GVQ

INVESTMENT MANAGEMENT

STRATEGIC EQUITY CAPITAL PLC

Q1 Update 2019

Risk considerations

***Risk Factors** for Strategic Equity Capital plc (the Company") – The general risk factors set out under the heading "D.1.Key Risks" of the Prospectus apply to the Company. In addition, potential investors should note the following factors:*

- There can be no guarantee that the investment objective of the Company will be achieved and neither capital nor income is guaranteed.
- You may not be able to sell your shares in the Company easily or you may have to sell at a price that significantly impacts on how much you get back.
- The share price may trade at a discount to the Net Asset Value of the Company.
- The amount that you have invested is not protected so in some unfavourable circumstances you could lose all of your investment.
- The Company may borrow money which can be used to make further investments (gearing). In a rising market, this "gearing" can magnify the gains or in a falling market, the losses on your investment.
- The Company invests in a smaller number of companies and sectors than the market, creating concentration risk.
- There is some liquidity risk, as a significant level of investment is made in companies too small for inclusion in the FTSE 250 Index. These are likely to have a low level of liquidity in some circumstances.
- The Company may invest in companies that are not listed or admitted to trading upon any recognised stock exchange. These investments can be riskier and may be illiquid and difficult to realise and more volatile than investments in larger, longer-established businesses.
- The performance of SEC will depend on the skill and expertise of the Investment Manager. The loss of key personnel could affect the performance of the Company.
- Stock market investments should be regarded as long term. The Company's strategy, and therefore level of risk, can change over time. Economic factors, such as interest rates, inflation and supply and demand can affect all investments. Tax rules can change and the value of any benefits will depend on personal circumstances.
- Charges and expenses are taken from capital and this increases the chances of the capital value falling

These are not all the risks of an investment in the Company. For a full list of the Company's risks, please see the Prospectus and Supplement to the Prospectus, in the section entitled "Risk Factors".

Investors should take advice from their own independent professional financial advisers before making an investment decision and are responsible for ascertaining any income tax or other tax consequences which may affect their acquisition of any investment.

You should remember that the value of investments and the income from them may go down as well as up and is not guaranteed, and investors may not get back the amount invested. Past performance cannot be relied on as a guide to future performance.

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Risk considerations:

You should remember that the value of investments, and the income from them, may go down as well as up, and is not guaranteed, and investors may not get back the amount of money invested. Past performance cannot be relied on as a guide to future performance. Exchange rate changes may cause the value of overseas investments or investments denominated in different currencies to rise or fall.

In addition, there is no guarantee that the market price of shares will fully reflect their underlying net asset value and it is not uncommon for the market price of such shares to trade at a substantial discount to their net asset value.

The unconstrained, long term philosophy and concentrated portfolios resulting from GVQIM's investment style can lead to periods of significant short term variances of performance relative to comparative indices. GVQIM believes that evaluating performance over rolling periods of no less than three years, as well as assessing risk taken to generate these returns, is most appropriate given the investment style and horizon. Properly executed, GVQIM believes that this investment style can generate attractive long term risk adjusted returns.

These are not all the risks of an investment in Strategic Equity Capital Plc shares ("Strategic Equity Capital" or "SEC"). Investors should take advice from their own independent, professional financial advisers before making an investment decision and are responsible for ascertaining any income tax or other tax consequences which may affect their acquisition of any investment.

Morningstar 10 Year Rating of ★★★★★ as at 31st March 2019

Runner Up 2017 and 2016, Winner 2015, Highly Commended 2014: Money Observer Trust Awards. Category: Best UK Equity Trust
Highly Commended 2016, Winner 2015, Highly Commended 2014: Moneywise Investment Trust Awards . Category: UK Smaller Companies
Winner 2015 and 2014: What Investment Trust Awards . Category: Best UK Investment Trust
Winner 2015: Investment Adviser 100 Club Awards . Category: UK Smaller Companies
Winner 2015: Grant Thornton Quoted Company Awards . Category: Fund Manager of the Year
Winner 2014: PLC Awards . Category: Fund Manager of the Year
Winner 2014: Investment Week, Investment Company of the Year Awards . Category: UK Smaller Companies
Highly Commended 2012: Money Observer Trust Awards . Category: Best UK Smaller Companies Trust
Winner 2011: Investment Trust Magazine. Category: Best Small Companies Trust

Contents

Q1 UPDATE 2019

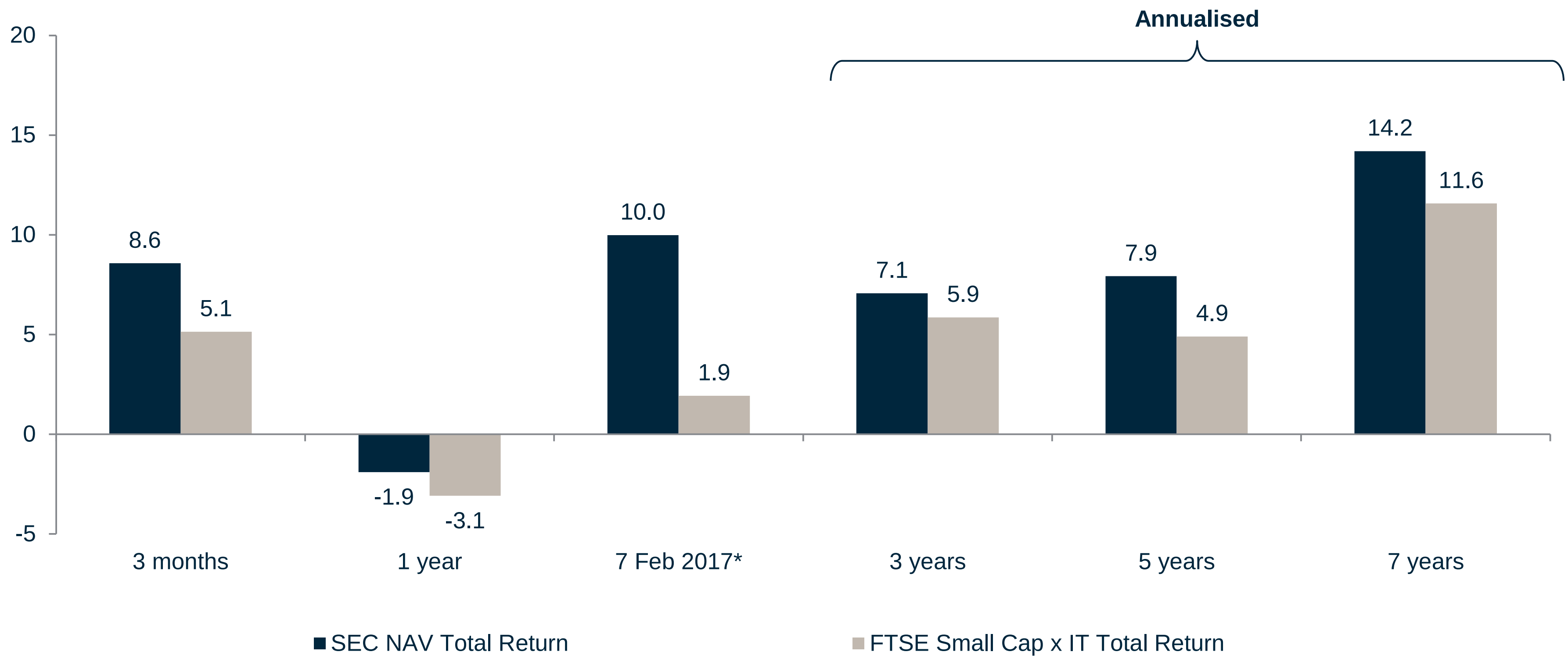
Executive summary

- SEC (the "Trust") had a strong quarter; net assets per share increased by 8.6%[1], this was above the return of the FTSE Small Cap ex IT index (the "index") which delivered a total return of 5.1%. SEC's share price increased by 5.6%
- Disappointing update from portfolio company Proactis (see p13)
- Recommended cash offer for IFG Group, the second largest holding, at a 46% premium from Epiris Private Equity (p11). This concludes a period of significant engagement with the company
- Updates from the companies in the portfolio were encouraging, demonstrating very good operational and strategic progress. This was allied, in the main, with positive share price performance. We believe that portfolio companies are becoming increasingly valuable businesses
- In our view, the approach for IFG and the premium paid are not exceptional, but further endorse the inherent strategic value of portfolio companies. Where public markets are often short term focused, private equity (and trade) buyers focus on the potential for long term value creation. We believe the portfolio offers this in abundance

Strong quarter of NAV growth and encouraging progress of holdings. We believe the approach for IFG from a private equity buyer demonstrates both the attractions of portfolio companies and their inherent value

As at 31st March 2019
1. On a total return basis
Source: GVQIM, PATAC, FactSet
Past performance is no guarantee of future performance and the value of investments can go down as well as up

Fund performance



Average Net Cash	7.9%	7.2%	8.4%	9.5%	9.6%	9.6%

Good NAV return in the short and longer term. 'All-weather', consistent investment process provides an anchor in what have been and remain difficult equity markets

As at 31st March 2019. Source: Unaudited Bloomberg, PATAC, GVQIM. Notes: 1. Comparator index FTSE Small Cap ex Investment Trusts Total Return 2. On a total return basis
* Management change
Past performance is no guarantee of future performance and the value of investments can go down as well as up

Q1 Attribution analysis

Positive attribution (top five)	bps	GVQIM Comment
IFG Group	374	Full year results in-line. Cash offer from Epiris Private Equity at a 46% premium to the share price
4imprint	213	Strong full year results. Good progress in the new marketing strategy which has the potential to improve the quality and value of the business over time. Strong cash performance with scope for enhanced future returns
Wilmington	157	In line interim results. CEO steps down and is replaced by Chairman Martin Morgan on an interim basis
Clinigen	150	In line interim results. Accretive acquisition of Proleukin diversifies the portfolio and provides potential future growth opportunities
Medica	135	Full year results. Continuing strong organic growth and cash flow with balance sheet fully degeared. Initial moves internationally provides future opportunity for the group
Negative attribution (bottom five)	**bps**	**GVQIM Comment**
Cash	0	Average cash balance of 8%
Vintage	-4	In distribution
Tribal	-53	Full year results with profitability ahead of expectations. Potential legal claim from software partner leads to a de-rating of the shares. Interim CEO named full time CEO
Equiniti	-53	Full year results with strong cash performance and organic growth of 7% from market share gains and effective cross sell. Rating remains depressed owing to ongoing concerns around the North American integration and cash conversion. We believe these are misplaced and the shares have significant re-rating potential
Proactis	-496	Disappointing trading update with profit downgrades. Institutional selling amplifies extent of de-rating

A positive period of company reporting across the portfolio reflecting the quality of the underlying holdings in uncertain conditions. The exception being Proactis which had a disappointing update

As at 31st March 2019
Source: Attribution estimates based on FactSet Portfolio Analysis and GVQIM
Past performance is no guarantee of future performance and the value of investments can go down as well as up

Changes to top 10 holdings

Top 10 Q4 2018

Company	% of portfolio
Equiniti Group	12.1
IFG Group	8.8
Tribal Group	8.2
4imprint Group	8.0
Wilmington	7.1
Proactis	5.9
Clinigen Group	5.7
Medica	5.4
Tyman Group	5.3
EMIS Group	5.1

Top 10 Q1 2019

Company	% of portfolio
IFG Group	11.8
Equiniti Group	10.8
Wilmington	7.2
Tribal Group	6.7
4imprint Group	6.5
Medica	6.3
Clinigen Group	6.2
Tyman Group	5.5
EMIS Group	5.1
Alliance Pharma	4.1

Turnover remained low, in line with history. New small holding initiated in the period of a highly cash generative, IP rich company. Healthy cash balance for selective investments

As at 31st March 2019
Source: PATAC, GVQIM
Past performance is no guarantee of future performance and the value of investments can go down as well as up

Top 10 holdings[1]

Company	Sector	GVQIM Funds % of company	GVQIM CF yield[2] NTM[3]	Net debt/ EBITDA NTM[3]	Investment thesis
IFG Group	Financials	c. 10%	9.7%	-2.0x	Structural growth; self-help in James Hay; M&A; strategic review; new management team
Equiniti Group	Support Services	c. 6%	11.1%	2.2x	Growth through demonstrable cross-sell and margin improvement through automation and offshoring and integration of WFSS acquisition; de-gearing; M&A
Wilmington	Media	c. 9%	11.3%	1.4x	Organic growth and improved execution post-investments; de-gearing; M&A; New Chairman and CFO; CEO recruitment
Tribal Group	Technology	c. 8%	9.2%	-1.4x	Delivery of operational improvements; new platform development; contract wins; M&A
4imprint Group	Support Services	c. 3%	6.3%	-0.8x	Continued US growth; new marketing strategy broadening addressable market; enhanced cash returns
Medica	Technology	c. 10%	7.8%	-0.1x	Organic growth; cashflow; expansion of offering; internationalisation
Clinigen Group	Healthcare	c. 2%	9.7%	0.7x	Organic growth; de-gearing; development of technology platform and international presence
Tyman Group	Industrials	c. 5%	14.5%	1.9x	Integration of acquisitions; self-help through automation and footprint rationalisation; de-gearing; new CEO
EMIS Group	Technology	c. 2%	7.2%	-0.3x	Organic growth; operational restructuring; balance sheet; M&A
Alliance Pharma	Pharmaceuticals	c. 4%	9.1%	1.5x	Organic growth; de-gearing; M&A

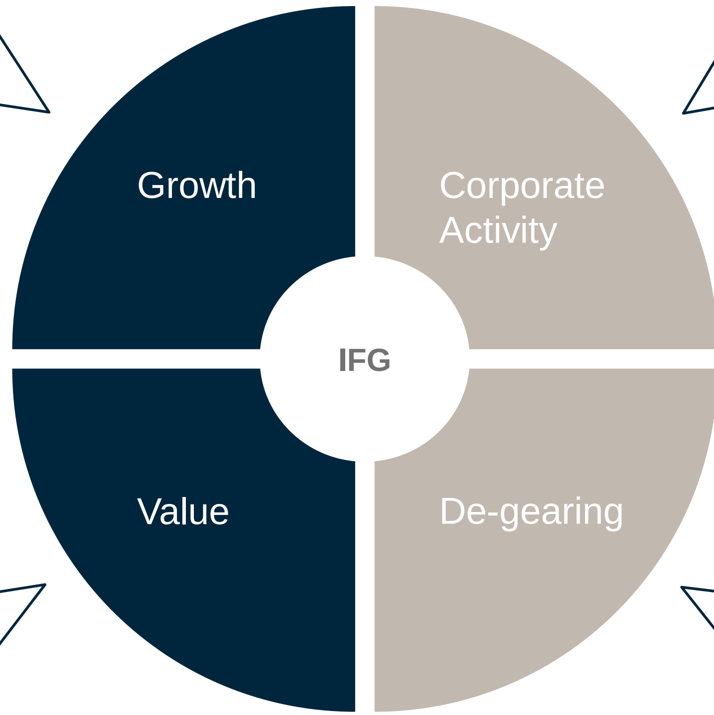
As at 31st March 2019. Source: GVQIM analysis and PATAC
Notes: 1. Top 10 holdings representing c.70% of NAV. 2. GVQIM cashflow yield: (12m forward Cash EBITDA minus maintenance capex)/(market capitalisation plus 12m forward net debt). 3. NTM: Next Twelve Months; negative number indicates net cash
Past performance is no guarantee of future performance and the value of investments can go down as well as up

IFG Group – a reminder of the thesis

IFG – a financial services company with two high quality discrete businesses

- Structural growth from favourable long term trends including the need for individuals to manage their investments
- Opportunities for margin improvement in both businesses and growth through broadening of offering (e.g. DMS in Saunderson House, ISA/GIA in James Hay)
- Forecast low teens earnings growth before any potential benefits from interest rate increases

- Significant M&A in both the platform and wealth management spaces. We foresee ongoing consolidation owing to scale benefits and regulatory challenges
- Ascribing precedent transaction multiples to the individual businesses implies material opportunity to unlock value
- Attractive on an LBO basis



- Both assets trading at a significant discount to long-term intrinsic value. Peers valued at significant premia
- Recent improvements in business quality (e.g. James Hay income more fee-based (less reliant on interest rates), client retention in both divisions >90%)
- Significant scope for re-rating

- Well invested business with good forecast cash generation. Total annualised cash return of >7.5% of market capitalisation
- Large net cash position of c.£25m at end of FY17, equating to c.20% of market capitalisation

We believe IFG is trading at a material discount to its sum-of-the-parts valuation

This slide is taken from our Q218 presentation

Source: GVQIM

Approach for IFG Group

- On 25 March, 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 owns 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 <u>considerable valuation upside</u> 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

Source: Factset, GVQIM

Proactis – company update

- Investment thesis
  - Proactis is global provider of cloud-based e-procurement and spend control software
  - Software is largely provided ‘as a service’ resulting in high (85%+) levels of recurring revenue. Historically, this has been matched with excellent customer retention metrics (95%+)
  - The company is a top 5 player in a structurally growing and fragmented market which we believe will continue to consolidate over time. Significant corporate, private equity and VC activity in the space

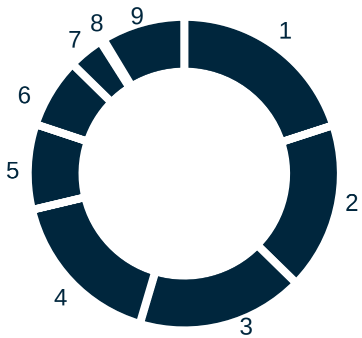
- What has happened?
  - Issues stem from the acquisition of Perfect Commerce in July 2017. The quality of this asset has proven to be fundamentally lower than expected (by management and by ourselves). Key reason for CEO departure in January
  - In February, soon after the departure of the CEO, the company issued a profit warning due to a) lower retention levels and b) weak conversion of enterprise opportunities in sales pipeline. Both issues are largely isolated to parts of the business in US and EU that were acquired with Perfect Commerce
  - Profit warning led to downgrades of c.30%, but raises questions about the viability of these parts of the company. We believe the share price reaction has been exacerbated by concerns regarding the balance sheet of the business as well as institutional selling

- Reasons to be positive
  - The legacy UK Proactis business and recently acquired eSize business appear to be unaffected with good customer retention and continued customer wins. Continue to view market as structurally attractive.
  - The business as a whole remains cash generative and profitable. Underpins current valuation.
  - However considerable uncertainty remains pending the outcome of a strategic review by the new CEO (previous CFO).

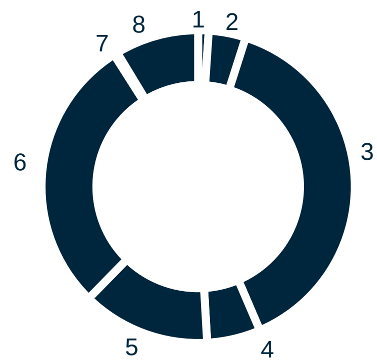
- An exceptionally disappointing development particularly given the positive progress the company had made over the last 9 months, and the long term strategic opportunities we envisioned. We are currently engaging with management, the Board and other shareholders to determine the best route to value recovery. Investment thesis remains under review

Source: GVQIM

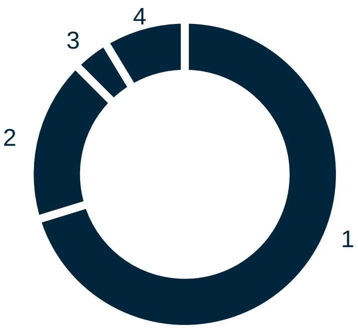
Highly concentrated and unconstrained portfolio



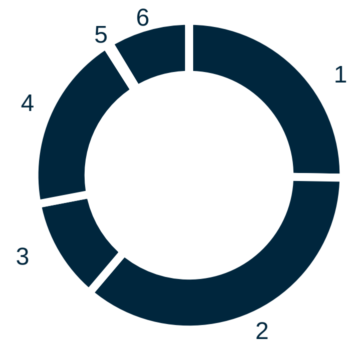
Sector exposure by value		
1	Healthcare	20.0%
2	Support services	17.3%
3	Financials	17.3%
4	Technology	16.7%
5	Industrials	8.8%
6	Media	7.2%
7	Property	3.7%
8	Unlisted	0.4%
9	Net cash	8.6%



Value by market cap band		
1	<£50m	1.1%
2	£50m - £100m	3.8%
3	£100m - £200m	38.6%
4	£200m - £300m	5.5%
5	£300m - £500m	13.2%
6	> £500m	28.7%
7	Unlisted	0.4%
8	Net cash	8.6%



Concentration		
1	Top 10	70.2%
2	Rank 11 - 15	17.3%
3	Smaller holdings	3.8%
4	Net cash	8.6%



Value by index membership			No. Holdings
1	FTSE Small Cap	25.3%	5
2	Aim	35.9%	10
3	FTSE 250	10.8%	1
4	Other[1]	19.0%	2
5	Unlisted	0.4%	1
6	Net cash	8.6%	

A highly concentrated portfolio with focus on smaller companies. Believe this part of the market remains under-researched, accentuated by MiFID II, with good opportunities for active managers

As at 31st March 2019
Source: GVQIM
Note: 1. “Other”: UK listed companies which are not eligible for inclusion in indices either due to liquidity or dual listed with only standard list on the LSE, with market cap. of £150-£350m
Past performance is no guarantee of future performance and the value of investments can go down as well as up

Portfolio valuation[1]

	SEC weighted average	SEC median	FTSE UK Small Cap ex investment trusts
Number of securities	17	17	156
Market cap (£m)	411	202	326
Consensus EV/EBITDA FY1	8.7x	9.3x	6.7x
Consensus price earnings FY1	14.7x	15.7x	9.9x
Consensus FY1 earnings growth	15.5%	13.4%	8.1%
Consensus dividend yield FY1	2.3%	2.2%	3.6%
Price/sales FY1	2.0x	1.9x	0.5x
Price/cash flow	16.3x	14.4x	10.4x
GVQIM cash flow yield FY1[2]	10.5%	10.5%	-
Net Debt/EBITDA	-0.1x	-0.5x	1.9x
Overseas sales as %	38.5%	50.0%	-

Starting GVQ cash yield provided basis for positive NAV growth over the quarter. Prospectively, double digit GVQ cash yield, good earnings growth profile and strong balance sheet positions give reason for optimism over the medium term

As at 31st March 2019
Source: FactSet portfolio analysis, Bloomberg, FTSE Russell
Notes: 1. Harworth Estates & Vintage excluded from analysis. 2. GVQIM cash flow yield: (12m forward Cash EBITDA minus maintenance capex)/(market capitalisation plus 12m forward net debt)

Outlook

Bearishness around UK equities, marginal reversal in Q1

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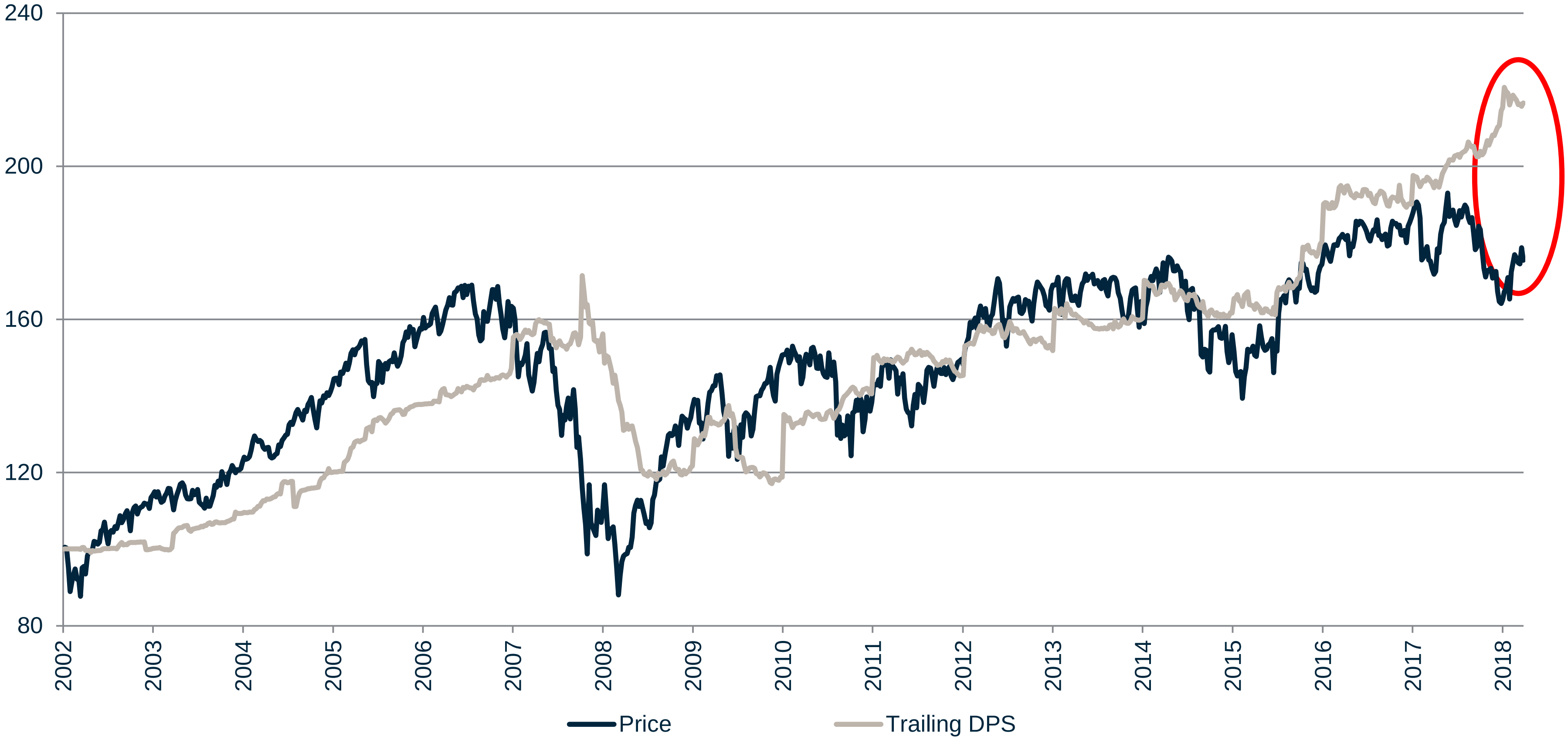
Price and trailing DPS of UK MSCI index over time



Highly negative view of UK equities reflected in >£11bn of net outflows from UK funds since June 2016 and widespread 'underweight' allocation. Multi-year valuation opportunity or another 2008/9 economic crisis?

Source: Bloomberg data, as at 31st March 2019. MSCI UK Index and dividends rebased to 100; Investment Association

Bear market checklist

	Start of Proper Bear Markets Mar-00	Oct-07	Now
Global Equity Valuations			
Trailing PE	33	17	17
Fwd PE	24	14	15
DY	1.3	2.1	2.5
CAPE	48	30	24
Global Equity Risk Premium	1.0%	3.3%	4.1%
US Yield Curve (10Y minus 2Y)	-0.5	0.0	0.1
Sentiment			
Global Analyst Bullishness (std dev)	1.7	1.0	0.9
US Panic Euphoria Model	1.09	0.42	0.15
Global Equity Fund Flows (3y as % of Mkt cap)[1]	2.9%	0.7%	0.1%
Corporate Behaviour			
Global Capex Growth (YoY)	8% (1999)	11% (2007)	3% (2018e)
M&A (Previous 6m as % of Mkt cap)	11.4%	8.1%	5.0%
IPOs (Previous 12m as % of DM Mkt cap)	0.70%	0.40%	0.1%
Profitability			
Global RoE	12.2%	16.1%	13.3%
Global EPS ($, % from previous peak)	35%	117%	15%
Balance sheets / credit markets			
Asset/Equity (US Financials)	16x	16x	10x
Net Debt/EBITDA (US ex Fins)	1.8x	1.4x	1.6x
US HY Bond Spread	600bp	600bp	435bp
US IG Bond Spread	175bp	175bp	130bp
# of sell signals	17.5/18	13/18	4/18

Red = worrying, Amber = perhaps, White = not worrying

Updated bear market checklist with only 4 out of 18 sell signals continues to support buying the dips

As at 3rd April 2019
Source: Citi Research
Note: 1. Consensus.
Past performance is no guarantee of future performance and the value of investments can go down as well as up

Market outlook and portfolio position

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Market Outlook

- Global economy is showing some signs of strain
  - Weak macro-economic outlook in key European geographies, particularly Italy and Germany
  - US economy appears to be slowing; monetary tightening forecasts tempered
  - Slowing growth in China, and few ‘bright spots’ in other emerging markets
  - Downgrades to corporate profit expectations
- On the other hand, many factors remain supportive including strong employment data and historically low interest rates
- US Treasuries yield curve (10 year vs 3 month) inversion; is this time different?
- Significant uncertainty remains in the global geopolitical system. Risk that, in the UK, Brexit distracts from the broader macro-economic context?
- Markets rebounded in Q1, in some cases strongly. The UK market remains unloved - perhaps unfairly so?

Portfolio Implications

- Focus on companies with high degree of revenue visibility, long term structural growth drivers, strong business models and self help opportunities
- Favour ‘macro-resilient’ sectors: healthcare, non-discretionary business services and software. Avoid ‘macro’ exposed sectors: consumer discretionary, property
- Maintain balanced international exposure; c.40% of underlying portfolio holdings revenues originate from outside the UK
- Continued valuation discipline, both on entry and exit of portfolio positions. Seek to avoid companies on peak multiples, above real world transaction valuations
- History of significant M&A in the portfolio (e.g. e2v, Servelec, IFG). Risk of opportunistic M&A at levels below our view of intrinsic value
- Portfolio consists of strategic and covetable assets with undervalued cash flow

Significant macro-economic uncertainty remains. Share prices likely to remain volatile. Whilst value exists, we will continue to be highly selective and avoid challenged sectors and low quality business models

Source: GVQIM, Bloomberg

Global private equity dry powder levels at record highs

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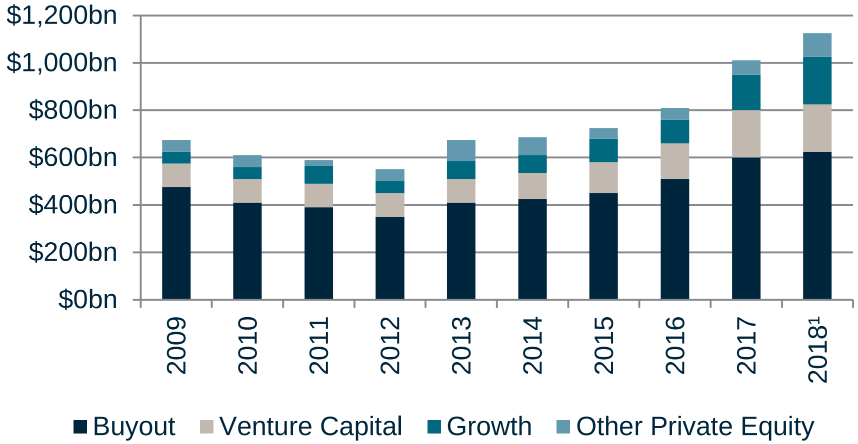
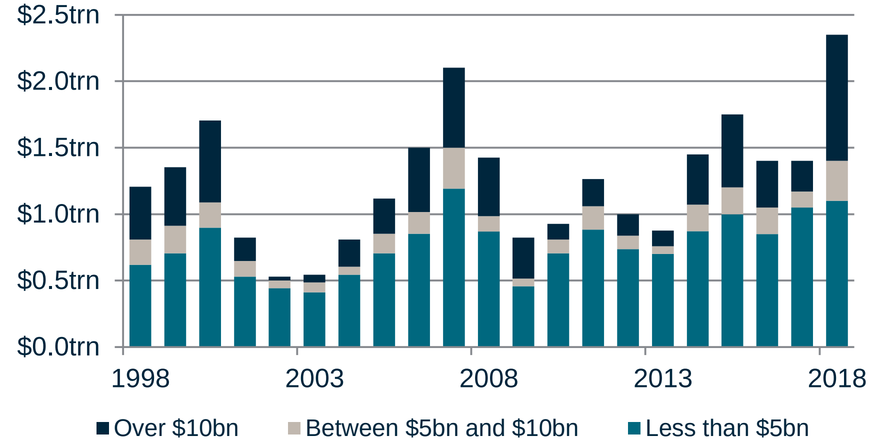
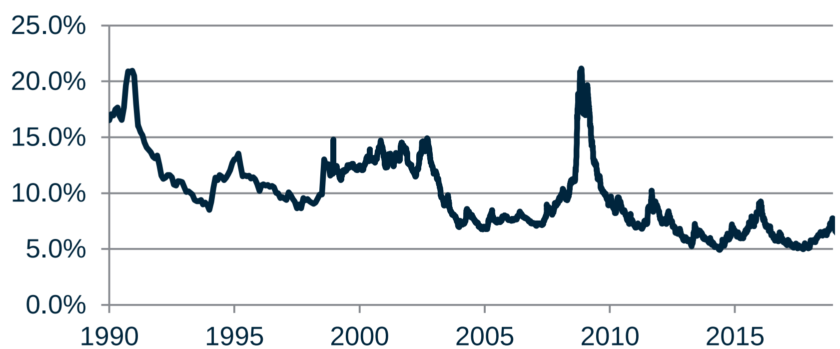
Private Equity Dry Powder by Fund Type, 2009 - 2018



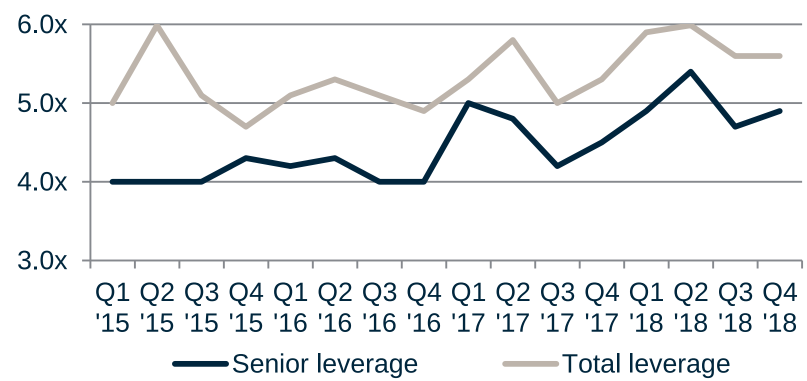
Worldwide M&A volumes in H1, 1998 - 2018



HY bond yields over time (Bloomberg global high yield bond index)



Net debt / EBITDA of mid-market M&A deals



The level of private equity dry powder (capital that has been raised, but not yet deployed) has continued to climb; global dealmaking hit an all-time record in H1 2018 at $2.5tn eclipsing the previous high set in H1 2007; the cost of debt remains both generationally low, and widely available

Latest data available. Note: [1]YTD September 2018

Source: Preqin Private Equity Online, William Blair, Bloomberg, Thomson Reuters

Earnings growth, cashflow and M&A to drive returns

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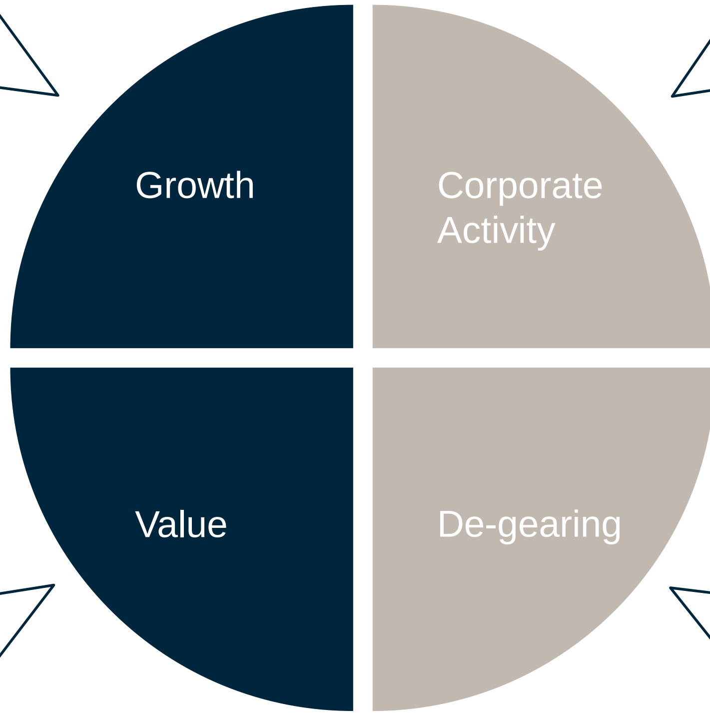
SEC portfolio

- Double digit aggregate earnings growth for the portfolio
- Portfolio growth exceeds the market, despite portfolio's much lower financial gearing

- Private Equity 'dry powder' at record levels. Any resolution to UK uncertainty could see acquirers return
- Debt at generationally cheap levels
- Greater mispricing in small cap on reduced liquidity creates opportunity for long term opportunistic buyers



- SEC portfolio valuation is at attractive level; weighted average GVQ cash yield of 10.2%
- Portfolio valuation further supported by sum-of-the-parts analysis

- Portfolio de-gearing continues at mid single digits p.a.
- Balance sheet strength provides scope for enhanced returns
- Additional 2.2% dividend yield

We continue to target double digit annualised returns from the portfolio over the medium term

As at 31st March 20189
Source: GVQIM, Preqin

Conclusion

Conclusion

- SEC (the "Trust") had a strong quarter with encouraging updates from the companies in the portfolio, demonstrating very good operational and strategic progress. This was allied, in the main, with positive share price performance and net assets per share increased by 8.6%[1]
- SEC's share price increased by 5.6%, with the discount ending the period at 18.4%
- The FTSE Small Cap ex IT index (the "index") delivered a total return of 5.1%. A plethora of macro concerns exist with sentiment indicators and economic data deteriorating
- We look to position the portfolio away from a dependence on external 'macro' factors and overt exposure to 'the cycle'. We believe that portfolio companies have strong structural growth drivers or operational improvement opportunities which will enable them to become better and more valuable companies. Net cash is healthy at c.9% of net assets
- Recommended cash offer for IFG Group, the second largest fund holding, at a 46% premium from Epiris Private Equity. This concludes a period of significant engagement with the company
- In our view, the approach for IFG and the premium paid are not exceptional, but further endorse the inherent strategic value of portfolio companies. Where public markets are often short term focused, private equity (and trade) buyers focus on the potential for long term value creation. We believe the portfolio offers this in abundance

Strong quarter for the Trust. Whilst the market conditions remain difficult, we believe portfolio companies are well positioned and making strategic progress. Trust has good financial strength

As at 31st March 2019
1. On a total return basis
Source: GVQIM, PATAC, FactSet
Past performance is no guarantee of future performance and the value of investments can go down as well as up

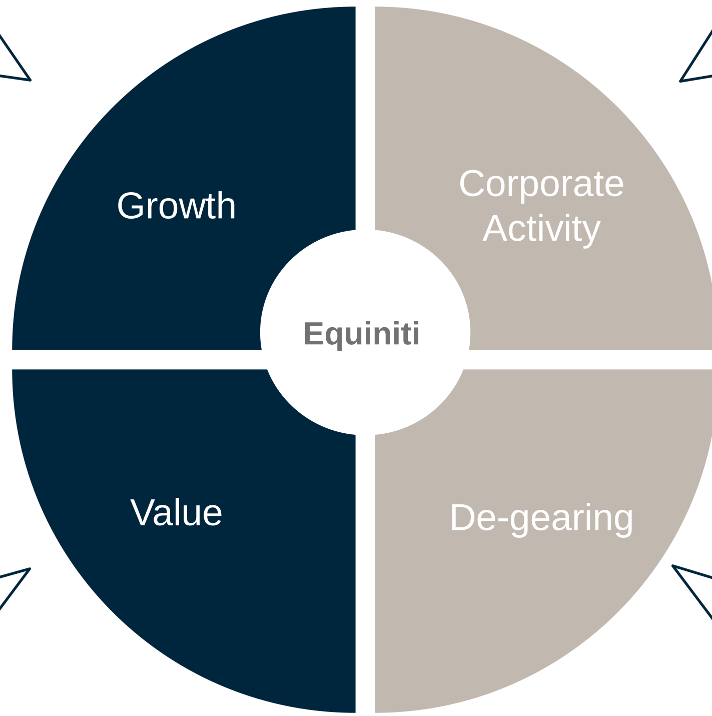
APPENDIX

Equiniti – a reminder of the thesis

Equiniti – a market leading specialist technology and business process outsourcer

- Customers include 70% of FTSE 100 companies and 70% of newly listed companies
- Opportunity to sell increasing suite of services into core customer base. Target mid-single digit organic growth p.a., consistent with recent history
- Integration of WFSS business and ongoing off-shoring of cost base provides further underpin to forecast double digit annual EPS growth before increase in base rates

- High value on the strength of cash flows and structural growth drivers to both PE and trade:
- Permira acquired Tricor for **15x EV/EBITDA** in October 2016,
- Link acquired CAS for **13x EV/EBITDA** in June 2017,
- Computershare acquired Equitex for **19x EV/EBITDA** in May 2018
- Equiniti trades on 7.9x EV/EBITDA[1]
- 'Bolt-on' M&A continues to provide growth opportunities into 'sticky' customer base



- Trades at discount to lower growth support services peers
- High single digit GVQ cash yield and below market PE (10.8x) for a stable highly cash generative business
- Acquisition of WFSS provides entry to world's largest capital market
- Implied impact of re-rating of low single digits p.a.

- Well invested business with low ongoing capex requirements
- Forecast to de-gear by c.0.5x of EBITDA p.a. representing c.5% of market capitalisation
- Forecast dividend yield of c.2.7% giving total prospective cash return of c.8% p.a.

Equiniti is a high quality unique asset offering a rare combination of growth with cash flow in a stable industry and is trading at a discount to the market, peers and recent take-outs of comparable businesses

Source: GVQIM
1. As at 31st December 2018

Portfolio investment themes

DIVERSIFIED PHARMA

Demographic and population changes increase need for treatments

Access to medicines. 80% of the world's population has limited or no access to right medicines

Diversified portfolios of pharmaceutical brands. Not dependent on binary outcomes

Clinigen
Alliance Pharma
Ergomed

DIGITAL HEALTH

Digital maturity agenda; replacement of legacy IT systems with modern care management systems

Converged care agenda; integrated health journey to encourage a joined up approach to case management

Remote healthcare to address shortage of clinicians and improve patient care; 'Telemedicine'

EMIS
Medica

REGULATION AND COMPLIANCE

Increasing compliance and regulatory burden

Need for information and reliable, auditable and cost effective technology driven solutions; 'RegTech'

Examples include MiFID II, financial crime and KYC

Equiniti
Wilmington
Ergomed

PENSIONS AND SAVINGS

Increase in complexity and need to 'self-manage' investments and seek advice

Ageing populations with increased longevity of investments

IFG
Brooks Macdonald

INFRASTRUCTURE AND BUILDING

US single family housing activity remains behind long term levels. 2.5 new homes per thousand inhabitants compared to c.60 year average of 4 new homes

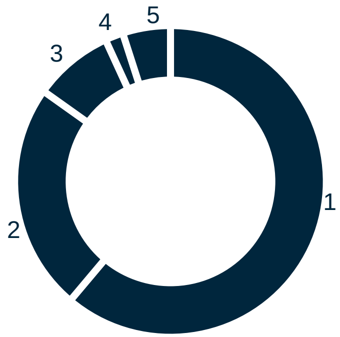
Increasing demand for well-connected industrial and logistics space and regeneration of brownfield sites for housing development in the UK

Tyman
Harworth

We target companies with strong positions in markets supported by long term structural growth

Source: GVQIM, Clinigen, Liberum
Past performance is no guarantee of future performance and the value of investments can go down as well as up

International exposure of the portfolio



End market sales			Portfolio Companies
1	UK	61%	Equiniti, IFG Group, Tribal, EMIS, Medica, Harworth
2	North America	24%	4imprint, Tyman, Clinigen
3	Europe	8%	Clinigen, Ergomed, Wilmington
4	Asia	2%	Alliance Pharma, Oxford Metrics, Tribal
5	RoW	5%	Tribal, Brooks Macdonald

- A significant number of portfolio companies have greater international than domestic sales (e.g. 4imprint, Tyman, Clinigen, Ergomed)
- Where portfolio companies have end market sales in the UK, these are not in ‘consumer discretionary’ sectors. There are no companies in the banking, housebuilding, retail or consumer discretionary industries
- UK exposure is largely in companies with long term, client-embedded, repeatable and often non-discretionary services (e.g. Equiniti, EMIS, Tribal, Medica)
- In addition, UK based companies have limited trading activities (imports and exports) and generally have international bases
- Exposure to Continental Europe is at its lowest level in recent history[1]

Around 40% of portfolio company sales are international. Where companies are UK focused, these are not in consumer discretionary sectors, rather have less macro-exposed repeatable revenues based on long term established and embedded customer relationships

As at 31st March 2019
Source: Factset, company accounts, GVQIM
Notes. 1. In over 5 years

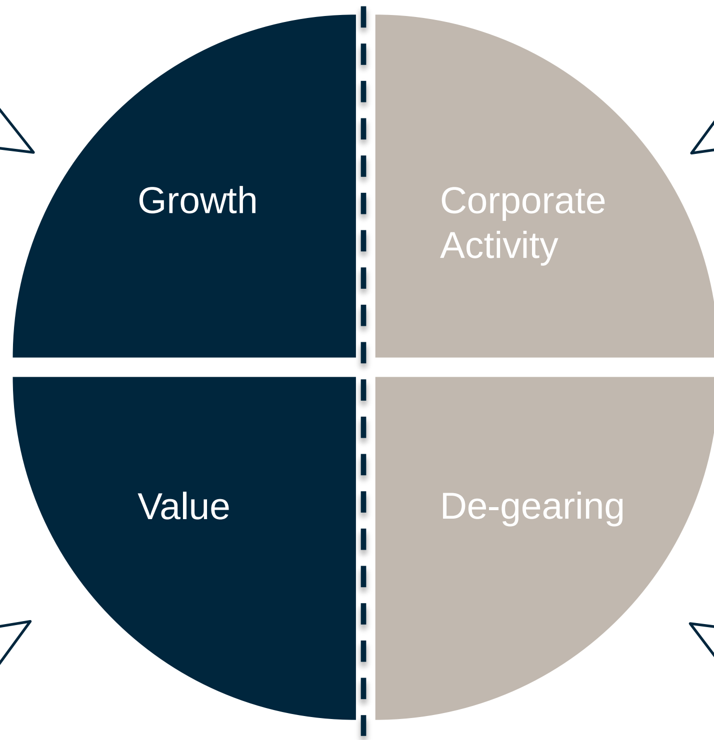
How we identify value in potential investments

Main focus of most
PUBLIC EQUITY INVESTORS

Main focus of most
PRIVATE EQUITY INVESTORS

All investments undergo in-house, **prospective cash-flow and historic modelling**

Focus on growth in operating cash flow



All investments are valued using an in house **leveraged buy-out model**

Focus on recent relevant trade and private equity transaction multiples

All investments are valued using an in-house **re-rating model**

Focus on GVQ cash yield*

* Enterprise value to operating cash less maintenance capital expenditure

All investments are valued using an in-house **de-gearing model**

Focus on transfer of value from debt to equity holders over investment period

We focus on four key drivers of shareholder value creation to maximise the chance of success

Source: GVQIM

There are strict criteria for inclusion in our funds

GVQIM's research process aims to identify high quality coveted assets with attractive cash flows

Source: GVQIM
Note: 1. Growth at a reasonable price

How we identify coveted assets

We look for characteristics which GVQIM believes potential acquirers value highly

Qualitative	Quantitative
• Niche market leaders • Orderly end markets, with some growth • Sustainable business model/franchise/uniqueness • Overseas earnings • Able to pass on price increases • Intellectual property • Operational know-how • High barriers to entry	• High and/or improving ROCE • Strong cash conversion • Limited capex or working capital investment needed to finance growth • Recurring revenues/profits/cashflows • Ideally achieving, or has potential to achieve double digit operating profit margin • Realisable surplus tangible fixed assets and/or working capital

We believe coveted assets retain value even in tough times, and are more likely to be acquired

Source: GVQIM

Our Black List screens out companies with fundamental business risks

Operational

- Excessive reliance on a single product, customer, supplier or distributor
- The primary driver of profitability cannot be influenced by management (e.g. resources)
- Inherently low margins
- Structurally declining markets

Financial

- Poor accounting systems or controls
- Weak cash flows – especially when reported profits look good!
- Excessive gearing

Governance

- Controlling shareholder with misaligned interests
- Below average/deteriorating governance practices
- Stakeholders unwilling to engage constructively

We have learnt what to avoid from previous experiences

Source: GVQIM

Research Committee ensures consistency of approach

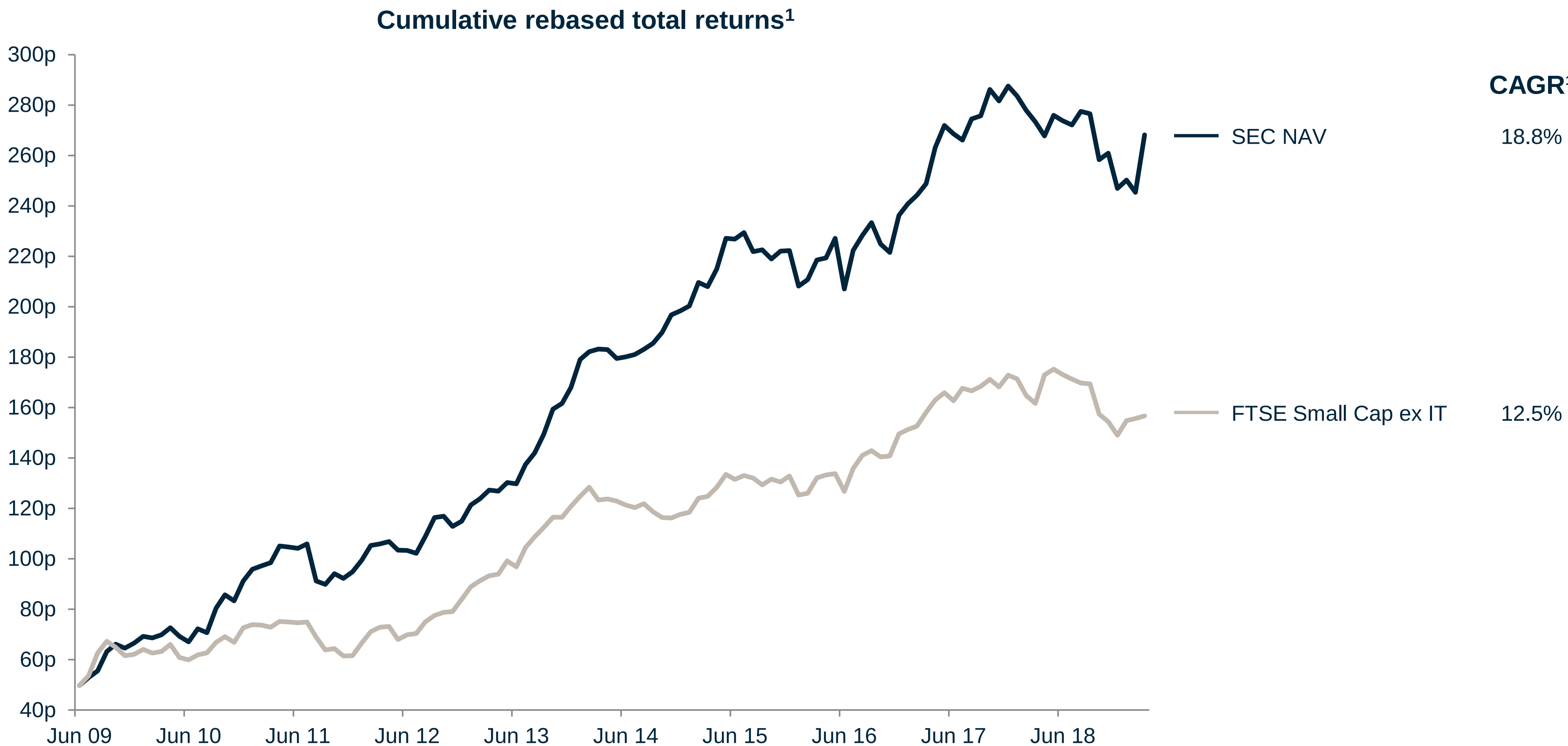
	Idea generation	Investment Memorandum	Preliminary Investment Recommendation	Final Investment Recommendation	Monitoring & review
Materials	• Watch list • M&A transactions • Cash flow screen • Yield screen • Four drivers screen • LBO screen • Directors dealing	• Company description • Investment thesis • Cash flow model • LBO model	• Company meeting • Management analysis • Stakeholder analysis • Qualitative financial analysis • Feasibility	• Counterparty analysis • Due diligence verification • Bespoke research • Forensic accounting • Management referencing	• Progress against original investment thesis • Proposed changes to target price • Changes to consensus estimates
Debate	• Are we focusing on the right stocks/sectors? • What is happening in trade and private equity?	• Is there are credible case for investment? • Does the company meet our basic criteria?	• Peer group review • Work together to identify key due diligence questions and investment risks	• Have we properly answered all of the key questions?	• Automatic review against thesis every 12 months or earlier as required
Output	• New idea	• Initial Target Price	• Due diligence questions	• Final Target Price	• Watch list

Industrial Advisory Panel involvement

Multi-stage research process; fully documented and scrutinised using a variety of methods and people

Source: GVQIM

Long term track record



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

As at 31st March 2019
Source: Bloomberg, PATAC
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

Performance

Calendar Year annual performance

	YTD 2019	2018	2017	2016	2015	2014	2013	2012
Share Price Total Return	5.6%	-17.6%	20.2%	-9.0%	14.2%	32.7%	61.5%	25.6%
NAV Total Return	8.6%	-14.1%	21.7%	6.3%	12.1%	18.1%	46.1%	21.3%
FTSE Small Cap ex Investment Trusts Total Return	5.1%	-13.8%	15.6%	12.5%	13.0%	-2.7%	43.9%	36.3%

Established track record of successfully employing private equity techniques in the quoted market

As at 31st March 2019
Source: GVQIM, PATAC, Bloomberg, Trustnet
Note: 1. Preliminary estimates based on Trustnet & Morningstar data
Past performance is no guarantee of future performance and the value of investments can go down as well as up

Contact details

For further information regarding the SEC please contact the GVQ Investment Management marketing team below, or visit the Company's website: www.strategicequitycapital.com

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