

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, backed up with material shareholdings in target investments.

Performance %

	YTD	3M	12M	36M	48M
Total Shareholder Return	18.8	15.5	18.8	72.0	87.5
NAV Return	13.9	11.4	13.9	65.5	70.8
FTSE Small (ex ITs)	6.5	5.8	6.5	9.8	9.5

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

Q4 experienced a strong rally in investor sentiment as consensus concluded a peak in interest rates had occurred. We were delighted to have delivered the No.1 UK Small Cap Fund Total Shareholder Return in 2023 at +18.8%. We executed a 10-for-1 stock-split during the quarter, and issued more shares at a small premium to NAV, growing the equity by 10.6% in 2023. Many are weary of small cap with the FTSE AIM All Share Index down -8.2% in the year; we see a clear opportunity to continue generating our returns.

UK corporate activity accelerated in Q4 and Rockwood was a clear beneficiary. Industry stalwart Youngs and Co spotted that the high quality pub estate built at City Pub Co was materially undervalued, offering a 46% prior close premium, we have an unrealised IRR of 48%. \$25bn Nasdaq listed Costar Group spotted that Onthemarket.com has achieved an exciting competitive position in the UK, offering a 56% premium and generating the fund a 94% IRR. Smoove was also on the receiving end of a protracted bid process from Australian listed Pexa Group, initially at a 69% premium. This didn't achieve our target returns due to an unanticipated change in business plan post purchase, but we did book a small profit. We expect further takeovers in 2024.

Key portfolio developments as a result of our constructive engagement with stakeholders, led to the appointment of Nick Mills as a NED at Trifast (+8%). Rockwood, having been joined by other Harwood funds, together now own 12.7% of the company. This follows new CEO and Chair appointments and Interim results which demonstrated margin improvement and excellent cash generation. We expect the shares to, at least, double over the next 3 to 5 years. We are also delighted that Rockwood IAG member Jamie Brooke was appointed Chairman of Titon Holdings (+6%) where we have a 27% shareholding. We expect an improved strategy, operations and focus on shareholder value in 2024. Filtronic (+30%) continued its run of big contract wins and Hostmore continued to rehabilitate (+45%). We arranged a 14.25% bridging loan, plus warrants, to Pressure Technologies (+3%).

We continued to deploy cash, now at c.10% NAV, primarily into existing holdings, given our confidence in their upside, turnaround trajectories and the opportunity to exploit the clear market inefficiencies. Of these we would highlight James Fisher and Sons, which we increased by two-thirds and Argentex where the position was doubled. The former has material re-rating and profit recovery potential from its high quality activities in defence, renewables and marine services, we expect the company to demonstrate material progress in 2024. The latter is a highly profitable and cash rich FX business with long-term international growth potential. Recent changes to Board composition and executive management unsettled the market, we believe the changes will provide the catalysts for significant medium-term upside. The main new position was STV Group Plc. We have followed the company for over two decades. A rich history of cash generation has had to weather headwinds to a linear TV proposition, however their unrivalled audience in Scotland, 'hidden-gem' STV-player activities, and diversification into content production is ignored by the market, put off by a cyclical decline in advertising spend and uninterested in a prospective PE of 7x, free cash flow and dividend yields of 10% and 6% and an EV/Ebitda below 5x.

Top Ten Holdings as % of NAV

Company	Sector	%
RM plc	Education services	9.8%
Trifast	Industrials	9.2%
M&C Saatchi	Media	8.3%
City Pub Co	Consumer	7.1%
Centaur Media	Media	7.0%
Fisher (James) and Sons	Industrial services	5.3%
Flowtech Fluidpower	Distribution	5.2%
Galliford Try	Construction	4.9%
Argentex Group	Financial Services	4.5%
Titon Holdings	Building Materials	4.2%
Total		65.5%
Cash & equivalents	Cash & equivalents	10.3%

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 29 December 2023

Manager	Richard Staveley
Year end	March
NAV £m	58
Share price (Mid)	205p
NAV per share	206.23p
Discount to NAV	0.6%
No. of holdings	19
Net cash	£6.1m
AMC	£120,000 p.a whilst NAV <£60m, 1% thereafter
Performance fee	10% over 6% p.a. hurdle, high watermark
Bloomberg Ticker	RKW.LN
ISIN	GB00BRRD5L66
Sedol	BRRD5L6

We still expect the UK economy to enter recession, having been impressed with its resilience in 2023. Interest rates, as a result, should start to fall, and inflation move towards target. However, an election year may provide a fiscal stimulus alongside other lingering inflation risks, so, despite our pipeline being full, we will proceed cautiously.

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 27.3% 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.

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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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