



Gresham House

Specialist investment



Delivering
returns through
**specialist
investment**



Annual Review | For the year ended 31 December 2023

Our purpose

To deliver effective and alternative investment solutions to help clients achieve their financial objectives whilst contributing towards the transition to a more sustainable economy.

About us

Gresham House is a specialist alternative asset manager incorporated in 1857. We provide investors with a range of investment products across real assets, public equity and private equity. Our long-term investment return solutions aim to meet investors' long-term objectives while also positively contributing to society and our environment.

We are creating an 'asset to covet' for shareholders, clients and our employees, delivering value through attractive financial returns alongside a focus on sustainability.

www.greshamhouse.com



Executing on our financial and strategic goals to grow value and be recognised as an "asset to covet" by all stakeholders.



Tony Dalwood
Chief Executive





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Group financial and strategic highlights

Assets under management¹
as at 31 Dec 2023

£8.5bn +8%

£7.8bn as at 31 Dec 2022

1. Assets Under Management is defined as the fee earning value of assets managed and advised by Gresham House.

Adjusted unlisted proforma EBITDA³
for the year to 31 Dec 2023

£36.0mn +13.7%

3. Adjusted unlisted proforma EBITDA is after removing the cost of being a listed company.

Total net core income²
for the year to 31 Dec 2023

£84.3mn +9%

£77.3mn as at 31 Dec 2022

2. Net core income includes asset management income and dividend and interest income earned in the year.

Financial highlights

- AUM grew by 8% to £8.5 billion as at 31 December 2023, growing £0.7 billion across all divisions
- Adjusted unlisted proforma EBITDA of £36.0 million, after removing the cost of being a listed company
- Adjusted unlisted proforma EBITDA margin grew to 42.7% for the year to 31 December 2023
- Increase Return on Capital Employed (ROCE) to 24.9%, above our medium term target of 20.0%

Strategic highlights

- Delist from the London Stock Exchange and take private by funds managed by Searchlight Capital Partners L.P. (Searchlight) in December 2023
- Launch of GH30 strategy stating the long-term growth goals and alignment of the business with clients and employees in 2024 and beyond
- Sustainable Infrastructure fund BSIF II and co-investment vehicles final close of c.£450 million
- Launched Private Equity Release Fund LP with commitments of over £50 million
- Net fund inflows of c.£200 million in Public Equity funds
- Continued award wins including for best Infrastructure fund at the prestigious LAPF Awards 2023

Adjusted unlisted proforma EBITDA margin⁴
for the year to 31 Dec 2023

42.7%

4. Adjusted unlisted proforma EBITDA margin defined as adjusted unlisted proforma EBITDA divided by net core income.

Return on capital employed (ROCE)⁵
for the year to 31 Dec 2023

24.9%

18.9% as at 31 Dec 2022

5. ROCE is defined as Adjusted EBITDA plus net performance fees, net realised gains and development activity and fair value movements in investments, less fair value movement in contingent consideration, divided by opening net assets, adjusted for any shares issues in the year.

Sustainability highlights

- 1.9mn tCO₂e sequestered by our forests
- 668,000 tCO₂e avoided by our BESS assets
- 469 hectares biodiversity habitat banks created
- 168,000 underserved homes passed with “ready for service” full fibre broadband
- A 25% reduction in our operational Scope 2 emissions

Shareholder

On 20 December 2023, Gresham House plc delisted from trading on the London Stock Exchange following its acquisition by Searchlight.

Founded in 2010, Searchlight is a transatlantic investment firm dedicated to identifying and developing outstanding global investment opportunities.

Both management and employees of Gresham House will be shareholders and are expected to comprise over 10% of share ownership in Gresham House as a private company.

Generating returns from alternative investment management

We are a specialist alternative asset management group, targeting strong financial returns with a focus on sustainable investments across a range of strategies, with expertise covering forestry, real estate, infrastructure, renewable energy, battery energy storage, and public and private equity.

Our origins stretch back to 1857, while our focus is on the future and the long term. We actively manage assets on behalf of institutions, family offices, charities and endowments, private individuals and their advisers. We act responsibly within a culture of empowerment that encourages individual flair and entrepreneurial thinking. We are increasingly taking our intellectual property and investment management expertise into international jurisdictions.

As a signatory to the UN-supported Principles for Responsible Investment, we are committed to operating responsibly and sustainably. We believe taking the long view in delivering sustainable investment solutions will continue to be a growing factor in the strength of our market positioning.

- We offer funds, direct investments and tailored solutions, including co-investment, across a range of sustainable investment strategies
- We have created a specialist asset management business in the growing sustainable alternative investment space, focused on delivering strong financial returns alongside social and environmental objectives for both clients and shareholders



Targeting superior long-term returns in a range of public and private equity investments, by applying an active private equity approach, engaging with companies, employing rigorous due diligence and developing a deep understanding of each investment. Providing a differentiated platform for companies to evolve from early-stage private capital through growth capital to listed capital.

Public Equity £1.3bn AUM

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. We offer a range of investments including our open-ended equity funds, listed strategic public equity investment trusts and limited partnership vehicles.

In Ireland, we are active, long-term investors driven by a fundamental understanding of the quality and valuation of a particular investment.

Private Equity £0.9bn AUM

Gresham House's Private Equity strategy offers investors access to entrepreneurial, high growth, earlier stage and lower mid-market private companies. Investors are able to access our expertise in this area through the Baronsmead and Mobeus VCTs where we are investment manager and investment adviser respectively. We invest across the market but specialise in scaling software and digitally-driven businesses in the healthcare, consumer and B2B services sectors.

Real Assets division



AUM £6.3bn

Through a focus on generating positive, absolute financial returns, our range of real assets investment products have the potential to provide protection from inflation through proven, long-term, sustainable, asset-backed investments. In many cases, they can also provide uncorrelated returns to equity markets with lower volatility, as well as diversified sources of income.

Forestry £3.5bn AUM

A natural capital real asset class that diversifies an investment portfolio and provides exposure to potential increases in the value of timber, carbon, natural capital and underlying land value that support long-term management programmes. The team seeks attractive long-term returns, uncorrelated to traditional debt and equity asset classes, and underpinned by the biological growth of the trees. Investments can provide a regular income yield in a tax-efficient manner.

New Energy £1.4bn AUM

We focus on sustainable, transformative technologies that we believe offer the potential for strong financial returns, while supporting the transition to a more sustainable world. This includes investment into battery energy storage, ground and roof-mounted solar and onshore wind as well as collocation.

Sustainable Infrastructure £0.7bn AUM

Significant investment is needed in new Sustainable Infrastructure that can support and accelerate the changes and innovative solutions required to address key environmental and societal challenges. Our Sustainable Infrastructure investments, we believe, will deliver strong financial, social and environmental returns alongside supporting the transition to a more sustainable world. They provide innovative solutions that enable a new, more sustainable, way of living, and can be accessed through limited partnership funds and regional co-investment funds.

Real Estate £0.7bn AUM

We offer long-term equity investments into UK housing, through listed and unlisted housing investment vehicles, each focused on addressing different areas of the affordable housing problem. Our investments aim to deliver stable and secure inflation-linked returns while providing social and environmental benefits to our residents, the local community and the wider economy. In Ireland, we provide value-add investments in commercial property - office, retail and industrial properties in the greater Dublin area and major regional urban centres.

Generating strong financial returns, from long-term investments for long-term clients

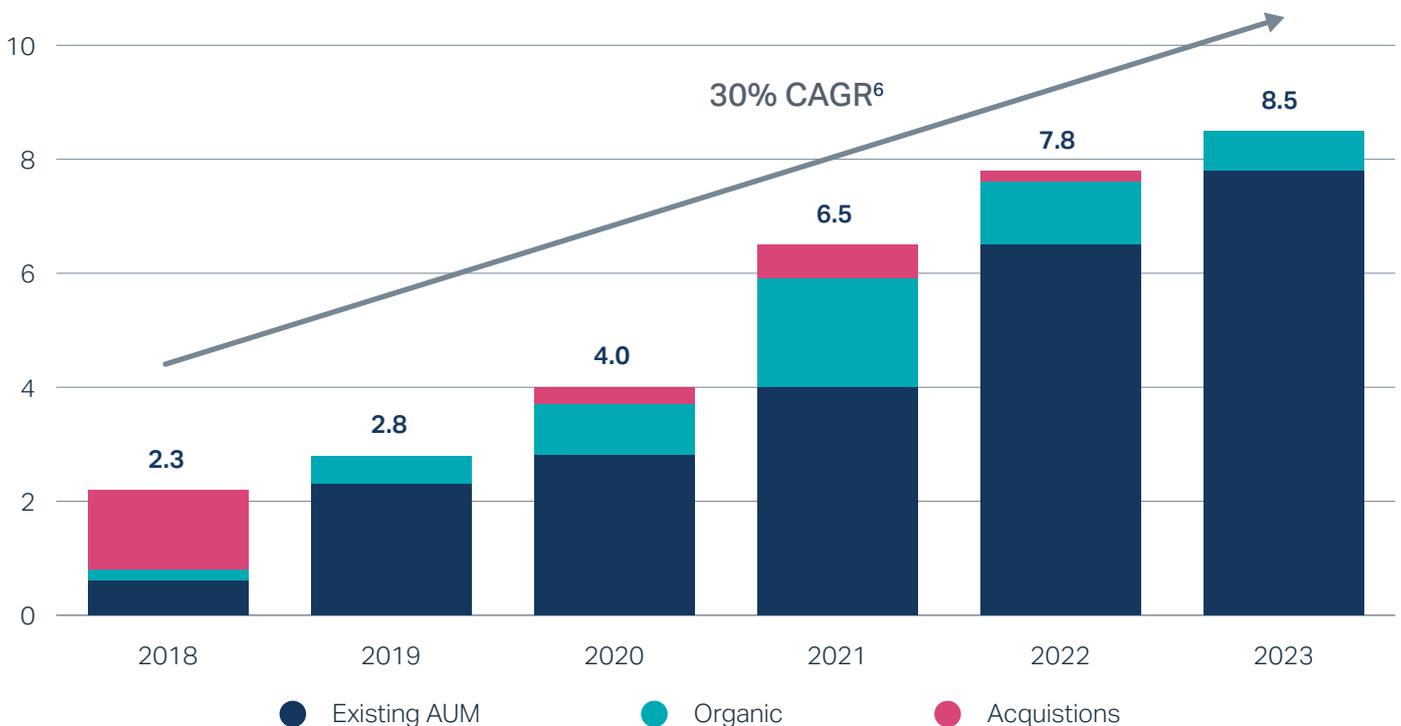
2023 has been a momentous year for Gresham House. In December, Gresham House plc delisted from the London Stock Exchange to become a privately owned company following completion of the acquisition by Searchlight Capital Partners (Searchlight) announced last July, with the intention of management and employees investing significantly alongside the Searchlight funds.

We are excited about what we can deliver in the future, in partnership with Searchlight and importantly with expanded ownership across our teams. Our long-term strategic plan "GH30" encapsulates how we plan to grow the business further through alignment with clients and the funds that we're managing on their behalf.

As we grow our client base in the UK, Ireland, and internationally, the same talented and dedicated teams will continue to serve our clients, supporting them with the delivery of strong financial and non-financial returns to meet their objectives. Our investment solutions will be delivered with an unwavering focus on investment performance combined with sustainability targets to align with our clients' ambitions.

Since the management buy-in of Gresham House in late 2014, the Group has been transformed from a loss-making investment trust into a profitable, leading specialist alternative asset manager focused on sustainable investments across a range of strategies, with expertise covering forestry, real estate, sustainable infrastructure, renewable energy, battery storage and public and private equity.

AUM Growth Chart 2018 – 2023 (£ Billion)



6. CAGR - Compound Annual Growth Rate.

Highlights:

£8.5bn

AUM growth from a standing start in December 2014 to 31 December 2023

300%

total return to Gresham House shareholders since the management buy-in in December 2014

42% CAGR

Net Core Income growth over 5 years to 2023



No 1 operational utility scale battery storage fund in Europe

230

full-time employees in the business from fewer than ten in December 2014

£36mn

adjusted unlisted proforma⁷ EBITDA in the 12 month period ending 31 December 2023 from a loss-making investment company in 2014

7. Adjusted unlisted proforma EBITDA is after removing the cost of being a listed company.



7th largest global Forestry asset manager (by value)

9th largest global Natural Capital manager (by value)

>£690mn

AUM within pioneering and innovative Sustainable Infrastructure division



2nd largest VCT manager in the UK (Baronsmead and Mobeus VCTs)

Chief Executive's report

Today, Gresham House actively manages £8.5 billion of assets, across a footprint that spans the UK, Ireland, Australia, and New Zealand, on behalf of institutions, charities and endowments, family offices, private individuals, and their advisers.

Our focus is on continuing to deliver the financial solutions and investment returns that we set out to achieve for our investors alongside non-financial returns.

Our diversified and innovative portfolio of asset classes continued to deliver returns for investors in 2023, with the majority of investment products outperforming relative to either their comparator benchmarks or stated target returns, and typically with our real assets strategies additionally offering resilience against rising inflation and interest rates, and lower volatility.

As a sustainable investor we are committed to the belief that our clients should not need to compromise their primary objectives of strong financial returns in order to meet their sustainability goals. Alongside a keen sustainability focus within all the Group's investment strategies, we are setting ourselves at the forefront of the more nascent conversation about Natural Capital. Our platform offers a suite of investment solutions predicated on the Group's expertise and experience in sustainable forestry as well as emerging asset classes within our sustainable infrastructure strategy, such as habitat banks and vertical farming.

In addition, the Task Force on Climate-Related Financial Disclosures (TCFD) report we published in March 2023 alongside our Sustainable Investment Report 2022, was recognised at the Environmental Finance Sustainable Investment Awards as the TCFD Report of the Year. This is a strong endorsement of our best practice approach to this increasingly important method of reporting.

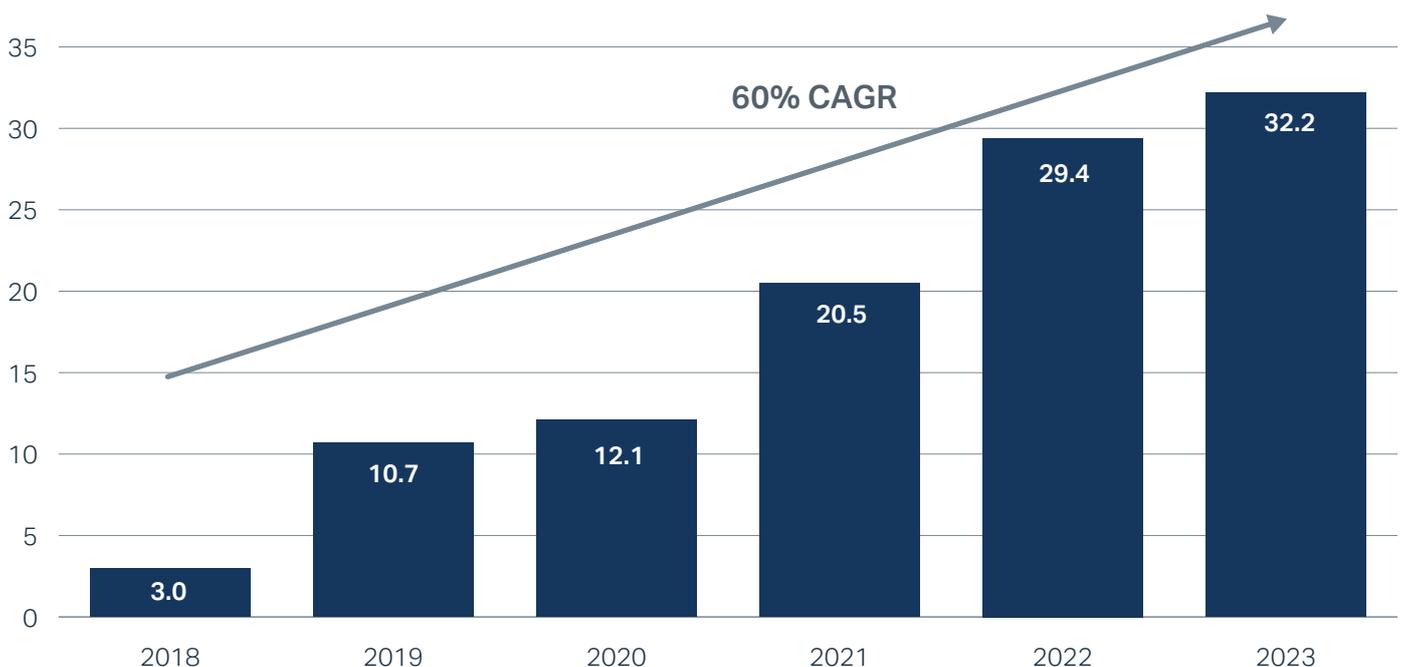
International

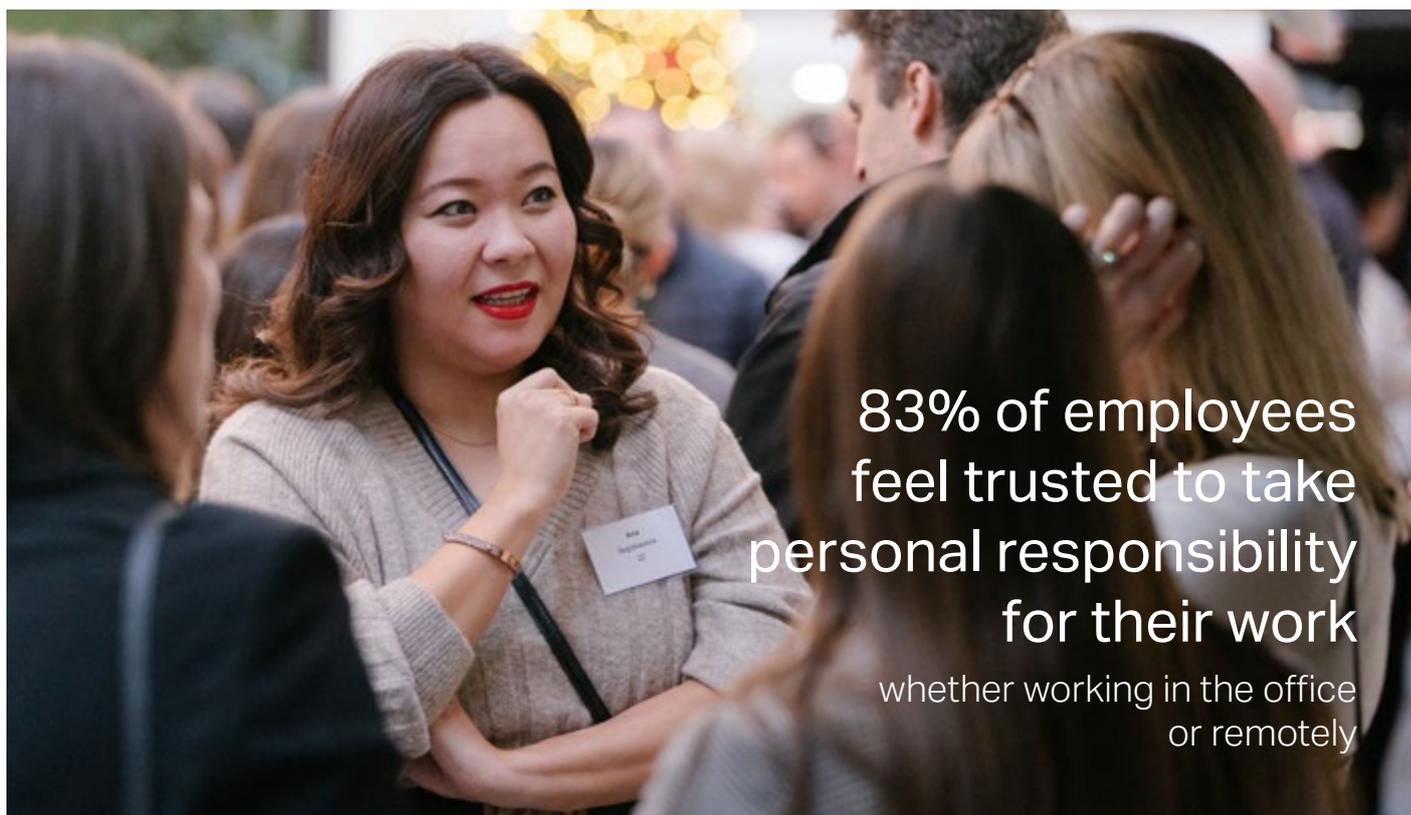
Our international ambitions are making steady progress, with the growth of our Irish Strategic Forestry Fund and deployment in Forestry in Australasia. Fundraising is underway for our International Forestry Fund where we are speaking to potential investors globally including in Australia and Japan, and we are working on international segregated mandates as well as a global energy transition strategy.

Brand and client diversification and depth

The Gresham House brand has consistently gained in strength and profile, driven by our market leading and innovative investment strategies, expertise, and experience, combined with recognition of the value that we deliver to our stakeholders across our asset classes. This is generating significant client diversification and depth, with many new fund launches attracting new institutional and long-term clients.

EBITDA growth 2018 - 2023 (£ Million)





**83% of employees
feel trusted to take
personal responsibility
for their work**

whether working in the office
or remotely

People

Our entrepreneurial team and culture remain key differentiators for the business. Although ever mindful of the need to deliver operational efficiencies, we have continued to strengthen our operational effectiveness with the strategic recruitment of leading talent in specific areas of growth, and additions to senior investment, senior distribution and business development personnel.

Whilst cognisant of the Diversity, Equity & Inclusion agenda, we are a strongly meritocratic group. However, it is pleasing to note that the number of women in senior management positions increased to 35% in 2023 from 33% in 2022, and the number of ethnic minority employees increased from 16% in 2022 to 19% in 2023.

The alignment of all employees to delivering value is really important to drive the dynamism within the business. We are finalising plans enabling this long-term alignment through a new share ownership plan available to everyone in the group now that we are a private business.

Outlook

We are excited to see continued momentum into 2024 and beyond, and the goals set out within our GH30 plan provide a well-defined strategy and a clear path to growth across all our asset classes.

We are developing further breadth and depth in our client base as we demonstrate our international credentials and our long-term alignment with clients who seek strong financial returns. We have a good pipeline of investors looking to invest into funds or co-investments, despite the impact of the current challenging macroeconomic environment on decision-making timeframes.

We are confident that Gresham House will continue to drive the delivery of its financial and strategic goals, and maintain its leading market positions as the Group moves towards the next phase of its growth, increasingly on the global stage.

We continue to execute our long-term ambition to help clients achieve their financial investment goals alongside their non-financial objectives. It's an exciting time for those involved with Gresham House, the energy to be successful remains substantial.



Tony Dalwood
Chief Executive

Strategic framework – GH30

GH30 is our strategic framework to grow the business over the next five years and beyond, aligning ourselves with our clients over the long term.

It is a continuation of our successfully executed GH25 plan and encapsulates financial and strategic targets. Through the delivery of these targets we aim to deliver a business with an AUM of £20 billion and an EBITDA of £90 million by 2030.

Alignment of our investment teams with clients over the long term is important to achieving clients' financial returns and to providing consistency in delivery. This will include long-term incentive schemes, such as carried interest and performance fees, that are successful only when clients' target returns are delivered.



Financial targets

£20bn

AUM

1%

Gross fee margin

£90mn

EBITDA⁸

45%

Margins

20%

ROCE⁹

8. Earnings Before Interest, Taxes, Depreciation, and Amortisation – another way to measure profitability.

9. Return on Capital Employed (ROCE) defined as adjusted EBITDA + net performance fees + net development over the medium term.

Strategic targets

Superior investment performance

Majority of funds exceeding investment target returns

Market leadership

The manager of choice for sustainable investment client solutions

International presence

Grow AUM and deploy capital internationally

M&A

Delivery of accretive M&A, in line with financial targets

Strategic targets by business unit

Forestry

Recognised top 5 global forestry and natural capital manager

New Energy

A market leader in global battery energy storage

Sustainable Infrastructure

Successful fund closes for BSIF III and BSIF IV totalling over £2 billion in new capital

Real Estate

Significant growth in UK residential client offering across shared ownership, retirement and build-to-rent and expansion of specialist Irish real estate offering

Public Equity

To be recognised as the leading specialist UK and Ireland equity franchise

Private Equity

Grow VCT funds to £1.2 billion+ and to raise c.£250 million in non-VCT funds

Generating value through financial returns and our focus on sustainability

Our clients



Our clients include individual investors, financial advisers, institutional investors, charities, and endowments.

We partner with our clients to ensure that our current and future investment solutions meet their financial and sustainability requirements, often tailoring bespoke solutions to meet their needs.

Gresham House's diversified mix of real assets and equity strategies enables us to work with clients to find solutions that deliver the financial return on investment they seek.

Importantly, Gresham House and employees typically invest alongside our clients in our funds.

We are proud to work with a growing number of the UK's largest institutional investors including 18 Local Government Pension Schemes (LGPS) across our Real Asset strategies. In our Strategic Equity division, we are proud to have bucked the trend of outflows from UK equities by continuing to attract inflows into our UK equity funds as well as being included on national wealth management central coverage lists, including those of Brewin Dolphin, Rathbones and Evelyn Partners.

Institutional clients

Institutional investors require solutions that meet their financial objectives first and foremost but also want investments that make positive contributions to the environment and society.

We use our unique position of investing in alternative assets to develop investment solutions that meet clients' specific sustainability outcomes, including:

- Supporting their net-zero and climate targets
- Investing in place-based solutions within their local regions
- Developing natural capital investment solutions
- Providing social impact investments

An important aspect of our relationships with current and prospective clients is the provision of education around our investment solutions and site visits to bring the investments to life. In 2023, Gresham House hosted site visits for 40 investors (including from local government pension schemes (LGPS)), Endowments, Asset Managers and Investment Consultants) to visit assets from our investment portfolio in action.



Wholesale clients

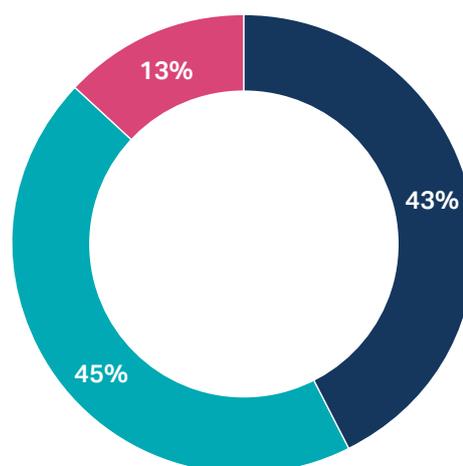
Our wholesale investors are attracted to our specialist and differentiated investment approach.

Our long-term investment philosophy for the Group's Strategic Equity offering applies private equity techniques to investing in public markets. Our funds seek to invest in companies that are robust and resilient, that operate in structurally attractive markets or have a niche, differentiated proposition, and are less exposed to external factors. Our fundamental approach to building high conviction, concentrated portfolios is based on the deep analysis of specific companies. Alongside this, there's been growing interest in our alternative strategies, as a way of diversifying returns away from traditional equities and bonds. Gresham House's range of real asset investment products provide exposure to sustainable forestry, affordable housing and battery energy storage.

Private clients and family offices

Many of Gresham House's private and family office clients have had investments managed by the company and its predecessors for decades. Such longstanding relationships are a cornerstone of Gresham House's client service ethos.

AUM by client channel



● Wholesale/Retail	£3.6bn
● Institutional/LGPS/Charity	£3.8bn
● HNWF/Family Office	£1.1bn
Total	£8.5bn

Our people and culture



It is the people in our business who are critical to our success, it is their knowledge, their creativity, their responsibility, their focus that has driven the success that we have achieved and will drive the future growth of the business.

At the heart of this is our culture, a culture of innovation, embracing new ideas, meeting challenges head on and encouraging people to “make a difference”.

This is underpinned by the six core values that we hold:



Ambition



Dynamism



Authenticity



Empowerment



Collaboration



Meritocracy



80% of employees understand how their job contributes to the success of Gresham House

Our culture enables us to design and implement innovative investment solutions capable of building a sustainable future and ensuring environmental, social and governance considerations remain front and centre in our thinking.

We place great importance on ensuring all new joiners feel fully integrated and valued, and that they are clear on how their role contributes to our success and growth. We have implemented a co-ordinated, in-person induction programme for all new joiners to the business.

This induction takes place within the first month of someone joining the business and follows the provision of an induction pack for all new starters alongside access to our new online onboarding module which provides further employee information on benefits, access to the staff handbook and teams details.

When welcoming new employees to Gresham House, it is important that they fully understand our values and culture, and that they feel they belong and are provided with the knowledge and skills to fulfil their role as effectively and proficiently as possible by ensuring they know key elements of the business and how to operate and navigate.

Our Corporate Sustainability Strategy

The sustainable investment landscape and sustainability-related regulation continues to evolve rapidly. Our Corporate Sustainability Strategy positions us to prepare for and adapt to these changes. The strategy is built around three core pillars, covering our work as a sustainable investor, business and employer, and corporate citizen. We believe this strategy will drive better long-term financial and sustainability outcomes for our clients.

Gresham House as a Sustainable Investor

- Partnered with Pensions for Purpose to produce a timely Impact Lens report on Natural Capital and Biodiversity – leading the debate in this critical area
- Published our inaugural Taskforce on Climate-Related Financial Disclosures (TCFD) report, winning the Environmental Finance Sustainable Investment Awards TCFD Report of the Year
- Published our proprietary impact framework for our sustainable infrastructure strategies
- Mapped modern slavery risks across the supply chains of our Real Assets divisions

Gresham House as a Sustainable Business & Employer

- Established an internal Sustainability Working Group to improve our operational sustainability, leading to the reduction of our operational Scope 2 emissions of 25%
- Introduced a travel policy with the objective of reducing our work-related travel emissions
- Developed an internal data collation system to improve data accuracy of our carbon footprint
- Introduced an annual company funded health assessment to enable employees to take a proactive approach to their health
- Delivered resilience training to all employees through an external provider



Gresham House as a Sustainable Corporate Citizen

- Selected two new corporate charity partners. This year we focused on charities of a smaller size so that we can have a more meaningful impact on them, in terms of time contributed and fundraising as a percentage of their annual income
- 11% of our employees opted to donate to their chosen charities using our Give as You Earn Scheme, whereby Gresham House matches employee donations up to £50 per month, contributing £25,850 through this scheme in 2023



Rebecca Craddock-Taylor
Director, Sustainable Investment

The last year in numbers

Sustainable Investor

Commitment to Sustainability	2022	2023
Assets under management (£bn)	7.8	8.5
Of which are ¹⁰ : Responsible	2.1	2.2
Sustainable	5.0	5.0
Impact	0.7	1.3
PRI Assessment ¹¹	4 or 5 stars	4 or 5 stars

Climate Change	2022	2023
Impact	0.7	1.3
PRI Assessment ¹²	4 or 5 stars	4 or 5 stars

Strategic Equity	2022	2023
Public Equity		
Management teams met by our UK team (%)	93	100
ESG engagements	75	108
Private Equity		
Unquoted portfolio companies engaged with (%)	100	100
Portfolio company Boards attended as a member or observer (%)	71	78

Real Assets	2022	2023
Forestry		
Trees planted (mn)	9.1	6.4
Carbon sequestered by forests (mn tCO ₂ e)	1.9	1.9
New Energy		
Renewable energy generation (GWh)	487	418
Operational battery energy storage capacity (MW)	550	690
Sustainable Infrastructure		
Total hectares supporting nature recovery completed	329	469
Premises passed with "ready for service" full fibre/gigabit-capable broadband	66,308	168,475
Real Estate		
New homes constructed	235	126
Portfolio EPC rating B or above	40	41

10. These categories are based on our internal definitions as set out in our Spectrum of Capital.

11. Gresham House received 4 or 5 stars, out of a maximum of 5 stars, for all submitted modules.

12. Gresham House received 4 or 5 stars, out of a maximum of 5 stars, for all submitted modules.

Sustainable Business & Employer

Our People	2022	2023
Women in senior management (%)	33	35
Ethnic minority employees (%)	16	19
Employee advocacy score (%)	76	74

Climate Change	2022	2023
Operational emissions (Scope 1,2&3, tCO ₂ e)	362	576
Operational carbon intensity (Scope 1,2&3 tCO ₂ e/FTE)	1.7	2.6
Annual energy use (MWh)	642	680

Sustainable Corporate Citizen

Charitable Giving	2022	2023
Corporate charitable giving (£'000)	63	59
Employees using Give as You Earn (%)	9	11



Investment performance



As a specialist investment manager we provide a differentiated range of specialist investments from real assets to public and private equity. Our focus is on delivering attractive risk-adjusted returns over the long term.

In real assets we look to provide uncorrelated returns to equity markets as well as diversified sources of income while in strategic equity we target superior long-term returns.

It is pleasing to highlight that in our Real Asset investments that the majority of our strategies continue to deliver outperformance against their target IRRs, while in strategic equity our specialist UK equity funds are all top quartile performing funds over one year as well as being either first or second quartile since their respective launch dates.

Within our VCT offering, the Mobeus VCTs have delivered consistent outperformance over all periods while the Baronsmead VCTs, which are the only hybrid VCTs in the market, have delivered good absolute returns over most periods.

Real Assets

	Avg. annual net returns since inception ¹³	Avg. target IRR ¹⁴
Forestry	12.6%	7%
	Annualised NAV TR	Target IRR ¹⁵
New Energy	10.9%	8%
	Avg. net IRR to date	Target IRR ¹⁶
Sustainable Infrastructure	15.7%	8-10%
	Annualised NAV TR ¹⁷	Target IRR
Real Estate	2.1%	8%

13. Gresham House. Long-term annual returns (net of all fees and costs) for long-established Gresham House forestry funds/portfolios from inception to 31 December 2023.

14. Across Gresham House Limited Partnerships and Managed Accounts.

15. GRID Annualised NAV TR as at 31 December 2023

16. BSIF II net IRR to 31 December 2023 (unaudited).

17. ReSI plc NAV as at 31 December 2023.



Public Equity

Cumulative performance	1-year	3-years	5-years	10-years	Since launch
WS Gresham House UK Multi Cap Income Fund	12.5%	31.8%	62.5%	n/a	72.6%
IA UK Equity Income sector average	7.0%	24.8%	33.5%	n/a	24.5%
Sector quartile rank	1	1	1	n/a	1
WS Gresham House UK Micro Cap Fund	5.0%	-7.9%	18.0%	107.8%	387.4%
IA UK Smaller Companies sector average	0.5%	-7.6%	23.4%	69.1%	328.4%
Sector quartile rank	1	3	3	1	2
WS Gresham House UK Smaller Companies Fund	7.3%	13.2%	n/a	n/a	59.0%
IA UK Smaller Companies sector average	0.5%	-7.6%	n/a	n/a	18.1%
Sector quartile rank	1	1	n/a	n/a	1
Strategic Equity Capital plc (share price) ¹⁸	17.5%	41.1%	69.3%	131.1%	81.8%
AIC UK Smaller Companies	3.5%	6.5%	35.1%	91.4%	50.5%
Sector quartile rank	1	1	1	2	1

Source: FE Analytics, as at 31 December 2023

Cumulative performance – Public Equity (Ireland)	1-year	3-years	5-years	10-years	Since launch
Gresham House Global Multi-Asset Fund	8.1%	22.8%	38.4%	59.9%	91.9%
Gresham House Global Thematic Multi-Asset Fund	4.4%	12.1%	37.0%	n/a	32.6%
Gresham House Global Equity Fund	12.9%	38.9%	61.7%	109.5%	176.2%
Gresham House Global Small Company Fund	7.4%	-3.0%	12.7%	41.6%	85.9%
Gresham House Euro Liquidity Fund	1.3%	-1.9%	-3.7%	-5.2%	1.1%

Source: Gresham House, Ireland as at 31 December 2023

18. Gresham House was appointed investment manager to Strategic Equity Capital plc effective as 21 May 2020.

Investment performance

Cumulative performance – Real Estate (Ireland)	1-year	3-years	5-years	10-years	Since launch
Gresham House Commercial Property Fund ¹⁹	-3.2%	0.4%	7.2%	n/a	29.4%

Source: Gresham House, Ireland as at 31 December 2023

VCTs

Cumulative NAV Total Return performance – VCTs	1-year	3-years	5-years	10-years
Mobeus Income and Growth VCT	6.1%	26.7%	57.9%	76.8%
VCT Generalist sector average	0.4%	14.6%	23.8%	44.1%
Sector quartile rank	1	2	1	1
Mobeus Income and Growth 2 VCT	3.6%	21.0%	42.6%	78.6%
VCT Generalist sector average	0.4%	14.6%	23.8%	44.1%
Sector quartile rank	2	2	1	1
Mobeus Income and Growth 4 VCT	5.0%	26.5%	55.6%	69.3%
VCT Generalist sector average	0.4%	14.6%	23.8%	44.1%
Sector quartile rank	1	2	1	1
The Income and Growth VCT	6.4%	28.2%	58.7%	73.9%
VCT Generalist sector average	0.4%	14.6%	23.8%	44.1%
Sector quartile rank	1	1	1	1
Baronsmead VCT	0.9%	-2.4%	9.0%	30.4%
VCT Generalist sector average	0.4%	14.6%	23.8%	44.1%
Sector quartile rank	4	4	4	4
Baronsmead Second VCT	0.0%	-1.8%	14.7%	28.0%
VCT Generalist sector average	0.4%	14.6%	23.8%	44.1%
Sector quartile rank	4	4	3	4

Source: AIC prepared by Morningstar: Cumulative NAV Total Return (dividends reinvested) as at 31 December 2023

19. Gresham House, Ireland as at 31 December 2023 on a gross return basis.



Real Assets

Protection from inflation through proven, sustainable asset-backed investments

Gresham House's Real Assets strategy targets sustainable yield and long-term capital growth for clients, through investment in a variety of tangible assets. Comprising forestry, real estate, renewables, battery energy storage, and sustainable infrastructure asset classes, our Real Assets division aims to provide investors with protection from inflation and portfolio diversification via proven, sustainable alternative investments.



Olly Hughes
Managing Director, Forestry

Forestry

£3.5bn AUM as at 31 Dec 2023

The Forestry division continues to grow and is now the seventh largest forestry investment manager in the world by value, providing a range of sustainable investment solutions across a number of geographies for institutions and private investors. The team has been expanded to include local specialist team members in Ireland and Australasia and we look to continue to build our international platform. Our strong returns over the last 15 years of 13% show the attractions of this asset class to drive portfolio performance.

Flexibility in harvesting prevails as a critical benefit to forestry investment. In the face of timber markets weakened by a global outlook, Gresham House has sought to ensure that the asset values of the forests we manage have been protected in volatile markets. This has historically underlined the resilience of forestry against the business cycle, leading to greater risk adjusted returns than most major asset classes over the last 15 years, and providing a unique return profile for institutions striving for portfolio diversification.



Afforestation remains a core strategy for the division going forward in light of weak planting statistics around the world and plays a critical role in carbon sequestration, reversing biodiversity loss and enhancing natural capital alongside a myriad of other public externalities. Carbon sequestration and its monetisation in the form of carbon credits remain integral to some of our strategies, allowing investors to meaningfully contribute towards their emissions targets.

Natural capital remains at the core of the forestry business and our investment strategies, improving the world's stock of natural resources through the sustainable management of forest assets. Rigorous monitoring and reporting across Gresham House assets will drive impact decisions across our forestry strategies ensuring strong financial returns are delivered alongside sustainability objectives.

Institutional interest in the asset class continues to grow, with sustainability, natural capital and resilience at the forefront of investors' minds as the drivers of global investing develop. Forestry benefits from its position at the core of these critical themes, delivering stable financial returns as well as key sustainability objectives.

As global interest in forestry develops, Gresham House is well positioned with a long-term track record in managing forestry investments across the globe, including the UK, Australasia and Ireland. As global capital is increasingly directed at sustainable real assets, Gresham House is leveraging its expertise and knowledge base amongst these geographies to expand and develop a global platform.

Gresham House's focus on temperate climates reflects a long-term investment thesis in delivering long-term capital appreciation combined with stable income yields. By leveraging our extensive global network of partners and agents, Gresham House is poised to capitalise on this investor demand with flexible, international and long-term investment solutions.



Ben Guest
 Managing Director, New Energy

New Energy

£1.4bn AUM as at 31 Dec 2023

The UK’s approach to electricity generation is undergoing fundamental change, shifting from coal and gas-fired power stations towards an energy mix dominated by renewable energy. The Gresham House New Energy team aims to support the shift from finite resources by harnessing the power of renewables and battery energy storage systems (BESS). We focus on sustainable, transformative technologies that we believe offer the potential for strong financial returns, while supporting the transition to a more sustainable world. Our investments are made in three key technologies (solar, wind and BESS), all of which help to decarbonise electricity supply at a time of increasing demand.

The New Energy team manages a number of different fund vehicles for different investor types, with a combined assets under management of £1.4 billion at the end of 2023. We are also targeting growth with a focus on international battery energy storage systems.

Gresham House Energy Storage Fund plc (GRID) invests in a portfolio of utility-scale BESS, providing key, flexible energy infrastructure that addresses the intermittency challenges introduced by renewables.

The GRID portfolio includes 24 operational sites with a total capacity of 740MW as at 1 February 2024, equating to over 20% market share of operational BESS in Great Britain²⁰.

20. Modo Energy, “The Buildout report Q4 2023”, Jan 2024.

In 2024, GRID aims to reach 1,072MW in total operational capacity and to complete a number of extensions to project durations, taking the average project duration to 1.6hrs (currently 1.2hrs).

We manage operational solar parks across both public and private investment platforms, as well as onshore wind farms in the UK through LP and unlisted structures. We believe that there is an exciting opportunity for solar and potentially wind assets to be collocated with BESS, using a shared grid connection.

Sharing a grid connection point is intended to reduce up-front cost, plus the renewable energy projects target enhanced returns from the additional and non-correlated BESS revenues. We have acquired collocated projects at pre-construction stage in both England and Ireland, as well as targeting similar projects in other regions including California.



1.4GW

Current GRID investment pipeline



20GW

UK market opportunity by 2030²¹

21. National Grid ESO, “Future Energy Scenarios”, p.195, July 2023.





Peter Bachmann
Managing Director, Sustainable Infrastructure

Sustainable infrastructure

£0.7bn AUM as at 31 Dec 2023

Targeting financial returns typically of 8-12% IRR, the investments within our Sustainable Infrastructure strategy, known as the BSIF strategy, directly address key sustainability challenges, providing innovative solutions that aim to enable a new, more sustainable, way of living.



£2.0bn
Current investment pipeline



£1.0tn
UK market opportunity²²

22. Estimated investible universe across the six target subsectors of Resource efficiency, Digital inclusion, Regeneration, Waste solutions, Decarbonisation and Health & education.

We seek a positive impact while also aiming to achieve strong risk-adjusted financial returns, which investors can access through our Limited Partnership Funds (BSIF I, BSIF II, and BSIF III currently fundraising), our regional co-investment funds and direct investment funds.

The six target Sustainable Infrastructure subsectors we invest in are:

- Decarbonisation – facilitating the infrastructure needed to transition to a low- carbon world;
- Digital inclusion – providing better access to gigabit capable digital connectivity;
- Health & education – better access to high-quality specialised health and education;
- Regeneration – nature-based solutions to biodiversity loss;
- Resource efficiency – infrastructure that can limit our use of the Earth’s finite resources; and
- Waste Solutions – environmentally sound, value creating management of waste.

All our investments focus initially on smaller, sub £50 million greenfield infrastructure, where there are fewer competing investors to develop and build out new assets at this scale given the specialised skills needed to deliver successful projects. Once platforms have then been established, our strategy seeks to invest larger commitments, across our funds, into these platforms to achieve economies of scale and greater impact.



We have 12 well-diversified platform investments currently within the portfolio. £189 million of capital was deployed during the year, including two significant new investments into our health & education thematic, along with further growth in our ground-breaking Biodiversity Net Gain platform business, coupled with very strong growth in our digital inclusion platforms.

- Health & education: continuing to invest in our platforms to create specialist aged and dementia care facilities (Aurem) and the provision of new top-quality children's nurseries (N Family Club) across the UK;
- Regeneration: working with Environment Bank to create over 4,000 hectares of new landscape-scale habitat banks that will deliver huge biodiversity net gains for unproductive land across England in accordance with the Environment Act;
- Waste solutions: investments to scale up our specialist waste platforms Waste Knot Energy (WKE) and Fornax. WKE plays into the huge sectoral need to decarbonise the cement and steel industries and Fornax into the need for clinical waste disposal exacerbated by COVID-19 and the large backlog of elective surgeries;
- Digital inclusion: connected over 120,000 new premises ready for service (RFS) to provide gigabit speed internet into rural locations across Cornwall/Devon and Scottish borders via Wildanet and GoFibre respectively, plus made the strategic acquisition of Luminet into our Telcom business to expand focus into the London B2B internet market; and
- Resource efficiency: investing in vertical farm technologies that currently grow herbs and leafy greens indoors on multiple levels of shelving, using hydroponics and LEDs. The vertical farms use 98% less water than field grown crops; require 98% less land than field grown crops; do not use pesticides; and give 14-21 days longer shelf life in stores, reducing food waste.

The Sustainable Infrastructure team will continue to raise new capital and seek to create more locally and/or sector focused co-investment vehicles and direct investments. The team is also assessing new vehicles that appeal to the defined contribution pensions and insurance markets to fund the large, defined pipeline from the existing 12 platform businesses, along with the deep pipeline of new Sustainable Infrastructure assets that the team is pursuing.

The majority of the Sustainable Infrastructure portfolio's assets are not directly exposed to rising interest rates as only three platforms have external debt facilities. Those that are exposed, have strategies in place to deal with rising interest rates including long-term interest rate fixes. The funds themselves can make use of revolving credit facilities to stagger investor drawdowns and improve returns.

The target investment sectors are mostly resilient to the inflationary environment, with equity returns rising in line with inflation. The largest inflationary impact on the portfolio is rising energy prices, with a number of portfolio companies exposed to increases. This is being mitigated where possible with the use of long-term contracts and renewable energy sources.

Overall, the Sustainable Infrastructure strategies are poised for high growth given the strong financial returns of the funds to date, coupled with the ever more urgent need for more sustainable solutions for all aspects of human life.



Mike Adams
Managing Director, Real Estate

Real Estate - UK Housing

£0.5bn AUM as at 31 Dec 2023

Investing in two important trends:

- Improving the quality of and institutionalising the UK's five million privately rented homes; and
- Providing affordable homeownership options.

Gresham House is well placed to meet this demand for good quality, affordable housing in the UK with long-term investment strategies focused on listed and unlisted specialist investment funds. All our investments are predicated on providing high-quality, fairly priced homes that are affordable to the majority of the UK's population. We have an established track record as early investors since 2017 in both mass market rental accommodation (3,600 homes managed) and shared ownership (2,100 homes managed).

Housing investments benefit from substantial asset-backing and provide investors with the potential for attractive resilient long-term returns, offering:

- inflation-linked income;
- potential for long-term capital appreciation above inflation;
- positive social and environmental benefit to our residents, the local community, and the wider economy;
- a secure and sustainable rental stream from thousands of residents;
- low volatility and high demand, in many cases, through below-market rents; and
- diversification compared with traditional asset classes.

Housing has a key role in investors' portfolios, and in the US and Germany is often seen as the primary component of core return strategies with institutional investment of 21% and 10% respectively, way ahead of the UK's 1.5% .

For our core client base of Local Government Pension Schemes (LGPS), directing funds towards investments in this area has the potential to deliver the dual benefit of return on investment and accelerating the levelling up agenda to empower regional communities.

These are capital-intensive opportunities which typically require a long-term investment horizon and a significant upfront investment of time to realise best value in the long run. The investment team's extensive industry experience and network of contacts and advisors position us well to realise this long-term value.

We aim to be a best-in-class provider of affordable housing and drive an improvement in standards across the sector, in order to deliver best in class returns. For example, in 2020 we developed a Shared Ownership Customer Charter and a Shared Ownership Environmental Charter, which are unique in the shared ownership sector and provide benefits to both shared owners and our investors.



John Bruder
Head of Real Estate, Gresham House Ireland

Real Estate - Commercial Property, Ireland

£0.2bn AUM as at 31 Dec 2023

In Ireland, we provide investment management and advisory services in respect of Irish commercial real estate primarily in the office, retail and industrial sectors.

Our property fund, the Gresham House Commercial Property Fund, is focused on investing in properties in suburban Dublin and major regional centres which offer good value and high running income yields, while carrying low leverage. This fund has consistently produced above average returns and has been confirmed by MSCI as the best performing Irish property fund over the three years to 2022.

In addition to the property fund, we advise and manage a number of segregated portfolios on behalf of private, corporate as well as local and international institutional clients.



6,000

homes managed across the UK



£1.3tn

Market size



Strategic Equity

An investment philosophy based on applying a private equity approach to investing in both public and private companies.



Strategy

The UK arm of the Gresham House Strategic Equity division targets superior long-term returns in a range of public and private equity investments, by employing a balanced portfolio approach with individual investments focused on extracting value from thematic drivers and sectors undergoing dynamic change. The equity investment teams actively engage with companies' management teams and apply rigorous due diligence to develop a deep understanding of each company.

The Strategic Equity division consists of the following strategies:

- Public Equity:
 - Strategic Public Equity
 - UK Micro Cap, UK Multi Cap Income and UK Smaller Companies
- Private Equity:
 - Venture Capital
 - Growth Capital
 - Private Equity

The division has a unique suite of investment fund products that invest across the business lifecycle from relatively early-stage private growth businesses within the Baronsmead and Mobeus VCTs; in micro-cap and small-cap public companies in our public equity funds; and right through to more mature businesses in the FTSE 100 within our WS Gresham House UK Multi Cap Income Fund which has the flexibility to seek the best income and growth opportunities right across the market cap spectrum. The breadth of touchpoints with companies of all sizes, public and private, gives the team an excellent perspective of the UK market and enables them to share insights, a talent network and expertise to enhance the overall investment process.

Our Strategic Equity team is focused on its core principles of seeking out resilient businesses with strong management teams and sustainable competitive advantage in areas of the market seeing structural growth. The team's investment process is designed to deliver attractive through-the-cycle returns regardless of short-term economic conditions. Periods of market and economic discontinuity often produce attractive long-term investment opportunities for those investors prepared to undertake the hard work to unearth them and then support those companies to deliver their strategies to create value.

Our product offering





Ken Wotton
Managing Director, Public Equity

Public Equity

£1.3bn AUM as at 31 Dec 2023

Public Equity, UK

Our Public Equity philosophy revolves around taking an engaged approach with our investee company stakeholders - including management, shareholders, customers and suppliers, in order to capitalise on market inefficiencies and by identifying value creation and recovery opportunities. The team has considerable experience in public markets and benefits from a deep and wide network, including our own substantial platform across the division. The team's expertise at the smaller end of the public markets enables them to apply their differentiated specialist investment approach to an underserved part of the market. This has delivered strong growth in AUM for the division over the past four years.

The core funds managed by the team have considerable capacity to grow over the next few years.



Patrick Lawless
Managing Director, Gresham House Ireland

Public Equity, Ireland

In Ireland, we manage a number of open-ended funds including two multi-asset funds, two equity funds and a cash fund under our Strategic Equity division.

Our multi-asset funds, the Gresham House Global Multi-Asset Fund and the Gresham House Global Thematic Multi-Asset Fund are invested across a range of assets including equities, bonds, cash, and alternative assets such as property, forestry, and infrastructure. Our global multi asset funds have 5 stars as ranked by the rating agency Morningstar.

The equity funds are value biased in style with the Gresham House Global Equity Fund focused on large-cap equities within developed markets while the Gresham House Global Small Company Fund is focused on international small and mid-cap equities.





Metrion Biosciences (Metrion) is a contract research organisation providing ion channel services to the drug discovery market.

Gresham House Ventures has invested £3.25mn into Metrion since 2021 via the Baronsmead VCTs.



Trevor Hope
CIO, VCTs

Private Equity

£0.9bn AUM as at 31 Dec 2023

Gresham House's Private Equity strategy is delivered through the Gresham House Ventures platform which includes the well-known Baronsmead and Mobeus VCTs. As the second largest VCT provider in the UK, with a combined £0.9 billion of assets, we are an active investment partner to over 60 companies.

The importance of the provision of growth capital alongside commercial strategic advice to entrepreneurs is critical for global economic growth. The VCT market alongside other secondary and growth capital provision from platforms such as Gresham House Ventures is necessary to attempt to keep the UK pushing forward to generate economic and social benefits.

Our investment team's track record plus historical experience of navigating major market declines and recessionary periods provides a good platform for identifying, executing and managing high-quality investments which can become winners in a rebounding economy.

Baronsmead VCTs

Baronsmead remains the only VCT brand deploying capital into both public and private companies at scale within the same fund. This unique strategy gives the two VCTs' portfolios a high level of diversification which we believe underpins their ability to support long-term consistent dividend payments to shareholders. Since joining the Gresham House platform in 2018, the Baronsmead VCTs have continued to grow through a combination of their distinctive hybrid investment approach and successful new share issues.

At 31 December 2023, the two Baronsmead VCTs have a Net Asset Value of £423 million. Since launch (in April 1998) to 31 December 2023, on a NAV total return basis, Baronsmead Venture Trust returned 315.3% and Baronsmead Second Venture Trust (from its launch in January 2001) delivered 235.1% for shareholders, excluding the benefit of investor income tax relief. The Baronsmead VCTs closed their 2022/23 £50 million fundraising in early 2023, and launched a further £50 million fundraising in November 2023, which closed in March 2024.

Mobeus VCTs

The four Mobeus VCTs have a similar investment mandate to the Baronsmead funds trusts but focus solely on unquoted companies. The Mobeus VCT business is another long-standing, high performing, and well-respected brand in the VCT market.

As at 31 December 2023, the four Mobeus VCTs have a Net Asset Value of £360 million. The Mobeus VCTs have received exceptional demand from new and existing investors in recent years having closed their £76 million fundraising in 2023. The NAV total return of the VCTs since launch (between January 1999 and July 2004) to 31 December 2023 ranged from 229.9% to 369.9% excluding the benefit of investor income tax relief.

2023 highlights:

- We invested £46.0 million:
 - 8 new deals, £31.4 million invested
 - 10 follow-ons, £14.6 million invested
 - Invested in tech, services, healthcare, and ESG
 - Predominantly B2B (other than follow-on into TravelLocal)

We are excited by the positive difference that the capital we manage can make, as our investee businesses scale to create new employment and boost economic growth in the UK.

More recently we have launched an Investment Limited Partnership fund, the Gresham House Private Equity Release LP, for investors in both the UK and Ireland, whose stated objective is to provide secondary capital to established Gresham House VCT portfolio companies as well as allowing partners to invest alongside the VCTs in new investments while also pursuing some direct opportunities. The LP is £56 million in size.

Gresham House's substantial Private Equity platform and the experienced investors and portfolio managers within our Gresham House Ventures team, are well placed to continue delivering growth in AUM through strong investment performance and fundraising.

Risk Management

Effective risk management

Effective risk management is an intrinsic part of delivering alternative investment solutions; our comprehensive approach to risk management fully embeds sound practices into both the management of funds on behalf of end-investors and the management of Gresham House's internal business operations. Effective risk management is key to our success and embedded within the Group's strategic drivers and our culture.

The Board is responsible for the effective management of risks across the business. Risks and opportunities are integral to the business model and the Board oversees the parameters of acceptable risk taking while encouraging a culture of risk ownership and accountability.

Our Enterprise Risk Management Framework (ERM Framework) sets out our risk governance structure and arrangements for identifying, measuring, monitoring, and managing risk and non-financial risk across all aspects of our business, ensuring the ongoing management of residual risks within our risk appetite across all of our divisions.

How we manage risk

Our ERM Framework has been designed to ensure the prompt and accurate identification, assessment and management of internal and external risks as well as evaluation of emerging risks pertinent to the Group. During 2023, the Board reviewed and approved the annual refresh of the ERM policy and key risk management outputs, including the Group Risk Register and Risk Appetite Statement. There were no material changes to the risk tolerances of the business, however the Group Risk Register was updated to reflect the changing capital structure of the business in December 2023, and the macroeconomic impact on certain divisions and funds within the business.

The Gresham House Group approach to risk management encompasses the arrangements for the management of enterprise-wide risks, and the specific investment risks relevant for each fund.

Risk governance - the Board of Directors is responsible for setting our business strategy and the overall management of risk within the Group. Our risk governance structure is comprised of Board and executive committees, risk culture management, second line oversight functions, risk appetite and risk ownership roles and responsibilities. The Audit Committee considers Group-wide risks at least on a biannual basis and makes recommendations to the Board. The Board also allocates responsibilities for the management of identified risks.

The Group has in place a functional and hierarchical separation of its risk management oversight and business units, where business units include a portfolio management function. Risk ownership and risk oversight are fully segregated across the Group.

Risk culture - the Board sets the right tone at the top by supporting a sense of risk ownership and collective responsibility for risk management across the employee base. A strong risk culture is promoted throughout the Group. Accountability for the effectiveness of the Group's risk management systems and internal controls is delivered through our ERM Framework and is overseen by the Board and the senior management team in accordance with the Senior Managers and Certification Regime (SMCR).

Risk identification and prioritisation - the identification of the strategic objectives of the Group as a whole and supporting business processes include identification and assessment of risk events that might impede the achievement of business objectives or delivery of business processes.

Our risk identification process delivers a defined risk taxonomy which is used to establish the impact and likelihood of a risk materialising and the potential dimensions of the exposures the Group faces. Our risk prioritisation reflects an understanding of risk exposures relative to each other and the efficient application of resources within the Group.

Risk appetite, tolerance and limits - the Board sets the Group risk appetite which supports the corporate strategy and determines the threshold of risks considered acceptable. This approach aims to enhance our decision-making capacity and to reflect the agreed business strategy, the business operational systems and controls, risk appetite and tolerance, capital resources and threshold limits needed to provide early warning signs of a possible approach of our risk appetite limits.



Risk management and mitigation controls - as part of the risk assessment process, controls and mitigation strategies are documented for each material risk, with risk owners taking ownership of the maintenance and operation of designed mitigation controls. The second line risk function supports the risk and control self-assessment programme performed by risk owners to capture risks, oversee and challenge scenario analysis (where combinations of risk factors are assumed to vary) and stress testing outputs (where one risk factor, such as equity returns, is assumed to vary).

Risk models are an important tool in our measurement of risks. They are used to support the monitoring and reporting of risk and when evaluating actions deciding what mitigation controls are to be implemented. Risk velocity management also forms part of our processes and seeks to measure how fast an exposure can impact our business units and the point at which the organisation first feels its effects.

Risk ownership - as part of our SMCR responsibilities, we have allocated risk ownership responsibilities to our senior management team and appropriate delegation of the identified risks cascades down to risk owners across our business units to ensure risks identified are effectively monitored and reported. We also ensure that risk owners have the skills, resources, knowledge and expertise to manage our business risks.

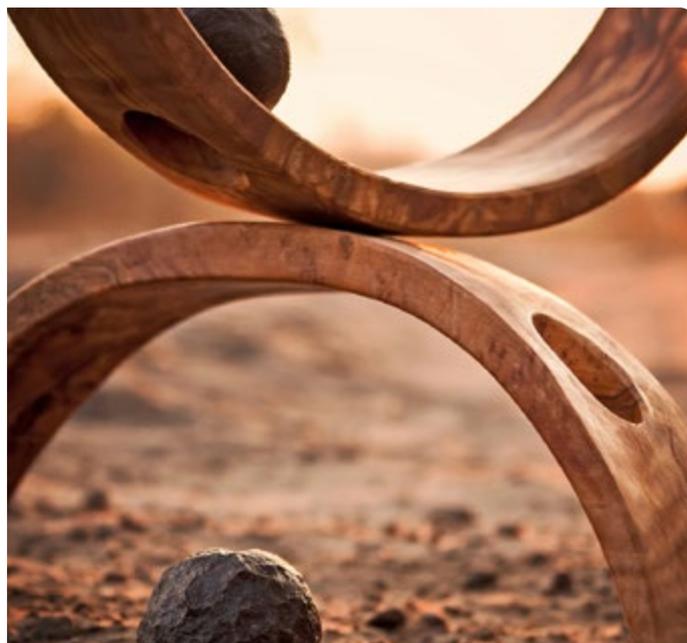
Risk reporting - risk reporting is an integral part of the ERM Framework and takes place at different levels throughout the business units, including corporate and portfolio management functions.

Each regulated entity and investment fund systematically identifies their material, relevant risks and has a limit monitoring and reporting framework in place. Fund level risk reporting is aggregated at the legal entity level, which in turn reports to the Audit Committee and the Board, providing the Board members with information necessary to assess the management of risks in line with strategic objectives, agreed risk tolerances and the effectiveness of the control environment.

The Board and the Audit Committee meet at least bi-annually to review and, where required, challenge the Group's management of risks and any significant changes to the profile of risks including actions being taken to mitigate or control key risk exposures.

ESG risk management - our approach to sustainability is a key part of our strategy and our ability to deliver sustainable investment considerations is applied across the investment process for all asset classes. It involves the integration of ESG factors through due diligence screening, engagement, governance and risk management, therefore helping to formulate a granular picture of the asset, informing a coherent engagement strategy which is agreed by each of our investment committees.

Our in-house developed ESG Decision Tool is integrated into product governance and investment decision-making processes, taking both a top-down and bottom-up risk management approach to selecting and assessing our business and investment risks and opportunities over the short, medium and long-term.



Pillar II Capital Adequacy assessment

The regulated entities within the Group undergo an annual capital adequacy risk assessment exercise that ensures identified risks are quantified and the adequate capital maintained to cover the identified risks.

This exercise considers but it is not limited to:

- current and forward-looking assessment of the risks and financial position of the entities over a multi-year horizon;
- applicable financial and non-financial risks and the effectiveness of internal controls to manage the likelihood and/or impact of those risks; and
- capital requirements to ensure the financial stability of the entities under base case and stressed scenarios.

Following the introduction of the FCA's Investment Firm Prudential Regime (IFPR), the UK regulated investment managers are subject to a new prudential regime.

Similar to the Internal Capital Adequacy Assessment Process (ICAAP) Gresham House Ireland completes, the Internal Capital Adequacy and Risk Assessment (ICARA) requires regulated investment firms to demonstrate that adequate risk management has been undertaken. Under the new ICARA process, greater emphasis is placed on the investment firm's business model, capturing potential harms from both the market and our clients.

The Group regulated entities' ICAAP and ICARA outputs, submitted to their respective regulators, outline the harm scenarios considered and the output of our liquidity, capital adequacy, and operational resilience stress testing. In addition to assessing the financial resources required to mitigate the harms posed by the firm, management has also considered the adequacy of the firm's broader risk management processes and the Pillar II process itself. The Group is satisfied that these processes are operating as intended.

Governance

Governance at Gresham House

Gresham House Limited is a specialist alternative asset management group that provides funds, direct investments and tailored investment solutions including co-investment. The Group currently advises funds and individual clients across a range of investment classes including Strategic Equity and Real Assets.

As per the FCA's prudential rulebook, Gresham House Limited is the parent entity for Gresham House Asset Management Limited.

The entities below include those which have been identified as within the regulatory perimeter, forming part of the investment firm group, are:

Entity	Summary of activities
SeedBidco Limited	Guernsey based parent company which led the acquisition of Gresham House plc (now Gresham House Limited).
Gresham House Limited	UK-based intermediate parent company.
Gresham House Holding Limited	A holding company, with investments in financial sector entities. Gresham House staff are employed by Gresham House Holdings, with staffing costs allocated to group entities.
Gresham House Asset Management Limited	Gresham House Asset Management Limited (GHAM) is regulated as a Collective Portfolio Management Investment Firm ("CPMI Firm"), as the firm is regulated both under the Alternative Investment Portfolio Managers Directive ("AIFMD") and as a MIFIDPRU Investment firm. GHAM provides investment management, fund management, investment advisory and unregulated services across a range of portfolios covering the following strategies: <ul style="list-style-type: none"> ▪ Housing ▪ Forestry ▪ Sustainable Infrastructure ▪ New Energy ▪ Strategic Equity (including both public and private equity) ▪ 'Asset management' - being the management of physical property (e.g., related to management of woodland as part of GHAM's forestry business line) GHAM's managing activities include the direct management of vehicles (AIFs, UCISs) as the AIFM, delegated portfolio management for other AIFs, UCITS and NURS funds, and commercial management of assets (unregulated). CIS is the overarching term for any collective investment scheme – and within the UK they are further broken down as AIF's, UCITS etc.
Gresham House Investment Management (Guernsey) Limited	A Guernsey general partner, regulated by the Guernsey Financial Services Commission. As such, we have concluded that the entity meets the definition of a financial institution.
Gresham House Asset Management Ireland Limited	Authorised as an AIFM in Ireland.
ReSI Capital Management Limited	Authorised as an AIFM in the UK. ReSI Capital Management Limited was, until Q3 2023, the AIFM for Gresham House ReSI LP and ReSI plc, though these funds have since been novated to GHAM.

The Group Board is ultimately responsible for the effective management of risks across the Group and considers the effective management of these risks and opportunities as central to the achievement of its long-term objectives.

The Group Board sets the Group's risk strategy and risk appetite after considering recommendations received from the Group Audit Committee, performs oversight activity to ensure risk is being monitored and controlled effectively, is responsible for ensuring that the Group as a whole and regulated subsidiaries maintain sufficient capital and liquidity resources to meet regulatory capital and liquidity requirements, and to support its growth and strategic objectives; and promotes an overall culture of effective risk management throughout the business.

The Group Board has three committees: Audit, Remuneration, and Investment. The Group Audit Committee meets at least biannually to review and, where required, challenge the Group's management of risks and any significant changes to the profile of risks including actions being taken to mitigate or control key risk exposures.

The Group Audit Committee considers Group wide risks at least biannually and as part of its remit, oversees the overall risk management framework effectiveness and corporate governance statements relating to risk management. The Group Audit Committee review and, where required, challenge Risk Owners' management of risks and any significant changes to the profile of risks including actions being taken to mitigate or control key risk exposures. This means that actions requested by the Group Audit Committee are tracked to completion at subsequent meetings. A feedback loop exists to ensure that where the Group Audit Committee requests additional analysis, this is followed through to completion and the Group Audit Committee confirms satisfaction with the enhancements made.

The Group Audit Committee reviews policies and processes for identifying and assessing risk and challenges the disclosures on key risks and management's responses to them while evaluating risk opportunities and risk mitigation structures, across the business.

The Group Board delegates risk oversight responsibilities in line with defined risk appetite and risk strategy to the Boards of the individual Group companies, to promote focused oversight of the specific activities and services provided by each entity (in particular the regulated asset management businesses).

Day-to-day risk management activities are the responsibility of the executives and senior management team. All material risks within the Group are assigned to Risk Owners, Portfolio Managers are responsible for the management of the risks facing investment funds in line with funds' rules and governing documents.

Regulated subsidiaries

Subsidiary group entities are responsible for implementing risk management arrangements and ensuring that their risk exposure is managed in line with the Group's overall business objectives and within its stated risk appetite. Regulated financial services are provided in the UK primarily by GHAM; the GHAM Board provide oversight and approval of the process for identifying, evaluating, managing, and reporting the significant risks faced by GHAM, and which GHAM may represent for the Group.

GHAM is categorised as "not a small-and-non interconnected investment firm" (non-SNI) below the threshold requirements set out in the FCA's MIFIDPRU 7.1.4, and as such GHAM is not required to establish a risk committee, remuneration committee, or nominations committee.

- GHAM's on-balance sheet assets and off-balance sheet items over the preceding 4-year period is a rolling average of £300 million or less; and
- GHAM does not operate a trading book business of over £150 million, or derivatives book business of over £100 million.

The GHAM Board meets quarterly, and receives an update on risk profile, incidents and breaches, updates in the compliance environment, capital adequacy, and other relevant metrics and management information.

The GHAM Board of Directors are the members of the Group Management Committee, and the Divisional Heads, and comprise the senior management of GHAM.

Senior management

Day-to-day risk management activities are the responsibility of the senior management team.

The Group Management Committee (GMC), comprising the Chief Executive Officer, Chief Financial Officer, Managing Director, Chief Legal Officer, and Chief Operating Officer/Chief Technology Officer, is responsible for the allocation of resources and overseeing the day-to-day operations of the organisation.

All GMC members are GHAM Board Directors. The CEO, Managing Director and CFO are also Group Board Directors.

The management team are supported by their functional teams, as well as cross-functional committees where required.

- Executive / Management committees: chaired by a GMC member and comprising individuals with responsibility for the day-to-day operations across Gresham House. These committees are operational in nature and focus on implementing the strategic direction set by the Board, handling routine matters, they coordinate activities across different departments, and ensure that the organisation's objectives are met efficiently and effectively.
- Working Groups: cross-functional forum, typically supporting an Executive / Management committee by preparing inputs and completing actions delegated from the Executive / Management committee.



Funds overview

	Name	Investment
New Energy	Gresham House Secure Income Renewable Energy & Storage LP (SIReS)	Collocation (Battery Energy Storage)
	Gresham House Energy Storage Fund plc (GRID)	Battery Energy Storage System
	Gresham House Global Energy Transition Fund	Solar, BESS, Wind, Energy Storage
Housing	Gresham House Residential Secure Income LP	Shared Ownership
	Gresham House Residential Yield Fund LP	Build-to-Rent (BtR)
	Gresham House Residential Yield Fund LP and Development	BtR and Development
	Residential Secure Income plc	Shared Ownership and Rent-to-Own
Forestry	Gresham House Forest Fund VI LP	Mature forestry and woodland
	Natural Capital	Native woodland, habitat banks
	Gresham House Sustainable International Forestry Fund	70% commercial forestry, 30% planting
	Gresham House Irish Strategic Forestry Fund	Mature forestry + Woodland
Sustainable Infrastructure	Gresham House British Sustainable Infrastructure Fund III	Resource Efficiency, Decarbonisation, Regeneration, Health & Education
	Environment Bank Limited co-invest	Habitat banks (Regeneration)
	GoFibre co-invest	Altnet (Digital Inclusion)
	Wildanet co-invest	Altnet (Digital Inclusion)
	Fischer Farms co-invest	Hydroponic Farming (Resource Efficiency)
Private Equity	Gresham House Private Equity Release LP	VCT Portfolio companies
VCTs	Baronsmead Venture Trust plc	Early stage growth companies
	Baronsmead Second Venture Trust plc	Early stage growth companies
	The Income & Growth VCT plc	Early stage growth companies
	Mobeus Income & Income Growth VCT plc	Early stage growth companies
	Mobeus Income & Income Growth VCT 2 plc	Early stage growth companies
	Mobeus Income & Income Growth VCT 4 plc	Early stage growth companies
Public Equity	WS Gresham House UK Micro Cap Fund	UK equities
	WS Gresham House UK Multi Cap Income Fund	UK equities
	WS Gresham House UK Smaller Companies Fund	UK equities
	Strategic Equity Capital plc	UK equities



	Geography	Vehicle	Status
Energy Storage Systems (BESS) - solar, wind)	UK up to 20% in non-UK, EEA assets	Limited Partnership	Open
Systems	UK	Investment Trust	Open
Efficiency	North America 30%-50%; EU 20%-40%; UK 10%-25%; Australia 0-10%	Limited Partnership	Launching in 2024
	UK	Limited Partnership	Open
	UK	Limited Partnership	Launching in 2024
	UK	Limited Partnership	Launching in 2024
Retirement	UK	Investment Trust	Open
Land creation	UK	Limited Partnership	Open
Parks, forestry, peatland restoration	UK	TBD	Launching in 2024
30% forest carbon with a focus on new	UK, Europe EEA, Australasia, US	Limited Partnership	Launching in 2024
Land creation	Ireland	Limited Partnership	Open
Carbonisation, Waste Solutions, Education and Digital Inclusion	80% UK, 20% outside	Limited Partnership	Open
on)	UK	Limited Partnership	Open
	UK (East Scotland & SW)	Limited Partnership	Open
	SW	Limited Partnership	Open
Source Efficiency)	UK	Limited Partnership	Open
	UK & Ireland	Limited Partnership	Open
panies	UK	VCT	Open
panies	UK	VCT	Open
panies	UK	VCT	Open
panies	UK	VCT	Open
panies	UK	VCT	Open
panies	UK	VCT	Open
	UK	OEIC	Open
	UK	OEIC	Open
	UK	OEIC	Open
	UK	Investment Trust	Open



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For further information on Gresham House
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www.greshamhouse.com





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