

Gresham House Euro Liquidity Fund

Quarterly Report
1 July 2025 to 30 September 2025



Gresham House
Specialist investment

Highlights

The Gresham House Euro Liquidity Fund (the Fund) is an actively managed fund which is presently invested in short-dated government debt but may also invest in cash deposits, corporate debt and floating-rate notes (FRNs).

The Fund invests across a spread of instruments and institutions to diversify risk. This generates an appropriate level of return including income, achieving a low level of volatility and preserving capital over the long-term. This weighting could involve an increase in the short-term volatility profile of the Fund.

Unit Price
(NAV per Unit)

€105.0254

Year to date performance*

1.19%

**Annualised return
since inception**

0.29%

**The yield to maturity of
the Fund at the end of Q3
2025 was 1.90%.**

**The Fund continued to benefit
from yields on short-dated
European government bonds.**

**Central Bank policy
expectations price in
limited further rate cuts
across the major central
banks during 2025.**

*All performance figures stated in this report are 'Net Performance' (i.e. net of fees and charges).

The Investment Manager, Gresham House Asset Management Ireland Limited (Gresham House Ireland, Investment Manager or the Manager), is a leading Irish based asset manager, managing a range of funds, which invest globally, to grow and protect our clients' assets while generating sustainable income.

For more information visit

www.greshamhouse.ie

Investment Manager's Report

Market Commentary

The third quarter saw the market rebound continue, with equities powering ahead despite an increasingly complex macro backdrop. Hard economic data, including industrial production, consumer spending, and real GDP, remains robust and continues to trend upward. These indicators, which form the foundation of recession assessments, are providing the comfort investors need to look past a growing list of concerns: geopolitical tensions, renewed tariff threats, persistent inflation pressures, policy uncertainty, questions over central bank independence, and weakness in the housing market.

Markets currently find themselves in a "Goldilocks" environment, one where central banks are cutting rates while most governments are maintaining or expanding fiscal deficits. This combination has created a supportive backdrop for risk assets. However, this equilibrium is fragile, and there are three main risks that could disrupt it, though none appear imminent.

The first risk is a U.S. recession. For now, this seems unlikely. Real wage growth remains positive, household balance sheets are in good shape, and layoffs remain historically low, all of which point to continued consumer resilience. The second risk would be a renewed phase of central bank tightening, but the opposite is occurring today, with policymakers broadly moving toward easing.

The third, and potentially most material, risk is that the ongoing AI-driven equity boom proves to be a bubble. A sharp reversal here could have wide-reaching effects, not only for the technology sector but also for the broader economy through the wealth effect. We believe the hallmarks of a speculative bubble are clearly visible, enormous capital expenditure commitments with little visibility of future returns, rising trade receivables at major players such as Nvidia, and valuations that assume universal success despite limited evidence of large-scale, profitable applications. Our response to this has been consistent: we put valuation discipline first. Accordingly, we have maintained no direct exposure to the AI leaders driving the mania, though we remain alert to the broader economic implications should valuations revert toward historical norms.

The good news for investors is that opportunities remain abundant elsewhere. Emerging markets stand out as attractively valued and are benefiting from a weaker U.S. dollar and improving corporate governance trends. Europe, too, is showing encouraging signs of structural reform while offering compelling relative valuations. We have increased allocations to both regions to capture these favourable dynamics.



Derek Heffernan
Chief Investment Officer

Following gold's strong performance year-to-date, we have reduced our position, reallocating some capital toward gold miners and silver, where valuations are more appealing. Meanwhile, in an environment where fiscal discipline has eroded and government deficits appear entrenched, we remain cautious on long-duration sovereign bonds, which are unlikely to deliver attractive returns over the cycle.

Looking ahead, we continue to favour valuation discipline, diversification, and balance as the cornerstones of our approach. Markets may well continue to climb a wall of worry, but we believe prudence will be rewarded. In a world awash with liquidity and policy experimentation, the ability to distinguish enduring value from transient narrative is more critical than ever. Our focus remains on identifying assets with durable cash flows, sensible valuations, and strong balance sheets — the timeless foundations of compounding wealth through uncertainty.

Fund Performance

The Gresham House Euro Liquidity Fund delivered a return of 0.25% in Q3, taking year-to-date performance to 1.19%. The Fund remains invested in short-dated European government bonds, which continue to offer compelling yields across developed markets in Europe, even as the European Central Bank (ECB) progressed through its easing cycle. After cutting rates eight times since June 2024, there has since been a pause, with the deposit facility rate setting at 2%. As of the end of the quarter, the Fund's yield to maturity stood at 1.90%. The Fund's duration was stable over the period, currently standing at 0.55 years.

At the macro level, the Euro area outlook remains overshadowed by tariff disputes and broader global uncertainty. Inflation had lingered in a narrow 2-2.5% band but is now being pulled lower by disinflationary forces. Market expectations have drifted closer to 1.5%, largely reflecting declines in energy prices, especially oil and wholesale natural gas.

The ECB forecasts that headline CPI will stay below the 2% threshold until at least 2027. While this scenario, coupled with persistent political uncertainty in France, sets the stage for ongoing pressure on interest rates, prospects for German fiscal measures and higher European defence spending should provide some support to medium-term growth. Any meaningful progress towards resolving the conflict in Ukraine would provide an additional tailwind, offering scope for both stronger growth and a lift in inflation expectations.

Against the mixed backdrop described above, markets generally view the current stance as the end point of this easing cycle, with market pricing suggesting at most one additional cut by late 2026. In this environment, the fund remains well positioned. Short-maturity yields continue to offer value, while the most aggressive phase of policy easing appears to be behind us. The portfolio benefits from a broad and attractive opportunity set, and our active approach across issuers, maturities, and regions allows us to capture value where it arises, without compromising on liquidity or the focus on capital preservation.

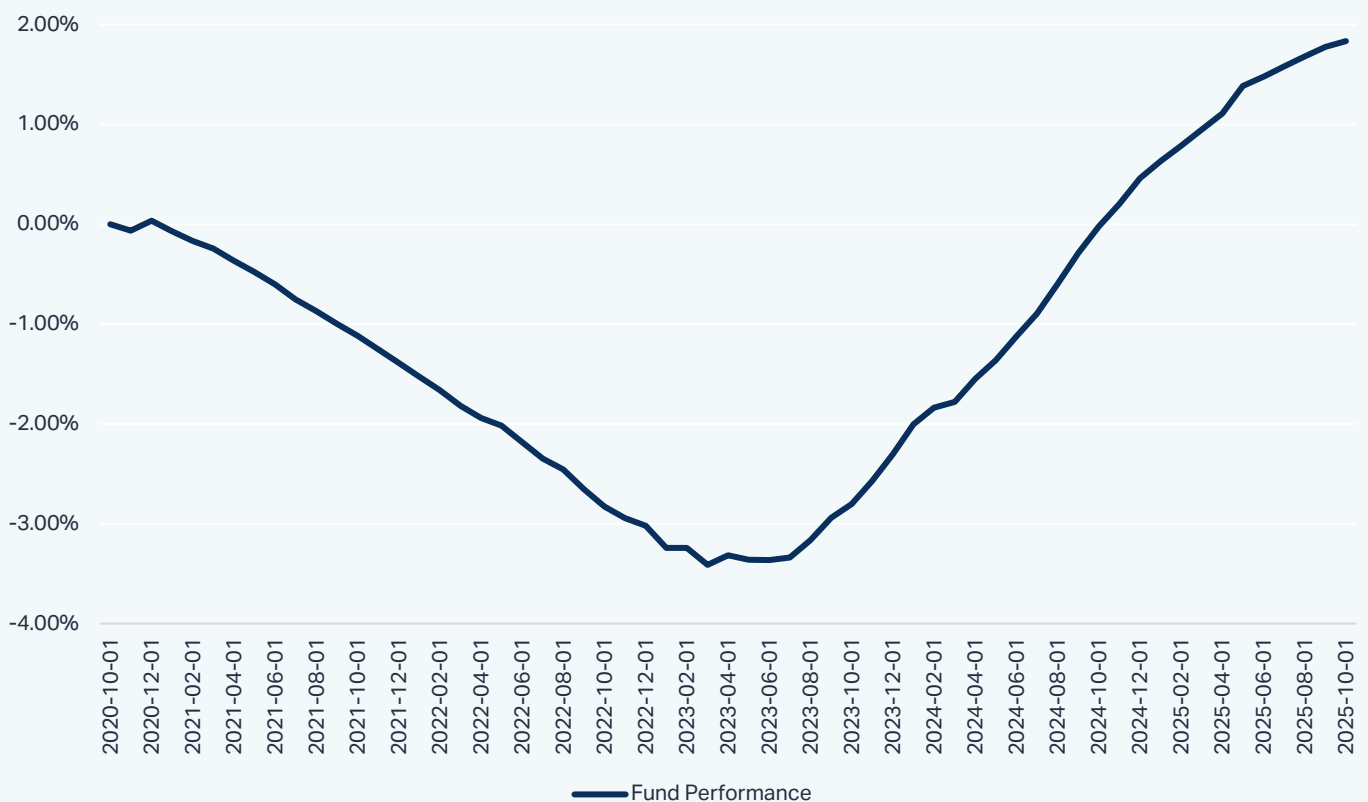


Cumulative performance	YTD	3 months	6 months	1 year	3 years	5 years	10 years	Since launch
	1.19%	0.25%	0.72%	1.86%	4.80%	1.84%	-1.32%	5.03%

Annualised performance	3 years PA	5 years PA	10 years PA	Since launch
	1.58%	0.36%	-0.13%	0.29%

Asset positioning	%	Top holdings	%
Bonds	99.03	Portuguese Bond	7.92
Cash	0.97	French Bond	7.76
		Greek Bond	7.76
		Spanish Bond	7.27
		Dutch Bond	6.67

Five Year Fund Performance



The Team

Investment Team



Derek Heffernan
Chief Investment Officer



Kuda Damba
Senior Investment Analyst



Gerry Hennigan
Senior Investment Analyst



Callum Heapes
Investment Analyst

Client Relationship Team



Patrick J Lawless
Chair of Investment Committee

E: p.lawless@greshamhouse.ie



Ian Naughton
Head of Client
Relationship Management

E: i.naughton@greshamhouse.ie



John O'Driscoll
Sales and Business
Development Manager

E: j.odriscoll@greshamhouse.ie



Kenny Downes
Client Relationship Manager

E: k.downes@greshamhouse.ie

Important information - For investors whom it is addressed to only – not for use by any other third party. This document is strictly for information purposes and should not be considered as an offer or solicitation to deal in any of the investments mentioned herein. This document is given to the recipient on condition that the recipient accepts that Gresham House Asset Management Ireland Limited is not providing any financial or other advice to it. This document has been issued by Gresham House Asset Management Ireland Limited, whose registered office is 2nd Floor, Block 3, The Oval, 160 Shelbourne Road, Dublin 4 and is regulated by the Central Bank of Ireland. This document is confidential, is for information purposes only, and is intended only for the person to whom it is delivered. It may not be reproduced, photocopied or disseminated to any other person without the express prior written consent of Gresham House Asset Management Ireland Limited. The information in this document is subject to change without notice, its accuracy is not guaranteed, and it may be incomplete and is condensed. This document is not intended to provide, and should not be relied on for, accounting, legal or tax advice or investment recommendations.



Gresham House

Specialist investment