

31 March 2024

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 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	2.4	2.4	15.4	70.1	170.4
NAV Return	-0.1	-0.1	5.1	57.0	126.3
FTSE Small (ex ITs)	-1.5	-1.5	7.1	-6.8	60.3
FTSE AIM All Share	-2.6	-2.6	-8.2	-38.0	8.9

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

During Q1 equity markets made strong progress, apart from AIM (-2.6%) where sentiment remains poor and 12 of our holdings are listed. This was despite resilient UK GDP and falling inflation, paving the way for interest rate cuts and even greater relative valuation attractions. Growing interest in Rockwood continued and we issued 10.9% more shares during the quarter in stark contrast to the 34th consecutive month of UK fund sector outflows. Therein lies the issue. The British ISA is a start but further stimulus is needed to reverse this, alongside falling interest rates.

There was no corporate activity in the portfolio during the period, market m&a was biased to FTSE 350 companies. A number of holdings were weak despite positive progress being announced. Centaur Media achieved its turnaround profit target set over 3 years ago, an increase of over 2.5x, but fell 17%. James Fisher & Sons announced a material disposal, reducing its high debt position and de-risking our thesis, but fell 16%. RM announced its new strategy and a profit growth target of 5x 2023, it fell 15%; We expect divisional disposals to catalyse a big stock market re-rating. Trifast fell 20% due to a downgrade to profit expectations, the CFO departed shortly after. There is no recovery in profitability implied in the current share price, despite new management, known cost-cutting and peer/historic comparatives. Argentex warned on profits again, we expect further volatility as the new team (Chair, CEO, CFO) form the turnaround strategy and stabilise the business. We increased our holdings in these last 3 companies which should enhance target returns over our usual 3-5 year holding periods, noting we first invested in RM and Argentex in 2022 and Trifast and James Fisher in 2023.

Fortunately there was decent progress across several other holdings that was rewarded by markets. The most exciting of which was Filtronic which rose 75% during the quarter following upgraded profit expectations alongside major new contract wins. Given excess production capacity this new volume in Defence and Space markets will be highly profitable. However, it was the small 'prototype' satellite component contract win that caught our attention; if successful, this could multiply Filtronic's addressable market and thus we may only be at the foothills of a full share price recovery. STV group, in line with our thesis, began to announce some impressive content/series commissions from Apple TV, the BBC, NBC and Netflix, the shares rose 19%.

We purchased two new holdings this quarter. Funding Circle listed in 2018 for c.£1.5bn. It has since developed a market leading technology platform for the facilitation of loans to small and medium sized businesses in the UK and US. It has been loss-making and has protectively held on to a large cash balance of over £175m. Negative momentum had taken the market capitalisation down to c.£100m. We bought a 'springboard' position, engaged with the management, Board and its advisers and were pleased when a substantial buy-back was announced, alongside a likely sale of the US activities. Next on the list is proper cost-cutting. The shares have risen 29% since our original purchase, but are still valued at a discount to cash! Secondly we bought Capital Limited. This business has grown consistently, building a world leading position in the provision of drilling services to Mining companies. Asset rich, it has, over time, diversified by geography and client, breaking into the majors, such as Barrick. It has an unparalleled safety record, and been

Top Ten Holdings as % of NAV

Company	Sector	%
RM plc	Education services	9.5%
Trifast	Industrials	8.4%
M&C Saatchi	Media	8.1%
Funding Circle	Financial Services	6.8%
Filtronic	Technology	6.7%
STV Group	Media	5.4%
Centaur Media	Media	5.2%
Pressure Technologies	Industrials	4.8%
Argentex Group	Financial Services	4.8%
Flowtech Fluidpower	Distribution	4.8%
Total		64.4%
Cash & equivalents	Cash & equivalents	6.1%

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 March 2024

Manager	Richard Staveley
Year end	March
NAV £m	64
Share price (Mid)	210p
NAV per share	205.98p
Premium to NAV	2%
No. of holdings	21
Net cash	£3.9m
AMC	1%
Performance fee	10% over 6% p.a. hurdle, high watermark
Bloomberg Ticker	RKW.LN
ISIN	GB00BRRD5L66
Sedol	BRRD5L6

developing a Laboratory services business which is totally ignored in the valuation of the shares on a '24 PE of 6.2x and EV/Ebitda 4x. Equity owning, proven management should address this in time. We believe its 'hue' of resources has created a blind spot for generalist investors.

Our confidence in the portfolio and the outlook has rarely been higher.

Holding Information

- Richard Staveley is a Non-Executive Director at Centaur Media and 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 was formerly lead manager for GHS plc (renamed Rockwood Strategic), Majedie UK Small Companies, R&M UK Small Companies, Société Générale UK Small Companies, all after he had qualified as a Chartered Accountant at PWC. He is a CFA Charterholder and has 23 years small company fund management experience.



Nicholas Mills joined Harwood Capital in 2019 to work on the Oryx International Growth Fund Limited and North Atlantic Smaller Companies Investment Trust plc strategies. He had previously spent five years at Gabelli Asset Management in New York as an analyst. He is also a Non Executive Director at Niox plc and Hargreaves Services plc.

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 Hanover, 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, 29 years European equities investing experience (Bristol, History).

Yuri Khodjamirian; Formerly an analyst and fund manager at Majedie Asset Management, 14 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

Other Features

- ‘Skin in the Game’ - Christopher Mills (CIO and Founder of Harwood) and Richard Staveley have purchased 28.5% 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.

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. Richard Staveley joined as Fund Manager in 2019.

In October 2021 Harwood Capital was appointed as investment manager

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 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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