



Gresham House
Specialist asset management

Strategic Equity Capital plc (SEC.LN)

Q2 2020

July 2020



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STRATEGIC EQUITY CAPITAL PLC

Application of private equity techniques to public small companies

- Differentiated strategy with highly concentrated portfolio, deep research focus and engaged approach
- Genuine small cap - a structurally overlooked part of the market
- Quality company focus with low turnover and long term investment horizon
- Small-cap specialists with significant public and private equity expertise leveraging broader network
- Truly aligned Investment Manager and Team

Specialist equity fund targeting absolute returns (15% IRR) over the medium term.
Low correlation to market and peers.
Defensive characteristics. Tendency to outperform in weaker markets.¹

1. <http://performance.morningstar.com/funds/cef/ratings-risk.action?t=SEC®ion=gbr&culture=en-US&ownerCountry=USA>

TRANSITION TO GRESHAM HOUSE

An update to shareholders on the position of Strategic Equity Capital plc (SEC) post transfer to new Investment Manager and Alternative Investment Fund Manager (AIFM), Gresham House Asset Management (Gresham House) on 21 May 2020.

Seamless transition with “business as usual” continuing

- The portfolio will continue to be managed by Jeff Harris and Adam Khanbhai who have become Investment Directors at Gresham House
- Gresham House platform and support systems are in place and operational

Marketing and distribution

- New plan driven by Aberdeen Standard Investments (ASI) in conjunction with Gresham House internal sales, marketing and distribution support. ASI manages 24 investment companies
- Targeting long-term scaling of the Strategic Public Equity (SPE) platform

Investment process

- SPE culture (“private equity techniques in public markets”) as Gresham House brings 14 investment professionals with c.170 years’ combined experience
- Enhanced Investment Committee (IC) including strong private and public equity track records
- Panel of industrial advisers will be maintained and potential enhancements under review (e.g. to include the broad Gresham House network). In the interim, broad network to leverage

Portfolio

- The Managers are in regular dialogue with investee companies and have been managing the portfolio remotely over recent weeks
- Standard review of investment theses for top portfolio holdings underway (with IC)

Strategic partnership:
Aberdeen Standard
Investments



OUR TEAM



Adam Khanbhai
Fund Manager

- Over 12 years' investment experience
- Previously at GVQ and OC&C Strategy Consultants
- Joined Gresham House in 2020



Jeff Harris
Fund Manager

- Over 13 years' investment experience
- Previously at GVQ and the Transaction Services team at PwC, analyst at Macquarie
- Joined Gresham House in 2020



Tony Dalwood
Fund Manager

- Started Gresham House Asset Management in 2015
- CEO of Gresham House plc
- 25 years' experience in public and private equity
- Previously CEO of SVG Advisers and SVGIM

Wider Strategic Equity team 145 years' combined experience

Richard Staveley
Paul Dudley
Laurence Hulse
Bevan Duncan
Ken Wotton
Brendan Gulston
David Leahy

Steve Cordiner
Thomas Makey
Maya Ward
James Hendry
Mackenzie Travers
Henry Alty

Panel of industrial advisers will be maintained and potential enhancements under review (e.g. to include the Gresham House network). In the interim, broad network to leverage

Resource platform



Operating
Partners



Portfolio
talent



Data
analytics



Sales /
Marketing



Research /
analysis



Powerful
network



Deal
execution



Finance and
Operations

INVESTMENT COMMITTEE



Tony Dalwood

Investment Committee Chairman

- Started Gresham House Asset Management in 2015
- CEO of Gresham House plc
- 25 years' experience in public and private equity
- Previously CEO of SVG Advisers and SVGIM



Graham Bird

- Over 25 years' experience in public and private equity fund management and advisory
- CFO at Escape Hunt
- Previously at Gresham House and SVGIM



Ken Wotton

- Over 22 years' experience in AIM and other listed investments
- Fund Manager for Gresham House UK Micro and Multi Cap funds
- Previously at Livingbridge



Richard Staveley

- Over 20 years' experience in public equity
- Previously at Majedie Asset Management, River & Mercantile Asset Management (Founder) and Société Générale Asset Management



Bruce Carnegie-Brown

- Over 30 years' experience in private equity
- Chairman of Lloyd's of London
- Previously at Banco Santander, Aon UK Ltd, and Catlin Group Ltd

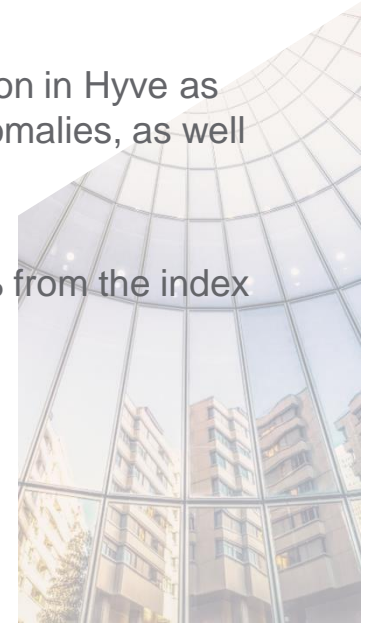


Tom Teichman

- 30 years' experience in VC and banking
- Co-founder of The Garage
- Previously CEO of Gresham House Strategic plc (formerly Spark Ventures)

EXECUTIVE SUMMARY

- SEC net assets per share increased by 12.1%¹ over Q2. The FTSE Small Cap ex IT index (the index) increased by 17.1%¹
- The portfolio NAV partially recovered from the Q1 sell-off, with holdings demonstrating resilience against a difficult backdrop. Over H1, the NAV is down 16.1% vs a fall of 20.9% for the index
- Sharp recovery in domestic cyclical, oil & gas and miners led the market
- Initial deployment of cash balance in liquidity events, including initiation of a position in Hyve as part of a rights issue. Expectation is for continued volatile markets with pricing anomalies, as well as further primary issuances. Attractive conditions for the strategy
- Strong relative return since change in lead manager² of +4.7% compared to -9.8% from the index
- Completion of transfer to Gresham House in the quarter



1. On a total return basis

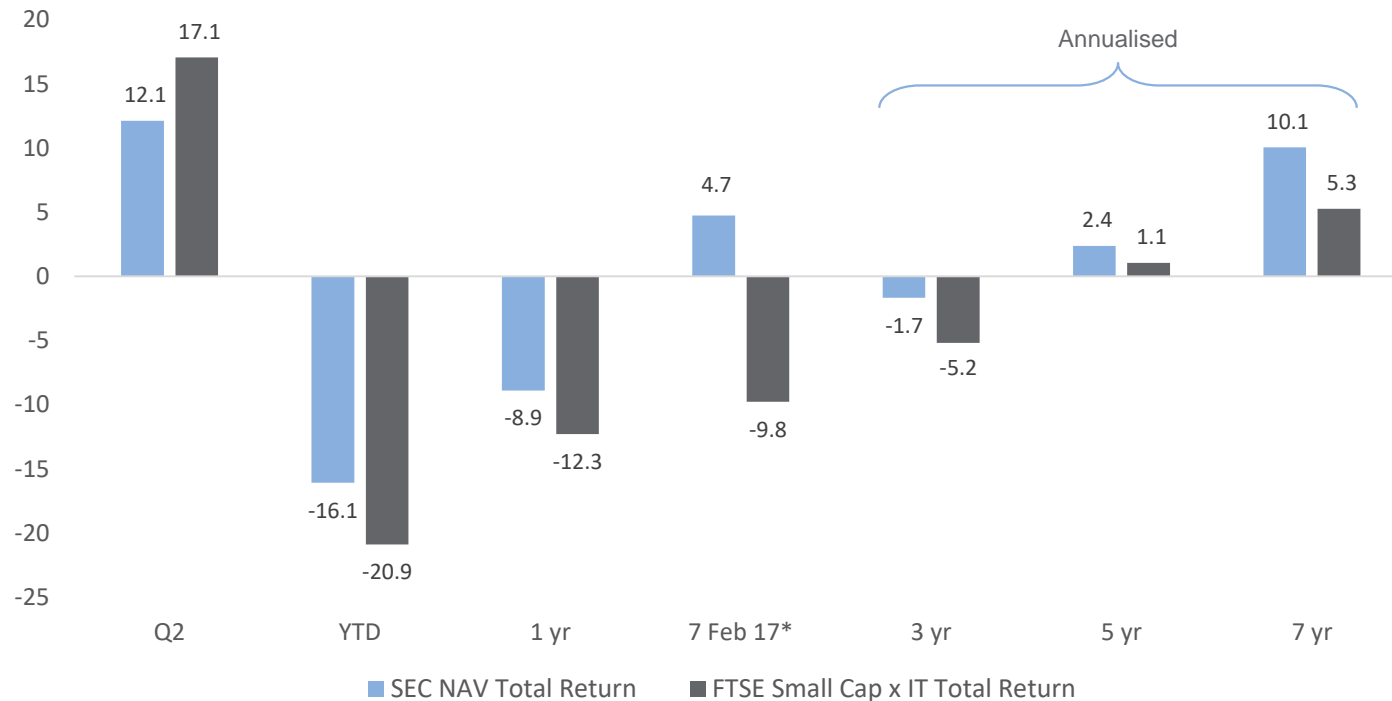
2. From 7 February 2017 to 30 June 2020

Source: PATAC, Bloomberg, as at 30 June 2020

Past performance is not necessarily a guide to future performance.

Portfolio investments in smaller companies typically involve a higher degree of risk.

PERFORMANCE



- Strong relative performance in recent years
- Exited Eckoh (47% IRR) and EMIS (15% IRR) to supplement net cash given attractive relative valuation opportunities
- New investment in Hyve Group, a global exhibition business, where we supported the rights issue (see page 26)
- Strong share price rebound in Clinigen following top up during Q1. Additional investments in Medica, Tribal and Hostelworld's placing

Chart source: Unaudited Bloomberg, PATAC, as at 30 June 2020

1. Comparator index FTSE Small Cap ex Investment Trusts Total Return







2. On a total return basis

* Lead Manager change

Past performance is not necessarily a guide to future performance.

Portfolio investments in smaller companies typically involve a higher degree of risk.






Q2 ATTRIBUTION ANALYSIS

Positive attribution		Negative attribution	
Company	Comment	Company	Comment
	<ul style="list-style-type: none"> Trading update reaffirming guidance and recovery in cash flow Positive news flow regarding recently acquired Proleukin Exclusive licensing agreement for leukaemia drug Erwinase signed, demonstrating the value of its platform Press speculation of private equity (Advent) interest in the asset. Director share purchases during quarter 		<ul style="list-style-type: none"> Downgrades following cuts in base rates in the UK and US and the reduction in corporate actions Ongoing engagement with the Board of Directors and other shareholders
	<ul style="list-style-type: none"> Reassuring AGM statement Positive management actions to preserve profitability and cash flow Shares recover from oversold position 		<ul style="list-style-type: none"> Despite having a significant net cash balance, decision taken to undertake placing to provide additional liquidity given the uncertainty in end markets
	<ul style="list-style-type: none"> Appointment of high calibre CEO In-line interim results Continuing portfolio rationalisation in line with new strategy 		<ul style="list-style-type: none"> Reassuring trading update with profitability and net cash in line with market expectations Education Services impacted but adapting well to virtual service delivery

Source: Attribution estimates based on Bloomberg Portfolio Analytics as at 30 June 2020

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

TOP 10 HOLDINGS¹ - INVESTMENT THESES






Company	% of NAV	Investment thesis
 Healthcare	13.6%	<ul style="list-style-type: none"> Leading positions in unlicensed medicines and territories without access to healthcare treatments; an acyclical structurally growing market High barriers to entry built through M&A and organic investment Attractive growth and cash flow characteristics Significant potential medium-term upside with Proleukin
 Support services	8.9%	<ul style="list-style-type: none"> Market leader in defensive share services and regulation technology markets Ability to grow through demonstrable cross-sell, penetrating the North American market and through self-help De-gearing and cash flow demonstration should lead to a re-rating Precedent M&A in this sector given financial characteristics. Equiniti is a highly strategic asset in our view
 Industrials	6.6%	<ul style="list-style-type: none"> Market leader in residential and commercial window and door manufacturing Building activity in end markets remains far below long-term levels Multiple self-help opportunities under new management to improve ROCE; de-gearing should drive a re-rating Tyman is a strategic asset with many of the characteristics attractive to private equity
 Healthcare	6.6%	<ul style="list-style-type: none"> Specialist in structurally growing CRO and pharmacovigilance, with expertise in oncology and orphan drug trials Strengthening of management team has provided a clearly defined strategy to grow into a sizeable market opportunity Ability to add material value as the business scales, through both high organic growth and selective acquisitions; potential to be a globally significant mid-tier player in the medium term
 Technology	6.4%	<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 A better defined strategy and expansion of offering under the new CEO and CFO

As at 30 June 2020

1. Top 10 holdings representing c.68% of NAV

Past performance is no guarantee of future performance and the value of investments can go down as well as up

TOP 10 HOLDINGS¹ - INVESTMENT THESES

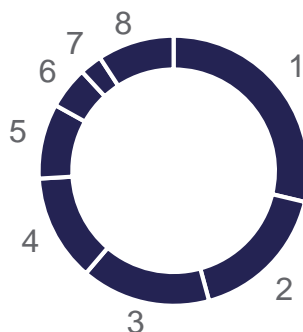
Company	% of NAV	Investment thesis
 Technology	6.4%	<ul style="list-style-type: none"> International provider of student administration software with market leading positions in the UK, Australia and NZ Strong defensive characteristics with high visibility of earnings and entrenched position with customers Transition to cloud-based platform will improve recurring revenues and margins and increase strategic value
 Support services	5.9%	<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
 Healthcare	4.8%	<ul style="list-style-type: none"> Specialised pharmaceutical business focusing on mature, out of patent OTC and prescription medicines Highly cash generative business model with limited capital requirements Demonstrable value creation from acquisitions, with recent products improving organic growth profile Recent corporate and product M&A creates a strategic platform for future growth and cash generation
 Media	4.6%	<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 well positioned to re-invigorate good fundamental businesses returning to organic growth Greater focus on the portfolio and clarity of strategy will aid growth in profit and cash flow and lead to a re-rating
 Financials	4.6%	<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 the generation of strong cash flow A consolidating market; opportunity for Brooks as both predator and prey

As at 30 June 2020

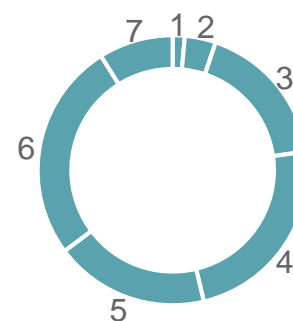
1. Top 10 holdings representing c.68% of NAV

Past performance is no guarantee of future performance and the value of investments can go down as well as up

HIGHLY CONCENTRATED & UNCONSTRAINED PORTFOLIO



Sector exposure by value		
1	Healthcare	34.5%
2	Business services	17.0%
3	Software	11.7%
4	Media	9.5%
5	Industrial	9.3%
6	Financials	6.8%
7	Property	2.3%
8	Net cash	8.9%



Value by market cap band		
1	<£50m	1.5%
2	£50m - £100m	3.7%
3	£100m - £200m	17.6%
4	£200m - £300m	23.5%
5	£300m - £500m	18.5%
6	> £500m	26.3%
7	Net cash	8.9%

- Sector exposure is an output rather than input. We favour industries with strong structural growth features and companies with attractive business models and financial characteristics
- A highly concentrated portfolio with a focus on smaller companies. We believe this part of the market remains under-researched, accentuated by MiFID II, with good opportunities for active managers

Source: Bloomberg as at 30 June 2020

Past performance is no guarantee of future performance and the value of investments can go down as well as up



OUTLOOK

CURRENT MARKET CRASH IN HISTORICAL CONTEXT

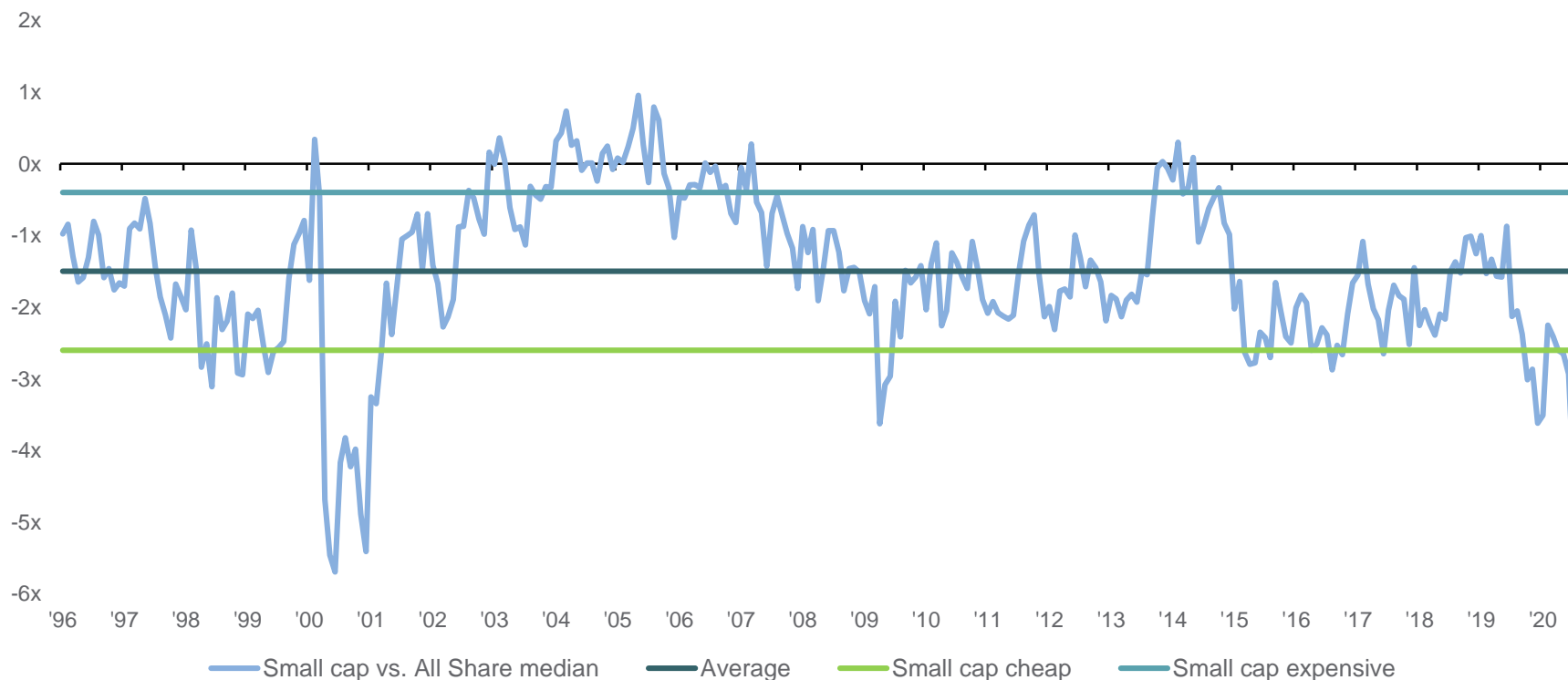


- The speed of the COVID-19 sell-off surpassed the Dot-Com bubble bursting and the 2008 Financial Crisis
- Its subsequent 'recovery' has also surpassed both of those events
- We are cautious over the timing of a sustainable recovery. We expect deployment of capital to be measured over the coming months

Chart source: Liberum, Bloomberg - FTSE Small Cap ex Inv Trusts.

Y-Axis is percentage of index constituents whose RSI is either overbought or oversold X-Axis is number of months from the 'start' date; being October 2000, September 2008 and January 2020. Latest data for COVID-19 line is 6 July 2020.

SMALL-CAP DISCOUNT



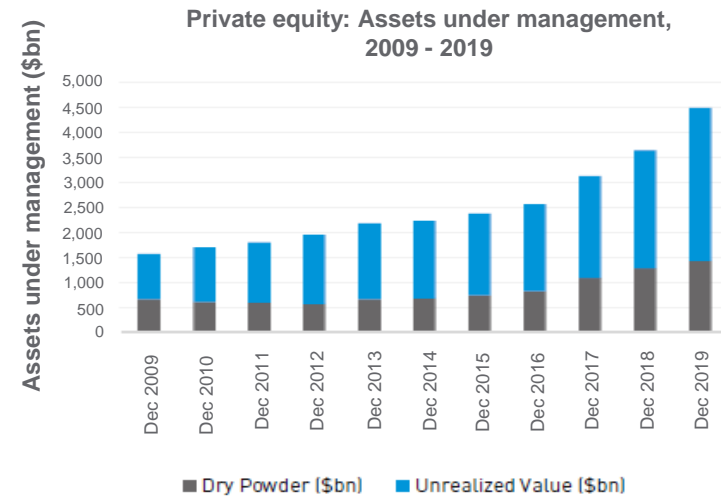
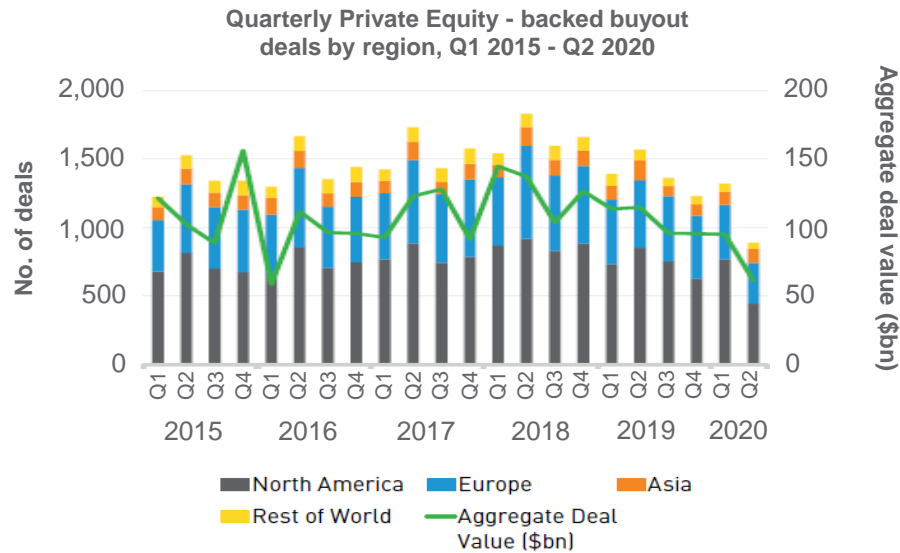
- Small caps are heavily discounted relative to larger companies. This discount is at the highest level since 2001
- We believe this is owing to concerns over liquidity, perceived risk and a reduction in resources devoted to this area of the market
- This provides a distinct opportunity for our strategy in our view

Sources: Liberum

Past performance is no guarantee of future performance and the value of investments can go down as well as up

PRIVATE EQUITY OUTLOOK

Valuations are challenging and deal flow has subsided, however significant dry powder remains



The question now is what multiple to use? Should you stick with historic methodology or begin using a new methodology more appropriate for the market.

- Global Fund of Funds

GPs typically use backwards LTM EBITDA... It doesn't hold anymore. But then little sense using run rate, forecasting next 12 months is going to be very hard too.

- Canadian Pension Fund

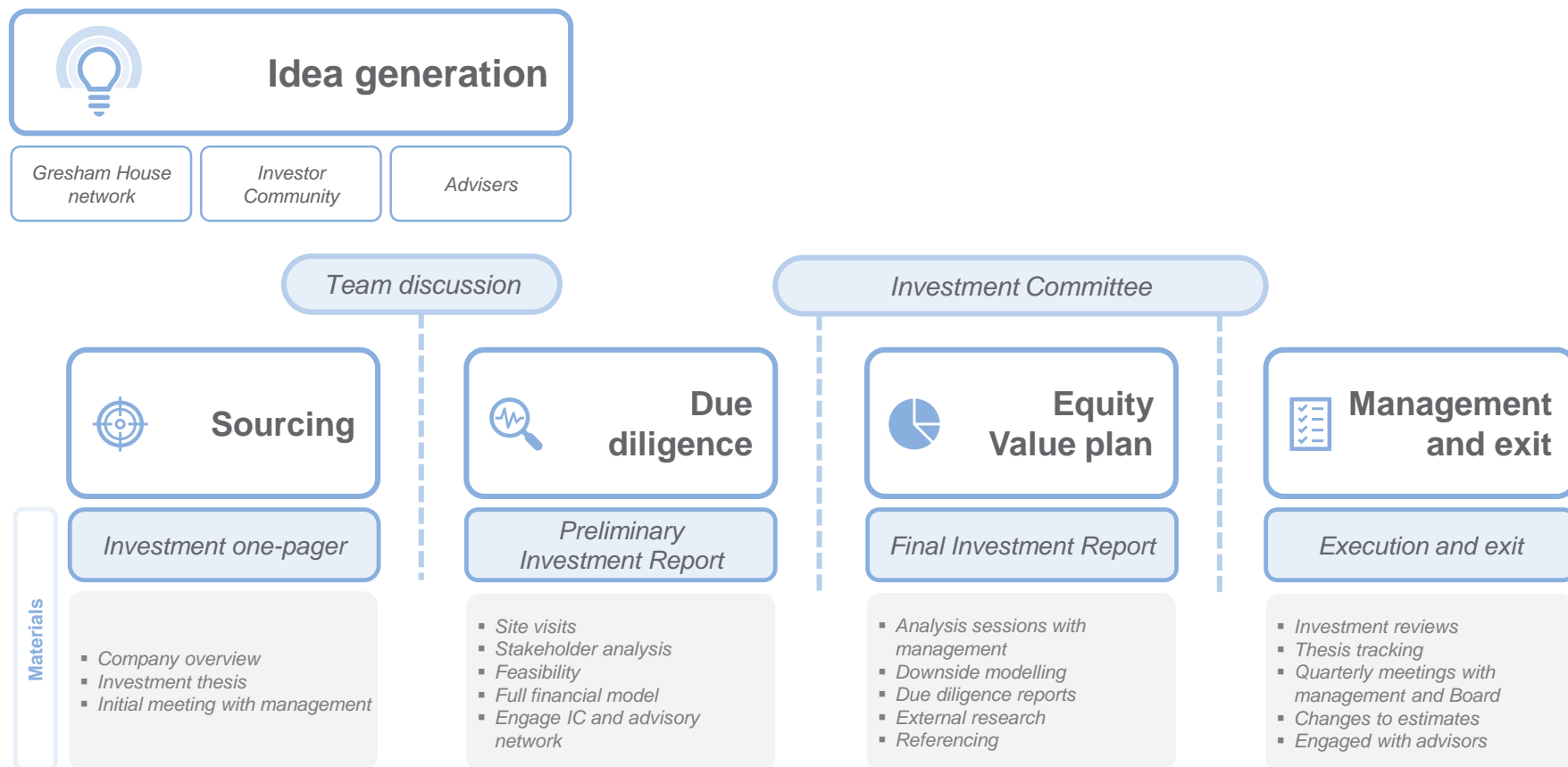
Source: Campbell Lutyens
 Chart sources: Preqin Pro, as at 30 June 2020



APPENDIX

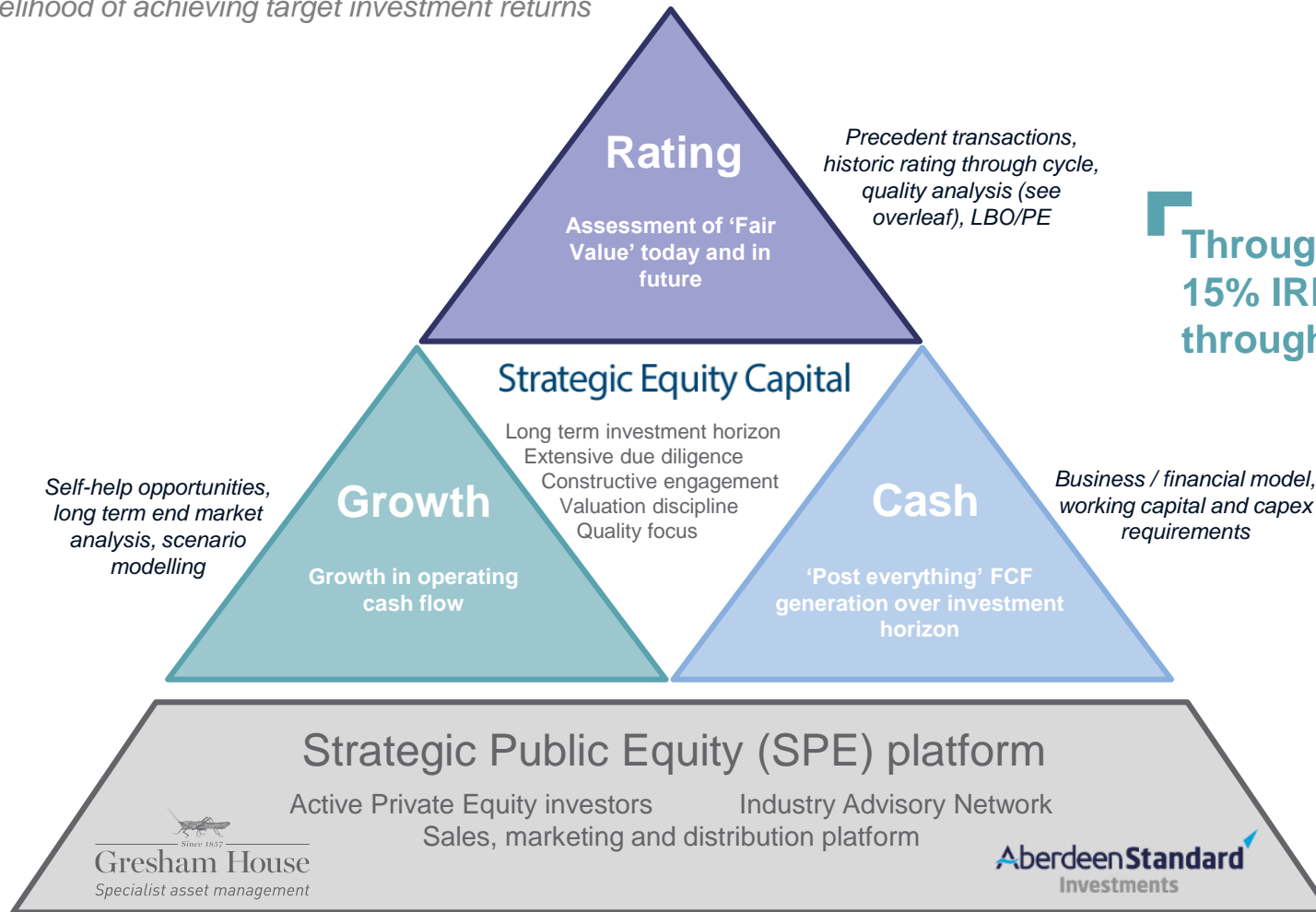
PROCESS - REMAINS CONSISTENT MODELLLED ON PRIVATE EQUITY

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



INVESTMENT PHILOSOPHY

Identifying multiple drivers of returns as opposed to exclusively focusing on 'growth' or 'value' styles gives a stronger likelihood of achieving target investment returns

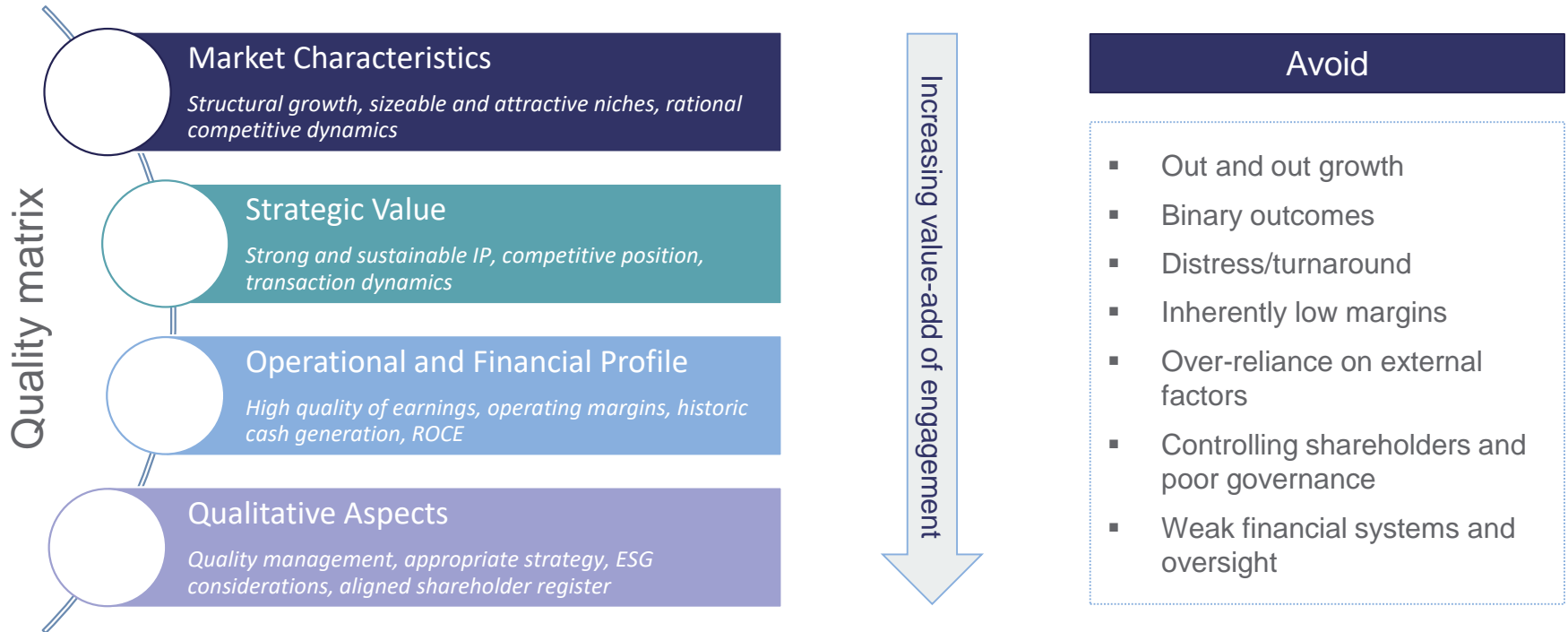


Through this target a 15% IRR with upside through M&A

OUTPUTS OF INVESTMENT PROCESS

Applying private equity techniques to public markets

What do we look at?



OUTPUTS OF INVESTMENT PROCESS

Applying private equity techniques to public markets

Mispriced cash flow

High quality cash generation, particularly when used to 'de-gear' rather than for dividends, are often fundamentally undervalued by the public market

Strategic value

Strategic value - niche market leadership, high quality IP, sustainable differentiation, long-term 'compounders' - is often overlooked despite being a key driver of long term sustainable returns

Strategic change

Companies that would benefit from (or are already undergoing) a strategic change, additional talent, improved governance or capital support

Engagement opportunities

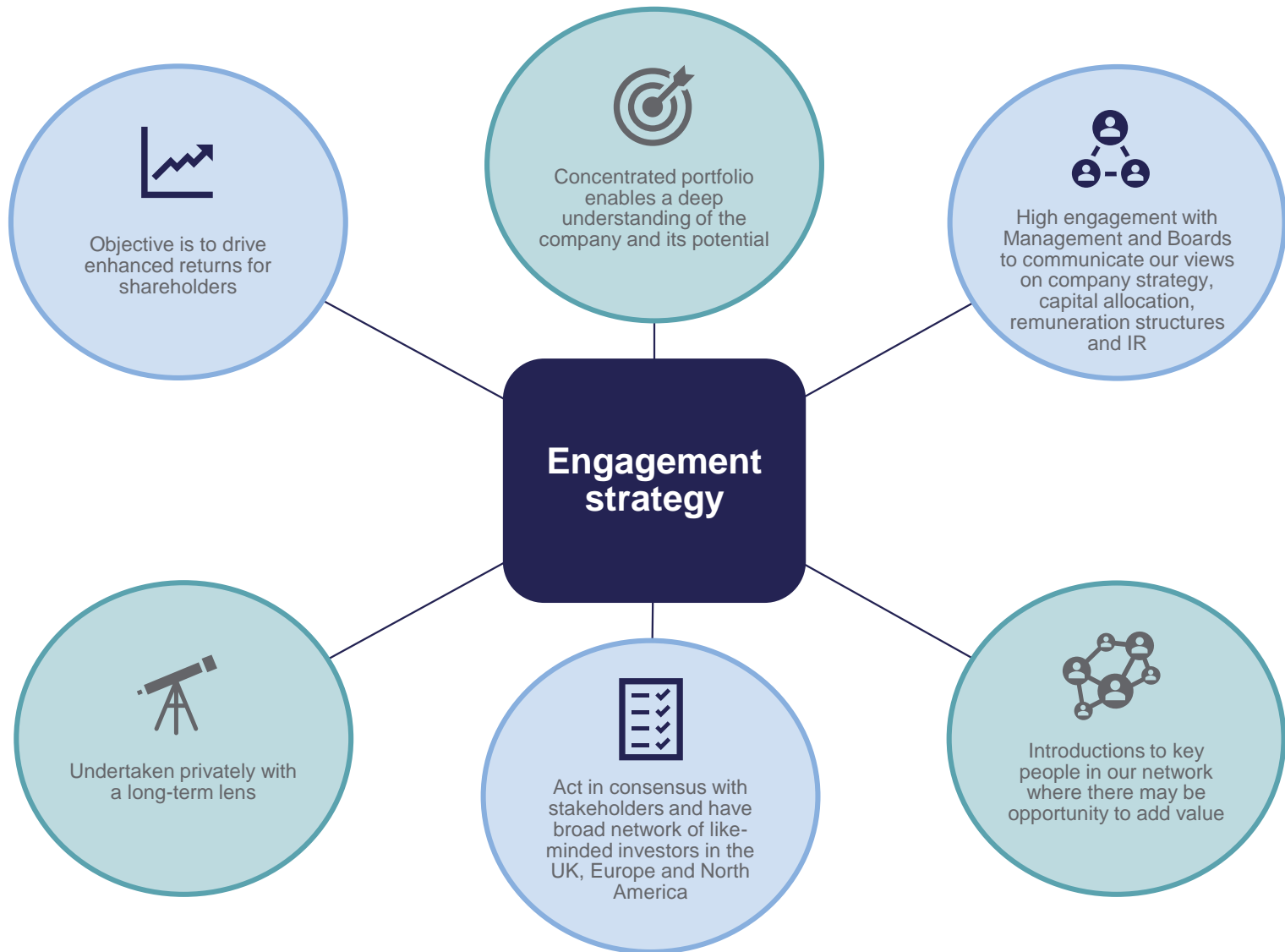
- IR improvement
- Capital structure
- Operational improvements
- Support corporate activity
- Strategic direction
- Introduce key people

Example Investments



Increasing risk / reward. Aim for balance across portfolio.

ENGAGEMENT STRATEGY



MORNINGSTAR SMALL CAP INVESTMENT TRUST OVERLAP ANALYSIS

	ASL	BRSC	THRG	GHS	HSL	IPU	JMI	MINI	MTU	SLS	SEC
ASL		7%	3%	0%	14%	16%	11%	1%	3%	4%	2%
BRSC	7%		61%	1%	31%	17%	33%	2%	24%	24%	2%
THRG	3%	61%		1%	38%	18%	36%	0%	23%	32%	2%
GHS	0%	1%	1%		0%	0%	1%	0%	0%	0%	0%
HSL	14%	31%	38%	0%		29%	29%	0%	16%	23%	4%
IPU	16%	17%	18%	0%	29%		25%	0%	22%	26%	6%
JMI	11%	33%	36%	1%	29%	25%		1%	14%	29%	2%
MINI	1%	2%	0%	0%	0%	0%	1%		1%	0%	0%
MTU	3%	24%	23%	0%	16%	22%	14%	1%		39%	3%
SLS	4%	24%	32%	0%	23%	26%	29%	0%	39%		0%
SEC	2%	2%	2%	0%	4%	6%	2%	0%	3%	0%	

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

As at 30 June 2020 - using latest reporting available from Morningstar
Source: Winterflood

ESG CONSIDERATIONS

Strategy

- UK small cap universe is large and diverse; many high quality, well managed, focused / niche companies exist
- Concentrated portfolio enables high degree of selectivity; no need or desire to reflect index exposures
- Zero exposure to natural resource sectors
- Avoid companies with current or potential future environmental liabilities

Process

- Detailed and deep diligence process ensures proper understanding of business practices and culture
- High importance placed on governance best practice
- High level of engagement with management teams and Boards of Directors; track record of positive, proactive engagement on governance, remuneration and strategy

Portfolio

- Our analysis of the portfolio's current holdings has not identified any significant ESG concerns in our view
- Furthermore, eight holdings representing c.40% of NAV, generate a positive social and / or environmental impact:

Pharma services

CLINIGEN **ERGOMED**

Clinigen enables the developing world access to leading pharmaceutical products

Ergomed services help to bring medicines to market and monitors drug safety

Healthcare Tech

MEDICA
GROUP

Medica enables the NHS to read radiology scans quickly and accurately

Education Tech

TRIBAL

Tribal software enables efficient administration of universities and schools

Land Regeneration

Harworth

Harworth regenerates contaminated brownfield land in the North and Midlands

Aquaculture

 **Benchmark**

Benchmark products improve environment and animal welfare in aquaculture industries

We believe SEC's strategy, process and portfolio (current and historic) is highly consistent with the objectives and principles of ESG investing.

HYVE GROUP NEW INVESTMENT

Rights issue alongside refinancing to recapitalise the business from the impact of COVID-19

Background

- Hyve is an international organiser of trade exhibitions and conferences. The company was the 9th largest organiser of exhibitions globally in FY17 by revenue and has added further scale through M&A since. The group organises over 130 trade exhibitions and conferences each year in 14 countries and employs over 1,200 staff in 17 offices worldwide
- We have met the company numerous times in the recent past. The Chair is well known to us
- In its financial year to March 20, the company's Transformation and Growth programme had seen above market organic growth, NPS and an increase in revenue per event of +280% in 3 years
- The company has been severely impacted by COVID-19 which has seen the share price fall c.88% since its peak in January 20
- We participated in the rescue rights issue to recapitalise the business for the recovery in the events industry
- We believe that both the company and industry are attractive and will recover on a medium time horizon creating value either on the public market or as part of an industry consolidation

Investment thesis Targeting a 15% IRR

Rating

Recovery from distressed rating to historic average and transaction multiples; which have averaged mid-teens EV/EBITDA

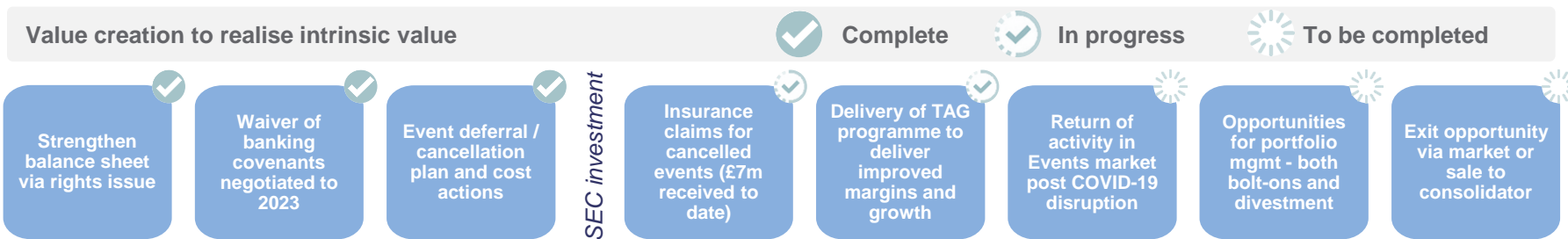
Growth

Resumption of the exhibitions industry, with Hyve's market leading events to return to above market growth rates supplemented by self-help measures

Cash

Strong underlying cash characteristics with negative working capital profile
Recognised by lenders who have relaxed covenants during the market stress

Value creation to realise intrinsic value



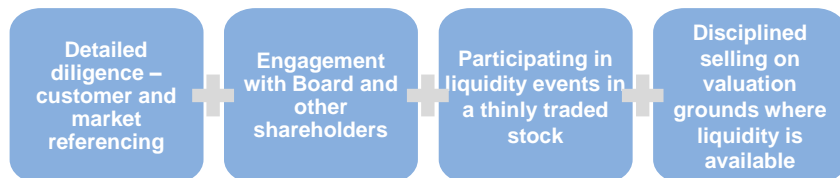
Case studies selected for illustrative purposes only to demonstrate investment strategy and are not investment recommendations.

ERGOMED EXISTING INVESTMENT

Background

- Ergomed is a specialist pharmaceuticals company. It has two services businesses; Clinical Research Services and Pharmacovigilance (drug safety monitoring). It also has a products division co-developing early stage pharma assets
- Following a period of diligence, our interest grew following engagement with the new Chairman, Peter George who we knew well from Clinigen. We purchased our initial stake in a founder placing at 190p in April 2018 and scaled the position over the following months
- The two service businesses are high quality in our view with structural growth given the trend towards outsourcing in pharmaceuticals and attractive financial characteristics. Our view was the company should focus on these two divisions and cease co-development activities which delivered a low return on investment
- In the two years following investment, after initial challenges in managing growth, the company has upskilled management and the Board with strong sector experience from Chiltern, a CRO which was sold to Covance in 2017
- Earnings momentum has been strong as the company has focused on its core capabilities with strong cash generation allowing bolt-on M&A. This has led to a re-rating more in line with similar companies in the industry

Value creation to realise intrinsic value



Investment thesis

Rating

On a SoTP basis, the two services business are worth mid-teens EBITDA multiples
Re-rating from ceasing co-development and continued growth in services division

Growth

Structural growth from outsourcing to specialists
Increasing R&D investment (CRO) and regulation (PV)

Cash

Capital-lite business model with high margins
Net cash balance sheet

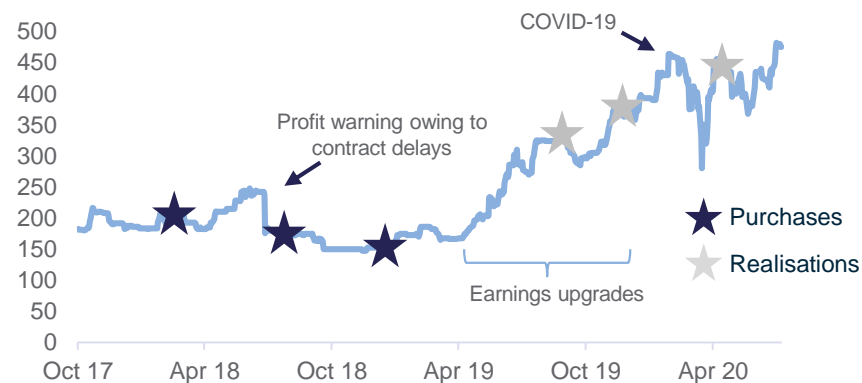


Chart source: Bloomberg, as at 30 June 2020

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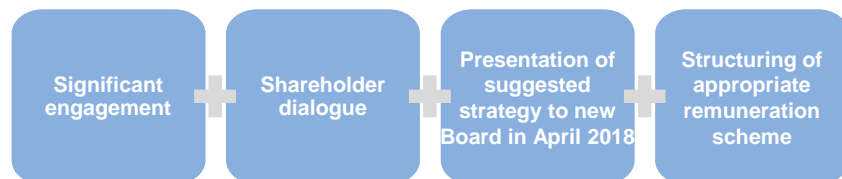
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IFG GROUP TAKEOVER CASE STUDY

Background

- On 25 March 2019, a recommended cash offer was made by Epiris Funds at 193p, a 46% premium to the closing share price, a trailing PE valuation of 21.4x. SEC owned 9.9% of the shares in issue
- The company's rating had been impacted by the aborted sale of Saunderson House in early 2018 and the emergence of a legacy issue (Elysian Fuels) and potential financial liability. Both were discrete and, in our view, didn't affect the long-term quality of the business and its end markets
- We commented as such in our FY18 Annual Report:
'Our view remains that the individual businesses... are independently more valuable than in the current group structure and than the prevailing share price suggests. Ongoing consolidation and an increasing incidence of listed peers in both the wealth management and platform industries demonstrate considerable valuation upside in our view.'
- We presented our analysis and views to new management shortly after they joined in April 2018 and have been heavily engaged with the company's executive management team and Board with a view to maximising shareholder value

Value creation to realise intrinsic value



Investment thesis

Rating

Severe dislocation to SoTP valuation based on precedent M&A and peer analysis
Gap to close via a corporate solution

Growth

Structural growth from pensions freedom and favourable demographic and regulatory drivers

Cash

Well capitalised business and strong underlying cash generation
Screens well on LBO basis

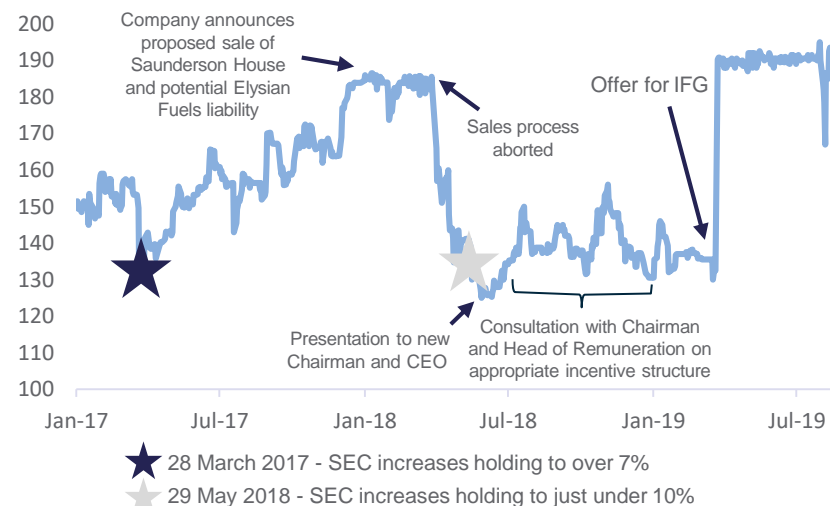


Chart source: Bloomberg, as at 30 September 2019

Securities selected for illustrative purposes only to demonstrate investment management style and not as an indication of performance or investment recommendation.

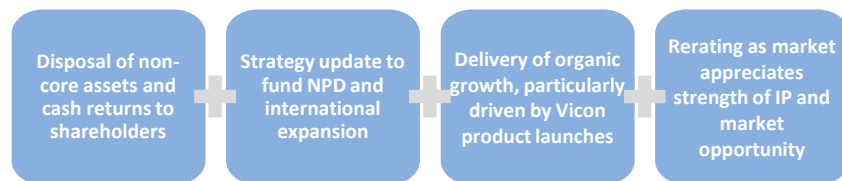
Case studies selected for illustrative purposes only to demonstrate investment strategy and are not investment recommendations.

OXFORD METRICS GROUP PORTFOLIO REALISATION CASE STUDY

Background

- Oxford Metrics plc (ticker: OMG-LN) focuses on developing and commercialising image processing and location data technologies
- The company's IP is regarded as industry leading, particularly in its Vicon subsidiary that enables 3D motion capture for the entertainment, engineering and life sciences industries
- Due diligence process initiated in August 2014, and accelerated following the company's decision to focus on profitable divisions and monetise IP in loss making areas. Initial investment December 2014
- Ongoing engagement with Management and the Board. Scope for strategic improvement though divestment of sub-scale business units and focus on core activities
- Significant organic growth, rerating and cash generation over five year investment horizon. Sale of stake into market in Q4 2019 and Q1 2020 based on share price reaching our view of fair value
- We commend the Management team and Board of the company for consistently strong operational and strategic performance. An exceptional investment for SEC, generating an IRR of 34% and 2.3x money multiple over the course of 5+years

Value creation to realise intrinsic value



Source: Bloomberg, as at 31 March 2020

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

Investment thesis

Rating

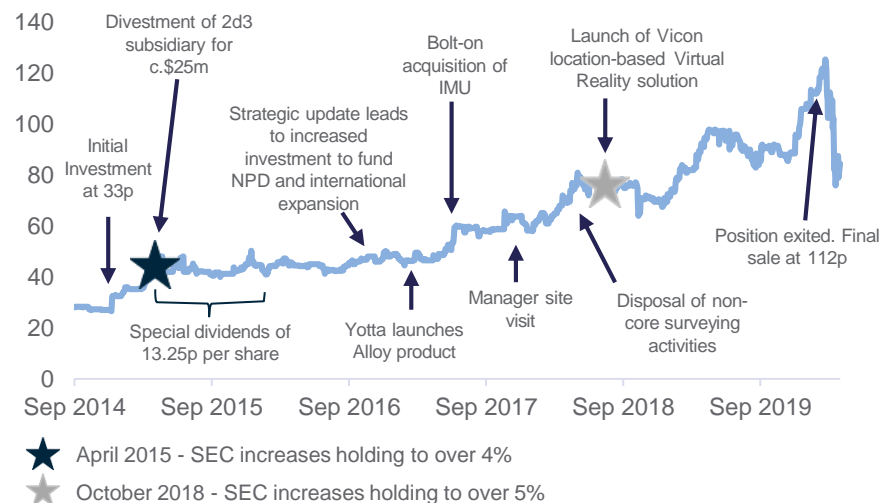
Underappreciated IP and quality of earnings. Headline valuation and financials misleading given loss making division; attractive SoTPs

Growth

Strong market growth due to increasing utilisation and sophistication of motion capture technology

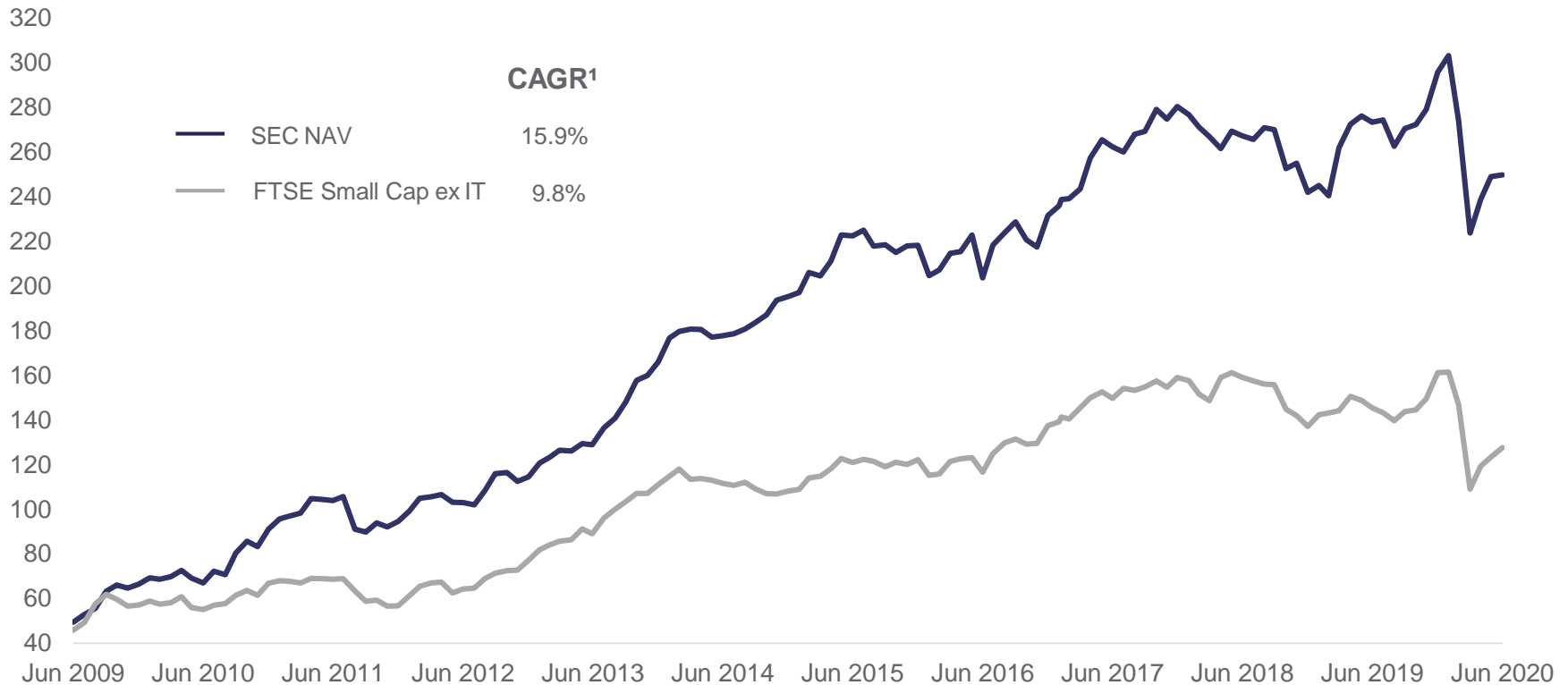
Cash

Cash generative with net cash balance sheet; potential for excess returns to shareholders



LONG-TERM TRACK RECORD

Cumulative rebased total returns



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

Chart source: Bloomberg, PATAC as at 30 June 2020

Notes: Data rebased to SEC start NAV June 2009 1. CAGR: Compound Annual Growth Rate

Past performance is no guarantee of future performance and the value of investments can go down as well as up

SALES & MARKETING PLAN

- **Sales and marketing deep dive:** Aberdeen Standard Investments (ASI), Gresham House, Investec (the company broker) and the Board will work together to develop a comprehensive sales and marketing strategy for SEC following the transition of investment manager from GVV to Gresham House
- **Existing shareholder management:** initial round of update calls have been conducted with existing shareholders to talk through the mechanics of the transition
- **Results roadshow:** conduct a full marketing roadshow following the release of the companies Annual Results in September
- **SEC Marketing:** a new marketing and IR schedule will be established to update existing shareholders and introduce SEC to potential new shareholders, both professional and retail, in order to try and create new buying demand. This will take the form of individual and group meetings to spread the message and build on existing relationships along with a comprehensive PR and content marketing plan
- **New messaging:** ASI, Gresham House, Investec and the Board are currently working to refine the marketing / PR messages for SEC that can be used moving forwards across all marketing collateral

CONTACT DETAILS



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WHAT IS STRATEGIC PUBLIC EQUITY?

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

Highly engaged strategy driving strategic, operational or management initiatives

Targeting inefficient areas of public markets

Thorough due diligence to identify value creation catalysts

Influential minority stakes

Focus on intrinsically undervalued, cash generative companies.
A “value approach”

Flexible mandate:
Up to 20% can be invested in unquoted

FUND OVERVIEW

Strategic Equity Capital plc	
Shares in issue	63,296,844
Governance	London Stock Exchange listed, UK domiciled investment trust, independent Board
Corporate broker	Investec
Discount control	Authorisation to purchase 14.99% of own shares for cancellation or to be held in treasury
Continuation vote	Annual
Gearing	Up to 25% of net assets. At present, the policy is 'no gearing'
Fees	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
Analysts	Alan Brierley (Investec), Simon Elliot (Winterflood), Ewan Lovett–Turner (Numis)
Investment policy	Up to 20% private, typically 15-25 holdings
Market makers	Investec, Winterflood, Numis
Manager's holdings ¹	c.218k shares

As at 30 June 2020
1. Includes dependents

SPECIALISTS IN ALTERNATIVES

Gresham House is a fast growing specialist alternative asset management group, quoted on the London Stock Exchange (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



Public Equity

- Gresham House Strategic plc (GHS)
- Strategic Equity Capital plc (SEC)
- LF Gresham House UK Micro Cap Fund
- LF Gresham House UK Multi Cap Income Fund
- LF Gresham House UK Smaller Companies Fund

£0.4bn



Private Equity

- Baronsmead Venture Trust plc
- Baronsmead Second Venture Trust plc

£0.4bn

£0.8bn



Forestry

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

£1.4bn



New Energy

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

£0.6bn

£2.4bn



Housing & Infrastructure

- Gresham House British Strategic Investment Fund (BSIF) strategy
 - Gresham House BSI Infrastructure LP
 - Gresham House BSI Housing LP
 - *Residential Secure Income plc (ReSI REIT)²*
 - *Gresham House Residential Secure Income plc*

£0.5bn

£3.3bn¹

1. As at 30 June 2020
 2. Launching Q4 2020

INVESTMENT DEPTH, EXPERIENCE, CLIENT SERVICES & RESOURCES

Across the Gresham House Group

- Team of 68 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 57 supporting the ongoing investment activities

	Team members	Responsibilities
Technology, Operations, HR and Support	27	Broad based support team to assist across multiple tasks.
Sales and Marketing	13	Investor relations and other client support functions.
Finance, Legal, Risk and Compliance	27	Central support to provide consistent reporting and group management. Central risk and compliance oversight supported by industry expert service providers.

Technology, Operations and Support



27
Full-time team

Sales and Marketing



13
Full-time team

Finance, Legal, Risk and Compliance



27
Full-time team



68
Investment Professionals

As at 10 July 2020

TRACK RECORD

Twenty years of investment experience, over 15 focused on 'Strategic Public Equity' (SPE) investing.

Five consecutive funds following the SPE strategy have 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 32.1% since inception ² vs 3.5% for SMXX
Gresham House Strategic Public Equity LP ("LP Fund III")	2016 - present	Money Multiple 1.26X, IRR 9.80% ²
Strategic Equity Capital plc ("Closed Fund I")	2005 - 2011	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 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 2020, based on the last set of accounts received from the Administrator

3. Gresham House Asset Management Limited calculations excluding dividends 7 year 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