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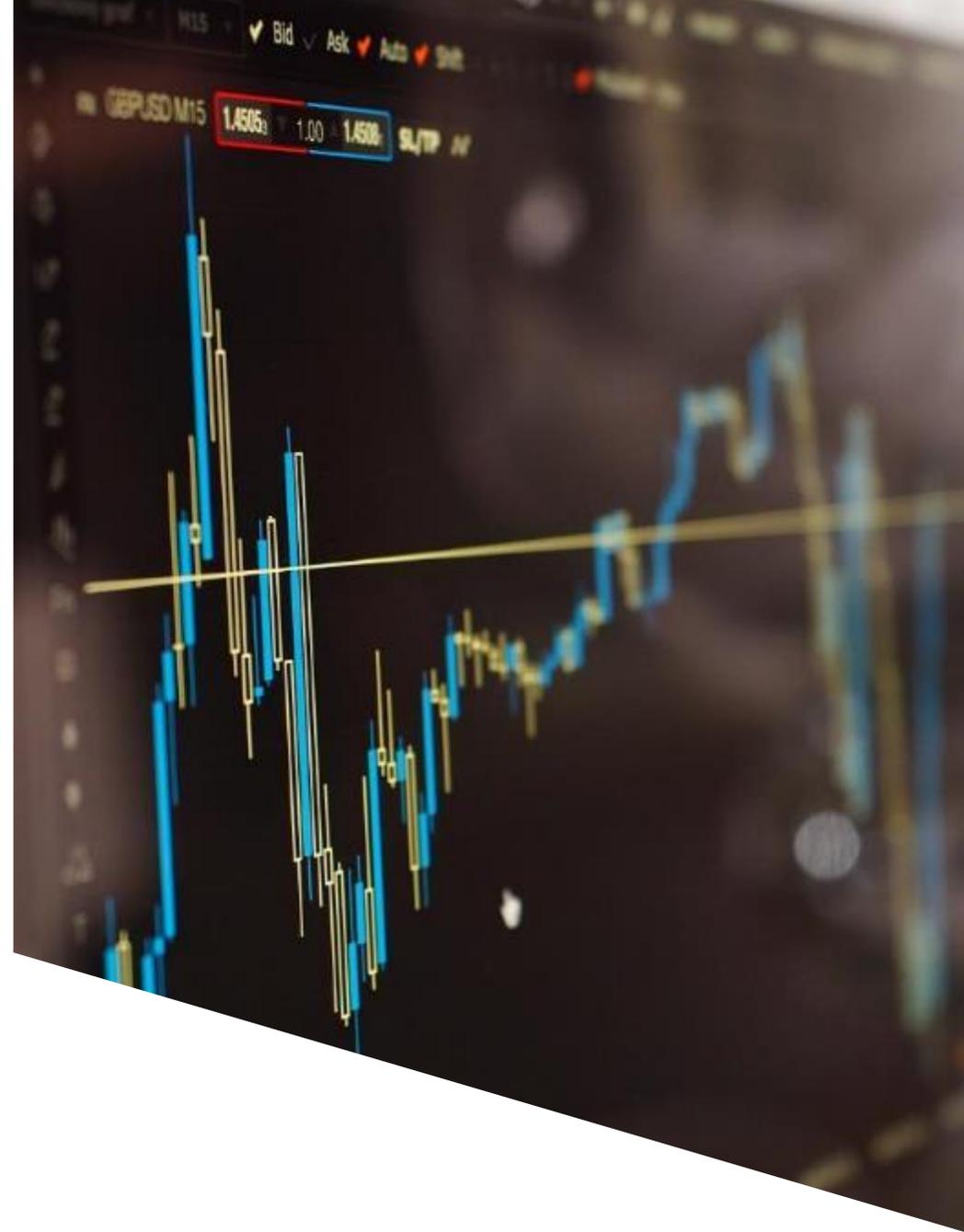
Gresham House

Specialist asset management

Strategic Equity Capital plc (SEC.LN)

Q1 2022

April 2022



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The internal rates of return or IRRs presented on a “gross” basis do not reflect any management fees, carried interest, taxes and allocatable expenses of the kind that will be borne by investors in the Fund, which in the aggregate may be substantial.

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EXECUTIVE SUMMARY

Q1 2022 shareholder update

- **Strong performance** (NAV/share -5.6%)¹, outperforming the FTSE Small Cap index (-6.5%), driven by resilient less cyclical positioning. Total NAV return of 40.8% since September 2020 despite no exposure to 'macro-recovery' sectors like Resources, Oil & Gas or Banks
- **Portfolio evolution:** More modest levels of activity following elevated turnover during 2021 with no exits during the period. One new investment into iomart, a data centre and managed IT services provider, and follow-ons into Inspired, Nexus Infrastructure and Ricardo
- **Positive portfolio news flow** despite backdrop of increasing market volatility and supply side pressures; high-quality portfolio which we believe remains well positioned to weather short-term challenges and deliver long-term strategic value creation
- **UK Small Cap valuation discount remains attractive** despite market uncertainty. Positive long-term fundamentals regardless of short-term inflationary pressures and lingering Covid-19 impact. Continue to focus on undervalued quality, cash generative companies; expect market volatility to create attractive entry points
- **Core investment strategy remains consistent** and focused on delivering long-term shareholder returns and reducing share price discount to NAV. **Additional measures introduced during the quarter**

Past performance is not necessarily a guide to future performance. Portfolio investments in smaller companies typically involve a higher degree of risk.

1. Q1 2022 (31 December 2021 - 31 March 2022), on a total return basis

Source: Juniper Partners, Bloomberg, as at 31 March 2022



STRATEGIC EQUITY CAPITAL PLC (SEC)

Application of private equity techniques to small public companies

- **Differentiated strategy** with highly-concentrated portfolio, deep research focus and engaged approach
- **Genuine small cap** - a structurally overlooked part of the market
- **Long term investment horizon**, low portfolio turnover with a **quality company focus**
- **Small-cap specialists** with significant public and private equity expertise leveraging Gresham House's broader platform and network
- **Leading fund management team** with clear objective to **drive performance** and **close discount to NAV** leveraging track record of Ken Wotton and the Gresham House Strategic Equity team

Specialist equity fund targeting absolute returns (15% IRR)¹ over the medium term.

Low correlation to market and peers.

Defensive characteristics. Tendency to outperform in weaker markets.²

1. Internal target only, there is no guarantee this target will be met

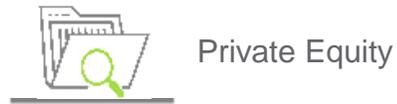
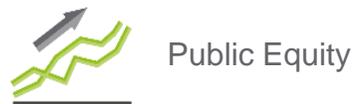
2. Morningstar <http://performance.morningstar.com/funds/cef/ratings-risk.action?t=SEC®ion=gbr&culture=en-US&ownerCountry=USA> - as at 31 December 2021
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SPECIALISTS IN ALTERNATIVES

Gresham House plc (Gresham House) is a London Stock Exchange-quoted specialist alternative asset management group (GHE.LN), providing funds, direct investments and tailored investment solutions, including co-investment.

- Specialists in five areas of alternative investment
- Growing organically and through acquisition, expanding our shareholder base, and developing our investment pipeline
- Committed to operating responsibly and sustainably, building long-term value across our portfolio

Strategic Equity



Real Assets



£6.5bn¹



1. As at 31 December 2021



FUND STRATEGIES SPANNING BUSINESS LIFECYCLE

A suite of private and public equity products with the capability to support a company throughout its lifecycle.

- **Public Equity** - offers investors exposure to UK smaller public companies through a long term investment philosophy, using private equity techniques and thorough due diligence
- **Private Equity** - offers investment opportunities in early-stage and lower mid-market private companies over a long-term investment horizon through both listed and unlisted fund structures



WELL-INVESTED SPECIALIST SMALL COMPANY INVESTMENT PLATFORM

Public Equity team - 5 investment professionals



Ken Wotton
Managing Director,
Public Equity



Brendan Gulston
Investment Director



Laurence Hulse
Associate Director



Amber Stone-Brown
Investment Manager



Cassie Herlihy
Investment Manager



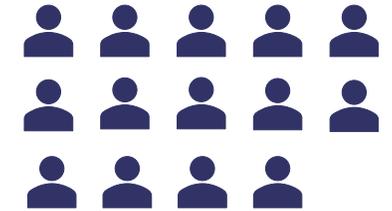
Bevan Duncan
Managing Director,
Strategic Equity



Clive Austin
MD - Private
Equity Portfolio



Trevor Hope
CIO - Private Equity



Investment Committee



Anthony Dalwood
Chairman



Ken Wotton



Graham Bird



Tom Teichman



Bruce Carnegie-Brown

**Powerful
network**

The acquisition of the Mobeus VCT business has significantly enhanced the scale and experience of the private equity team

Operating Partners



Hazel Cameron
Head of Portfolio
Talent



Tamer Ozmen
Technology &
Investment Partner

Resource platform

- Portfolio talent
- Data analytics
- Powerful network
- Deal execution
- Operating Partners
- Sales and Marketing
- Research/analysis
- Finance and Operations

Sustainable Investment team



Rebecca Craddock-Taylor
Sustainable Investment
Director



Jonathan Walker
Sustainable
Investment Manager



Rosie French
Sustainable
Investment Manager

PORTFOLIO EVOLUTION

Evolving portfolio over the last two quarters

Q1 2022

£5.6mn purchases
3% Closing NAV
Average Market Cap: £175mn

Q1 2022

£18.7mn sales
8% Opening NAV
Average Market Cap: £974mn

New investments

Existing holdings

Exited holdings

Q1 2022

iomart

 **INSPIRED**
PLC


RICARDO

NEXUS

IRR

Q4 2021


CLINIGEN

 **INSPIRED**
PLC
ten.
ENTERTAINMENT GROUP PLC


RICARDO
NEXUS

 **ALLIANCE**

32%

*Investments selected for illustrative purposes only, to demonstrate investment strategy and are not investment recommendations.
Past performance is not necessarily a guide to future performance. Portfolio investments in smaller companies typically involve a higher degree of risk.*

Source: Gresham House plc, as at 31 March 2022



PORTFOLIO & PIPELINE THEMES



Healthcare and pharmaceutical services

- Trend to outsource non-core service provision / support
- Increasing role for technology-led solutions



Pensions and savings

- Increasing complexity of requirements and regulations
- Ageing population; increasing need for investment solutions



Regulation and compliance

- Growing regulatory burden across all white collar sectors
- Need for accurate, auditable, and cost effective solutions; often technology-led



Digitisation and data

- AI and 'Big Data' increasingly entering real world applications
- Opportunity to drive NPD and monetise underappreciated data assets



High-quality cyclical / Covid recovery

- Niche, high IP, with underappreciated recovery potential
- Positioned to take share as economic activity resumes



Sustainability / Energy Transition

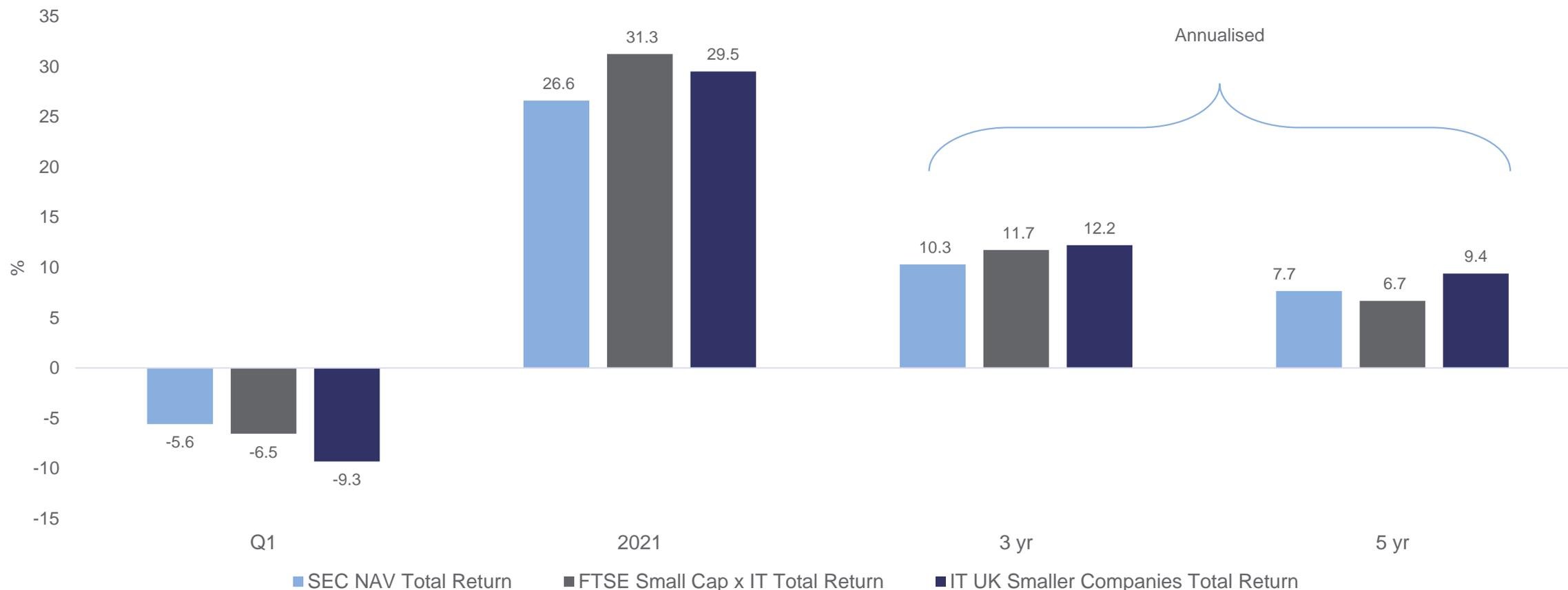
- Products or services with positive ESG outcomes
- Must fulfil other investment criteria also, i.e. profitable, cash generative

Pipeline opportunities and recent investments

- Continue to focus on long term structural themes
- Differentiated B2B 'winners' facing short term headwinds
- Selective market leading niche consumer businesses
- ESG considerations applied

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PERFORMANCE SUMMARY



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Chart source: Unaudited Bloomberg, Juniper Partners, FE Analytics as at 31 March 2022, net of fees

1. Comparators: FTSE Small Cap ex Investment Trusts Index Total Return and IT UK Smaller Companies Total Return

2. On a total return basis

Q1 ATTRIBUTION ANALYSIS

Positive attribution			Negative attribution		
Company	% pts	Comment	Company	% pts	Comment
 <i>Media: Professional publishing, events & training</i>	+1.4	<ul style="list-style-type: none"> Strong 2021 results demonstrating strength of restructured group Forecast upgrades and positive re-rating reflecting improving operational performance 	 <i>B2B Media: Exhibitions</i>	-1.4	<ul style="list-style-type: none"> Material revenue exposure from key events in Russian market led to a substantial de-rating Management announced its intention to exit the Russian market due to the ongoing Ukraine conflict We have subsequently fully exited our position in Hyve
 <i>Travel / Software: Online Hostel Booking Platform</i>	+0.4	<ul style="list-style-type: none"> Improving sector sentiment reflecting relaxation of global travel restrictions FY21 results reflecting platform investment and improving operating metrics as market reopens 	 <i>Industrial: Building products supplier</i>	-1.1	<ul style="list-style-type: none"> FY21 results in line with market estimates Good success in mitigating input cost pressures with operational efficiencies and price increases Shares de-rated on sentiment around supply chain and inflation risks despite positive performance
 <i>Consumer: Low-ticket experiential leisure</i>	+0.3	<ul style="list-style-type: none"> FY21 results ahead of market expectations LFL trading significantly ahead of pre-Covid levels with strong momentum 	 <i>Business Services: Energy consultancy</i>	-0.8	<ul style="list-style-type: none"> Forced to announce a maximum £3m potential exposure to Gazprom in the UK corporate energy market Shares de-rated due to energy market sentiment despite no material financial impact and significant opportunities arising from the disruption

Attribution estimates based on Bloomberg as at 31 March 2022, Bloomberg, company reports

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ESG FOCUS: PUBLIC EQUITY

As long-term investors with a focus on small and micro-cap companies in the UK equity market, we are active stock pickers applying a private equity approach to quoted equities.

Gresham House plc offers a range of investments including open-ended equity funds, listed strategic public equity investment trust and limited partnership vehicles.

Our public equity philosophy revolves around taking a hands-on approach to engaging with investee company stakeholders, including management, shareholders, customers and suppliers, in order to capitalise on market inefficiencies and identify value creation and recovery opportunities.

5.1 years
weighted average holding period as at 31 December 2021

Gresham House plc is a proud signatory to the following member organisations:



ESG implementation



Case study

Changing the way businesses purchase and use energy

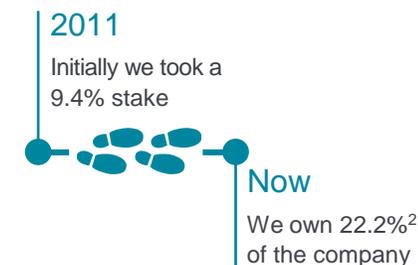
The business

Inspired plc is a leading UK corporate energy services and procurement specialist. They are energy management experts and work with corporate energy consumers to optimise their energy costs.

The company provides three key services:

We invested in the company when it first listed in 2011 but worked with the management team before this point on areas such as Board composition and management incentives prior to IPO.¹ Since 2011 we have regularly engaged with the management team on various projects, most notably:

- 1. Business strategy**
- 2. Raising capital for expansion**
- 3. Board composition and planning**



Specialises in end-to-end solutions for investors and Corporate Businesses to make effective ESG Disclosures and transform them into ESG Impacts



Delivers energy, water and sustainability assurance and optimisation services, so Corporate Businesses can manage their costs better, reduce their carbon efficiently and meet their net zero targets.



Delivers technology and software solutions that underpin the services provided by Inspired PLC and makes them available to third parties.

1. Initial Public Offering
2. Holding across all Gresham House plc funds as at 31 March 2022

Case studies selected for illustrative purposes only to demonstrate investment strategy and are not investment recommendations.



UK SMALL-CAP DISCOUNT

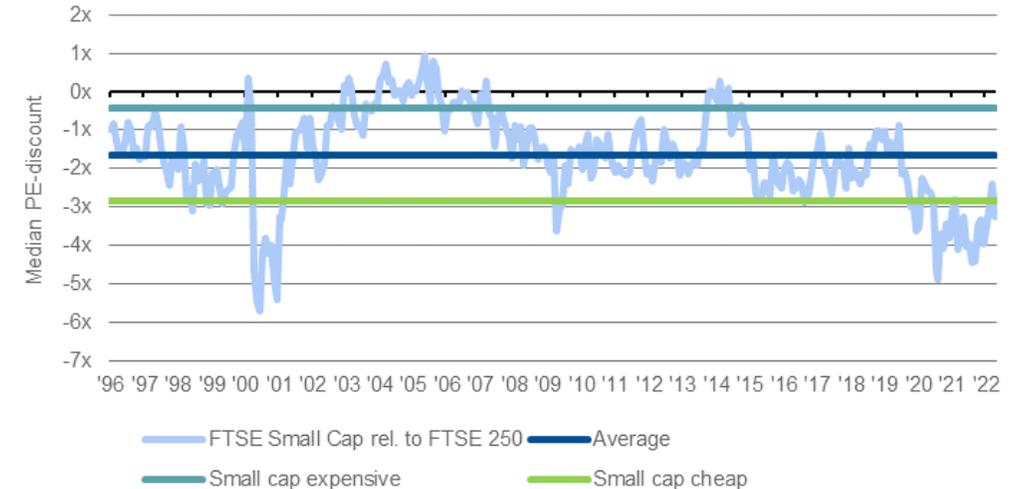
Valuation discount opportunity

- Small caps are trading at multi-year discounts relative to larger companies
- We believe this is owing to concerns over liquidity, perceived risk, and a reduction in resources devoted to this area of the market. **This provides a distinct opportunity for our strategy**

UK & Europe ex UK vs USA



'Small-cap discount'
Median SC P/E - FTSE 250



Sources: Liberum, Datastream 31 March 2022 (Left); Liberum, Datastream, 31 March 2022 (Right)

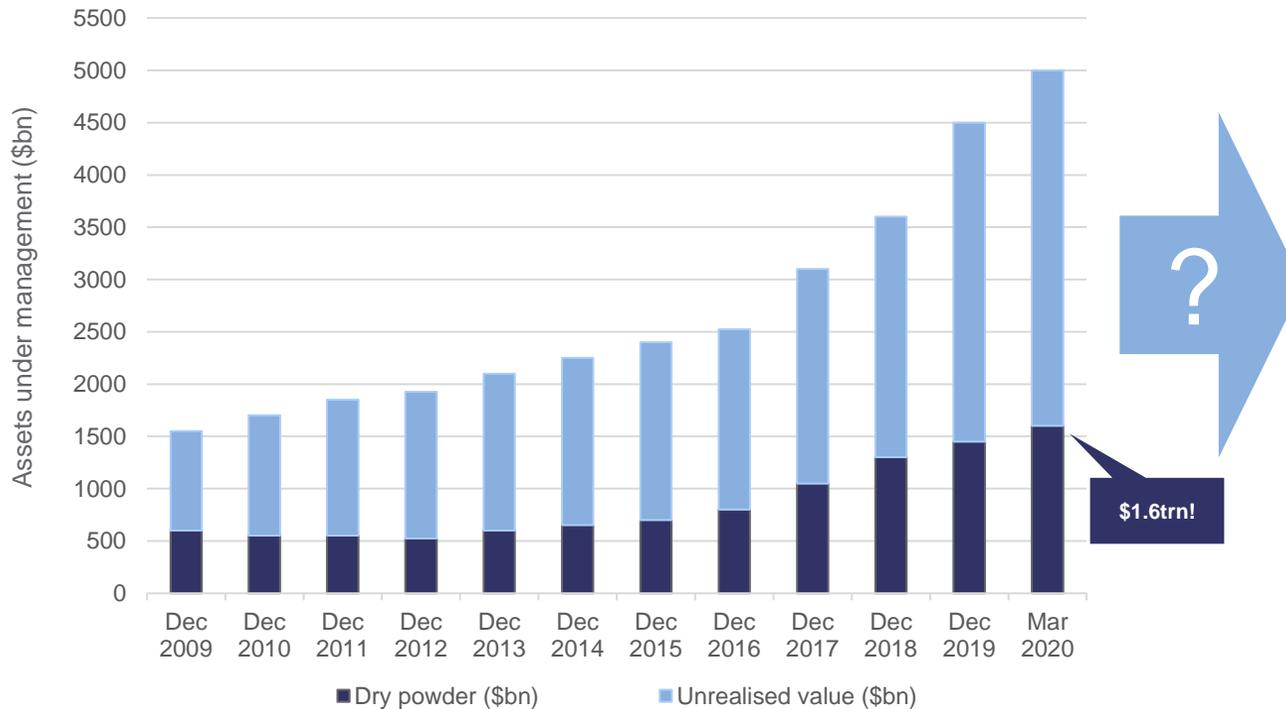
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PRIVATE EQUITY OUTLOOK

Private Equity has built up over \$1.6tn 'dry powder'

Private Equity: Assets under management
2009-2020



This is being deployed in UK listed equities

UK listed companies subject to confirmed or rumoured Private Equity bids

SEC holdings: EQUINITI, RIVER AND MERCANTILE, proactis, idox, CLINIGEN, ARROW GLOBAL, MARSTON'S, AFH wealth management

Gresham House plc holdings: VECTURA, Audean, R&Q, UDG Healthcare plc, Morrisons, filta, wey education, Marshall Motor Holdings plc, aggreko, senior, Spire Healthcare, ST.MODWEN, sanne

Chart sources: Preqin Pro, Q1 2021

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DISCOUNT REDUCTION PLAN

Narrowing the share price discount to NAV is a key strategic priority to be achieved over time through a package of measures that are now in place.

- Appointment of Ken Wotton as Lead Fund Manager, and focus on leveraging the wider Gresham House plc platform and capability to support SEC
- Emphasise proprietary “Strategic Public Equity” process differentiation in marketing and PR initiatives
- Appointment of Chris Elliott as Head of Wholesale Retail distribution at Gresham House plc to drive sales activity
- Improved shareholder engagement and investor relations activity with Liberum Capital appointed as corporate broker
- Gresham House plc supporting SEC with balance sheet; 6.0% stake built over 2021 and ongoing commitment to buy shares in the secondary market
- Cash return commitments announced by SEC Board:
 - Accelerated 10% tender offer at NAV executed during Q1 2022
 - Up to 9% of issued share capital to be bought back during 2022 at a discount to NAV of greater than 5%
 - Ongoing commitment to return 50% of the proceeds of profitable realisations through buybacks on the same basis
 - A full realisation opportunity to be put to shareholders in 2025



CONCLUSION & OUTLOOK

- **Covid-19** - the emergence of the Omicron variant illustrates the fragile nature of the recovery from Covid-19. Whilst the general direction of travel is expected to be positive over the coming year, further periods of uncertainty and associated market volatility will likely remain a feature
- **Macroeconomic environment** - increasing supply side challenges and inflationary pressures exacerbated by the Russia/Ukraine conflict; considerable uncertainty as fiscal and monetary stimulus unwinds
- **UK small and micro-cap valuations are attractive** - focus on fundamentals and corporate liquidity - elevated takeover activity
- **Opportunity** - the current environment offers good potential to unearth attractive long-term investment opportunities. Volatile markets often present attractive entry points for long-term investors
- **Focus** - our investment strategy is focused on finding quality niche companies that we believe are well-positioned to grow despite economic uncertainty and challenging operating environment
- **Engagement** - our 'Strategic Public Equity' constructive engagement approach can support companies to deliver shareholder value
- **Private equity approach** - we have a structured and disciplined process designed to insulate us from macro and external factors that might affect companies' performance

A blurred, high-angle view of a modern office interior. The space is bright and airy, with large windows in the background. Several people are seen walking through the space, their figures softened by motion blur. The floor is light-colored, and the overall atmosphere is one of a busy, professional environment.

APPENDIX

MORNINGSTAR SMALL CAP INVESTMENT TRUST OVERLAP ANALYSIS

	AUSC	ASL	BRSC	THRG	HSL	IPU	JMI	MINI	MTU	OIT	SEC
abrdn UK Smaller Companies Growth Ord (AUSC)	100%	2%	58%	73%	35%	40%	47%	0%	40%	0%	2%
Aberforth Smaller Companies Ord (ASL)	3%	100%	10%	6%	26%	15%	19%	3%	1%	5%	5%
BlackRock Smaller Companies Ord (BRSC)	40%	5%	100%	72%	40%	27%	43%	1%	29%	1%	3%
BlackRock Throgmorton Trust plc (THRG)	41%	2%	67%	100%	41%	23%	38%	0%	34%	1%	1%
Henderson Smaller Companies Ord (HSL)	25%	13%	40%	47%	100%	33%	33%	0%	16%	5%	5%
Invesco Perpetual UK Smaller Ord (IPU)	29%	13%	42%	36%	46%	100%	29%	3%	14%	4%	7%
JP Morgan Smaller Companies Ord (JMI)	38%	11%	55%	58%	39%	27%	100%	1%	26%	0%	0%
Miton UK Microcap (MINI)	0%	3%	4%	0%	0%	2%	2%	100%	0%	1%	1%
Montanaro UK Smaller Companies Ord (MTU)	47%	1%	59%	71%	23%	24%	28%	0%	100%	3%	4%
Odyssean Investment Trust Ord (OIT)	0%	22%	19%	9%	30%	14%	0%	9%	13%	100%	11%
Strategic Equity Capital plc (SEC)	1%	32%	22%	14%	45%	15%	0%	6%	15%	12%	100%

SEC holdings represent less than 10% of the NAV of most other UK Small Cap Investment Trusts; a function of a differentiated strategy, concentrated portfolio, and (generally) a lower market cap range

A differentiated approach with limited overlap with other smaller company investment trusts.



As at 31 March 2022 - using latest reporting available from Morningstar (some investment trusts could be reported to earlier than 31 March 2022)
Source: Winterflood

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STRATEGY PUBLIC EQUITY VS. PRIVATE EQUITY

A hybrid model that provides many of the benefits of private equity with greater liquidity and lower leverage

	Typical Public Equity	Strategic Public Equity	Private Equity
Underlying liquidity	●	◐	○
Due diligence	○	◐	●
Correlation to equity markets	●	◐	○
Conviction / concentration	50+ holdings	c.20 holdings	10-15 holdings
Influence / control	Limited	Significant minority stake	Controlling stake
Engagement	Limited	Proactive engagement	Active ownership
Leverage	Low tolerance	Low to moderate	Potentially High
Target returns	Index outperformance	15% absolute return target (ungeared) ¹	20-25% absolute return target (geared) ¹

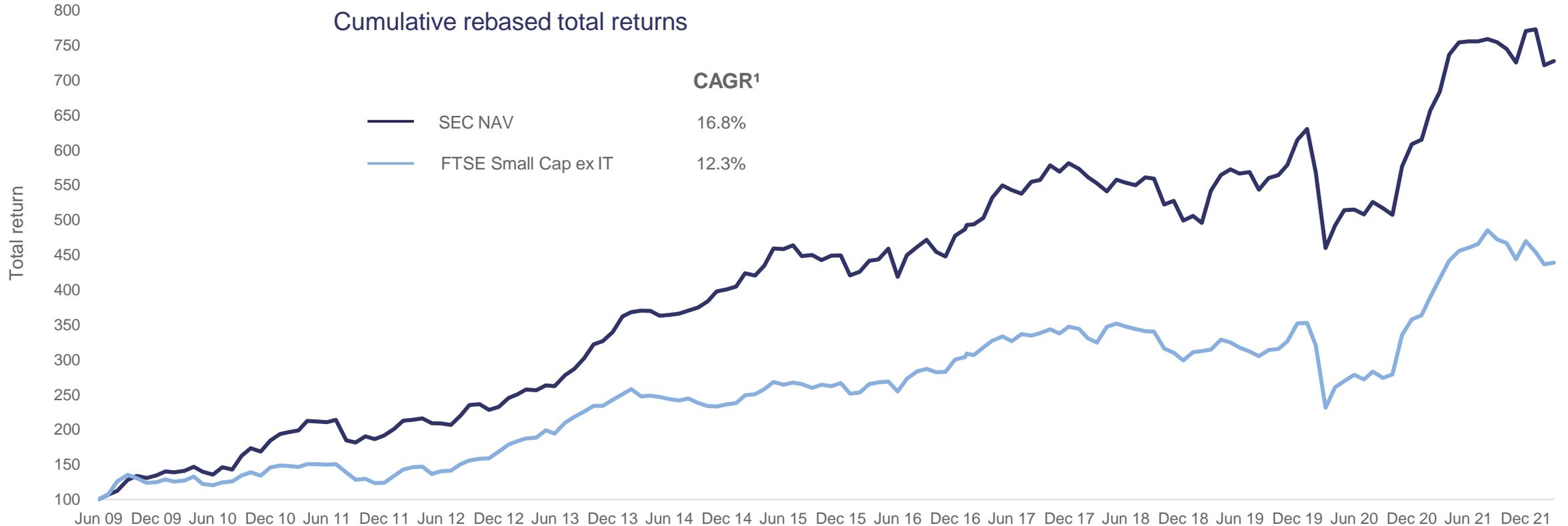
● High ◐ Medium ○ Low

Source: Gresham House plc

1. There can be no guarantee that any targets will be met.



LONG-TERM TRACK RECORD



Strong cumulative performance since process improvements² in June 2009. No use of gearing or derivatives.

Chart source: Bloomberg, Juniper Partners as at 31 March 2022, net of charges

Notes: Data rebased to SEC start NAV June 2009

1. CAGR: Compound Annual Growth Rate

2. Improving the process by tightening up investment process and discount reduction plan

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TOP 10 HOLDINGS¹ - INVESTMENT THESES

Company and % of NAV	Investment thesis	Company and % of NAV	Investment thesis
 11.8% Healthcare	<ul style="list-style-type: none"> A niche market leader in the UK teleradiology sector which is acyclical and is growing rapidly driven by increasing healthcare requirements and a structural shortage of radiologists Above market organic growth and underappreciated cash generation characteristics 	 6.2% Property	<ul style="list-style-type: none"> Leading provider of services to the UK residential property sector with activities spanning mortgage broking, surveying and real estate agencies Significant opportunity to reallocate capital to the Financial Services division which is strategically valuable, high growth and underappreciated by the market
 9.4% Business Services	<ul style="list-style-type: none"> Leading 'challenger' brand in the pensions administration and advice market with organic market share opportunity following industry consolidation Highly defensive - high degree of revenue visibility and largely non-discretionary, regulation driven client activity Below market rating despite favourable cash flow characteristics 	 6.0% Business Services	<ul style="list-style-type: none"> UK B2B corporate energy services and procurement specialist. Strong ESG credentials Leading playing in fragmented industry; significant opportunity to gain market share through client wins, proposition extension and M&A
 8.7% Media	<ul style="list-style-type: none"> International provider of B2B data and training in the compliance, insurance, financial and healthcare sectors New Chair, CEO and CFO incentivised to re-focus the business and deliver a return to organic growth 	 5.4% Business Services	<ul style="list-style-type: none"> Leading UK provider of technology enabled regulatory solutions and services to IFAs, financial institutions and other intermediaries Strategically valuable technology platform with opportunity to drive material growth in revenues and margins through supporting customers' digitisation journeys
 7.5% Software	<ul style="list-style-type: none"> International provider of student administration software with market leading positions in the UK, Australia and NZ Strong defensive characteristics with high visibility of earnings Transition to cloud-based platform has potential to drive growth, margins and rating 	 5.1% Industrials	<ul style="list-style-type: none"> Market leader in residential and commercial window and door manufacturing Multiple self-help opportunities under new management to improve ROCE; de-gearing should drive a re-rating
 7.3% Financials	<ul style="list-style-type: none"> UK focused wealth management platform; structural growth given continuing transition to self-investment Opportunity to leverage operational investments to grow margin and continue strong cash flow generation A consolidating market; opportunity for Brooks as both predator and prey 	 4.9% Consumer	<ul style="list-style-type: none"> Leading UK operator of ten pin bowling centres High ROCE operating model with strong cash characteristics Improving competitive and property dynamics post Covid driving a long term growth opportunity

Gresham House plc, as at 31 March 2022

1. Top ten holdings representing 72% of NAV

Case studies selected for illustrative purposes only to demonstrate investment strategy and are not investment recommendations.

Past performance is not necessarily a guide to future performance. Portfolio investments in smaller companies typically involve a higher degree of risk.

FUND OVERVIEW

Strategic Equity Capital plc	
Shares in issue¹	56,967,159
Governance	London Stock Exchange listed, UK domiciled investment trust, independent Board
Corporate broker	Liberum Capital
Discount control	Q1 2022 tender offer Up to 9% share buyback during 2022 at a discount to NAV of greater than 5% Ongoing commitment to return 50% of the proceeds of profitable realisations through buybacks A full realisation option in 2025
Gearing	Up to 25% of net assets. At present, the policy is 'no gearing'
Fees	<ul style="list-style-type: none"> ▪ Management fee of 0.75% of the Company's NAV ▪ Performance fee of 10% above rolling three year FTSE Small Cap (ex IT) total return + 2% p.a., subject to high watermark
Investment policy	Typically 15-25 holdings. Up to 20% NAV unlisted (not utilised currently)
Net Asset Value¹	£191.0m
Market Cap¹	£170.9m
Discount to NAV¹	10.6%

1. Juniper, as at 31 March 2022

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