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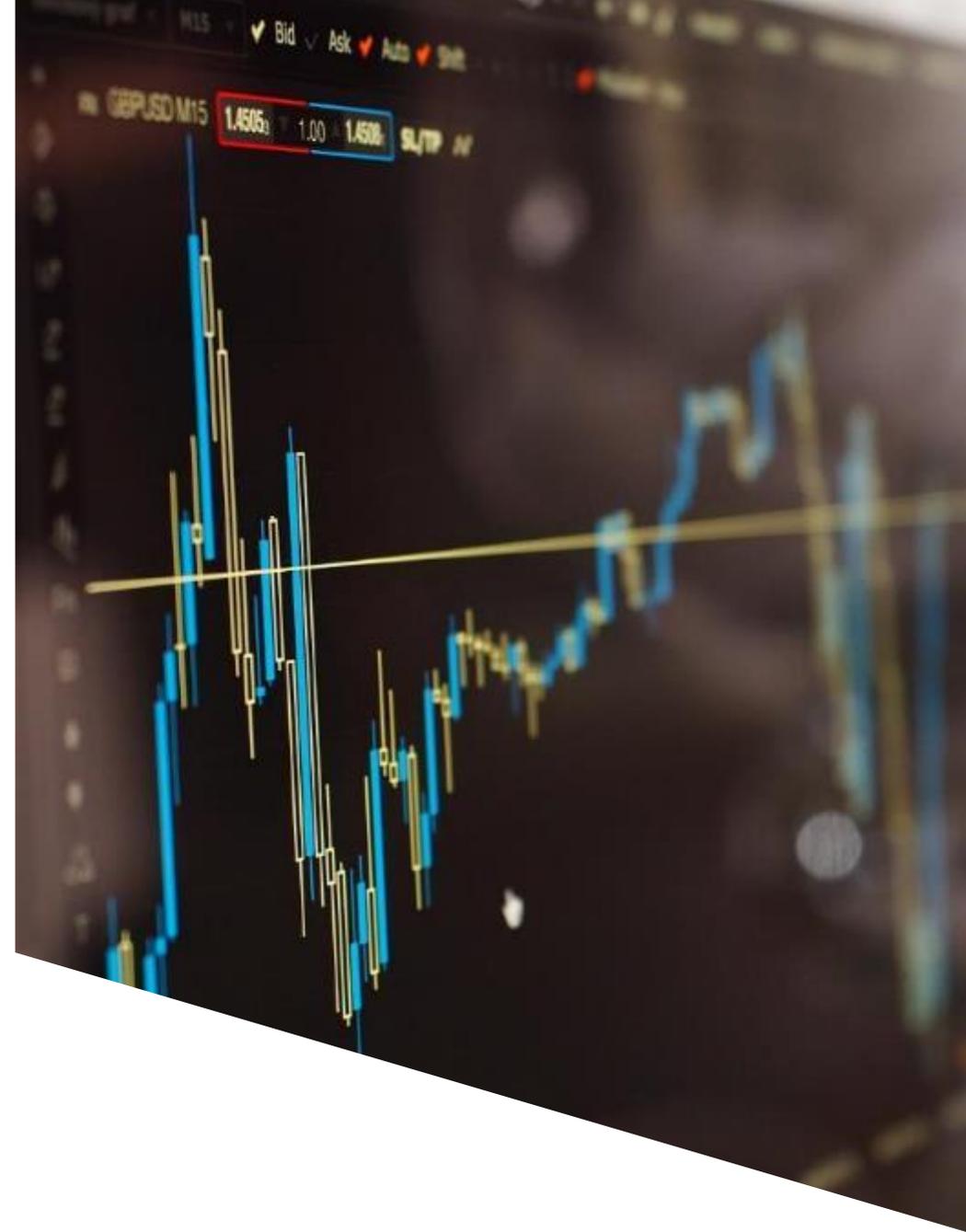
Gresham House

Specialist asset management

Strategic Equity Capital plc (SEC.LN)

Q4 2021

January 2022



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EXECUTIVE SUMMARY

Q4 2021 shareholder update

- **Strong performance** (NAV/share +2.1%)¹, outperforming the FTSE Small Cap index (-0.5%), driven by takeover approaches for both Clinigen and River & Mercantile during the period. Total NAV return of 49% since September 2020 despite no exposure to 'macro-recovery' sectors like Resources, Oil & Gas or Banks
- **Portfolio evolution:** More modest levels of activity following a busy Q3. Fully exited Alliance Pharma in the period generating an IRR of 32%. Expect additional turnover in Q1 due to expected completion of takeovers noted above
- **Positive portfolio news flow** despite backdrop of increasing market volatility and supply side pressures; high-quality portfolio which we believe remains well positioned to weather short term challenges and deliver long term strategic value creation
- **UK Small Cap valuation discount remains attractive** despite trajectory over the last 12 months. Positive long-term fundamentals despite near term uncertainty due to inflationary pressures and lingering Covid-19 impact. Continue to focus on undervalued quality, cash generative companies; expect market volatility to create attractive entry points
- **Core investment strategy remains consistent** and focused on delivering long-term shareholder returns and reducing share price discount to NAV. Liberum appointed broker at end of Q3 to support discount reduction plan
- **Gresham House plc supporting fund** with 5.4% stake built to date. FY22 and FY24 conditional tender offers announced by SEC Board (see slide 18)

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

1. Q4 2021 (30 September 2021 - 31 December 2021), on a total return basis

Source: Juniper Partners, Bloomberg, as at 31 December 2021



STRATEGIC EQUITY CAPITAL PLC (SEC)

Application of private equity techniques to small public companies

- **Differentiated strategy** with highly-concentrated portfolio, deep research focus and engaged approach
- **Genuine small cap** - a structurally overlooked part of the market
- **Long term investment horizon**, low portfolio turnover with a **quality company focus**
- **Small-cap specialists** with significant public and private equity expertise leveraging Gresham House's broader platform and network
- **Leading fund management team** with clear objective to **drive performance** and **close discount to NAV** leveraging track record of Ken Wotton and the Gresham House Strategic Equity team

Specialist equity fund targeting absolute returns (15% IRR)¹ over the medium term.

Low correlation to market and peers.

Defensive characteristics. Tendency to outperform in weaker markets.²

1. *Internal target only, there is no guarantee this target will be met*

2. Morningstar <http://performance.morningstar.com/funds/cef/ratings-risk.action?t=SEC®ion=gbr&culture=en-US&ownerCountry=USA> - as at 31 December 2021
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SPECIALISTS IN ALTERNATIVES

Gresham House plc (Gresham House) is a London Stock Exchange-quoted specialist alternative asset management group (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



Private Equity



Forestry



New Energy & Sustainable
Infrastructure



Housing

Real Assets

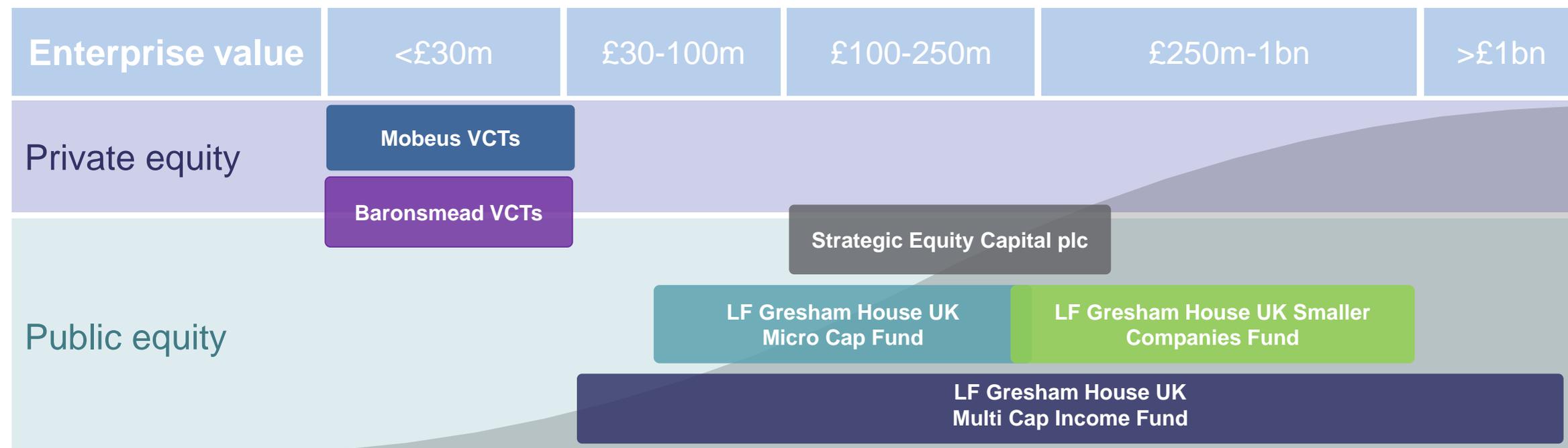
£6.5bn¹

1. Unaudited pre-close period update for the financial year ended 31 December 2021 - Gresham House plc, RNS 7702Z, 27 January 2022

FUND STRATEGIES SPANNING BUSINESS LIFECYCLE

A suite of private and public equity products with the capability to support a company throughout its lifecycle.

- **Public Equity** - offers investors exposure to UK smaller public companies through a long term investment philosophy, using private equity techniques and thorough due diligence
- **Private Equity** - offers investment opportunities in early-stage and lower mid-market private companies over a long-term investment horizon through both listed and unlisted fund structures



WELL-INVESTED SPECIALIST SMALL COMPANY INVESTMENT PLATFORM

Public Equity team - 6 investment professionals



Ken Wotton
Managing Director,
Public Equity



Brendan Gulston
Investment Director



Adam Khanbhai
Investment Director



Laurence Hulse
Associate Director



Amber Stone-Brown
Investment Manager



Cassie Herlihy
Investment Manager

Private Equity team - 20 investment professionals



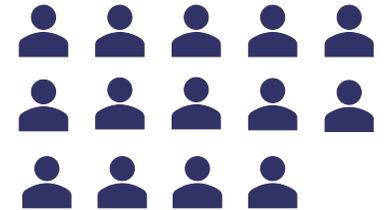
Bevan Duncan
Managing Director,
Strategic Equity



Clive Austin
MD - Private
Equity Portfolio



Trevor Hope
CIO - Private Equity



Investment Committee



Anthony Dalwood
Chairman



Ken Wotton



Graham Bird



Tom Teichman



Bruce Carnegie-Brown

The acquisition of the Mobeus VCT business has significantly enhanced the scale and experience of the private equity team

Sustainable Investment team



Rebecca Craddock-Taylor
Sustainable Investment
Director



Jonathan Walker
Sustainable
Investment Manager



Rosie French
Sustainable
Investment Manager

Operating Partners



Hazel Cameron
Head of Portfolio
Talent



Tamer Ozmen
Technology &
Investment Partner

Resource platform

- Portfolio talent
- Data analytics
- Powerful network
- Deal execution
- Operating Partners
- Sales and Marketing
- Research/analysis
- Finance and Operations

**Powerful
network**



PORTFOLIO EVOLUTION

Significant progress in evolving portfolio over the last 15 months¹; lower levels of activity in Q4 following a busy Q3

Q4 2020 to Q4 2021

£75.7m purchases (£9.3m in Q4)
34% Closing NAV (4% Closing NAV - Q4)
Average Market Cap: £359m (£329m - Q4)

Q4 2020 to Q4 2021

£76.5m sales (£15.8m in Q4)
50% Opening NAV (10% Opening NAV - Q4)
Average Market Cap: £691m (£944m - Q4)

New investments

Q4 2021

RIVER AND MERCANTILE



FINTEL

NEXUS

LSL Property Services plc



Existing holdings



LSL Property Services plc



Wilmington plc



*Post profit warning

Exited holdings

	IRR
ALLIANCE	32%
EQUINITI	8%
Harworth	18%
proactis	-20%
4imprint	22%
ERGOMED	72%
Numis	2%
JTC	40%
Strix	48%

Investments selected for illustrative purposes only, to demonstrate investment strategy and are not investment recommendations.

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Source: Gresham House plc, as at 31 December 2021

1. The Lead Manager changed at the beginning of the 15-month period



PORTFOLIO & PIPELINE THEMES



Healthcare and pharmaceutical services

- Trend to outsource non-core service provision / support
- Increasing role for technology-led solutions



Pensions and savings

- Increasing complexity of requirements and regulations
- Ageing population; increasing need for investment solutions



Regulation and compliance

- Growing regulatory burden across all white collar sectors
- Need for accurate, auditable, and cost effective solutions; often technology-led



Digitisation and data

- AI and 'Big Data' increasingly entering real world applications
- Opportunity to drive NPD and monetise underappreciated data assets



High-quality cyclical / Covid recovery

- Niche, high IP, with underappreciated recovery potential
- Positioned to take share as economic activity resumes



Sustainability / Energy Transition

- Products or services with positive ESG outcomes
- Must fulfil other investment criteria also, i.e. profitable, cash generative

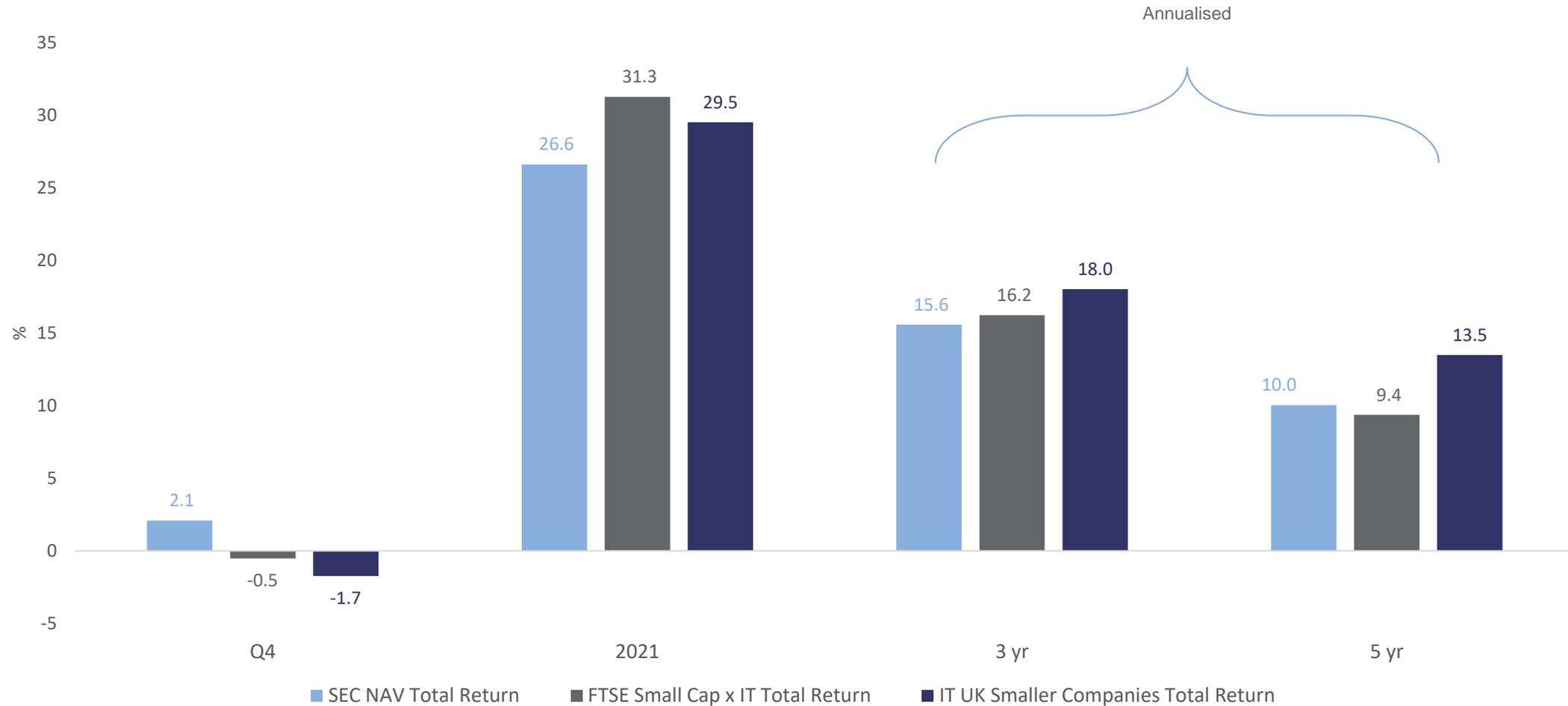
Pipeline opportunities and recent investments

- Continue to focus on long term structural themes
- Differentiated B2B 'winners' facing short term headwinds
- Selective market leading niche consumer businesses
- ESG considerations applied

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PERFORMANCE SUMMARY



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

Chart source: Unaudited Bloomberg, Juniper Partners, FE Analytics as at 31 December 2021, net of fees

1. Comparators: FTSE Small Cap ex Investment Trusts Index Total Return and IT UK Smaller Companies Total Return

2. On a total return basis

Q4 ATTRIBUTION ANALYSIS

Positive attribution			Negative attribution		
Company	% pts	Comment	Company	% pts	Comment
 <i>Healthcare: pecialty Pharmaceuticals</i>	+4.6	<ul style="list-style-type: none"> Recommended bid for company by private equity firm, Triton Partners 883p bid represents 40%+ premium to the undisturbed price Clinigen has generated a high teens IRR over the course of our investment which was initiated in 2014 	 <i>B2B Media: Exhibitions</i>	-0.6	<ul style="list-style-type: none"> Shares derated on Omicron concerns; recovered these losses in early Q1 Reported full year results with a beat on net debt, events running across all markets in H2, and a strong forward booking profile Supported £29m placing for company to acquire 121 Group, a facilitated meetings business that is complimentary to Hyve's Mining Indaba exhibition
<div style="border: 1px solid black; padding: 2px; display: inline-block;">RIVER AND MERCANTILE</div> <i>Financial Services: Asset Management</i>	+0.7	<ul style="list-style-type: none"> Announced proposed sale of Solutions division to Schrodgers for £230m Subsequently received preliminary approaches from AssetCo and Premier Miton Group for remaining Asset Management division 	 <i>Travel / Software: Online Hostel Booking Platform</i>	-0.6	<ul style="list-style-type: none"> No material news in period; shares derated on Omicron concerns In line trading update post period end reported improving trajectory of bookings and strong liquidity position with €25m cash
 BROOKS MACDONALD <i>Financial Services: Wealth Management</i>	+0.4	<ul style="list-style-type: none"> Continued inflows reported in the quarter to September, underpinning expectations and supporting modest rerating 	 <i>Property: Real Estate Services</i>	-0.4	<ul style="list-style-type: none"> Modest derating on concerns regarding cooling property market Pivotal Growth JV acquired Lifetime Finance Group in line with stated strategy

Attribution estimates based on Bloomberg as at 31 December 2021, Bloomberg, company reports

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ESG FOCUS: PUBLIC EQUITY

As long-term investors with a focus on small and micro-cap companies in the UK equity market, we are active stock pickers applying a private equity approach to quoted equities.

Gresham House plc offers a range of investments including open-ended equity funds, listed strategic public equity investment trust and limited partnership vehicles.

Our public equity philosophy revolves around taking a hands-on approach to engaging with investee company stakeholders, including management, shareholders, customers and suppliers, in order to capitalise on market inefficiencies and identify value creation and recovery opportunities.

5.1 years
weighted average holding period as at 31 December 2021

Gresham House plc is a proud signatory to the following member organisations:



ESG implementation



Awarded top ratings by the PRI  Principles for Responsible Investment



Case study

Changing the way businesses purchase and use energy

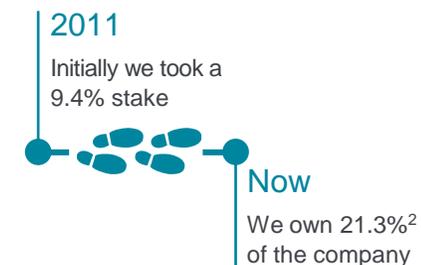
The business

Inspired plc is a leading UK corporate energy services and procurement specialist. They are energy management experts and work with corporate energy consumers to optimise their energy costs.

The company provides three key services:

We invested in the company when it first listed in 2011 but worked with the management team before this point on areas such as Board composition and management incentives prior to IPO.¹ Since 2011 we have regularly engaged with the management team on various projects, most notably:

1. **Business strategy**
2. **Raising capital for expansion**
3. **Board composition and planning**



Specialises in end-to-end solutions for investors and Corporate Businesses to make effective ESG Disclosures and transform them into ESG Impacts



Delivers energy, water and sustainability assurance and optimisation services, so Corporate Businesses can manage their costs better, reduce their carbon efficiently and meet their net zero targets.



Delivers technology and software solutions that underpin the services provided by Inspired PLC and makes them available to third parties.

1. Initial Public Offering
2. Holding across all Gresham House plc funds as at 31 December 2021

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

PORTFOLIO CHARACTERISTICS

Portfolio vs Small Cap Index

- High-quality companies trading at discount to historic valuation range and precedent M&A
- Higher growth potential with lower gearing and higher margins than the index
- Targeting profit recovery & accelerating earnings growth
- Accelerated cash generation/de-gearing
- Opportunity for rating expansion
- Catalysts for de-risking

Portfolio weighted avg. metrics vs. index <i>Based on next financial year (i.e. FY22)</i>			
		SEC Top Ten ¹	FTSE Small Cap
Valuation	Price to Earnings	15.3x	11.0x
	EV: Sales	2.6x	0.5x
	EV: EBITDA	10.7x	6.3x
Quality	Net debt: EBITDA	0.9x	1.9x
	EBITDA Margin %	23.7%	8.1%
Growth	EBITDA Growth	8.5%	9.9%
	Sales Growth	7.0%	15.5%

Table source: Bloomberg and Gresham House plc data as at 31 December 2021

1. Weighted average of top ten portfolio holdings, representing 71% of NAV

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UK SMALL-CAP DISCOUNT

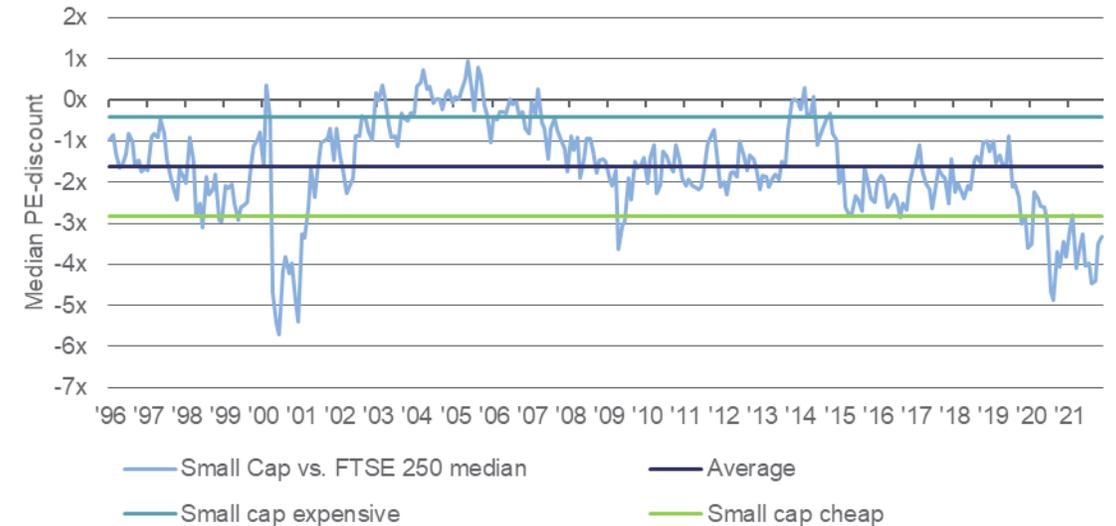
Valuation discount opportunity

- Small caps are trading at multi-year discounts relative to larger companies
- 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**

UK & Europe ex UK vs USA



'Small-cap discount'
Median SC P/E - FTSE 250



Sources: Liberum, Datastream 31 December 2021 (Left); Liberum, Datastream, 31 December 2021 (Right)

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



PRIVATE EQUITY OUTLOOK

Private Equity has built up over \$1.6tn 'dry powder'

This is starting to be deployed in UK listed equities

Private Equity: Assets under management
2009-2020

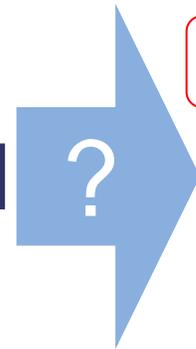
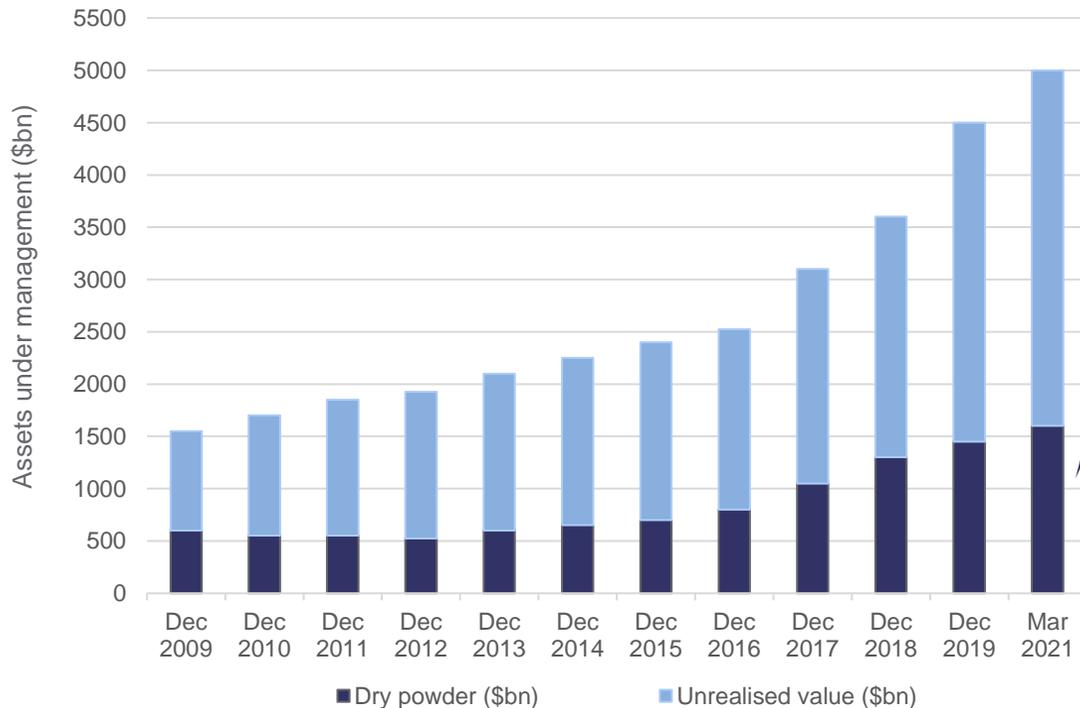


Chart sources: Preqin Pro, Q1 2021

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DISCOUNT REDUCTION PLAN

Narrowing the share price discount to NAV is a key strategic priority to be achieved over time through a package of measures that are now in place and starting to have traction.

- Appointment of Ken Wotton as Lead Fund Manager, and focus on leveraging the wider Gresham House plc platform and capability to support SEC
- Emphasise proprietary “Strategic Public Equity” process differentiation in marketing and PR initiatives
- Appointment of Chris Elliott as Head of Wholesale Retail distribution at Gresham House plc to drive sales activity
- abrdn plc promotion agreement to provide substantial resources in support of the marketing and distribution of the Trust
- Improved shareholder engagement and investor relations activity with Liberum Capital appointed as new corporate broker
- Gresham House plc supporting SEC with balance sheet; 5.4% stake built over 2021
- Contingent tender offers announced by SEC Board:
 - June 2022: 10% tender at 3% discount to NAV if average discount wider than 8% over preceding year
 - June 2024: 15% tender at 3% discount to NAV if 3-year total return lags the FTSE Small Cap Index



CONCLUSION & OUTLOOK

- **Covid-19** - the emergence of the Omicron variant illustrates the fragile nature of the recovery from Covid-19. Whilst the general direction of travel is expected to be positive over the coming year, further periods of uncertainty and associated market volatility will likely remain a feature
- **Macroeconomic environment** - increasing supply side challenges and inflationary pressures; considerable uncertainty into 2022 as fiscal and monetary stimulus unwinds. Long term fundamentals remain supportive
- **UK small and micro-cap valuations are attractive** - focus on fundamentals and corporate liquidity
- **Opportunity** - the current environment offers good potential to unearth attractive long term investment opportunities. Volatile markets often present attractive entry points for long term investors
- **Focus** - our investment strategy is focused on finding quality niche companies that we believe are well positioned to grow despite economic uncertainty and challenging operating environment
- **Engagement** - our 'Strategic Public Equity' constructive engagement approach can support companies to deliver shareholder value
- **Private equity approach** - we have a structured and disciplined process designed to insulate us from macro and external factors that might affect companies' performance

A blurred photograph of a modern office interior. The scene is brightly lit, likely from large windows in the background. Several people are visible, appearing as soft, out-of-focus shapes as they move through the space. The floor is light-colored, and the overall atmosphere is one of a busy, professional environment.

APPENDIX

MORNINGSTAR SMALL CAP INVESTMENT TRUST OVERLAP ANALYSIS

	AUSC	ASL	BRSC	THRG	HSL	IPU	JMI	MINI	MTU	OIT	SEC
abrdn UK Smaller Companies Growth Ord (AUSC)	100%	2%	58%	73%	37%	36%	44%	0%	41%	0%	2%
Aberforth Smaller Companies Ord (ASL)	4%	100%	10%	6%	26%	16%	21%	2%	1%	2%	5%
BlackRock Smaller Companies Ord (BRSC)	35%	5%	100%	70%	38%	28%	39%	2%	28%	1%	3%
BlackRock Throgmorton Trust plc (THRG)	36%	3%	64%	100%	39%	23%	33%	0%	31%	0%	1%
Henderson Smaller Companies Ord (HSL)	22%	15%	38%	45%	100%	37%	31%	0%	15%	6%	6%
Invesco Perpetual UK Smaller Ord (IPU)	28%	14%	40%	36%	52%	100%	27%	3%	14%	5%	8%
JP Morgan Smaller Companies Ord (JMI)	39%	12%	54%	61%	39%	28%	100%	2%	27%	0%	0%
Miton UK Microcap (MINI)	0%	2%	4%	0%	0%	2%	2%	100%	0%	0%	1%
Montanaro UK Smaller Companies Ord (MTU)	46%	1%	58%	69%	24%	22%	26%	0%	100%	1%	4%
Odyssean Investment Trust Ord (OIT)	0%	8%	10%	0%	57%	40%	0%	0%	15%	100%	32%
Strategic Equity Capital plc (SEC)	1%	32%	21%	14%	45%	24%	0%	6%	15%	21%	100%

SEC holdings represent less than 10% of the NAV of most other UK Small Cap Investment Trusts; a function of a differentiated strategy, concentrated portfolio, and (generally) a lower market cap range

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



As at 31 December 2021 - using latest reporting available from Morningstar (some investment trusts could be reported to earlier than 31 December 2021)
Source: Winterflood

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STRATEGY PUBLIC EQUITY VS. PRIVATE EQUITY

A hybrid model that provides many of the benefits of private equity with greater liquidity and lower leverage

	Typical Public Equity	Strategic Public Equity	Private Equity
Underlying liquidity	●	◐	○
Due diligence	○	◐	●
Correlation to equity markets	●	◐	○
Conviction / concentration	50+ holdings	c.20 holdings	10-15 holdings
Influence / control	Limited	Significant minority stake	Controlling stake
Engagement	Limited	Proactive engagement	Active ownership
Leverage	Low tolerance	Low to moderate	Potentially High
Target returns	Index outperformance	15% absolute return target (ungeared) ¹	20-25% absolute return target (geared) ¹

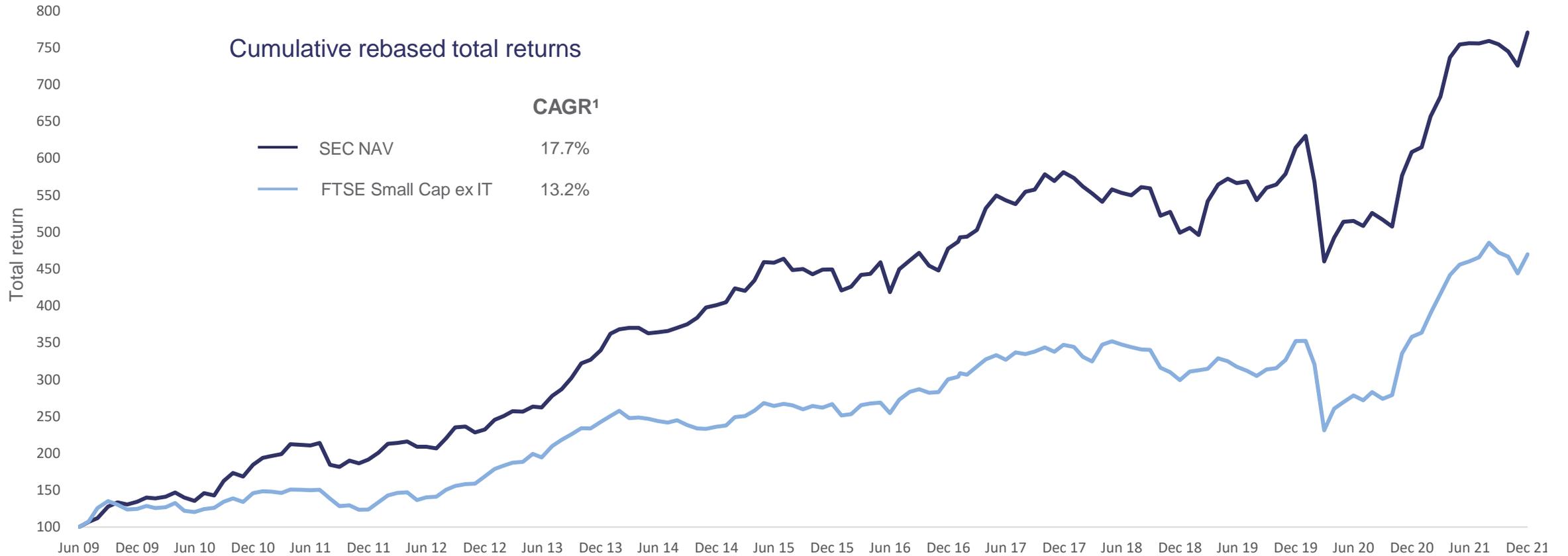
● High ◐ Medium ○ Low

Source: Gresham House plc

1. There can be no guarantee that any targets will be met.



LONG-TERM TRACK RECORD



Strong cumulative performance since process improvements² in June 2009. No use of gearing or derivatives.

Chart source: Bloomberg, Juniper Partners as at 31 December 2021, net of charges

Notes: Data rebased to SEC start NAV June 2009

1. CAGR: Compound Annual Growth Rate

2. Improving the process by tightening up investment process and discount reduction plan

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TOP 10 HOLDINGS¹ - INVESTMENT THESES

Company and % of NAV	Investment thesis	Company and % of NAV	Investment thesis
 10.4% Healthcare	<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 	 6.3% Media	<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 incentivised to re-focus the business and deliver a return to organic growth
 10.0% Healthcare	<ul style="list-style-type: none"> Leading positions in unlicensed medicines and territories without access to healthcare High barriers to entry built through M&A and organic investment Attractive growth and cash flow potential Currently subject of recommended bid from Triton Partners, a private equity firm 	 5.6% Property	<ul style="list-style-type: none"> Leading provider of services to the UK residential property sector with activities spanning mortgage broking, surveying and real estate agencies Significant opportunity to reallocate capital to the Financial Services division which is strategically valuable, high growth and underappreciated by the market
 9.1% Business Services	<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 	 5.5% Business Services	<ul style="list-style-type: none"> UK B2B corporate energy services and procurement specialist. Strong ESG credentials Leading playing in fragmented industry; significant opportunity to gain market share through client wins, proposition extension and M&A
 7.5% Software	<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 Transition to cloud-based platform has potential to drive growth, margins and rating 	 5.5% Industrials	<ul style="list-style-type: none"> Market leader in residential and commercial window and door manufacturing Multiple self-help opportunities under new management to improve ROCE; de-gearing should drive a re-rating
 6.3% Financials	<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 strong cash flow generation A consolidating market; opportunity for Brooks as both predator and prey 	 4.8% Business Services	<ul style="list-style-type: none"> Leading UK provider of technology enabled regulatory solutions and services to IFAs, financial institutions and other intermediaries Strategically valuable technology platform with opportunity to drive material growth in revenues and margins through supporting customers' digitisation journeys

Gresham House plc, as at 31 December 2021

1. Weighted average top ten holdings representing 71% of NAV

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

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



FUND OVERVIEW

Strategic Equity Capital plc	
Shares in issue¹	63,296,844
Governance	London Stock Exchange listed, UK domiciled investment trust, independent Board
Corporate broker	Liberum Capital
Discount control	<p>Authorisation to purchase 14.99% of own shares for cancellation or to be held in treasury Contingent tender offers announced:</p> <ul style="list-style-type: none"> ▪ June 2022: 10% tender at 3% discount to NAV if average discount wider than 8% over preceding year ▪ June 2024: 15% tender at 3% discount to NAV if 3-year total return lags the FTSE Small Cap Index
Continuation vote	Annual
Gearing	Up to 25% of net assets. At present, the policy is 'no gearing'
Fees	<ul style="list-style-type: none"> ▪ 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
Investment policy	Typically 15-25 holdings. Up to 20% NAV unlisted (not utilised currently)
Net Asset Value¹	£224.8m
Market Cap¹	£200.7m
Discount to NAV¹	10.7%

1. Bloomberg, as at 31 December 2021

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