Singer Capital Markets

Investment Funds Comment

Rockwood Strategic (RKW LN)

Investment Funds **Current price* 243.5p** **Corporate**

17 May 2024

Delivering on its promise

Ranked 1st over three & five years and 2nd over one year, RKW's focused active-value UK micro cap investment strategy is delivering for investors. In our opinion, its current portfolio has an appropriate balance between realisation opportunities (c15% of the portfolio), investees in the delivery phase (c65%) and earlier stage prospects (c20%). 2024 YTD performance has been strong (+17.2% as of 14th May), driven by investees such as Filtronic (+182%), M&C Saatchi (+28%) and Funding Circle (+97%). Discussing the outlook, RKW's management is positive highlighting investees such as Galliford Try (which is expected to upgrade medium-term targets), RM Group (which is making good progress in resolving its issues) and the portfolio's underlying earnings momentum being demonstrated. Given its historic performance and current momentum, we expect RKW to maintain its premium (c1.0%) rating.

Portfolio

Currently 94% invested (21 investees), RKW's portfolio comprises seven core positions and a further 14 opportunity/springboard investees. A review of the portfolio highlights that c15% is in the realisation phase, a further c65% is in the delivery phase with the balance (c20%) in the stabilisation phase.

A review of the investees in the delivery stage highlights common themes of recovery (margin restoration), the return of corporate focus often supported by reinvigorated governance and, if required, the provision of finance.

Our read of RKW is that the team has (per its thesis) constructed a portfolio of investees with considerable potential to deliver on the upside as their (often reinvigorated) management teams work through problem aspects of their respective business (e.g. over indebtedness, limited integration, lack of focus etc). By focusing on micro-cap investees (Top 10 Av Mkt Cap £104m), RKW's management team is taking full advantage of the fund's closed end structure to target companies that tend to be ignored by the market due to their scale.

Performance

In 2024 YTD (14 April) RKW has delivered a 17.2% NAV TR versus the Numis 1000 Plus AIM ex IC's (N1000) +6.2%.

Over the three years to 30 April, the fund has returned 189.2% versus the N1000 12.0% decline and the AIC UK Sm. Cos sector's c5% decline. Over the last one, three and five years, RKW is ranked 2nd (of 9 funds in peer group) over one year and 1st in 2024 YTD (14 May) and over three and five years.

Issuance

Over the last c12 months, RKW has issued 6.3m shares (c20% over the last 12 months) and raised c£12.9m new capital. The company' ability to issue new shares is limited to 20% in a rolling 12 month period and as such new supply is, and will remain, limited. We note that RKW has been (and remains) in issuance mode whilst the bulk of the market has been returning capital to investors.

Valuation

Trading on a c1% premium to NAV (average discount -0.2%) RKW is, at the margin, technically expensive and trades at a significantly tighter discount than the AIC UK Small Cap Sector (15.4% discount). In our opinion, this rating is a function of its historic performance, distinctive investment strategy and constrained supply. Given the current momentum in the portfolio, our expectation is for its premium rating to be maintained.

Key data

Yield (%)			Nil
NAV (10 May)			240.8p
Premium (%)			c1%
Market cap (£m)			77.3
Shares in issue (m)			31.7
	1m	**3m**	**12m**
Absolute %	12.7	21.1	20.5
Rel. market %	6.6	9.3	10.9

Share price chart

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Portfolio Review

RKW is a focused, value oriented, active UK microcap (mainly sub £100m mkt cap) investor. The strategy targets 2x money from individual investees over 3-5 years (15% IRR if held for five years). The fund is invested with a value and recovery mind-set. The manager, can and does, take significant stakes (>10%) in investees and seek board representation. RKW invests in companies where returns can be delivered, independent of the wider macro-environment as a result of operational, strategic or management change. We summarise the strategy as "buy, fix & realise" noting that the final phase includes the public market or, more likely, the private market.

Discussing the distinction between Core and Opportunity investees, the team highlighted that what differed was the level of engagement & involvement that was required by the RKW team; their return expectations for each type of investment are the same. A core investee requires considerable engagement from the RKW team (including potentially taking a board seat) in order to nudge the company in the correct direction. In contrast, Opportunity investees are believed to be moving in the right direction (without having to be nudged by RKW) and can be characterised as being in the Delivery phase. In these situations, RKW's role is to support in the management in delivering on their plan. Discussing hold periods for Opportunity investees, RKW highlighted a shorter expected holding period (c3 year) and noted that these, more liquid, investees were also a source of capital.

Target Investment Lifecycle

The portfolio manager, Richard Staveley, articulates their strategy in terms of phases of their investment Lifecycle, which lasts 3-5 years, and is preceded by an extensive programme of due diligence.

1) Stabilisation (6-18 months)
    a. Staveley describes this phase as the most uncomfortable. Explaining that it is during this phase of the lifecycle that additional issues (leading to price volatility) tend to be discovered. Staveley highlights that their strategy is designed to ensure that there is sufficient upside in the opportunity that the discovery of additional issues doesn't undermine the entire trade.
    b. The stabilisation phase often involves evolution in the company's management team and Board, and the articulation of a strategic plan to deliver value. RKW encourages companies to ensure that their incentive plans (LTIPs etc) are aligned with the strategic plan.
2) Delivery (24-30 months)
    a. This is the "execution" phase when management delivers on the strategic plan.
3) Realisation (12-18 months)
    a. Once the strategic plan has sufficient momentum the company enters the realisation phase.
    b. Staveley highlights that it normally takes the market four sets of financial results before the market builds confidence that the management is successfully executing on the strategic plan.

Portfolio

The portfolio comprises core investees (capped at 10) where the manager pursues a proactive engagement strategy and with the balance being deployed in opportunity or springboard investees. Opportunity investments are companies that offer an appropriate return without needing active engagement. Springboard investments are initial stakes in companies that could become Core investments. Harwood Capital, RKW's management company, has other smaller companies mandates and on occasion the investments overlap. This overlap gives rise to a larger combined stake, "Harwood combined stake", which provides Staveley with greater influence when engaging management.

Commenting on the portfolio activity during the Q1'24 (4 new top 10 names), Staveley highlighted that (with the exception of City Pubs, which was taken over) all the other companies (James Fisher, Galliford Try and Titon) remained in the portfolio. As of 31 March, the top 10 assets (64.4% of NAV) includes five of the fund's seven core investees. The portfolio breaks down into Core investees – 39.8%, Opportunity/Springboard -54.1% and Cash – 6.1%.

Reviewing the portfolio in light of the fund's investment lifecycle, Staveley highlights that c15% of the portfolio is in Realisation phase, c65% is in the Delivery phase and c20% of the portfolio is in the Stabilisation phase.

Figure 1: Top 10 Holdings

Investee	Mkt Cap (£m)	Type	Sector	Business	Stage	% Stake*	% NAV
RM plc	72.3	Core	Education services	An education services business comprising three divisions; Resources – Education resources; Assessment – IT software and digital assessment services; and Technology - ICT software and services.	Stabilisation	13.7	9.5
Trifast	99.4	Core	Industrials	Global manufacturer & distributer of fasteners (nuts 'n' bolts)	Stabilisation	5.6	8.4
M&C Saatchi	250.6	Opportunity	Media	Global advertising company	Delivery	-	8.1
Funding Circle	279.1	Opportunity	Finance	Loan platform for SME	Stabilisation	3.1	6.8
Filtronic	127.0	Opportunity	Telecoms	Designer and manufacturer of products for the aerospace, defence, telecoms infrastructure, space and critical communications markets	Delivery	5.1	6.7
STV Group	119.1	Opportunity	Media	Broadcaster (STV), STV-player (Digital platform) and Production company (STV Studios)	Delivery	-	5.4
Centaur Media	60.2	Core	Media	An international provider of business information, training and specialist consultancy	Realisation	6.0	5.2
Pressure Technologies	14.5	Core	Industrials	Specialist Engineering	Realisation	20.5	4.8
Argentex Group	44.0	Opportunity	Financials Services	Tech enabled provider of currency management and payment services to international institutions and corporates,	Stabilisation	4.4	4.8
Flowtech Fluidpower	68.3	Core	Distribution	Fluidpower specialist distribution company	Delivery	6.1	4.8
Top 10/ Av	113.5						64.5
Other							29.4
Cash							6.1
Total							100.0

Source: Company data as of 31 March 2024. Mkt Cap as of 16 May 2024

Top 10 Investees Review

RM plc (RM-GB, 9.5% of NAV, Core), Mkt Cap £72.3m / EV £119.0m, 14.2% Harwood stake of which 12.8% is owned by RKW – positioned initiated Autumn 2022

RM PLC is an education services business with three divisions (Assessment, Technical Teaching Solutions (TTS) and Technology). The position was initiated following a botched warehouse automation/consolidation programme and IT platform investments in its now closed Consortium Business that resulted in elevated levels of debt. Since RKW invested the company has refreshed its C-suite (New CEO, CFO, HR, Digital and Transformation) and during 2023 a NED proposed by RKW was appointed; who has since been elevated to the position of SID.

Calendar 2023 proved to be difficult, the Consortium business failed to recover. In late November RM announced its closure. In FY23 RM reported EBITDA at £7.0m & adjusted net debt of £45.6m. As part of the FY23 results presentation, the team highlighted supportive banks (covenant waivers and a facility extension to July 2026) and £10m of annualised cost saving programme (including a £6m FY24 benefit). As part of the FY results (published March 24), the company announced plans for a simplified business focused on end customers: Learners, educators and accreditors. Management ambition is to grow EBITDA by 5x, de-lever the balance sheet, pay dividends and triple to quadruple the company's value.

RM currently trades on 0.6x sales, c13.2x FY23 EV/EBITDA and 8.0x FY24(f) EBITDA (Source: Factset/broker forecasts, as of 16 May 2024).

Rockwood's thesis remains that the equity will re-rate as the business is stabilised, the financial risk reduced, and profits & margins recover. They view the decision to close the consortium business positively; noting that the new management team made hard decision early. The team's view is that their thesis is playing out as anticipated. Their expectation is for the leverage to be paid down via the disposal of a division. RM is at the end of the Stabilisation stage of their investment process.

Trifast (TRI-GB, 8.4% of NAV, Core), Mkt Cap £99.4m, 14.0% Harwood stake of which 5.1% is owned by RKW – positioned initiated March 2023

Trifast is a global manufacturer (30%) and distributor (70%) of fasteners (nuts 'n' bolts). Its operating margin is depressed at c5.3% versus its history and target (10-13%). The company is pursuing a strategy that combines organic and inorganic growth with a substantial multi-year investment/improvement programme. The company is aiming to more than double of margins (currently c5%), ROCE (currently c5.4%) and to grow North America from c12% to >25% of sales over the medium term. The company has rolled out of a new ERP, appointed of a new c-suite (Chair, CEO, CFO, COO), consolidated its distribution centres and Nick Mills, co-manager of RKW, has been appointed a NED.

Rockwood's thesis is that Trifast represents a significant turnaround and recovery opportunity. The team highlights scope to materially increase cash generation (& reduce the leverage), improve returns and profits leading to normalisation of rating.

Trifast trades on 0.5x EV / Sales, 7.0x 6.8/EBITDA and 11.1x NTM P/E (Source: Factset, as of 16th May).

Rockwood reports an expectation that as margins are rebuilt for the valuation multiple to shift from 0.6x EV/Sales to 1.0x EV Sales. Trifast is in the latter stages of the Stabilisation phase of RKW's investment cycle.

M&C Saatchi (SAA - 8.1% of NAV, Opportunity). Mkt Cap £251m, Undisclosed Stake. Position initiated 2020

SAA is an opportunity investment. A global advertising agency that is part way through a recovery plan. In FY23, the company's revenue declined by 7% (to £453.9m from £462.5m), EBITDA by 8% (to £41.5m from £45.2m), increased/shrunk its operating margin to 12.8% (13.1%). In February 2023 set-out a five year target (to 2027) of 8% CAGR revenue growth, 17% CAGR PBT growth and increasing the operating margin from 13% to 18%.

A key element of the plan includes simplifying the group's structure (e.g. taking action on loss-making and non-core business, migrating to the provision of shared services across the global group). In FY23 the group accelerated its global efficiency/simplification programme and reported that its operating margin increased from 8.3% (H1'23) to 16.9% (H2'23). RKW expects the margin improvement to continue into 2024. The company recently appoint a new CEO and joint Chief Creative Officers (CCOs). The new team is expected to continue with the efficiency/simplification programme whilst addressing the culture and aligning the company for growth.

As part of the AGM trading update (published 16 May), the company reported *"The disposals made to rationalise the portfolio during 2023, and our actions on costs, have significantly enhanced profitability….. We are on track with the programme to deliver the £10 million of annualised cost savings by the end of 2024, as previously announced….Like-for-like net revenue growth is low single digits, as expected, reflecting improved performances in Advertising and Media, and continuing strong growth in Issues. Our focus on profitability has ensured that operating margins are well ahead of prior year… Year to date performance has continued the good momentum we saw in the second half of 2023 and is well ahead of the challenging prior year. Overall, we are trading in line with expectations…"*

SAA is unlevered and currently trades at 0.5x Sales, 7.0x EV/EBITDA and 10.7x NTM P/E. (Source: Factset, as of 16 May 2024)

RKW's thesis is that investment fits the team's Opportunity category, it offers >2x upside and the company had already initiated the changes required to deliver on its potential. The team believes that the company has migrated out of Stabilisation and into the Delivery phase.

Funding Circle (FCH-GB, 6.7% of NAV, Springboard), Mkt Cap £279m, 3.15% Stake – position initiated Q1'24

Funding Circle (FCH) is an SME lending platform. The company has since developed a market leading technology platform for the facilitation of loans to small and medium sized businesses in the UK and US. The company's business model is to provide a platform for lenders (a fintech) and not (in the main) to act as a lender. It has been managed with a growth mentality, has a high cost base, is loss-making and has protectively held on to a large unrestricted cash balance of over £175m.

Since RKW invested the company has announced a substantial buyback programme, indicated that the loss making US business is for sale (it has had inbound interest) sold and guided for the UK business to be profitable in H2'24. As of 31 December, the company had £165m of unrestricted cash.

FCH is a lending platform, not a lender, and earns its income from lending and monitoring fees. Its selling point is its credit analytics and the return made by its 3rd party capital providers (Institutional investors, Banks and hedge funds); FCH 'lends' at c13-14%pa and reports a loss rate of c4.0%pa. There is expectation of a cyclical uptick in lending as result of the loans taken out under the governments COVID support schemes (CBILS etc) coming due for refinance. In addition to the core platform, the group's FlexiPay business (a business credit card) is growing strongly.

RKW's thesis is that FCH doesn't need much fixing but does need to evolve. The company has been managed as a growth business, has excessive costs and substantial excess cash on its balance sheet. The mooted disposal of the US business will significantly reduce the groups cash and capital requirements.

FCH is trading at a Price/Sales ratio of 1.7x and an EV/Sales 0.3x reflecting its excess cash (Source: Factset, as of 16 May 2024)

The Team views FCH as being in the Stabilisation phase.

Filtronic (FTC-GB, 6.7% of NAV, Opportunity), Mkts Cap £127m, 5.1% stake – position initiated Q2'23

Filtronic (FTC) is the designer and manufacturer of electronics products and sub-systems for the aerospace, defence, telecoms infrastructure, LEO space and critical communications market.

As part its interim results (6 months 30 November, published 6th February), the company guided "full year revenue and profit for FY2024 and FY2025 will be materially above current market expectations". On 24 April, the company announced a strategic agreement with SpaceX regarding the supply of "E-band SSPA modules" to support the ongoing deployment of SpaceX's Starlink constellation. Under the terms of the agreement, SpaceX will receive warrants (up to 10% of the Co's existing issued capital) in 2 tranches subject to SpaceX placing orders totalling c$60m; in FY23 (31 May) Filtronic's sales totalled £16.2m.

At investment (12p share price versus its current price 59p, 16 May). Management is that FTC is in good shape, the company has net cash on the balance sheet, good technology, a new Chairman and an attractive emerging opportunity (LEO space, 70% gross margin). Their thesis was that, given the valuation, the risks were to the upside with the potential that developing a leading market position LEO space opportunity could prove to have strategic value. The team believes that FTC is in the Delivery stage of RKW's process, that there is considerable upside to come and they are running the opportunity.

Filtronic trades on 7.7x EV/ LTM Sales & 5.2x EV / FY24e Sales (Source: Factset/Edison Research, as of 16 May 2024)

STV Group (STVG-GB, 5.4% of NAV, Opportunity, Mkt Cap £119m, Undisclosed stake – position initiated October 23

STV Group is a media business producing and broadcasting television programmes; provision of internet services; and sale of advertising airtime and space in the media. It operates through the following segments: Scottish Linear Broadcast, Digital (pan UK Streaming/Video on Demand) & Studios (TV production).

STV's strategy is to migrate the focus of the group from Broadcast to Steaming and IP ownership. In FY23 (31 Dec Y/E), the group's revenue was c25% broadcast and 75% Streaming/IP ownership. Over the next three years, the group aims to double its Studio revenues to £140m targeting a 10% margin, grow digital revenues to £30m (from £20m) targeting margins of at least 40%, grow international revenues to 15% of group revenue and 25% of studio revenues and achieve a further £5m pa in cost savings.

RKW highlights that STV group is currently paying c£10m pa as part of a defined benefit pension scheme recovery plan that expires in seven years. The scheme's triennial valuation (31 December 2023) is due to be reported in H2'24. Currently RKW expects STV to generate £10mn of FCF (c10% FCF yield) net of £10m pa being paid to remediate the schemes. Given the size of the payment relative to FCF, RKW believes that overtime this could be a significant value driver and that any improvement to the remediation programme would be beneficial to STV's FCF and thus valuation.

Discussing how they think about valuation and the group's prospects, RKW's thesis is that while its valuation is currently dominated by its linear TV business (and, by implication, how the market values ITV), STV is pivoting to a higher value content and digital distribution (STV Player) business. The team views STV as being halfway through the Delivery phase of this pivot and that the market hasn't yet caught up.

STV trades on 1.2x EV/sales, 12x EV/EBITDA, 9.0x NTM P/E and yields 4.4% (source Factset, as of 16 May 2024).

Centaur Media (CAU-GB, 5.2% NAV, Core), Mkt Cap £60m, 6.0% Stake – core positioned initiated 2020

Centaur is an international provider of business information, training and specialist consultancy that inspires and enables people to excel at what they do within the marketing and legal professions. The groups two business units are The Lawyer (£8.4m revenue, FY23) and Xeim (£28.9m); Xeim (excellence in marketing) has three key brands - Econsultancy, Influencer Intelligence and MW Mini MBA.

In FY23, CAU delivered £37.3m of sales, 26% EBITDA margin and £9.7m of EBITDA; 80% of revenue was from premium content, training and advisory. The company has completed the final year of its MAP23 plan (to deliver £10m of EBITDA based its original objective of 23% EBITDA margins & £45m of sales) broadly on target and introduced a new plan BIG27. CAU's BIG (Build, Invest, Grow) 27 plan targets revenue £60m pa (10-12% CAGR, pre-M&A) supported by strategic M&A and accelerated product development.

The group is now focused on growth. The company is looking to target growing demand for data, insight and tools in business strategy and decision making across the marketing and legal professions – with an emphasis on cross-selling Xeim's suite of products to enterprise clients to accelerate organic revenue growth.

On 10 April 2024, CAU announced it had received a highly preliminary expression of interest from Waterland Private Equity Investments B.V. ("Waterland") in relation to the proposed acquisition of the entire issued share capital of the Company. On 7 May, Waterland announced that it does not intend to make an Offer and the company is no longer in a offer period.

RKW's investment thesis is that a transformation of profitability and quality of revenue streams was likely to deliver a higher rating. The transformation has occurred however the manager notes that the rating remains modest. CAU has entered the 12-18 month Realisation phase of RKW's investment lifecycle. Richard Staveley is a NED of Centaur Media.

CAU currently trades on 1.5x sales & c6.8x LTM EBITDA (Source: Factset/Company data, as of 16 May 2024)

Singer Capital Market's is Centaur Media's broker and publishes research on the company. On 13th March, SCM reiterated its 78p price target and Buy recommendation with a headline of "FY23: 26% adj EBITDA margins" (current share price 41p, 16 May 2024)

Pressure Technologies (PRES-GB, 4.8% of NAV, Core), Mkt Cap £14.5m, 20.5% stake – position initiated early 2019

The company comprises two divisions Chesterfield Special Cylinders and Precision Machined Components (PMC). Chesterfield manufactures and services a range of end industries and customers including the Ministry of Defence and PMC manufactures high specification parts primarily for the oil & gas industry. The PMC division is currently in a sales process with a target completion in Q3'24.

The Chesterfield business has a significant opportunity in the Hydrogen Economy; the business has the quality and specialist credentials. The end-market for Hydrogen storage, using their cylinders, could be significant with the potential for the company to become a key strategic supplier to the industry.

Pressure Technologies currently trades on 0.5x EV/Sales and 7.3x EV/ LTM EBITDA (source: Factset, as of 16 May 2024).

Staveley noted an agreed sale of the PMC division will focus the group on the defence / hydrogen opportunity within the world class Chesterfield providing strategic clarity. The team categorises the company as exiting the Delivery phase and entering the Realisation stage.

Singer Capital Market's is Pressure Technologies' broker and publishes research on the company. On 14th March, SCM reiterated its 40p price target and Buy recommendation with a headline of "Contract wins support FY24 outlook" (current share price 38p, 16 May 2024).

Argentex Group (AGFX-GB, 4.8%, Opportunity). Mkt Cap £44.0m. 4.4% Stake - Position initiated May 2022

On 2 May AGFX released its annual results, the outcome of its strategic review, a capital raise to finance a new platform that would take 2-3 years to deliver and guided to lower margins. Since the 31 March 2024, AGFX's share price has declined c37% (from 56p to 35p) and AGFX is no longer within RKW's top 10.

Argentex is technology enabled provider of currency management and payment services to international institutions and corporates. The company is part way through planned investment in technology, product, people and geographic to develop an increasingly diversified business, underpinned by new higher margin products and investment in technology. In Q4'23 (October and November) and following the publication of the interim results (which re-iterated full year guidance) in September the company's CEO and FD resigned and, in November, the company issued a profits warning. Since 1st September 2023, the company has appointed a new Chairman, CEO and FD.

RKW's original thesis was that as a result of the appointment of the now departed management team the company would improve its communications and delivery with the eventual expectation that the group would re-rate to a similar valuating to Alpha International (ALPH GB); a similar business that currently trades on 3.9x EV/Sales (Source Factset).

Discussing the company, RKW highlights that AGFX's core business and balance sheet remains robust (albeit with lower levels of profitability). Our expectation is for RKW to re-visit their thesis once the dust has settled.

Argentex is currently valued at 0.4 EV/LTM sales (Source factset, as of 16May 2024).

Singer Capital Market's is Argentex's broker and publishes research on the company. On 2 May 2024 and following the publication of its results, SCM published a research note titled *"Fundraise: reinvigorating Alternative Banking"*. Reflecting the fund raise SCM has not reinstated its price target or recommendation.

Flowtech Fluidpower (FLO-GB, 4.8% NAV, Core), Mkt Cap £68.3m, 10.0% Harwood stake – position initiated 2020

The company, an aggregator of fluid power specialists, is reporting subpar operating margins and has a stock-turn well below that targeted by management and achieved by peers. The company is the market leader in the UK & Ireland, grown via M&A but hadn't fully integrated its acquisitions.

In the FY23 (y/e 31 Dec) results, 2023 was described a year of significant change. The new CEO the company initiated a performance improvement plan and announced a 2023-2026 strategic plan to deliver mid-term market growth with the initial focus on items such as integrating the businesses, growing the customer base and growing the order size. The company believes it has addressed the root causes of underperformance in its GB Product Distribution business and are confident that 2024 will see the company start to deliver on its strategic plan which includes targeting 15% EBITDA margins (versus 10-11% in FY'22/23). The team also highlighted that its Ireland and Benelux businesses have considerable potential.

Flowtech trades on 0.8x EV/Sales and 9.4x EV/EBITDA (Source FactSet, as of 16 May 2024).

RKW views Flowtech as having entered into the Delivery phase.

Investment Performance

Rockwood targets an absolute return of 15%pa (2x money multiple) from its investees over 3-5 years. This absolute return target is highly differentiated from most other UK smaller companies funds which target performance relative to a comparator index; usually one of the variations of the Numis Smaller Companies Index series. A regression analysis (below) highlights that over the last three years RKW's correlation with the small cap index has been limited (0.015x RSQ).

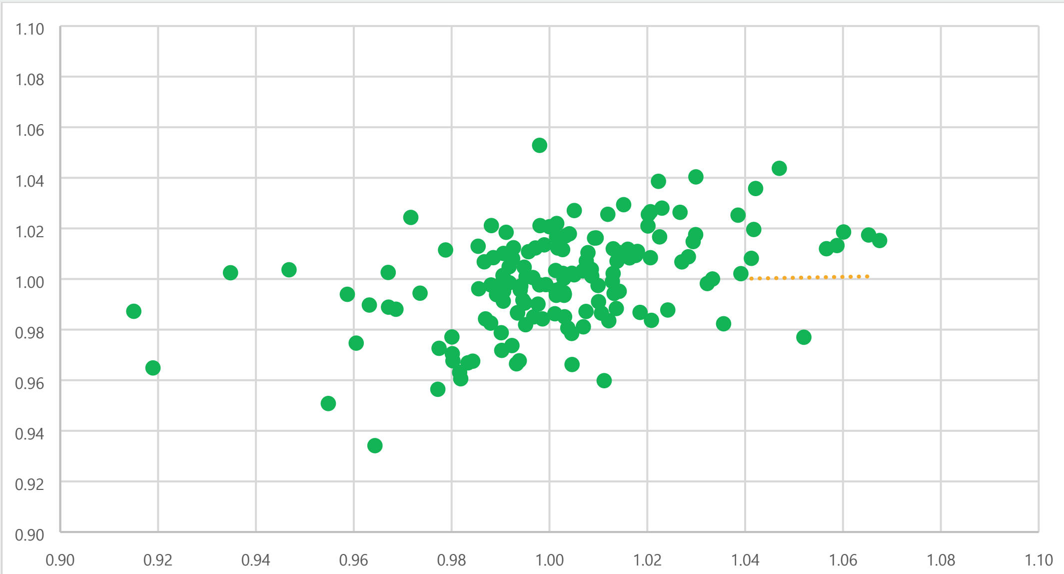
The eight strong peer group selected below comprises micro-cap investors and more traditional smaller companies investors that follow a range of styles (Value, Growth etc). Over the last 5 years, RKW has delivered a 167% NAV TR. This return is meaningfully higher than the next best performer - Odyssean Investment Trust PLC (+60.6%). This outperformance is repeated over three years and in 2024 YTD. Over one year, RKW is ranked 2nd (18.3% TR) versus the 18.8%TR generated by Crystal Amber.

Figure 2: RKW Cumulative NAV TR Performance

Fund	2024 YTD Return (%)	1Y TR (%)	3Y TR (%)	5Y TR (%)
Rockwood Strategic Plc	**17.2**	**18.3**	**189.2**	**167.0**
Rockwood Strategic - Rank	**1st**	**2nd**	**1st**	**1st**
Miton UK Microcap Trust Plc	4.1	-11.1	-46.1	2.9
R&M UK Micro Cap Inv Co	14.8	12.6	-33.1	5.3
Crystal Amber Fund Ltd.	-1.9	18.8	32.2	-22.2
Odyssean Investment Trust PLC	6.2	0.7	6.3	60.6
Strategic Equity Capital plc	10.9	13.2	14.0	50.3
Aberforth Smaller Companies Trust PLC	13.5	17.7	9.1	36.0
Blackrock Smaller Companies Trust PLC	5.4	9.9	-16.8	16.3
Henderson Smaller Companies Investment Trust PLC	6.2	6.7	-20.2	14.0
Average	8.5	9.6	15.0	36.7
Deutsche Numis Smaller Companies Plus AIM ex Investment Companies	13.5	7.1	-12.0	17.8
Deutsche Numis 1000 Index ex Investment Companies	8.2	12.6	-8.3	21.5
FTSE Small Cap	6.2	11.6	4.3	41.0

Source: MorningStar/Factset, as of 14th May 2024

Figure 3: Regression analysis – RWK NAV Return v's Numis 1000 Plus AIM ex IC Index



Source: Factset/MorningStar data, sampled weekly, SCM Calculations - 3 years to 30 April 2024

Important disclosures

Analyst certification

The analyst(s) responsible for preparing this research report or sections of this report, in whole or in part, hereby certify/ies that, with respect to any and all of the securities or issuers that the analyst(s) cover(s) in this report, the views expressed in this report accurately reflect the individual research analyst's personal views. In addition, no part of the research analyst's compensation was, is, or will be directly or indirectly, related to the specific recommendations or view expressed in this report or summary.

Stock ratings

Recommendation/Target price

Rockwood Strategic (GBP)

Date	Rec	TP
As of 1 year ago 09-May-23	Corporate	Corporate

Singer Capital Markets amended its rating system on 22/11/2021 removing its corporate rating for clients, where it acts as a nominated adviser, broker, sponsor or financial adviser, although this corporate rating has been retained for Investment Funds.

Conflicts of interest disclosures

Disclosure	Applicable
1. The analyst, connected person, or person involved in the preparation of this report has a position in securities issued by this company.	
2. SCM has created this research as a paid for service to this company, and as such it is classified as issuer sponsored research.	
3. SCM acts as a market maker or liquidity provider in relation to securities issued by this company.	Yes
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5. The company to which this research relates holds 5% or more of the share capital in SCM.	
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