

Investment Objective & Strategy

Rockwood Strategic plc (the "Fund") seeks investments capable of delivering 15% IRRs over a 3-5 year time horizon in publicly listed UK Small companies. The strategy targets 5-8 'core' positions with the top 10 holdings represent the majority of NAV and a further 10-25 generally more liquid, smaller investments. We have a 'value' investor mindset, are cash-flow focused, and seek proven businesses and opportunities for strategic, operational or management change to unlock shareholder value. The team adopts an 'engaged' approach with its investments, alongside material shareholdings.

Performance %

	YTD	3M	12M	36M	48M
Total Shareholder Return	28.3	2.9	28.3	87.3	114.3
NAV Return	25.7	2.3	25.7	57.7	102.4
FTSE Small (ex ITs)	9.5	-1.8	9.5	-6.5	20.2
FTSE AIM All Share	-5.7	-2.8	-5.7	-40.9	-37.8

Financial Year's Performance %

	2024	2023	2022	2021	2020
Total Shareholder Return	15.4	28.2	22.2	59.3	-5.3
NAV Return	5.1	21.4	27.5	44.3	-14.3
FTSE All-Share Total Return	8.4	2.9	13.0	26.7	-18.5

Investment Manager's Commentary

A modest quarterly NAV gain against the backdrop of the new government's first budget which wasn't positive for UK equities or wider confidence as taxation was raised on capital gains and corporations and AIM incentives were reduced. Government Debt interest payments in 2024 will exceed £100 billion, more than the Education budget. UK interest rates were cut again to 4.75%. Trump won the US Presidential election which further boosted strong US markets. The S&P 500 produced back-to-back annual gains of above +20% for only the third time in 100 years. The US market now represents 73% of the MSCI Global Index but only 26% of global GDP. Future policy direction, such as tariffs in the US, appear inflationary and bond markets have thus cooled on meaningful further interest rate cuts. European politics was messy in both France and Germany. China announced further stimulus to address its weak economy. Markets remain excited by the productivity potential from AI, yet there are considerable cost headwinds to offset from unfavorable demographics, debt levels, climate change commitments and defence needs in the coming years. UK stock market challenges have gained media attention during 2024, a year when our NAV per share grew 25.7%. AIM fell -5.7%; halving IHT relief will not make life any easier. We encourage additional incentives to ensure tax breaks are directed towards investing in British listed companies, supporting our domestic economy. However, we strongly believe Rockwood's differentiated strategy can continue to deliver over the medium-term 'whatever the weather', as we can currently identify outstanding value, material profit recovery potential and clear catalysts in our portfolio and investment pipeline of real businesses.

Five holdings did particularly well this quarter. National World received a takeover offer at a 53% premium, generating an excellent IRR for the investment made earlier this year. RM Group announced trading ahead of expectations and an expanded contract with Cambridge University, the shares rose 35%. We await the imminent refocusing of the group to alleviate a stretched balance sheet, reducing equity risk. Galliford announced excellent results with operating profit up 35%, an expanded buy-back and contract wins, shares rising 25%. Pressure Technologies announced the sale of its PMC Division, transforming its balance sheet and focusing the group, the shares rose 23%. Filtronic updated that trading will be ahead of expectations, that additional production lines were added to cope with demand, appointed a Chief Commercial Officer and opened a new design Centre in Cambridge. Up 12% in the quarter, they finished 2024 up 266%, now +529% since our original purchase. We expect further exciting progress in 2025.

Four holdings performed poorly this quarter. Facilities by ADF issued an unexpected profit warning brought on primarily by delays in projects attributed to political uncertainty both in the UK and US. The reaction was severe, down 33%, due to proximity to the recent fund raise. We increased our position and are engaging with the company. Capita fell 26%, downgrading profit expectations, partly linked to higher NIC costs for their +40k workforce but also due to challenging contracts that pre-date new management. They upgraded cost saving targets to £250m and reiterated confidence in the 6-8% margin target vs estimated '24 of 4%. Centaur Media also warned on profits (reducing expected Ebitda margin to 15%). Martin Rowlands, fully backed by Harwood, has been appointed Chair and subsequently the CEO has retired. With over £9m cash and some strong brands we expect a total focus on

Top Ten Holdings as % of NAV

RM	Education Services	13.1%
Funding Circle	Financial Services	8.4%
Filtronic	Technology	7.9%
Trifast	Industrials	7.8%
M&C Saatchi	Media	5.4%
Vanquis Banking Group	Financial Services	4.4%
Fischer (James) & Sons	Industrials	4.3%
Restore	Business Services	3.8%
STV Group	Media	3.6%
Kooth	Healthcare	3.5%
Total		67.5%
Cash & equivalents	Cash & equivalents	3.1%

Key Risk Considerations

Past performance is not a reliable indicator of current or future performance, and investors may not get back the original amount invested. Investment in RKW may not be appropriate for investors who plan to withdraw their money within 5 years. Shares of RKW may trade at a discount or a premium to Net Asset Value ("NAV") for a variety of reasons. On a sale you could realise less than the NAV and less than you initially invested. RKW's portfolio is focused towards small companies; these may involve a higher degree of risk than larger sized companies.

Key Facts as at 31 December 2024

Manager	Richard Staveley
Year end	March
NAV £m	95
Share price (Mid)	262.5p
NAV per share	258.61p
Premium to NAV	1.5%
No. of holdings	24
Net cash	£3.0m
AMC	1%
Performance fee	10% over 6% p.a. hurdle, high watermark
Bloomberg Ticker	RKW.LN
ISIN / Sedol	GB00BRRD5L66 / BRRD5L6

the realisation of shareholder value. Vanquis Banking was knocked by unfavourable Appeal court judgements in motor finance, we believe a worse case than worst case scenario is priced into the shares. Indeed, we see considerable undervaluation across the whole portfolio.

We used the fragile AIM environment to purchase two undervalued new holdings: Mercia Asset Management is realising its assets and building a high-returning, specialist business. Kooth, the leading UK provider of mental health services, entering the US, has huge profit growth potential.

Holding Information

- Richard Staveley is a Non-Executive Director at Pressure Technologies
- Investment Advisory Group ("IAG") member Jamie Brooke is a Non-Executive Director at Flowtech Fluidpower and Titon Holdings.
- Nick Mills is a Non-Executive Director at Trifast

Fund Management Team



Richard Staveley has been the lead manager for Rockwood Strategic (previously GHS Plc) for the last 5 years. He was also lead fund manager of Majedie UK Small Companies, R&M UK Small Companies, and Société Générale UK Small Companies, all after he had qualified as a Chartered Accountant at PWC. He is a CFA Charterholder and has 25 years small company fund management experience.



Nicholas Mills has over a decade of investment experience having joined Harwood Capital LLP in 2019 after spending 5 years at Gabelli Asset Management in New York. He acted primarily as a Research Analyst covering the multi-industrial space and also gained experience in Merger Arbitrage strategies and Closed End Funds. He has a Bachelor of Science Degree from Boston College's Carroll School of Management. He also works on North Atlantic Small Companies IT and is Co-Fund Manager of Oryx International Growth Limited. He currently sits on the Boards of Niox Group Plc, Trifast Plc and Hargreaves Services Plc.

Other Features

- 'Skin in the Game' - Christopher Mills (CIO and Founder of Harwood) and Richard Staveley own 24% of the issued share capital of Rockwood Strategic plc.
- Premium listing on the London Stock Exchange.
- Investment universe of >500 UK small companies, sub £250m market capitalisation at point of purchase.
- Focused portfolio, majority of capital in top ten 10 holdings.
- Ability to hold up to 15% in private companies or instruments.
- There is significant information on the Investment Opportunity, Philosophy and Process on the website www.rockwoodstrategic.com
- The website also hosts recordings of recent video interviews with the manager and the latest Fund Presentation.

Investment Advisory Group (>200 years combined experience)

Christopher Mills; Founder of Harwood Capital, JO Hambro Capital Management and Harwood Wealth. CEO North Atlantic Smaller Companies IT, Executive Director of Oryx International Growth Fund Ltd, >45 years investment experience

Adam Parker; Co-Founder of Majedie Asset Management, formerly at Mercury Asset Management, >35 years UK small companies fund management experience (Oxford, Chemistry).

Jamie Brooke; Formerly Hannover, Lombard Odier, Henderson Global, Gartmore, 3i and Deloitte (ACA), >30 years UK small companies investment experience. NED at Flowtech Fluidpower, Titon Holdings and Chapel Down plc. Director Kelso Plc (Oxford, Maths).

Rupert Dyson; Founder of Edale Capital LLP, formerly Sloane Robinson and Invesco, 30 years European equities investing experience (Bristol, History).

Yuri Khodjamirian; Formerly an analyst and fund manager at Majedie Asset Management, 15 years UK and Global equities experience. CIO Tema ETFs and founder of www.snippet.finance (Cambridge & LSE, Economics and Bioscience Enterprise).

David Potter; >50 years of financial services and transaction experience incl. CSFB, Samuel Montagu, Midland Bank and CEO of Guinness Mahon, 25 years of NED/Chair roles (Oxford, PPE).

Board Directors: Noel Lamb (Chairman), Ken Lever, Paul Dudley

Company History

- Initially listed as NewMediaSpark in 1999 into the heights of the TMT boom, the company's tech-biased investment portfolio was gradually exited in the years that followed.
- In 2015 it adopted a new investment strategy focused on UK publicly listed small companies and renamed Gresham House Strategic plc. Richard Staveley joined as Fund Manager in 2019.
- In October 2021 Harwood Capital was appointed as investment manager and in April 2022 the company was re-named Rockwood Strategic plc and re-started actively investing under the returning lead fund manager, Richard Staveley.
- In September 2022 the company migrated from the AIM to the premium segment of the London Stock Exchange.
- In October 2023 the company effected a share sub-division on a 10-for-1 basis.

How to Invest

Investors can access the strategy on the London Stock Exchange (ticker: RKW).

Prospective investors can buy shares through their wealth manager, financial adviser, investment platform or stockbroker.

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Important Information

An investment should be considered only as part of a balanced portfolio. To ensure you understand whether this product is suitable against your individual needs and risk tolerance, please read the information provided on the website and the key information document, available at rockwoodstrategic.co.uk, which provides more information about the risk profile of the investment. If you are in any doubt as to the suitability of RKW for your investment needs, we recommend you seek independent professional advice prior to investing.

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