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Specialist asset management

Gresham House Strategic Plc Investor Presentation

28 February 2018

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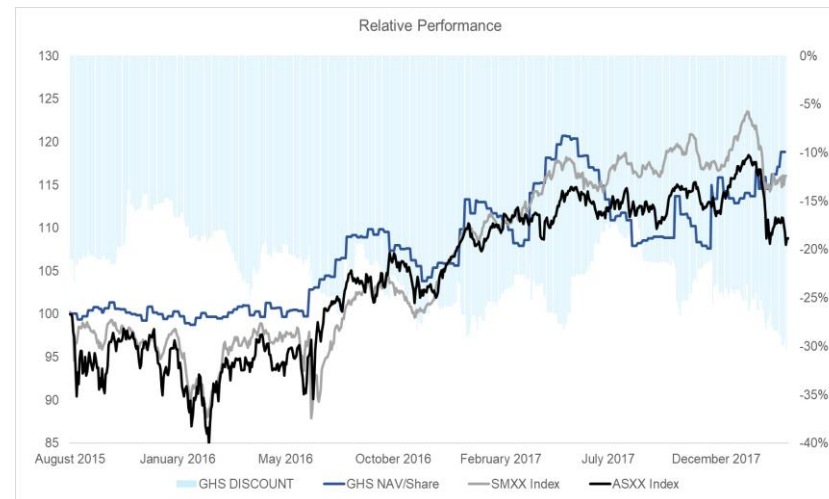
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Gresham House Strategic plc - The Opportunity

- **Compelling opportunity to buy** at a 29.9% discount to NAV¹
- **Concentrated portfolio with considerable potential upside, attractively valued** and tracking in line with investment manager's thesis
- Portfolio valued at a discount to market together with share price discount to NAV creates a **'double discount'**
- **Proven team** - long term 20-year track record²
- **Right timing** – Focused on undervalued areas (Small-Cap, Value) in a market that is increasingly favouring stock-pickers³
- **Intention to continue dividend payments following maiden 15p dividend and share buyback in April 2017**



Source: Bloomberg, as at 6 March 2018

GHS Portfolio Metrics vs. Indices					
	GHS Current ⁴	GHS Forecast ⁴	FTSE Small Cap Current	FTSE All Share Current	FTSE AIM Current
EV:Sales	0.8x	0.7x	1.1x	1.4x	1.7x
EV:EBITDA	6.2x	5.0x	7.9x	8.0x	13.2x
Sales Growth	16%	N/A	5%	4%	9%
Net. Debt:EBITDA	-0.3x (cash positive)	-0.4x (cash positive)	2.0x	1.3x	0.5x

Source: Bloomberg Data for FTSE All-Share, Small Cap and AIM market, Company Accounts and House Broker Forecasts for GHS Portfolio Holdings as of 28 February 2018.

¹ Discount to NAV as of 28 February 2018 and using GHS mid-price of 822.50p

² See slide 8

³ "Stock Pickers are poised to reap gains from falling correlations" Cormac Mullen, Bloomberg, 4 August 2017

⁴ GHS Current and Forecast values strip out 3 investments that currently are private companies and do not have public forecasts and 1 public company that has forecasts under review (Quarto plc).

Metrics take into account the discount to NAV and are calculated at a portfolio level.

Public Equity – The Market Opportunity

Smaller companies attractively priced

- The valuation differential between large stocks above £250m and smaller, less liquid stocks is significant
- The valuation dislocation has been increasing
- Significant opportunity to generate superior long-term returns investing in good quality, intrinsically undervalued smaller companies

FTSE All Share median EV/EBITDA multiple (x)

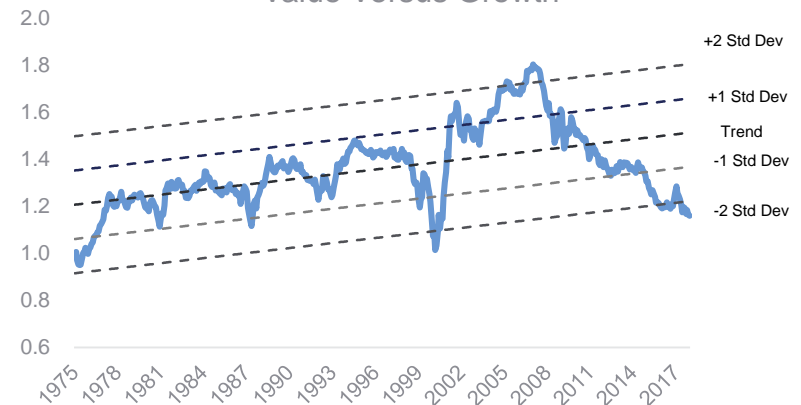


Source: Bloomberg 29 December 2017

Value stocks set to outperform

- Recent relative under-performance of value versus growth provides potentially strongest argument for value in 40 years
- Stocks with value characteristics have been overlooked for much of the last five years

Value Versus Growth



Source: Bloomberg data to 29 December 2017

Public Equity – Investment Opportunity

Influential minority stakes

(5%-25%) and **active management** of investments (including Board introductions, advisory)

Highly engaged strategy

Adding value as an active investor **supporting strong management teams**

Targeting inefficient areas of public markets

Smaller companies (illiquid, under researched, barriers to growth capital)

Focus on profitable, cash generative companies

Which are intrinsically undervalued and can benefit from strategic, operational or management initiatives

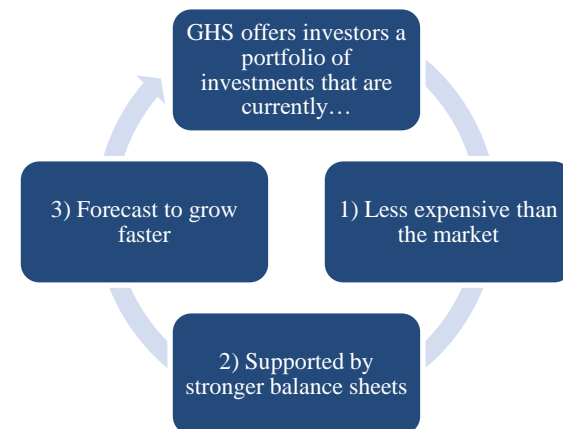
Thorough diligence to identify value creation catalysts

Improved return on capital, profit growth, multiple expansion, debt reduction and cash returns

Flexible mandate up to 30% can be invested in unquoted

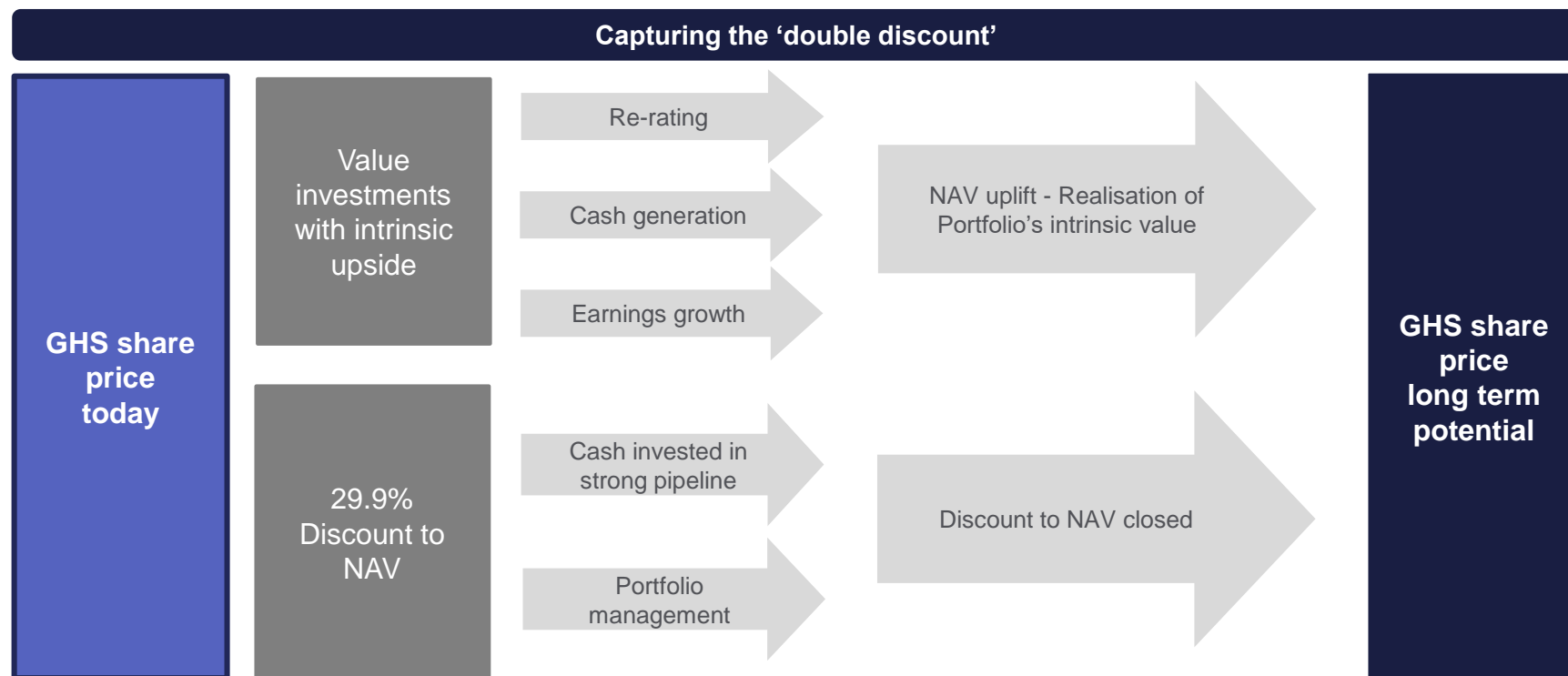
Pre-IPO, direct private equity, P2P, preferred positions

Gresham House Value Enhancement



Discount to NAV and Strategy offer a 'Double Discount'

1. GHS plc shares currently trade at a 29.9%¹ discount to NAV
2. The NAV represents a concentrated portfolio of stocks which GHAM believes to be trading below intrinsic value:
 - Gresham House Investment theses for the portfolio holdings identifies key value creation drivers to realize intrinsic value over the medium to long term.



¹ Discount to NAV as of 28 February 2018 and using GHS mid-price of 822.50p

Gresham House Strategic Plc: Top 10 Portfolio Holdings

NAV £42.8m (1,173.7)¹



£18.4m

Undervalued with strong growth prospects



£1.6m

Organic & acquisition growth at attractive valuations



£4.0m

Buy & build, organic growth plus strong cash generation



£1.5m

Growth capital supporting strategic refocus



£3.5m

Recovery and growth, investing alongside management



£1.4m

Strategic change and expansion



£2.2m

Pre-IPO opportunity, Convertible loan notes and equity investment



£1.0m

Site rollout, earnings growth, high return on capital



£1.7m

Significant operational gearing and scope to improve ROCE



£1.0m

Recovery, margins and growth alongside strategic refocus

Other Investments – £3.8m

Cash and cash equivalents – £2.7m

Tax losses – c. £150m

¹ NAV, Cash and holdings value data as of 28 February 2018 using bid price per share data

Public Equity – Track Record

The team launched and managed the SPE strategy while working at SVG Investment Managers

Company	Fund	Vehicle	Years	Track Record
Downing LLP	PFS Downing Active Management ¹	OEIC	2011-2016	73% total return since inception vs 55% FTSE Small-Cap ex IT.
SVG Investment Managers	Strategic Equity Capital plc	Investment Trust	2005-2010	11% IRR since 2007 ²
Schroder Ventures (London)	Strategic Recovery Fund I	Limited Partnership	2003-2006	46% net IRR ³ (03 Vintage)
Schroder Ventures (London)	Strategic Recovery Fund II	Limited Partnership	2006-2011	6% net IRR ³ (06 Vintage). Remaining equity investments distributed to LPs in specie ⁴ : E2V plc +78%, Journey Group plc +34% and Lavendon Group plc +12%
Schroder Ventures (London)	UK Focus Fund	OEIC	2003-2010	78% total return 2003–2010 vs 14% for SMXX ⁵
Philips & Drew	UK Equity Fund	Segregated Institutional mandates & Unit Trust	1999 - 2002	Top Quartile vs. CAPS UK Equity Median

* Past performance is not necessarily indicative of future results, and there can be no assurance that the fund will have comparable results or that the fund will be able to implement its investment strategy or achieve its investment objective.

1 Tony Dalwood chaired Downing Active Management Fund Investment Committee from July 2011 – Dec 2014. Total return Performance data up to 26 Dec 2014

2 Gresham House Asset Management Limited calculations excluding dividends 7yr IRR from 2007 when SEC became fully invested to 2014, including period subsequent to the departures of Graham Bird (Feb 2009) and Tony Dalwood who left SVG in March 2011 having stepped down from the SEC plc Investment Committee, moving to non-executive Chairman of SVGIM on 30 Sept 2010.

3 GVQIM website.

4 Bloomberg data (total return since 30 July 2013 when SRF II wound up through to 30th July 2015) – SEC plc continues to follow an SPE style of investment & demonstrates the success of the strategy over the investment cycle.

5 Bloomberg data – total return. Tony Dalwood left SVGIM in March 2011 therefore data tracked for UK Focus Fund from Aug 2003 (July inception) - 31 Dec 2010.

Public Equity: Investment Team and Investment Committee



Tony Dalwood
Fund Manager and
Investment Committee
(Chairman)

Started Gresham House
Asset Management in 2015
Over 23 years experience in
Public and Private Equity
Previously at SVG Advisers



Bruce Carnegie-Brown
Investment Committee

Over 30 years experience in
Private Equity
Currently at Lloyd's Banking
Group
Previously at Banco
Santander, Aon UK Ltd, and
Catlin Group Ltd



Tom Teichman
Investment Committee

30 years experience in VC'
and Banking.
Co-Founder of The Garage
Previously CEO of Gresham
House Strategic (formerly
Spark Ventures)



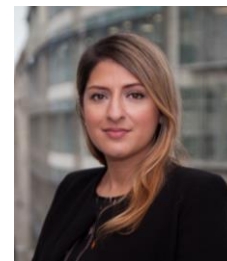
Rupert Robinson
Investment Committee

Joined in 2015
Over 25 years experience in
Private Wealth and Asset
Management.
Previously at Schroders
Private Bank



Graham Bird
Fund Manager and
Investment Committee

Joined in 2015
Over 25 years experience in
Public and Private Equity
industry and advisory.
Previously at SVGIM



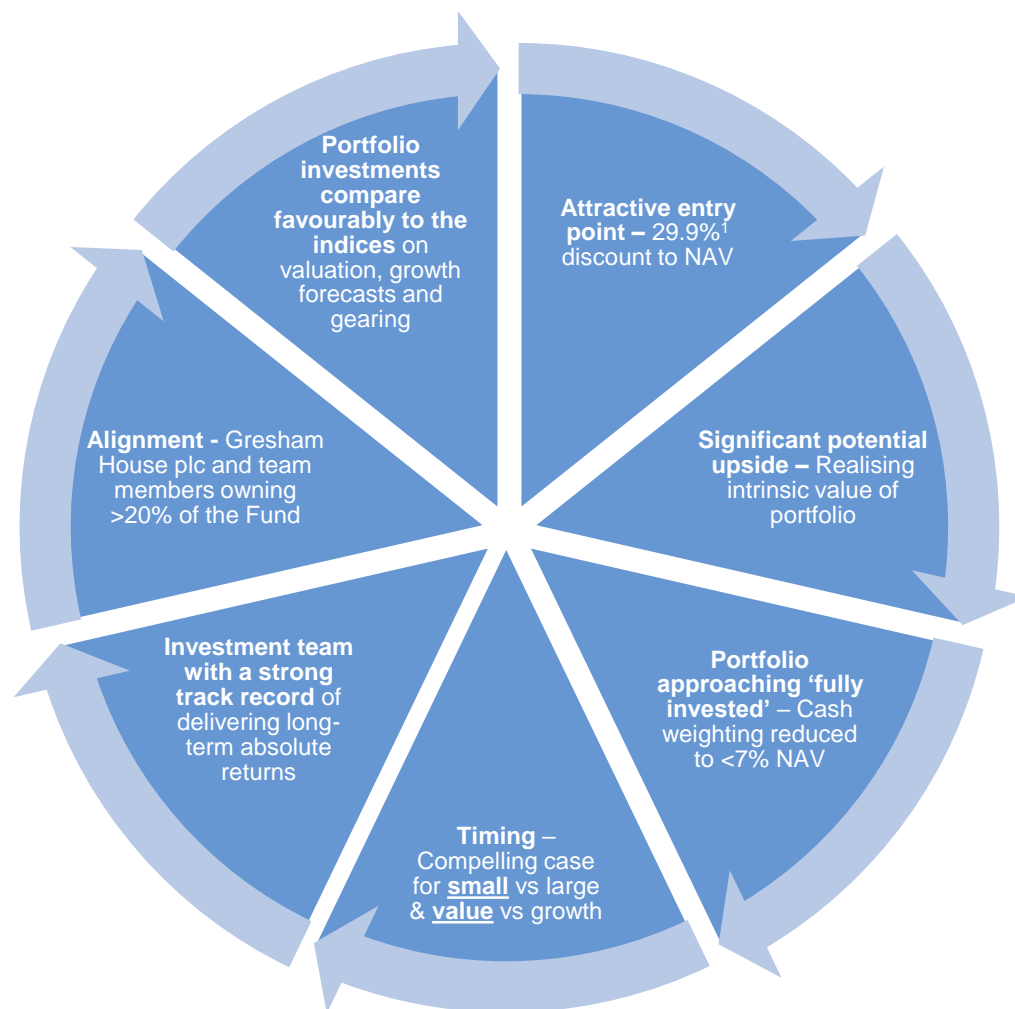
Pardip Khroud (ACA)
Investment Director

Joined in 2015
Over 15 years experience in
Transaction Services,
Restructuring and Private
Equity.
Previously at Lloyds
Development Capital (LDC)



Laurence Hulse
Investment Associate

Joined in 2015
Over 4 years experience
Previously at Rothschild as
an intern in the M&A team.



¹ NAV, Cash and holdings value data as of 28 February 2018 using bid price per share data

Appendix

Gresham House Strategic Plc: Shareholdings¹

Shareholders	%
Gresham House plc	19.3%
M&G	11.7%
Smith & Williamson	8.6%
River & Mercantile	8.4%
Unicorn Asset Management	4.6%
Hargreaves Lansdown	3.5%
Charles Stanley	2.9%
Berkshire County Council	2.9%
Janus Henderson Investors	2.2%
Investec Wealth & Investment	2.2%

¹ As at 28 February 2018, most recent Link Asset Services shareholder report and accounting for subsequent TR-1 notifications



2009: Realisation strategy

Aug 2015: Appointment of GHAM

Dec 2015: Name change to Gresham House Strategic Plc

Aug 2016: New 'sister' fund - Gresham House Strategic Public Equity Fund LP

April 2017: Maiden dividend and share buy-back worth £900,000

IMI Mobile – GHS shareholding c.15%¹

“Undervalued and poorly understood, significant re-rating opportunity”

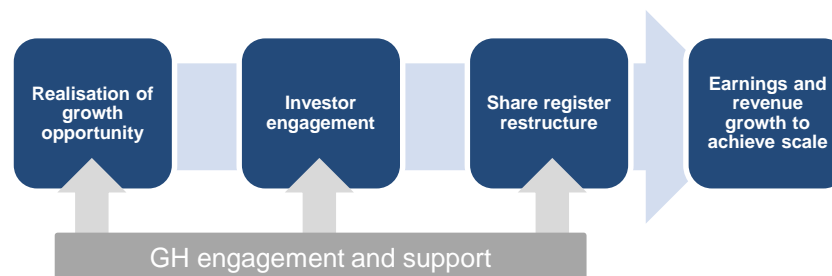


The Story

IMI provides software and services centred around mobile data and consumer engagement, helping enterprise clients engage and transact with their customers more efficiently through mobile devices.

- Market leader in a sector driven by macro mega-trends
- Strong IP (suite of software applications - scalable cloud based)
- High visibility and recurring revenues, good cash generation and strong balance sheet

Value creation to realise intrinsic value



Investment thesis

Re-rating

Trading at a discount to peers

- Re-rating to peer group average/P-E arbitrage opportunity
- 11x curr. EV/EBITDA¹, falling to 9.2x² FY19 vs peer group 15.8x³
- Company has a history of being misunderstood – Slowly improving
- Use of channel partners and resellers to accelerate growth

Earnings growth

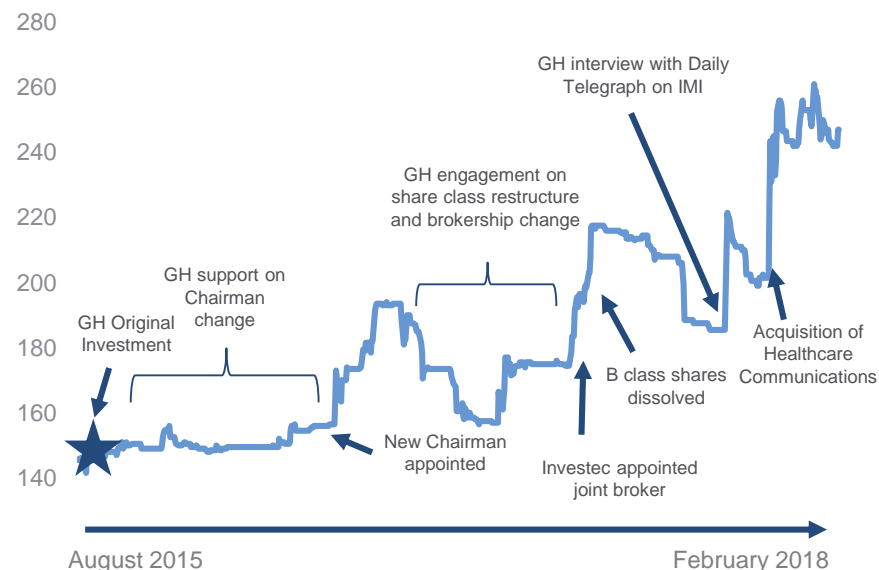
Organic with proven M&A capability

- Increasing exposure to higher margin areas and geographies
- Significant structural growth drivers - global trend towards digital communications and engagement via mobile devices
- Significant operational gearing – clear target to grow EBIT margin

Cash Generation

Track record of strong cash flows

- Business is highly cash generative which supports reinvestment for growth and improving return on capital
- >100% cash: EBITDA conversion⁴
- 94% revenues are recurring⁵



Source: Bloomberg

¹ Held across two funds

² Investec research January 2018 and Bloomberg data as of 21 February 2018

³ Investec determined peer group as of January 2018

⁴ Investec research note June 2017

⁵ Company interim results presentation 30 September 2017

Northbridge – GHS shareholding c.11.5%¹

“Recovery and growth capital investing alongside management”



The Story

Northbridge manufactures specialist industrial equipment for sale and rental and is a leading global supplier of load banks. The company's key markets are oil & gas and power generation.

The business came under pressure at start of the downturn in the oil and gas sector as E&P activity as well as wider capital spending (shipbuilding, power generation, construction). As the market begins to recover we expect the business to strengthen in-line with our investment horizon.

GH spent over six months engaging with the management team as supporting the next phase of the company's growth plan.

Value creation to realise intrinsic value



Investment thesis

Re-rating

Recovery from stressed rating as market improves

- Underpinned by realisable assets - Attractive entry point at 60% of net asset value
- Multiple expansion – Entry EV/EBITDA at 4.8x representing a >60% discount to peers and a low point compared to the preceding 2 years' trading range²

Earnings growth

Cost reductions and trading conditions improve

- Margin recovery – Profit growth as margins recover to long-term average
- Significant costs taken out of the business during the downturn
- Capacity taken out of the market during the down – Company positioned for pricing power in a upturn

Cash Generation

Cash generation and significant reduction in capex

- Inherently strong cash flow generation from operations –Free cash flow yield of >20%³ at GH entry price
- Pay down of debt to increase equity value



Source: Bloomberg, as at 6 March 2018

¹ Held across two funds

² Bloomberg data

³ Free cashflow yield GH 2017 forecasts (operating cashflow after interest & tax, less maintenance capex. EV based on fully diluted number of shares at 75p and forecast net debt).

Be Heard – GHS shareholding c.10%

“Primary growth capital, supporting buy & build strategy”

BeHeard

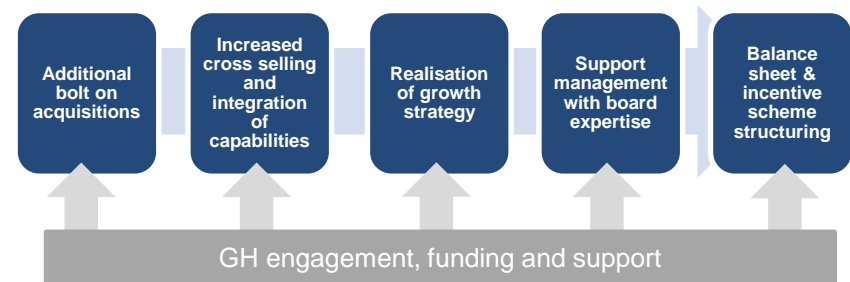
The Story

Be Heard's strategy is to create a mid-size digital marketing network providing more flexibility than holding groups and greater scale than digital specialists can achieve.

Growth will be achieved through acquiring smaller, niche complementary businesses in the UK, US and Europe and organically developing capability.

The first significant set of results in Q317 demonstrated the potential of the strategy and operational capability of the business to integrate and cross sell effectively.

Value creation to realise intrinsic value



Investment thesis

Re-rating

Scope for re-rating as business achieves scale

- Valuation arbitrage - Larger companies in the sector currently in excess of >12x EV/EBITDA¹
- If proven management team can repeat previous success market likely to re-rate the business as the growth story is realised

Earnings growth

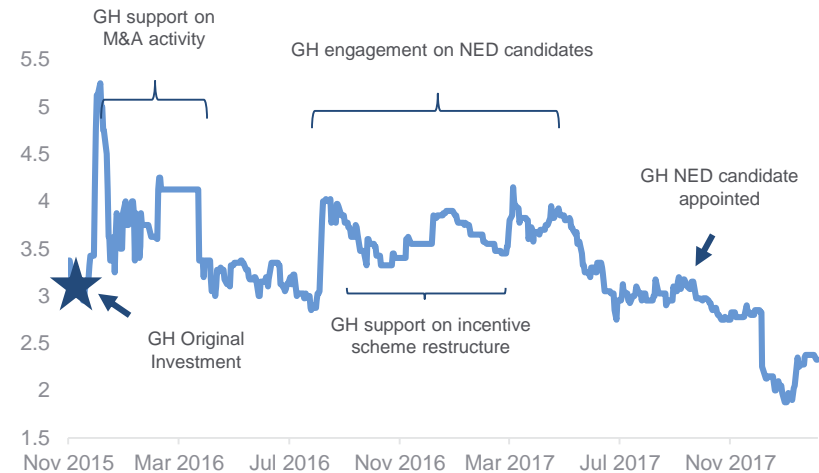
Proven buy & build strategy led by sector leaders

- Track record of successful acquisitions provides scope for further M&A
- Adding new services to existing platform offers earnings accretion, cross-sell opportunities and margin improvement
- Significant revenue and cost synergies available from buy and build strategy

Cash Generation

Opportunity for high-margin income once at scale

- Strong cash flow generation from operations and earnings growth expectation



Source: Bloomberg, as at 6 March 2018

¹ Bloomberg data for M&C Saatchi and Next Fifteen plc as of 29 September 2017 sourced from Bloomberg



Quarto Group – GHS shareholding c.4%

“Secondary with opportunity for growth capital”



The Story

Quarto is a leading global illustrated book publishing and distribution group. Quarto creates more than 1,500 adult and children's books a year, sold into 35 countries and in 25 languages.

- Share price fell heavily in 2017, following downward revisions to forecasts which followed a change in accounting policies and disposal of two non-core businesses, leading to a shift in the seasonality of the business towards H2.
- Operational performance in H2 was substantially stronger, demonstrating underlying value of the business which has seen a recovery in the share price.
- Underlying business remains a proven buy and build model to expand the library available through Quarto's effective distribution platform.

Investment thesis

Re-rating

Trading at a distressed valuation

- Re-rating to historic levels pre-announcement
- Five year historic P/E range of 4-15.x, currently at 4x¹
- Return of consumer demand over the longer term

Earnings growth

Proven bolt-on acquisition model

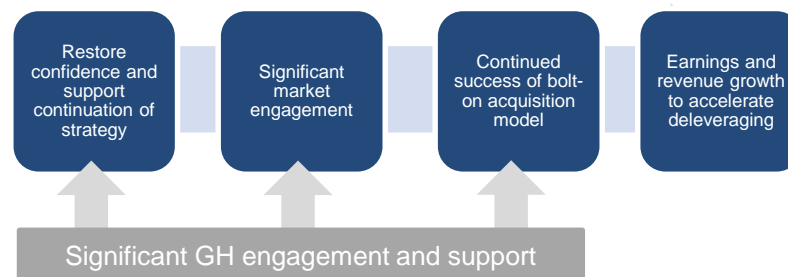
- Track record of successful acquisitions provides scope for further M&A
- Adding new catalogues to existing distribution platform offers earnings accretion and margin improvement
- Significant scope for cost efficiency improvements.
- Significant operational gearing – clear target to grow EBIT margin

Cash Generation

Cash generation to increase equity value

- Business is cash generative which supports deleveraging of balance sheet

Value creation to realise intrinsic value



Source: Bloomberg, as at 6 March 2018

¹ GHAM calculations using data from Stockdale Securities 29 September 2017

SpaceandPeople

Holding in company

16.2%

Secondary – Recovery and growth

- Earnings recovery (refocus on core UK business).
- Margin recovery (cost reduction in non-core areas).
- Multiple expansion / re-rating.

Engagement

- Significant strategic input with management.
- Supporting shareholder engagement.



Source: Bloomberg, as at 6 March 2018

MJ HUDSON

Convertible loan note and private equity

Growth capital supporting buy and build strategy

- Earnings growth (bolt on acquisitions and synergies).
- Margin growth as business achieved scale.
- Re-rating and arbitrage opportunity at IPO.

Engagement

- Supporting company on near-term path to IPO.
- Engagement and advice on M&A activity.



Source: Bloomberg, as at 29 December 2017



Holding in company

4.6%

Primary – Growth capital supporting roll-out strategy

- Earnings growth (through site roll-out).
- Attractive return on capital characteristics with ability to invest for organic growth.

Engagement

- Support of strategy.
- Introduction to GH industry advisor.



Source: Bloomberg, as at 6 March 2018



Holding in company

2.8%

Secondary – operational gearing and AUM growth

- Earnings Growth (organic).
- Improved return on capital assisted by return of cash to shareholders (buyback and increased dividend).

Engagement

- Engagement on board structure/composition.
- Engagement on FM incentive schemes.



Source: Bloomberg, as at 6 March 2018



Holding in company

2.1%

Secondary – Growth capital to support strategic refocus

- Margin growth (cost control).
- Earnings growth (focus on higher margin services, shift away from print services; cross selling).
- Improving quality of earnings (focus on recurring revenues).

Significant engagement

- Strategic input with management.



Source: Bloomberg, as at 6 March 2018



Holding in company

3.1%

Secondary – Recovery and cash generation

- Cash generation (cost cutting).
- Resolution of HMRC offers potential of return of cash to shareholders.

Significant engagement

- Initial engagement with Executive Chairman on HMRC issues.
- Shareholder dialogue.



Source: Bloomberg, as at 6 March 2018

taxsystems^{plc}

Holding in company

2.2%

Profits growth, cash generation, improved valuation

- Acceleration of earnings growth via active growth strategy
- Effective sales team implementation and expansion
- Margin growth; expansion into UK mid-markets companies
- Regulatory changes requiring businesses to provide quarterly tax returns

Engagement

- Support on growth strategy



Source: Bloomberg, as at 6 March 2018