

Investment Objective & Strategy

The Fund targets investments capable of delivering 15% IRRs over a 3-5 year time horizon in publicly listed UK Small companies. The strategy targets up to 10 'core' positions which represent the majority of NAV and a further 15-25 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, backed up with material shareholdings in target investments.

Performance %

| | YTD | 3M | 12M | 36M |
|--------------------------|-------|-------|-------|------|
| Total Shareholder Return | -1.1 | -2.1 | 2.4 | 50.3 |
| NAV Return | -8.0 | -6.3 | 4.5 | 40.3 |
| FTSE Small (ex ITs) | -17.6 | -11.5 | -16.9 | 15.1 |

Financial Year's Performance %

| | 2022 | 2021 | 2020 | 2019 |
|-----------------------------|------|------|-------|------|
| Total Shareholder Return | 22.2 | 59.3 | -5.3 | 20.4 |
| NAV Return | 27.5 | 44.3 | -14.3 | 8.0 |
| FTSE All-Share Total Return | 13.0 | 26.7 | -18.5 | 6.4 |

Investment Manager's Commentary

The second quarter of 2022 provided few places to hide from falling asset prices. Further interest rate rises drove investor sentiment to extreme levels as fears of an impending recession rose. Crypto was nuked. Bonds were no safe haven. The S&P has had its worst H1 since 1970. Nasdaq fared even worse as past valuation excesses continue to unwind, the median stock now down over 70% from peak. The UK political scene is a shambles and the consumer is rightly stressed about the squeeze on disposable income from energy costs, high generalised inflation, rising interest and tax burdens. It's easy to forget or ignore there is nearly full employment and that average house prices hit a record high in June. Expect both to weaken. Large cap equities continued to outperform small cap, value continues to outperform growth, bid activity is elevated and IPO activity eradicated. Rockwood Strategic's NAV was relatively resilient, down -6.3% Q2, the shares better at -2.1%. This compares to FTSE Small (ex-ITs) fall of -11.5% and the AIM All-share down -15.9%.

Take a couple of deep breaths. When Private Frazer thinks "we're all doomed", the likelihood of making outstanding medium-term investments is elevated. Rockwood has a high cash position, with the Lakes Bond maturing shortly too. We have started to carefully add some new opportunities, 5 to date. We believe all have 100% upside, from depressed share prices. All have strong balance sheets, are very undervalued, and have strategic, management or operational change underway to improve returns and profitability. The fundamentals of our 'core' holdings have remained robust, although market conditions has weakened share prices in a few. The most recent updates from both Crestchic and Van Elle were particularly impressive. During the quarter Richard Staveley joined the Board of Centaur Media Plc and we led a fundraise in Bonhill alongside management change. The M&C Saatchi takeover battle continues; it remains deeply undervalued with a market capitalisation of £195million, yet has over £30m of net cash, is trading well and expects £31m of PBT this year on £270m of sales, an EV/EBITDA of c.3.8x. We are cautious on markets, economies, and earnings expectations, but very optimistic we can identify attractive stock entry points during the rest of 2022 to deliver our medium-term return objectives.

Top 10 Holdings as % of NAV

| Company | Sector | % |
|-----------------------|--------------------|--------|
| Crestchic | Industrials | 19.29% |
| Flowtech Fluidpower | Distribution | 10.65% |
| Centaur Media | Media | 9.72% |
| M&C Saatchi | Media | 8.06% |
| Lakes Distillery | Consumer | 7.59% |
| Pressure Technologies | Industrials | 7.26% |
| Smooove | Technology | 6.63% |
| Van Elle | Services | 5.81% |
| Bonhill | Media | 3.31% |
| Cash & equivalents | Cash & equivalents | 9.07% |

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 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.

Source: ^{*}Harwood Capital, Bloomberg. All data as at 30 June 2022.

Total returns are calculated using mid prices: $((\text{ending share price} - \text{starting share price}) + \text{dividends received}) / \text{starting share price} * 100$

Key Facts as at 30 June 2022

| | |
|-------------------|---|
| Manager | Richard Staveley |
| Year end | March |
| NAV £m | 38.4 |
| Share price (Mid) | 1390 |
| NAV per share | 1512.8 |
| Discount to NAV | 8.1% |
| No. of holdings | 14 |
| Net cash | £3.5m |
| AMC | £120,000 p.a <£60m NAV, 1% thereafter |
| Performance fee | 10% over 6% p.a. hurdle, high watermark |
| Bloomberg Ticker | RKW.LN |
| ISIN | GB00BYRH4982 |
| Sedol | BYRH498 |

Experienced Fund Management Team



Richard Staveley was formerly lead manager for GHS plc, Majedie UK Small Companies, R&M UK Small Companies, Société Générale UK Small Companies, after he qualified as an ACA at PWC. He is a CFA charterholder and has >20 years small company fund management



Nick Mills joined Harwood Capital in '19 to work on the Oryx International Growth and NASCIT strategies. He had previously spent five years at Gabelli Asset Management in New York as an analyst. He is also a NED at Circassia Group plc and Hargreaves Services plc .

Other Features

- 'Skin in the Game' - Christopher Mills and Richard Staveley have purchased 29.9% of the issued share capital
- AIM listed Investment Company, 'exploring' move to Main market shortly
- Investment universe of nearly 1000 UK small companies
- Focused portfolio, majority of capital in <10 holdings
- Ability to hold up to 15% in private companies or instruments

Investment Advisory Group (200 years combined experience)

Christopher Mills; Founder of Harwood Capital, JO Hambro Capital Management and Harwood Wealth. CEO North Atlantic Small Companies IT, Executive Director of Oryx International Growth, >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 Hanover, Lombard Odier, Henderson Global, Gartmore, 3i and Deloitte (ACA), 29 years UK small companies investment experience (Oxford, Maths). NED at Flowtech Fluidpower and Chapel Down plc. Jamie will join the IAG from 8/9/22

Rupert Dyson; Founder of Edale Capital LLP, formerly Sloane Robinson and Invesco, 28 years European equities investing experience (Bristol, History)

Yuri Khodjamirian; Formerly an analyst and fund manager at Majedie Asset Management, 13 years UK and Global equities experience (Cambridge & LSE, Economics and Bioscience Enterprise). Private company adviser and founder of snippetfinance.com

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)

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 primarily on UK publicly listed small companies and was renamed Gresham House Strategic plc.

In October 2021 Harwood Capital was appointed as manager and spent 4 months realising investments and returning c.£25million of capital to shareholders.

In April 2022 the company was re-named Rockwood Strategic plc and re-started actively investing under the returning lead fund manager, Richard Staveley.

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 or stockbroker.

Contact Information

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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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