Fund Factsheet

30 September 2023

ROCKWOOD STRATEGIC

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	2.9	-11.7	25.4	114.0
NAV Return	2.3	-4.4	28.0	80.3
FTSE Small (ex ITs)	0.7	1.8	8.8	35.0

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

Key Facts as at 30 September 2023

Manager	Richard Staveley
Year end	March
NAV £m	49.8
Share price (Mid)	1775p
NAV per share	1851.59p
Discount to NAV	4.1%
No. of holdings	21
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

Investment Manager's Commentary

Q3's usual seasonal reduction in trading volumes appeared to exacerbate the effect of investor redemptions from UK equities which have been sustained for many months despite wide-spread, evidenced based cries of opportunity (and mercy) from leading UK investors. The IPO market remained moribund, whilst lack-luster economic activity softened the tone of company updates and in many cases has led to revised expectations for profitability. The 'Mansion House' reforms hopefully represent the 'starting-gun' for more initiatives to improve the attractiveness of small UK businesses, but it will take time. A 'pause' in Bank of England interest rate increases in September at 5.25% should be considered in the context of 3.5% at the start of the year, the full effects of this increase are yet to hit the economy. Inflation rates are weakening from elevated levels, although we note the Brent Crude oil price increased 23% to $92.2 during the quarter and don't expect the 'pause' to lead to 'cuts' any time soon. The FTSE AIM All Share Index is now -12.6% year to date, after a -3.6% fall in Q3.

Finsbury Foods (+18%) received a takeover offer from private equity, leaving our unrealised IRR at 38.5% at period end. We are pleased to have identified this undervalued company, but disappointed with the premium offered for control by the offeror. We expect, in-line with history, this to be at least 30%, for a non-distressed business. We urge other shareholders to demand more in order to accept losing this solid, lowly leveraged business after a period of elevated investment and temporary factors which have constrained its profits. Several critical management appointments were made in our investments, including a CFO at RM alongside a new highly experienced NED. Trading was impacted by a lower than expected recovery, after their historic systems debacle, in one part of one of the 3 divisions. It is now a year since we first started buying RM shares at 26p, they closed the quarter at 58p, having fallen from 83p. We believe the company is worth c.180p. Since our purchase they also have a new CEO, and new Heads of Transformation, Digital and Property. We understand the Board is focused on shareholder value and, as debt remains elevated, potential strategic actions could reduce risk further and unlock this value, whilst the new team improve operational effectiveness. Galliford Try (+25%) announced further contract wins, strong results and an enhanced dividend policy. Recent new holding Filtronic (+13%) also announced some exciting contract wins with the European Space Agency, a world leading Low Earth Orbit satellite company and the MOD, strategic value is clearly continuing to build. We expect the pace of change to accelerate at M&C Saatchi following the appointment of Zyllah Byng-Thorne as Executive Chair. It is valued on a paltry EV/Ebitda of 3.6x '24 estimates.

We continued to deploy cash, now at 7% NAV. We added to a range of existing holdings given our confidence in their upside, turnaround trajectories and the opportunity to exploit the general market malaise. The main new position was Restore Plc. We have followed the company for over a decade. It has the 'winners curse' of a fantastic 'core' business (documents management): Its prodigious cash flows have been poorly diverted into some other lesser business services, a few of which are synergistic, others of which clearly don't cut the mustard. Shares are regularly overly punished for disappointment given market conditions and thus the opportunities for a recovery in value, re-rating, improved capital allocation discipline and enhanced profitability are significant over our target investment period of 3-5 years. We welcome back former CEO Charles Skinner to deliver the above. Our pipeline is active and portfolio confidence never better.

Top Ten Holdings as % of NAV

Company	Sector	%
RM plc	Education services	9.6%
Trifast	Industrials	8.2%
M&C Saatchi	Media	7.0%
Flowtech Fluidpower	Distribution	6.6%
Centaur Media	Media	6.6%
Galliford Try	Construction	6.1%
Finsbury Food	Consumer	5.4%
City Pub Co	Consumer	5.2%
Van Elle	Services	4.9%
Titon Holdings	Building Materials	4.5%
Cash & equivalents	*Cash & equivalents*	7.0%

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.

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.

Source: *Harwood Capital, Bloomberg. All data as at 29 September 2023.

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 28.5% 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