken some profits, but even in the absence of a transaction, we continue to view the shares as undervalued at current levels.

RHI Magnesita was another strong contributor, gaining 34% over the quarter as the share price recovered some of the earlier-year weakness. The move followed solid results in a challenging end-market environment, with the company reaffirming profit guidance, gaining market share and successfully implementing pricing increases. EBITA margins improved meaningfully, reaching 12.7% between July and October, compared with 8.4% in H1 2025, despite this being a seasonally weaker period. While steel demand, particularly from the automotive sector, remains subdued, conditions appear to be stabilising, order intake is improving, and we remain comfortable with our position.

McBride also performed strongly, returning 21% during the quarter after announcing a €20mn share buyback, equivalent to approximately 7.5% of market capitalisation, alongside confirmation that trading was in line with expectations. At around 7x earnings, we believe the stock remains undervalued as profitability and free cash flow generation continue to improve.

On the downside, Everplay was the largest detractor, falling 12% during the quarter after a strong run earlier in the year, having gained approximately 85% from January to its October peak. We took some profits during the period but remain comfortable with our residual exposure. Following a challenging couple of years post-Covid, during which the share price fell from close to £9 to as low as £1.60 amid sluggish demand and efforts to diversify into larger-budget titles and new genres, the company now appears firmly on the path to recovery. Management's renewed focus on its core strength in publishing lower-budget indie games, alongside resilient cash generation from a growing back catalogue, is delivering encouraging progress. With a strengthened management team in place, we also see ongoing strategic value in the business, including potential takeover interest should public markets continue to undervalue the company.

After several years of underperformance, global small-cap equities are showing early signs of recovery and renewed investor interest. With valuations at historically attractive levels, balance sheets in good health, and earnings growth beginning to improve, we believe the asset class is approaching an important inflection point. Against this backdrop, we see a particularly compelling opportunity for active management to exploit mispricing and participate in the recovery potential across the global small-cap universe.



Cumulative performance	YTD	3 months	6 months	1 year	3 years	5 years	10 years	Since launch
Net Return	7.12%	3.73%	0.02%	7.12%	17.45%	6.00%	7.28%	103.19%

Annualised performance	3 years PA	5 years PA	10 years PA	Since launch
Net Return	5.51%	1.17%	0.71%	5.49%

Regional split	%	Top holdings	%	Sector weighting	%
Europe	48.44	Transit Services	4.63	Industrials	35.25
UK	44.53	Construction Materials	4.48	Materials	18.19
US	7.03	Other Commercial Support Svcs	4.16	Consumer Staples	12.53
		Metalworking Machinery	4.04	Consumer Discretionary	12.44
		Banks	3.96	Health Care	6.17

Five Year Fund Performance



The Team

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