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Gresham House

Specialist asset management

GRESHAM HOUSE STRATEGIC PLC

NOVEMBER 2019

GRESHAM HOUSE ASSET MANAGEMENT LTD

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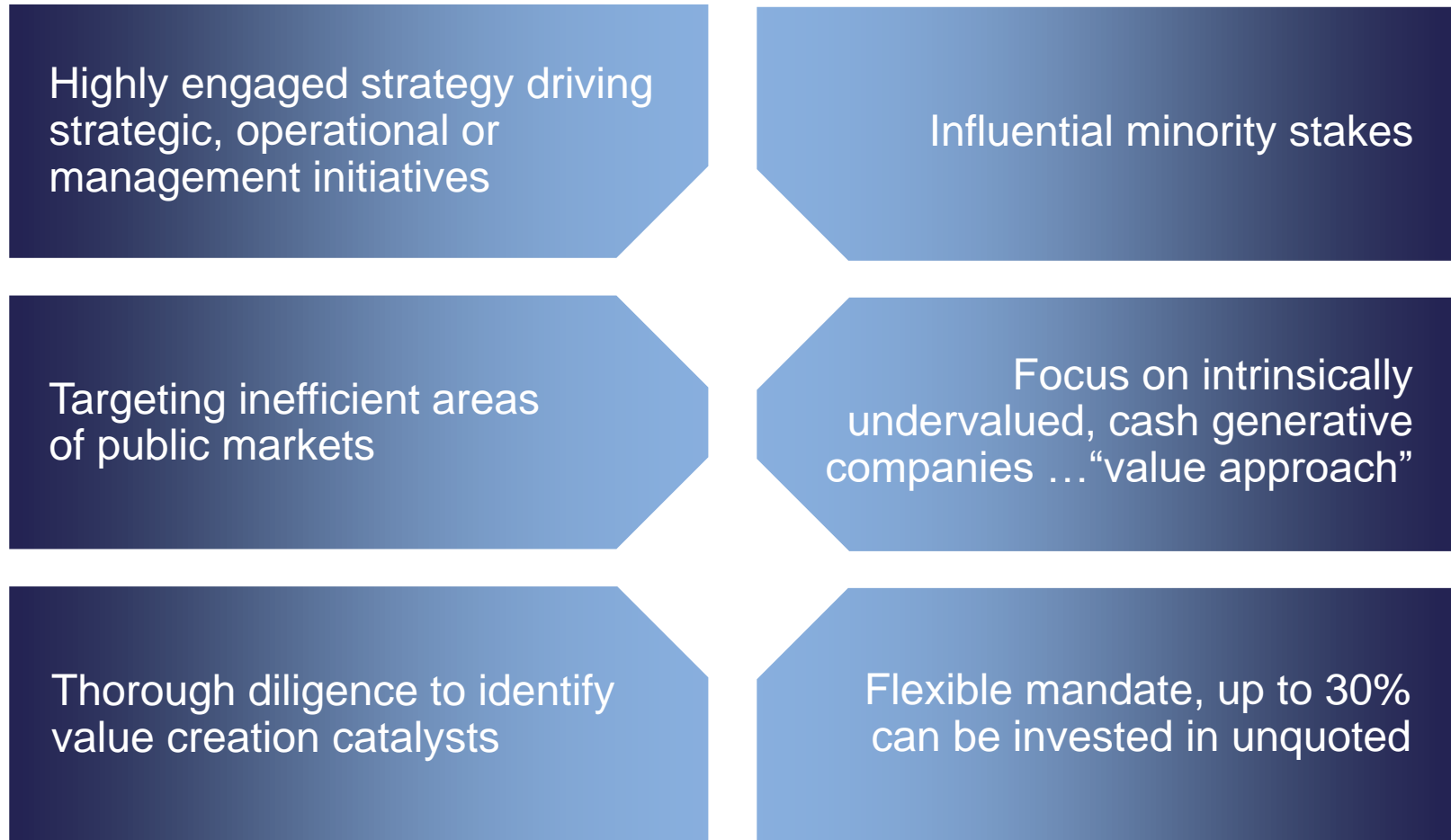
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WHAT IS STRATEGIC PUBLIC EQUITY?

An alternative investment strategy that applies private equity investment processes to public companies.



INVESTMENT TEAM & INVESTMENT COMMITTEE

Investment team



Tony Dalwood
Fund Manager
Investment Committee (Chairman)

Started Gresham House Asset Management in 2015. CEO of Gresham House plc. Over 23 years' experience in Public and Private Equity. Previously at SVG Advisers and SVGIM.



Graham Bird
Fund Manager
Investment Committee

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



Richard Staveley
Fund Manager

20 years' experience in Public Equity. Previously at Majedie Asset Management, River & Mercantile Asset Management (Founder) and Societe Generale Asset Management.



Laurence Hulse
Investment Manager

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

Investment Committee



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).



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.



Rupert Robinson
Investment Committee

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

Specialist equity fund targeting 2xMM (15% IRR) over medium term, through investment in inefficient areas of UK smaller companies markets.

- Proven team with long track record¹
- Differentiated strategy with a concentrated and engaged approach
- Deep specialist public and private small-cap expertise across our investment team
- Over-looked opportunity set, significant hidden value
- Very attractive current investment environment

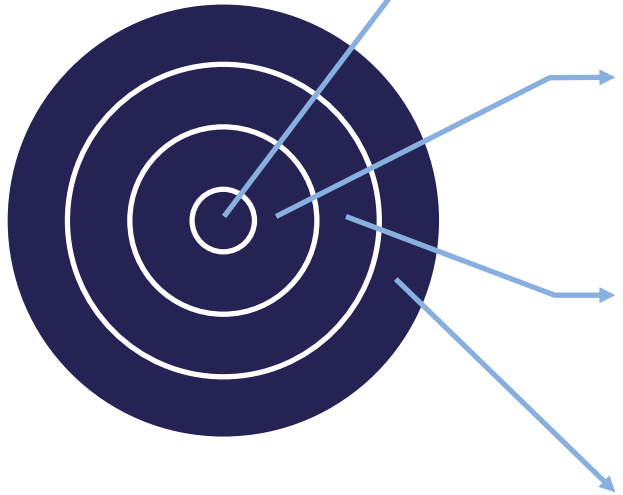
1. See the "STRATEGIC PUBLIC EQUITY - TRACK RECORD" slide



PROCESS (i) - QUALIFYING OPPORTUNITIES

High proportion of deal opportunities are 'created' by the manager as a result of strong relationships.

'Circle of confidence'



'Smart entry point'

- Self-originated or influenced transactional entry point
- Typically an equity issue (primary) or 'block trade' (secondary)
- e.g. Northbridge

Clearly identified investment thesis

- Valuation vs PE transactions and peer group/historic
- Capital structure and Profit growth analysis

Engagement and influence

- Regular management and Board dialogue, pre and post agreed plan
- e.g. Pressure Technologies

Catalysts and exit identified

- Catalysts that can be supported by a strategic investor
- Agreed with management teams pre-deal
- e.g. IMI Mobile

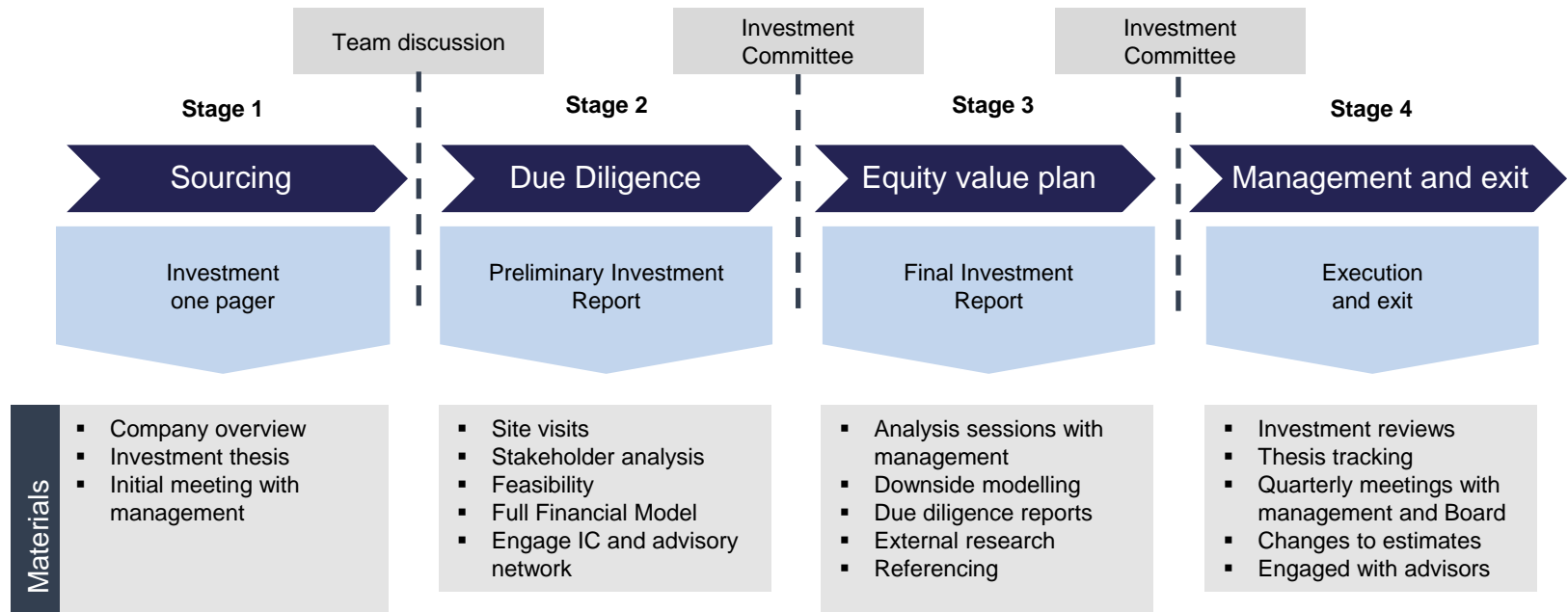
PROCESS (ii) - MODELLED ON PRIVATE EQUITY

Four stage investment process, with multiple touchpoints and Investment Committee input.



Idea generation

GHAM Network, Investor Community, Advisers Quantitative Screening



PHILOSOPHY - VALUE & VALUE ENHANCEMENT

We invest in companies at a discount to their intrinsic value.

Value creation

We target:

- Profit recovery and accelerating earnings growth
- Opportunity for rating expansion
- Accelerated cash generation/de-gearing
- Catalysts for de-risking

GHS portfolio metrics vs. indices

	GHS current	FTSE Small Cap
EV: sales	0.8x	1.0x
EV: EBITDA	4.3x	12.3x
Sales growth	8.9%	2.7%
EBITDA growth	26.3%	N/A
Net debt: EBITDA	-0.2x	2.9x

Source: Bloomberg data as at 30 September 2019. Based on 1070p, uses weighted value of holdings and takes into account the discount to NAV and cash holdings

We seek to enhance value creation via:

Capital re-structuring

Provide funding source for growth opportunities or to strengthen balance sheet.

Board changes

GH team or advisory network members to increased breadth or depth of boards.

Corporate advisory

Provide advisory support on M&A, strategy, operations, and corporate cultural matters.

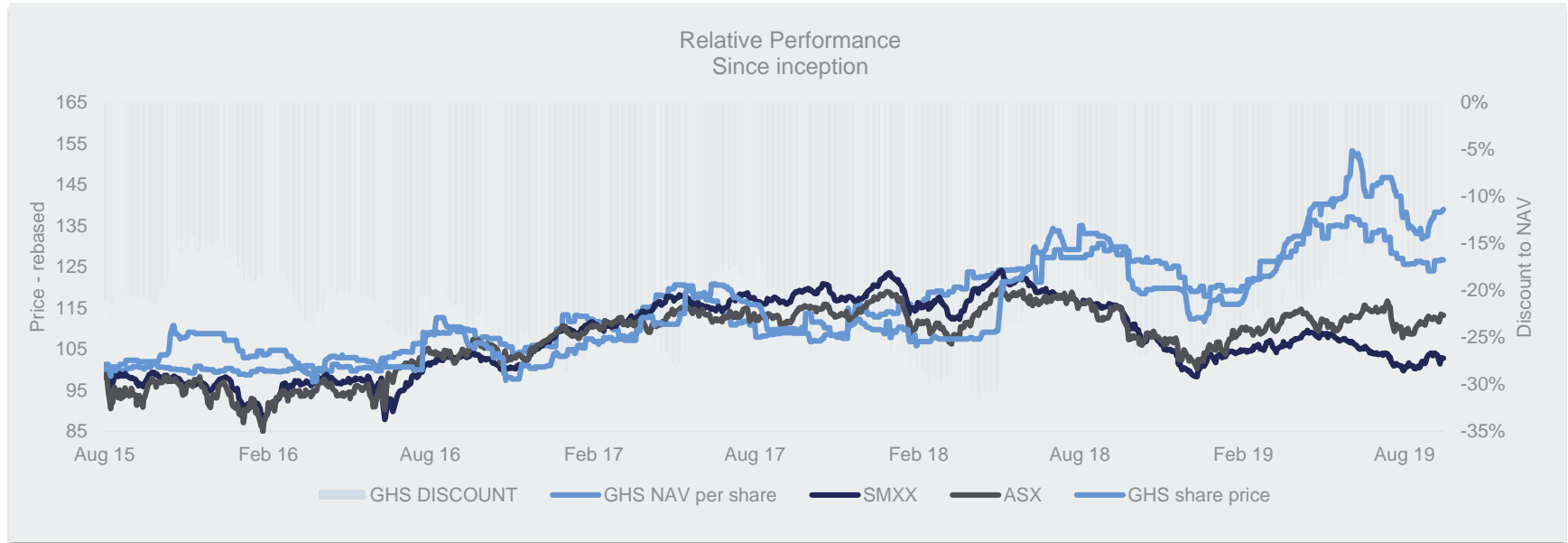
Advisory network

Leverage advisory network to introduce useful contacts for business development or advisor.

IR and PR improvements

Improve market communications and press coverage. Introduce additional brokers and/or research.

PERFORMANCE



Source: Bloomberg as at 30 September 2019

Performance	2019 Q3 ¹	Since inception ²	1 year	3 year
GHS NAV Total Return	-5.5%	32.3%	0.6%	20.8%
FTSE Small Cap Total Return	-1.2%	16.6%	-7.8%	9.3%
FTSE All Share Total Return	1.2%	32.4%	2.6%	21.6%

- Strong long-term track record
- Discount narrowed significantly under Gresham House
- Maturing investment thesis driving performance

1. 31 March 2019 to 30 September 2019
 2. Inception 14 August 2015

WHY INVEST NOW? (i)

“Be greedy when others are fearful and fearful when others are greedy” - Sir John Templeton

The biggest determinant of future returns is entry valuation

UK Equities are very cheap relative to history and other market/assets

The small companies 'size' effect is significant

The 'size' discount for UK small cap is large vs history

Value factor is very out of favour, underperformance stretched vs history

Returns should mean-revert to long-term averages, implying significant outperformance of the factor

Structural factors supporting the strategy have intensified

Market focus on smaller companies deteriorated further after poor small-cap IPO year post MiFiD 2

Woodford collapse causing some non-investment driven selling

Investment pipeline building

We have the resource in place to scale the strategy

Investment Team complete

We have the capacity to exploit the opportunities

The Fund, Team and Company culture is nimble

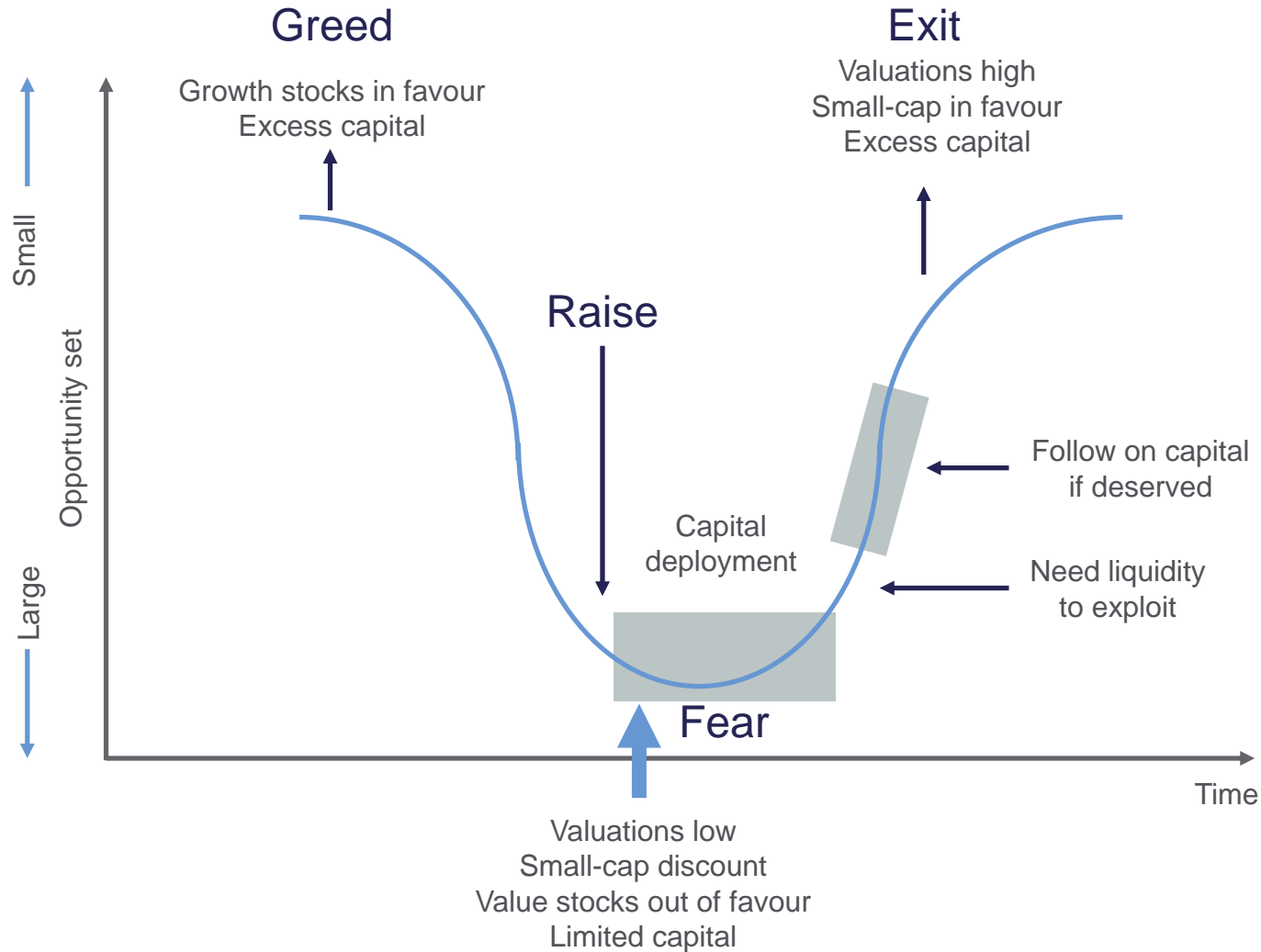
Political uncertainty is peaking

Brexit outcome expected within six months. Parliamentary and polling maths mean hard left government very unlikely



WHY INVEST NOW? (ii)

"Be greedy when others are fearful and fearful when others are greedy" - Sir John Templeton



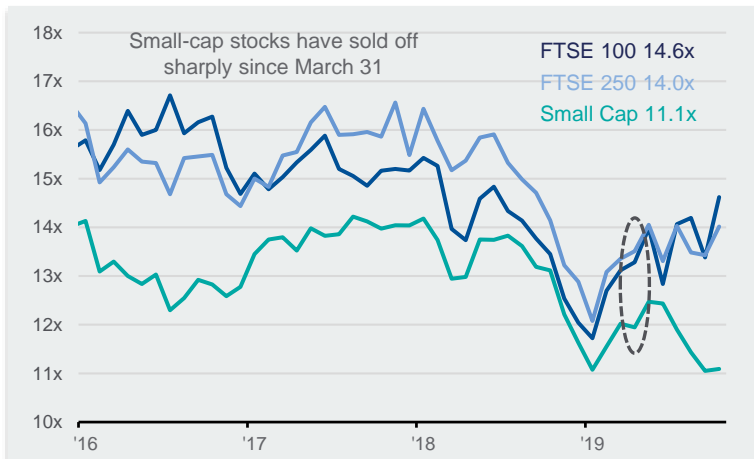
MARKET OPPORTUNITY (i)

Smaller companies

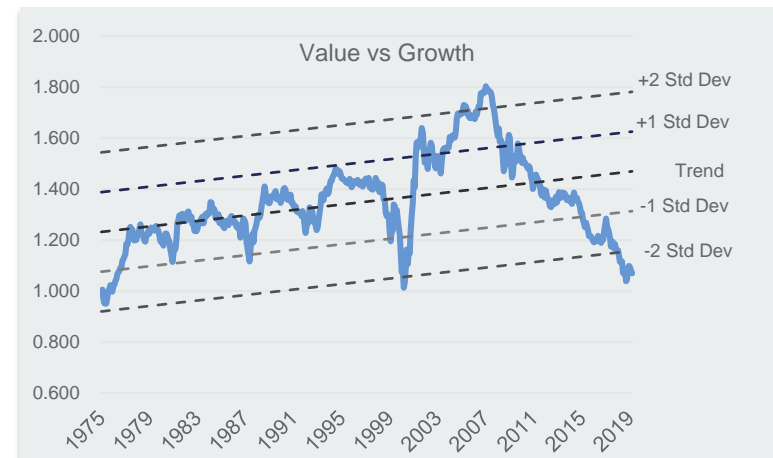
- c.1000 companies with market cap <£250m
- Smaller companies offer higher growth rates with a liquidity discount
- Valuation differences persist vs Private Equity multiples
- Many UK small companies have significant overseas operations

Value vs growth

- Extended low interest rate environment has driven investors to high-growth companies
- Record distortion in the performance of 'value' style vs 'growth'
- 'Growth' style dominates leaving recovery situations stranded - a 'minority sport'



Source: Liberum

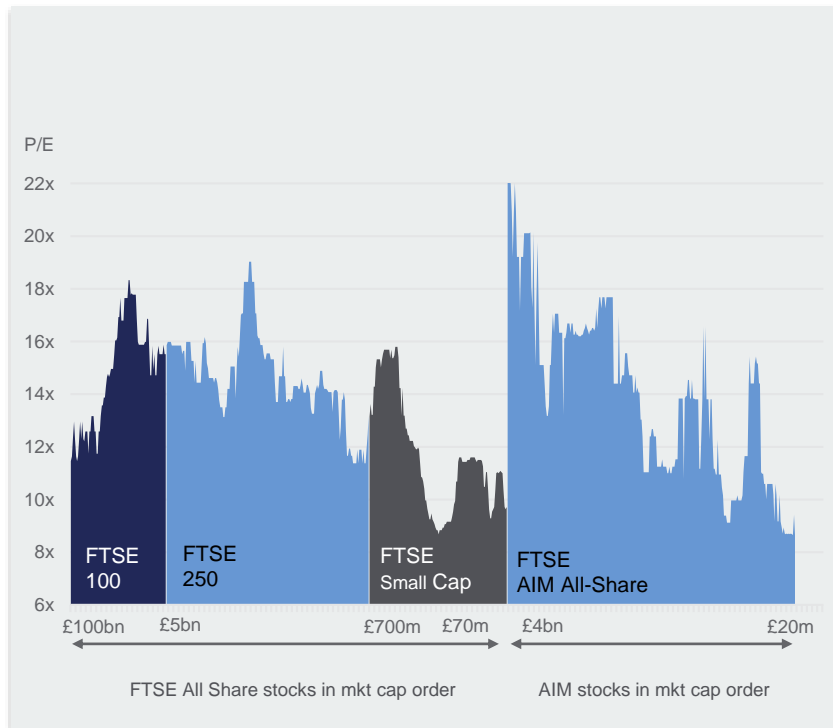


Source: Bloomberg

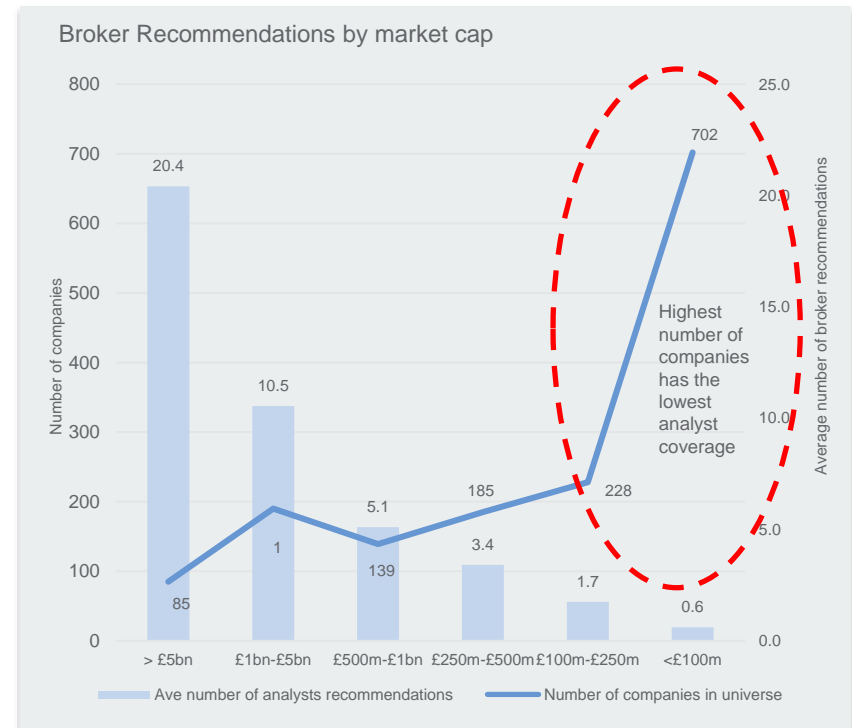
MARKET OPPORTUNITY (ii)

Inefficient market

- Lack of research for smaller companies, exaggerated by MIFID II
- Regulation and 'Woodford' is focusing some institutions up the market-cap scale; RDR, liquidity needs, 'client suitability'











Source: Liberum



Source: Peel Hunt - The New World of MiFIDII: Unintended Consequences. Mid and Small-Cap Investor Survey April 2018

GRESHAM HOUSE STRATEGIC PLC - TOP 10 PORTFOLIO HOLDINGS

NAV £44.3m (1,335.7p)¹

	£8.0m	Secondary - cash generation, performance recovery and re-rating		£2.1m	Primary growth capital, Convertible Loan Notes
	£7.5m	Secondary - growth and re-rating; reinvestment of cash flows		£1.9m	Pre-IPO growth capital - equity and convertible loan note
	£6.2m	Recovery and growth - equity convertible loan note		£1.6m	Secondary growth capital; strategic refocus
	£2.8m	Original investment through growth capital - equity and convertible loan note. Now focused on integration, cash generation and organic growth		£1.5m	Primary growth capital
	£2.7m	Secondary recovery capital; strategic refocus to drive organic growth and cultural change		£1.4m	Secondary - strategic refocus; stabilisation and re-rating

Other investments - £3.0m

Cash and cash equivalents - £5.5m

Tax losses - c.£135m

1. NAV per share, cash and holdings value data as of 30 September 2019 using mid-price per share data

PRESSURE TECHNOLOGIES - NEW INVESTMENT

£2.5m Secondary recovery capital to support strategic refocus.



Investment thesis - targeting a 20% IRR

- Re-rating** Recovery from distressed rating to historic average, scope for premium on split and sale of two divisions
- Earnings growth** Organic growth strategy delivers operational gearing
- Cash generation** Earnings growth to drive significant cash yield relative to Gresham House entry price

The story

Pressure Technologies (PT) is a specialist niche engineering business comprised of two key divisions;

1. Precision Machined Components (PMC) supplying key metallic components, that are destined for extreme or hostile environments in mission critical functions.
2. Chesterfield Specialist Cylinders (CSC) - the design, manufacture and maintenance of high-pressure gas cylinders for military and oil and gas/marine use.

The PMC division came under significant pressure in the oil and gas market downturn of 2014-2018, with the CSC division only just keeping the group afloat. We had been monitoring PT through this struggle for two years before deciding in April 2019 to invest after six months of engagement and due diligence on the new management team's strategy and end-market recovery potential.

Value creation to realise intrinsic value



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

CHORION - HISTORIC INVESTMENT

Initial primary growth capital followed by a Public to Private

The story

- The Manager identified Chorion as a suitable opportunity in 2003 after it was demerged from the nightclubs business, Urbium. A new chairman, Lord Alli, was brought in with an ambitious agenda for growth and a strategy to build the portfolio of intellectual property rights.
 - PE multiples suggested 8-12x EBITDA for childrens' IP rights; Chorion on 6x
 - Agatha Christie and Enid Blyton businesses generated recurring income which was not valued.
- SVG invested at a discount by participating in a capital raise to fund growth.
- It became apparent that the public markets would not attribute full value for the business & the team engaged with the board to promote the idea of taking the business private and 3i was introduced and completed a P2P transaction.

Investment thesis

Re-rating Private transaction multiple arbitrage opportunity

- Apparent that the public markets would not attribute full value for the business, evident that private equity at the time was paying higher prices than those being achieved in the public markets (6x to 8-12x)

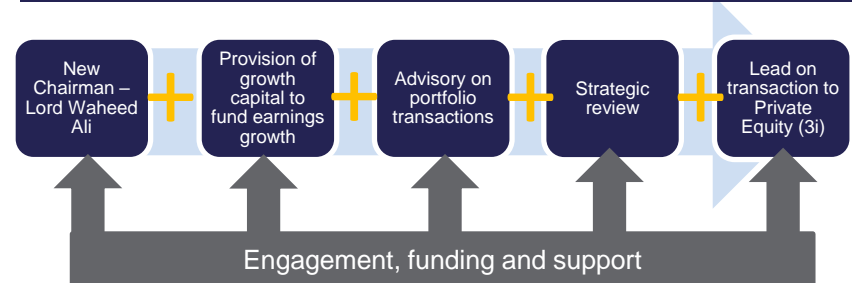
Earnings growth Driven by larger portfolio funded with growth capital

- Investment in TV & Film opportunities plus overseas sales
- Support a capital raising to invest in properties and to acquire new properties to expand the portfolio through an underwriting and subscription

Cash Generation ROCE dynamics misunderstood by the market

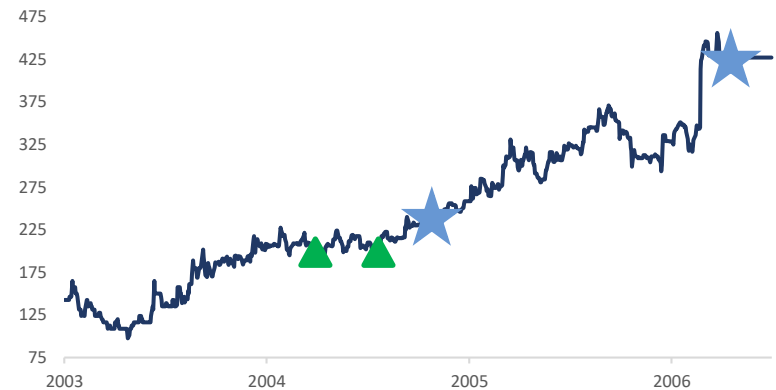
- High return on capital achievable was masked by a delayed return on investment, use of debt

Value creation to realise intrinsic value



Realisation summary

Realised money multiple:	1.2x	Realised IRR:	46.5%
GREEN ▲ denotes purchases, BLUE ★ denotes realisations			



Source: Bloomberg

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

NORTHBRIDGE - CURRENT INVESTMENT - EQUITY & CONVERTIBLE LOAN NOTES¹

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 and 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.
- Gresham House spent over six months engaging with the management team to support the next phase of the company's growth plan.

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 an upturn

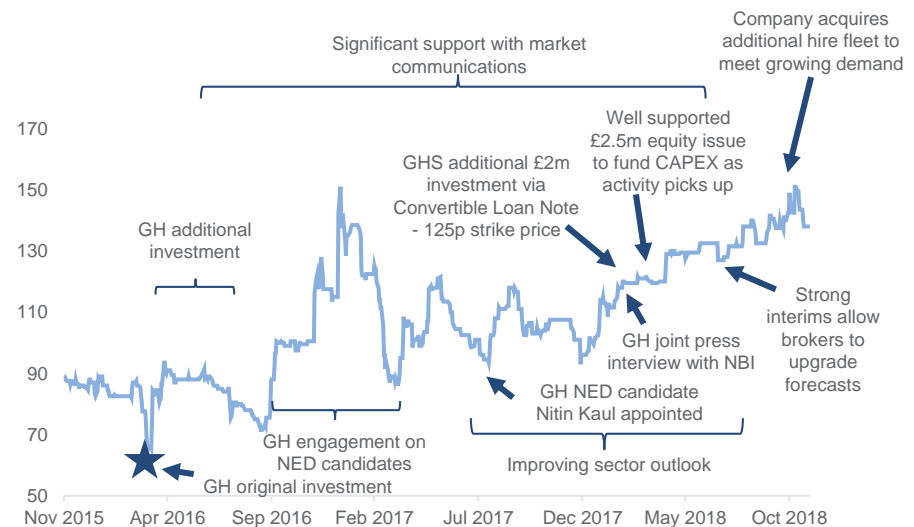
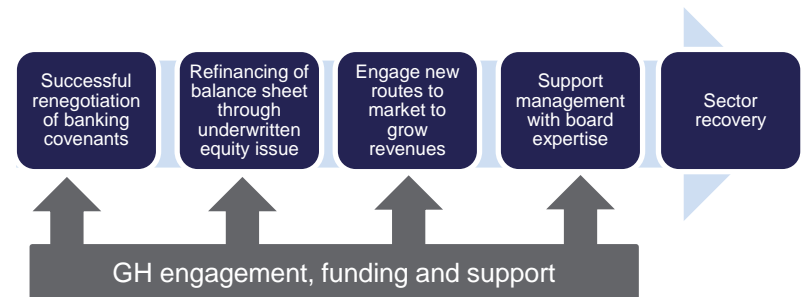
Cash Generation

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
- Paying down debt to increase equity value

1. CLN has an exercise price of 125p and is 3yr 3m term paying an 8% coupon
 2. Bloomberg data
 3. Free cashflow yield GH 2017 forecasts (operating cashflow after interest and tax, less maintenance capex. EV based on fully diluted number of shares at 75p and forecast net debt)

Value creation to realise intrinsic value



Source: Bloomberg, as at 30 November 2018

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

CONCLUSION

- **Alignment** - Gresham House plc and team members own >20% of the Fund¹
- **Experienced investment team with a strong track record**
- **Significant potential upside** - from existing portfolio
- **Investment timing attractive** - compelling case for small vs large and value vs growth
- **Specialist equity fund targeting 2xMM (15% IRR) over medium term**

1. As at 30 September 2019, most recent Link Asset Services shareholder report and accounting for subsequent TR-1 notifications



APPENDIX



THE SPECIALIST ALTERNATIVE ASSET MANAGER

Gresham House is an AIM-quoted specialist alternative asset management group (GHE.LN), providing funds, direct investments and tailored investment solutions, including co-investment.

- Specialist in five areas of alternative investment
- Growing organically and through acquisition, expanding our shareholder base, and developing our pipeline investment opportunities
- Focused on shareholder value, through growth in AUM, profit margins, ROCE, and EPS
- Committed to operating responsibly and sustainably, building long-term value across our portfolio

STRATEGIC EQUITY

PUBLIC EQUITY

- Gresham House Strategic plc
- Gresham House Strategic Public Equity Fund LP
- LF Gresham House UK Micro Cap Fund
- LF Gresham House UK Multi Cap Income Fund

PRIVATE ASSETS

- LMS Capital plc
- Baronsmead VCT plc
- Baronsmead Second VCT plc

c.£0.6bn¹

REAL ASSETS

FORESTRY

- Gresham House Forestry Fund LP
- Forestry Partnership LLP
- Managed Accounts
- FIM Sustainable Timber & Energy LP (STELP)
- FIM Forest Fund I LP
- FIM Timberland LP

NEW ENERGY

- Hazel Renewable Energy VCT 1 & 2 plc
- FIM Solar Distribution LLP
- FIM Windfarms 2 LP
- Gresham House Energy Storage Fund (GRID) plc
- Wind Energy LP
- Managed Accounts

HOUSING & INFRASTRUCTURE

- Gresham House British Strategic Investment Fund (BSIF) LP

c.£1.9bn¹

£2.5bn¹

1. As at 30 June 2019

GRESHAM HOUSE INVESTMENT DEPTH, EXPERIENCE, CLIENT SERVICES & RESOURCES

- Gresham House has a team of 46 investment professionals
- A range of other resources are centrally provided by Gresham House to enable the Investment Teams to focus on investment origination and execution
- Gresham House has a team of 58 supporting the ongoing investment activities

	Number of team members	Responsibilities
Technology, Operations and Support	21	Broad based support team to assist across multiple tasks.
Sales and Marketing	9	Investor relations and other client support functions.
Finance, Legal, Risk and Compliance	26	Central support to provide consistent reporting and group management. Central risk and compliance oversight supported by industry expert service providers.

Technology, Operations and Support



21
Full-time team

Sales and Marketing



9
Full-time team

Finance, Legal, Risk and Compliance



22
Full-time team



47

Investment Professionals



4
Intern/part-time team

As at 30 October 2019

TRACK RECORD

Twenty years of investment experience, over 15 focused on 'strategic equity' investing.

- Five consecutive funds following SPE strategy have all outperformed by an average of 11.5% per annum¹

Fund	Years	Track Record
Gresham House Strategic plc ("Closed Fund II")	2015 - present	NAV per share total return 42.0% since inception ² vs 19.8% for SMXX
Gresham House Strategic Public Equity LP ("LP Fund III")	2016 - present	Money Multiple 1.38X, IRR 17.5% ²
Strategic Equity Capital plc ("Closed Fund I")	2005 - 2010	11% IRR since 2007 ³
Schroder Ventures Strategic Recovery Fund II ("LP Fund II")	2006 - 2011	6% net IRR ⁴ (06 Vintage). Remaining equity investments distributed to LPs in specie ⁵ : E2V plc +78%, Journey Group plc +34% and Lavendon Group plc +12%
Schroder Ventures Strategic Recovery Fund I ("LP Fund I")	2003 - 2006	46% net IRR ⁴ (03 Vintage)
Schroder Ventures UK Focus Fund	2003 - 2010	78% total return 2003 - 2010 vs 14% for SMXX ⁶
Philips & Drew (UBS) UK Equity Fund	1999 - 2002	Top Quartile vs CAPS UK Equity Median

Blue highlighted rows represent the funds in the SPE Strategy.

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. Average annual outperformance against FTSE Small Cap (Excluding investment trusts) Index across 5 funds totally £221m spanning periods from 2003 to 2019. Performance measured over life of fund/period relevant to the investment team's involvement

2. Gresham House/ Fund administrators calculations to 30 June 2019

3. 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 (February 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 September 2010

4. GVQIM website

5. 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 and demonstrates the success of the strategy over the investment cycle

6. Bloomberg data - total return. Tony Dalwood left SVGIM in March 2011 therefore data tracked for UK Focus Fund from August 2003 (July inception) - 31 December 2010

GRESHAM HOUSE STRATEGIC PLC - SHAREHOLDINGS¹

Shareholders	%
Gresham House plc	22.9%
M&G Investments Management Ltd	12.0%
Smith & Williamson Investment	6.6%
Unicorn Asset Management	5.6%
Hargreaves Lansdown Asset Management	5.4%
Miton Asset Management Ltd	5.1%
Alliance Trust Savings	3.2%
Berkshire County Council	3.0%
Investec Wealth & Investment	2.5%
River & Mercantile Asset Management	2.3%

1. As at 30 September 2019, most recent Link Asset Services shareholder report and accounting for subsequent TR-1 notifications

JOINT VENTURE WITH ABERDEEN STANDARD INVESTMENTS

- Announcement of a **Joint Venture between Gresham House plc and Aberdeen Standard Investments (ASI)**
- Joint Venture targeting the **launch of a new fund** utilising Gresham House's top-performing¹ **Strategic Public Equity (SPE) investment approach**
- Seeking to capitalise on **identifiable opportunity** from;
 - **Inefficiencies and valuation dislocations** in UK / European smaller companies markets
 - **MIFID II regulation and associated lack of research** driving opportunities for superior returns
- Leveraging **proven expertise and successful track record of Gresham House SPE team¹** alongside **ASI's global distribution and product development capabilities**
- **ASI alignment of interests** through strategic 5% equity shareholding² in Gresham House plc
- Key benefits include **enhancing credibility of Gresham House** as leading alternative asset manager, **growing AUM and broadening the investor base for SPE strategy** plus other investment divisions in future

1. GHS plc the No.1 Smaller Company Fund over 12 months, including all closed and open-ended funds - source FE Trustnet and Morningstar as at 31 December 2018

SPE LP performing strongly, significantly ahead of its target returns

2. 5% of enlarged share capital post subscription