

Strategic Equity Capital plc

Q2 Factsheet - 30 June 2020



Since 1857
Gresham House
Specialist asset management

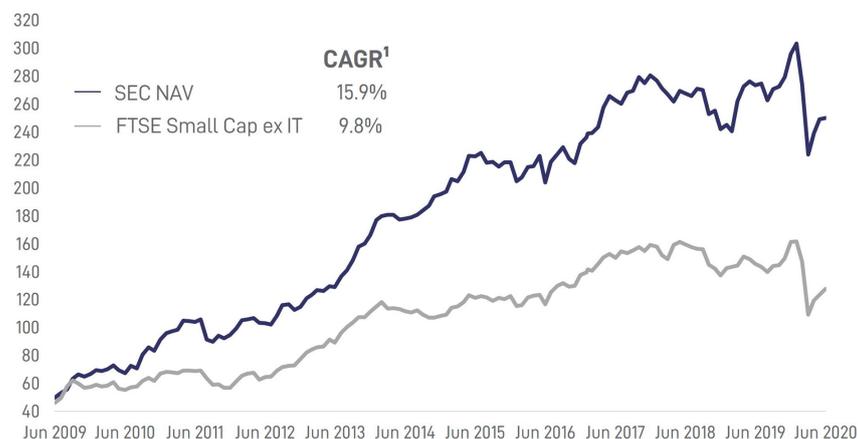
Fund objective

Strategic Equity Capital plc (SEC or Trust) is a London-listed investment trust investing predominately in small cap UK equities. The Trust is not constrained by market indices and aims to maximise returns for investors over the medium term.

Investment strategy

The Investment Manager, Gresham House Asset Management Limited employs a strategy to invest predominantly in publicly quoted companies which can create value through strategic, operational and management change - applying private equity style techniques to public companies. The process is based on private equity disciplines including a team approach and an investment committee. We aim for significant engagement with investee company stakeholders in support of a clear equity value creation plan over the long term.

Long term cumulative rebased total performance



Source: Bloomberg, PATAC as at 30 June 2020 - FTSE Small Cap data rebased to SEC start NAV June 2009
1. CAGR: Compound Annual Growth Rate

Discrete performance

	Q2 2020	YTD 2020	2019	2018	2017	2016	2015	2014
Share Price Total Return	7.9	-20.1	25.9	-17.6	20.2	-9.0	14.2	32.7
NAV Total Return	12.1	-16.1	23.0	-14.1	21.7	6.3	12.1	18.0
FTSE Small Cap Total Return	17.1	-20.9	17.7	-13.8	15.6	12.5	13.0	-2.7

Source: Financial Express, as at 30 June 2020

Fund Manager commentary

Markets recovered some of their losses from the drastic sell-off in the first quarter, but remain significantly negative this year to date. The Net Asset Value (NAV) of the portfolio shared in this recovery, up 12%, however lagged the broader market, following a strong relative performance in Q1. The year to date NAV remains 5% ahead of the comparator index.

The market was led by resource stocks and domestic cyclical companies which regained some of the steep losses suffered earlier in the year. There was also significant capital markets activity - over £13.8bn has been raised by UK plc's - which has generally been well supported

and well received by investors. Share prices have been further buoyed by the extensive government and central bank support. This strength has been in spite of widespread concerns regarding the seismic impact of the lockdown on the underlying economy and the longer-term consequences of the aforementioned 'blank' cheques written.

Within the portfolio, only one small holding has raised money to see it through the significant disruption to its end market. We participated in a rights issue to initiate a new position in what we believe is a high-quality company in an attractive industry with a history of consolidation. Over the longer term, as 'normality' returns, we believe

Investment information²

Investment Manager:	Gresham House Asset Management Limited
Launch date:	July 2005
Net assets:	£152m
Market capitalisation:	£115m
Share price:	195.8p
Net Asset Value (NAV) per share:	240.1p
Shares in issue:	63,296,844
Current holdings:	20
Yield (historic):	0.77%
Ongoing charges:	1.11%
Gearing:	At present, the policy is "no gearing"
Discount to NAV:	18%
Performance fee:	10% above rolling 3-year FTSE Small Cap ex IT Total Return + 2% p.a., subject to high watermark
Dividend:	Annual (November)
Manager's holdings:	c.218k shares (inc. dependents)
Asset class:	UK Smaller Companies
Comparator index:	FTSE Small Cap ex IT Total Return
Trust codes:	SEDOL: B0BDCB2 Ticker: SEC.LN ISIN: GB00B0BDCB21

For professional investors only. Capital at risk:

The value of investments may fall as well as rise and investors may not get back the original amount invested.

Investments in smaller companies may carry a higher degree of risk than investments in larger, more established companies.

the company will recover well. We envisage there will be further similar opportunities and ongoing volatility of pricing as the market is driven by conflicting sentiment over the recovery. These are attractive conditions for our strategy.

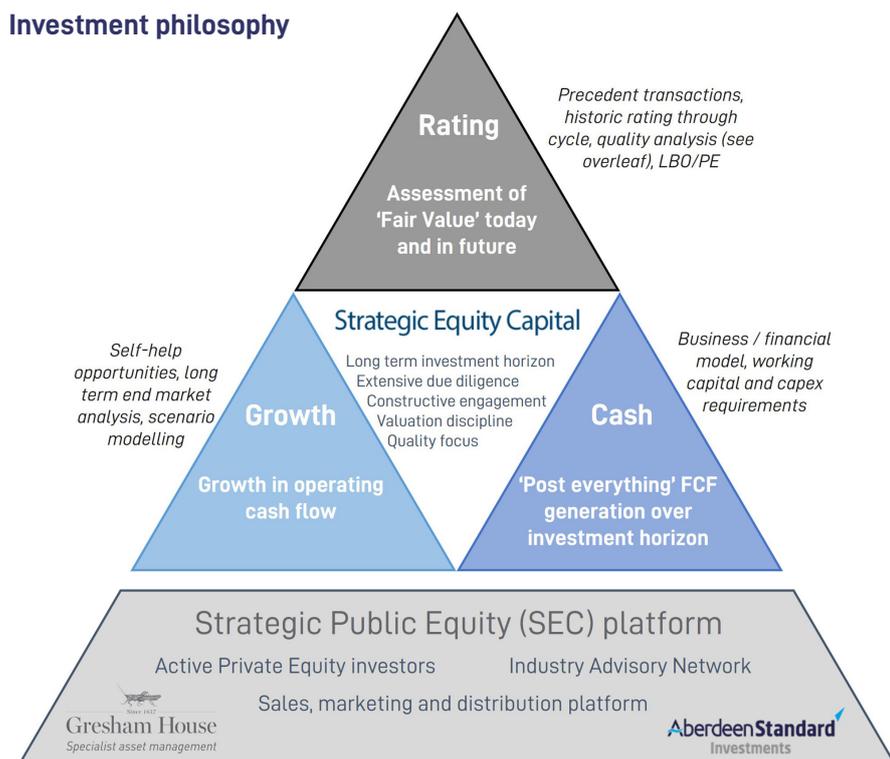
In the main, company updates in the quarter saw a demonstration of flexibility in cost bases and adaptation of models to the evolving situation. Exposure to areas such as healthcare, business support services and technology provide defence to the broader macro risks and quality businesses with strong market positions and high IP always have value in our view.

2. Bloomberg
3. FactSet
4. PATAC

Sector breakdown ³	% of NAV
Healthcare	34.5%
Business services	17.0%
Software	11.7%
Media	9.5%
Industrial	9.3%
Financials	6.8%
Property	2.3%
Net cash	8.9%

Top ten holdings ⁴	% of NAV
Clinigen Group	13.6%
Equiniti Group	8.9%
Tyman	6.6%
Ergomed	6.6%
Medica	6.4%
Tribal	6.4%
XPS Pensions	5.9%
Alliance Pharma	4.8%
Wilmington	4.6%
Brooks Macdonald	4.6%

Investment philosophy



Investment strategy (cont.)

Before investing we undertake an extensive due diligence process, assessing market conditions, management and stakeholders. Our investments are underpinned by valuations, which we derive using private equity-based techniques, including a focus on cash flows, the potential value of the company to trade or financial buyers and the capital structure.

We typically aim to hold companies for the duration of our rolling three-year investment plans that include an entry and exit strategy and a clearly identified route to value creation.

During our investment holding periods, we engage constructively with portfolio companies. The primary objective of this engagement is to promote further value creation for all investors. However, we will vigorously defend the interests of our investors if we believe they risk being threatened. Our engagement is undertaken in private and involves discussions and submission of written commentary and proprietary analysis to portfolio company managers, their advisers and, where required, other shareholders.

The majority of the portfolio by value will be typically invested in up to 25 smaller companies in the FTSE Small Cap and AIM indices.



Jeff Harris

Fund Manager

Over 13 years' experience. Previously at GVQ Investment Management, and PricewaterhouseCoopers. Holds ACA qualification.



Adam Khanbhai

Fund Manager

Over 12 years' experience in Public Equity. Previously at GVQ Investment Management, OC&C Strategy Consultants. Qualified CFA Charterholder.

CONTACT

For further information regarding SEC plc, please visit the Company's website: www.strategicquitycapital.com

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