

# Gresham House Global Small Company Fund

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Quarterly Report  
1 July 2025 to 30 September 2025



**Gresham House**  
Specialist investment

# Highlights

The Gresham House Global Small Company Fund is a concentrated equity fund which invests in small cap stocks globally. It targets long established, well-managed, high quality, cash generative companies capable of delivering above average growth over time, but whose prospects are undervalued by the market.

This unaudited quarterly update provides an overview of Gresham House Global Small Company Fund (the Fund) performance between 1 July 2025 to 30 September 2025.

The Fund launched in 2012 with a target return of 8 -10% per annum.

**Unit Price**  
(NAV per Unit)

**€195.8779**

**Year to date performance\***

**3.27%**

**Annualised return  
since inception**

**5.30%**

**Gresham House Global Small Company Fund  
declined 3.58% over the quarter.**

**The valuation of both the Fund and the asset  
class is at an extreme. The portfolio is full of  
quality cash generating companies trading at  
very low valuations.**

\*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](http://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 Global Small Company Fund declined 3.58% over the quarter, bringing year-to-date performance to 3.27%. Performance was held back by a combination of (i) Weakness in some of our UK holdings; and (ii) Several of our outperformers from Q2 giving up part of those gains in Q3. Despite this short-term pullback, we remain highly confident in the outlook for global small caps. Valuations across the US and Europe remain at compelling levels, supported by solid fundamentals and improving earnings momentum. In the UK, sentiment remains fragile, though there are encouraging signs that institutional outflows may be slowing. The Fund's European overweight remains a key conviction, with the region's improving macro environment, underpinned by increased fiscal spending and a gradual recovery in industrial activity, creating what we believe is a strong foundation for sustained recovery and long-term value creation in the small-cap space.

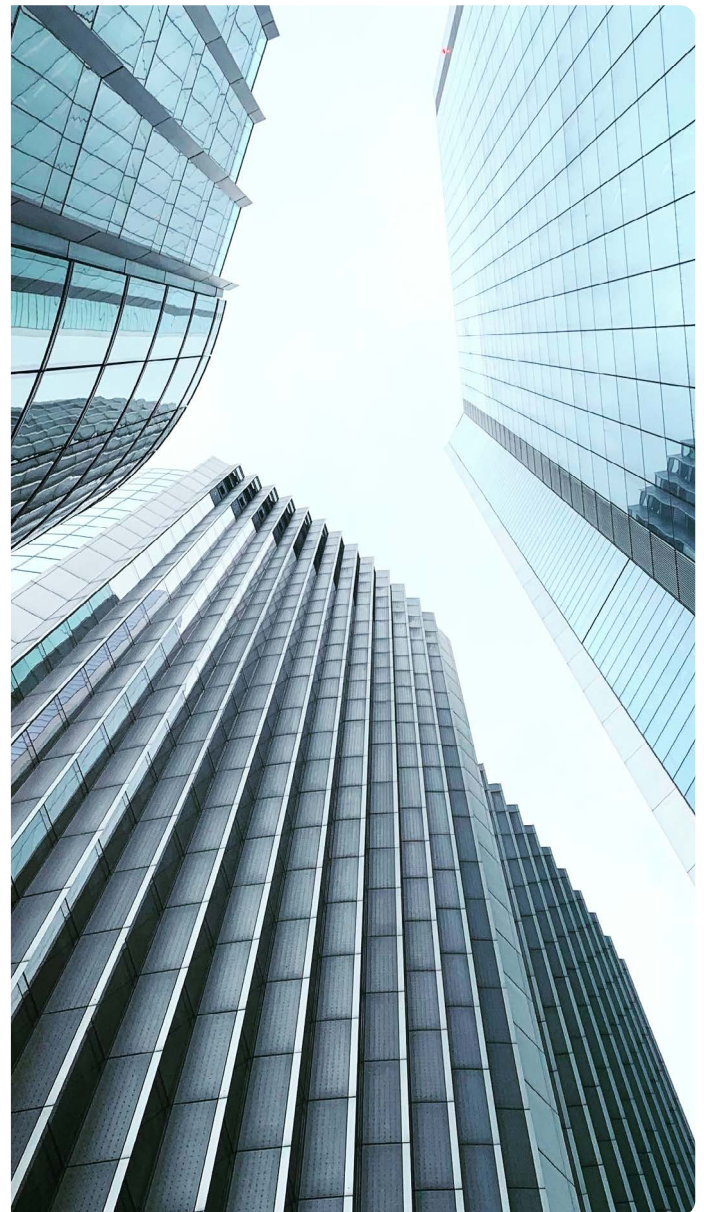
Swiss construction and engineering group Implenia was the Fund's top contributor, rising 19.7% over the quarter. The company continues to benefit from Europe's fiscal expansion and favourable financing conditions, while its H1 results in August demonstrated solid progress toward its CHF140m EBIT target. Management's focus on de-risking the business model, strengthening the balance sheet, expanding the order backlog, and pursuing higher-margin contracts remains a key driver of value creation, and the stock continues to represent a high-conviction holding within the portfolio.

UK video game publisher Everplay was another strong contributor, gaining 18.4% during the quarter and bringing year-to-date performance to 71.8%. Following a challenging couple of years post-Covid, during which the share price fell around 85% from peak to trough amid sluggish demand and efforts to diversify into larger-budget titles and new genres, the company now appears firmly on the path to recovery. Management's renewed focus on its core strengths in publishing lower-budget indie games, combined with the resilient cash generation from its growing back catalogue, is delivering encouraging results and positioning the business well for a sustained turnaround.

Irish housebuilder Glenveagh also continued its strong momentum into Q3, rising 12.8% during the quarter. H1 results released in September painted a positive picture, with management reiterating full-year guidance and expanding the share buyback programme by €20mn. While the company's fundamentals have strengthened materially, the valuation is now less compelling than when we first initiated our position, prompting us to take some profits. Nonetheless, we continue to see a highly attractive long-term opportunity in the Irish housing market, where both Glenveagh and Cairn remain well positioned to benefit from structural undersupply and robust demand dynamics.

Among the underperformers, RHI Magnesita and Jungheinrich both declined significantly (–30% and –26% respectively) after issuing disappointing results during the quarter. RHI's H1 results were broadly in line with expectations, however, the outlook fell short due to weak steel demand, with shares falling more than 20% on the day. Jungheinrich suffered a similar fate in July, falling 16% following a profit warning partly linked to softer end-markets. A restructuring programme is underway, and while near-term conditions may remain challenging, management is taking decisive action, and we continue to hold both positions with a long-term view.

After several years of underperformance, small-cap equities are finally showing early signs of recovery and renewed investor interest. We believe the asset class is entering an inflection point, supported by historically low valuations, healthy balance sheets, and improving earnings growth. Against this backdrop, we see a particularly compelling opportunity for active investors to capitalise on the recovery potential within the global small-cap universe.



| Cumulative performance | YTD   | 3 months | 6 months | 1 year | 3 years | 5 years | 10 years | Since launch |
|------------------------|-------|----------|----------|--------|---------|---------|----------|--------------|
| Net Return             | 3.27% | -3.58%   | 3.57%    | -1.67% | 22.80%  | 28.16%  | 8.50%    | 95.88%       |

| Annualised performance | 3 years PA | 5 years PA | 10 years PA | Since launch |
|------------------------|------------|------------|-------------|--------------|
| Net Return             | 7.09%      | 5.09%      | 0.82%       | 5.30%        |

| Regional split | %     | Top holdings                  | %    | Sector weighting       | %     |
|----------------|-------|-------------------------------|------|------------------------|-------|
| Europe         | 52.96 | Construction materials        | 4.86 | Industrials            | 37.39 |
| UK             | 41.02 | Transit services              | 4.78 | Materials              | 20.13 |
| US             | 6.02  | Building materials            | 4.62 | Consumer discretionary | 11.51 |
|                |       | Other commercial support Svcs | 4.61 | Consumer staples       | 9.24  |
|                |       | Banks                         | 4.20 | Communication services | 5.61  |

Five Year Fund Performance



# The Team

## Investment Team



**Derek Heffernan**  
Chief Investment Officer



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Senior Investment Analyst



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Senior Investment Analyst



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Investment Analyst

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