

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 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, backed up with material shareholdings in target investments.

Performance %

	YTD	3M	12M	36M
Total Shareholder Return	16.5	10.4	44.6	118.6
NAV Return	7.0	-1.2	28.0	85.7
FTSE Small (ex ITs)	-1.1	1.0	-3.7	29.6

Financial Year's Performance %

	2023	2022	2021	2020	2019
Total Shareholder Return	28.2	22.2	59.3	-5.3	20.4
NAV Return	21.4	27.5	44.3	-14.3	8.0
FTSE All-Share Total Return	2.9	13.0	26.7	-18.5	6.4

Investment Manager's Commentary

Q2 was a very happy one if you owned mega-US tech; Nvidia +52%, Meta +35%, Amazon +26% and Tesla +26%. Our NAV declined slightly, with UK equities lackluster generally (AIM -6.9%), however our share price rose as we moved to a premium over NAV. Core inflation remains too high (UK 7.1%), credit conditions continue to tighten and interest rate rises punctured the City's silence where IPO activity is dead. Joe Biden (80) announced he would run for re-election as the Federal debt-ceiling was re-negotiated. Trump (77) was officially charged. Elton John (76) headlined in Glastonbury, King Charles III (74) in Westminster, Warren Buffett (92) in Omaha. All will have experienced stagflation before as adults, unlike most current market participants. There will be better muscle memory for the coming recession. Companies with opportunities for self-help will have more levers to pull. The sage said "In the 58 years we've been running Berkshire, I would say there's been a great increase in the number people doing dumb things, and they do big, dumb things." We think this includes ignoring the investment opportunity in under-valued UK small-cap equities.

The Fund's best-in-sector performance was driven by further gains at RM Group (+17%) as their turn-around gathers pace. Galliford Try (+12%) announced super-charged shareholder returns due to a contract claim win and solid trading at City Pub Company (+11%) was well received. Recent new holding Hostmore (+59%) announced an easing of financial arrangements with both its lending bank and its master franchiser. The iconic TGI Fridays brand needs to improve performance in difficult conditions. We believe the equity valuation is deeply undervalued relative to its medium-term turn-around potential under the new CEO and Chairman. MC Saatchi (-20%) reversed last quarter's gains as they tempered market expectations (a tad late in the year), it is valued on c.4.1x EV/Ebitda with net cash. Pressure Technologies (-23%) did the same, alongside its much improved Interim results, particularly in its non-core PMC division. The company still needs to re-finance, Richard Staveley (48) has been appointed a NED and a new CFO has joined. Overall 9 holdings fell and 11 rose with market sentiment deteriorating into quarter-end. We completed a number of site visits during the quarter, joined the FTSE Fledgling Index and increased our stake in Titon to 21.8%.

We have been steadily deploying cash, now at 13% NAV. This will be increased by the return of capital by Bonhill. Our pipeline continues to regenerate after an active period of 13 new investments in the last 12 months, which will seed future returns. Two were during the period: Filtronic and James Fisher & Sons. The former is a world-leader in Radio Frequency technology, with the potential to grow significantly and better commercialise its IP into Defence and Satellite industries. The latter has a clear recovery opportunity to normalise profitability and regain a much higher valuation for its mainly marine-based, specialist services. Both join an undervalued portfolio of cash generative businesses with material profit growth potential.

Top Ten Holdings as % of NAV

Company	Sector	%
RM plc	Education services	12.5%
Centaur Media	Media	8.0%
M&C Saatchi	Media	6.6%
Flowtech Fluidpower	Distribution	6.4%
Trifast	Industrials	5.8%
City Pub Co	Consumer	5.3%
Pressure Technologies	Industrials	5.1%
Galliford Try	Construction	4.7%
Finsbury Food	Consumer	4.4%
Van Elle	Services	4.2%
Cash & equivalents	Cash & equivalents	12.9%

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 30 June 2023

Manager	Richard Staveley
Year end	March
NAV £m	51.8
Share price (Mid)	2010p
NAV per share	1936.51p
Premium to NAV	3.8%
No. of holdings	20 (all quoted)
Net cash	£6.7m
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

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.

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 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 snippetfinance.com (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 28.6% of the issued share capital of Rockwood Strategic plc.
- Premium listing on the London Stock Exchange.
- Investment universe of >500 UK small companies.
- Focused portfolio, majority of capital in top ten 10 holdings.
- Ability to hold up to 15% in private companies or instruments.

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 in 2019.

In October 2021 Harwood Capital was appointed as 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.

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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