



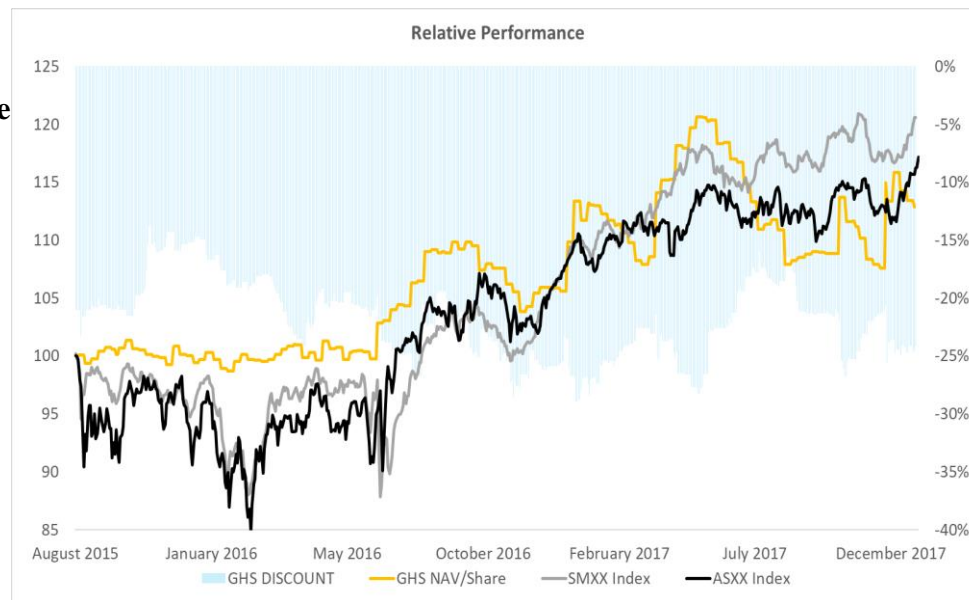
Gresham House Strategic plc (GHS) **Quoted Investment Company**

Strategic Public Equity – Actively engaged investing in smaller companies with value characteristics

31 December 2017

www.ghsplc.com

- **Compelling opportunity to buy at a 24% discount to NAV¹**
- **Concentrated portfolio with considerable potential upside attractively valued and tracking in line with investment manager's thesis**
- Portfolio of holdings with considerable upside trading at a discount to 24% NAV creates a **'double discount'**
- **Proven team** - long term 20-year track record³
- **Right timing** – Focused on undervalued areas (Small-Cap, Value) in a market that is increasingly favouring stock-pickers⁴
- **Low relative volatility of returns**
- **Intention to continue dividend payments following maiden 15p dividend and share buyback in April 2017**



Source: Bloomberg, as at 29 December 2017

Share price ²	845.4p
NAV per share at beginning of mandate	987.8p
NAV per share ²	1,114.7p

¹ Discount to NAV as of 29 December 2017 and using GHS mid-price of 845.4p

² GHS mid-price of 845.4p and NAV per share as at 29 December 2017

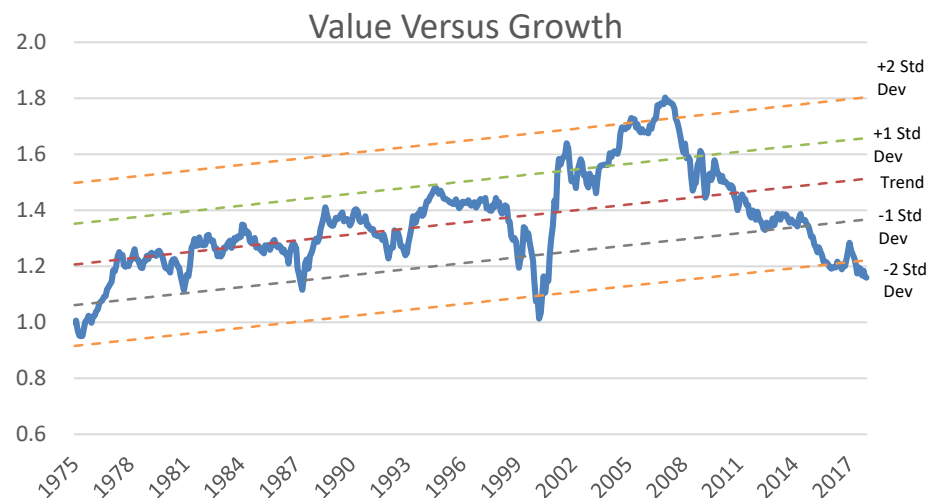
³ See slide 13

⁴ "Stock Pickers are poised to reap gains from falling correlations" Cormac Mullen, Bloomberg, 4 August 2017



Value stocks set to outperform

- Relative performance of value versus growth provides potentially strongest argument for value in 40 years
- The UK Market is trading on valuation multiples towards the upper end of its historic range
- Stocks with value characteristics have been overlooked for much of the last five years
- Corporate profit margins are peaking, buoyed by quantitative easing and low cost of capital
- Valuations have been driven by re-rating rather than earnings growth and upgrades



Source: Bloomberg data to 29 December 2017

GHS Portfolio Metrics vs. Indices ²					
	GHS Curr. ³	GHS F'cast. ³	FTSE Small Cap Curr.	FTSE All Share Curr.	FTSE AIM Curr.
EV:Sales	0.8x	0.7x	1.1x	1.5x	1.7x
EV:EBITDA	5.3x	4.3x	8.1x	8.7x	13.5x
Sales Growth	16%	N/A	5%	4%	9%
Net. Debt:EBITDA	-0.3x	-0.5x	2.0x	1.3x	0.5x

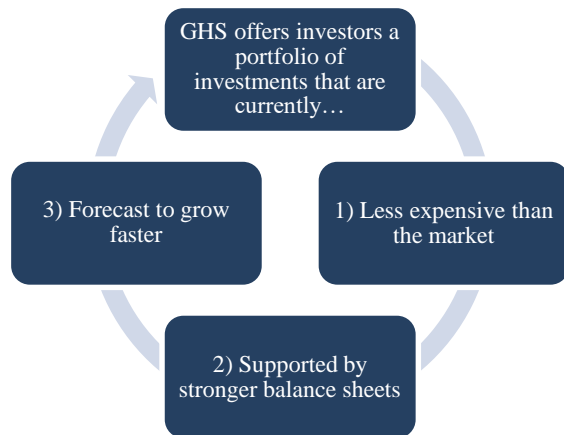
Source: Bloomberg Data for FTSE All-Share, Small Cap and AIM market, Company Accounts and House Broker Forecasts for GHS Portfolio Holdings as of 29 December 2017

2. FTSE Small Cap, AIM and All-Share used as comparable indices, GHS Portfolio Metrics calculated on a holding by holding basis weighted according to investment value relative to portfolio using GHS enterprise value which takes account of current discount to NAV

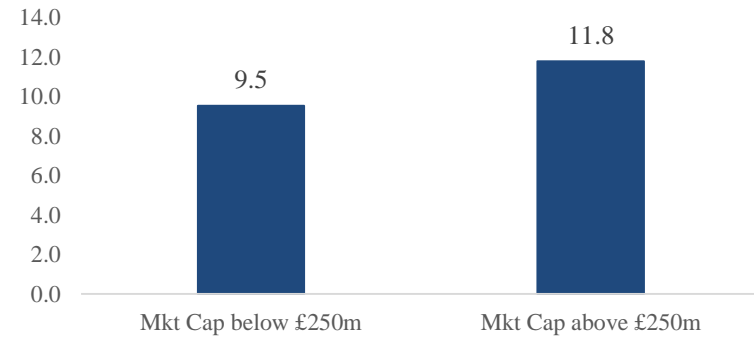
3. GHS Current and Forecast values strip out 3 investments that currently are private companies and do not have public forecasts and 1 public company that has forecasts under review (Quarto plc)

Smaller companies attractively priced

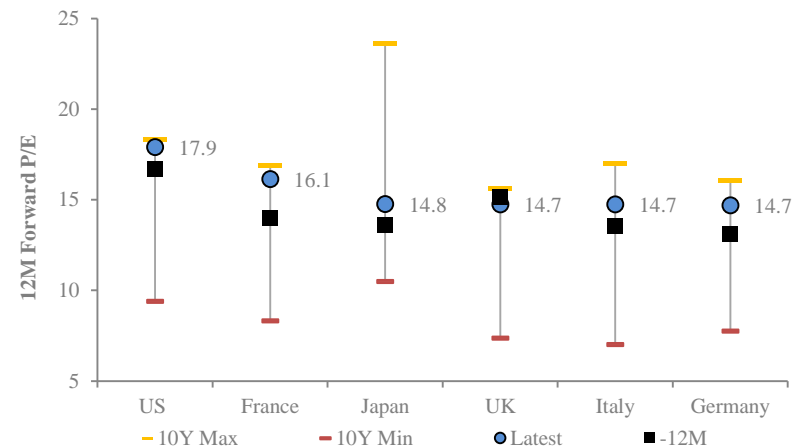
- The valuation differential between large stocks above £250m and smaller, less liquid stocks is significant
- The valuation dislocation has been increasing
- Significant opportunity to generate superior long-term returns investing in good quality, intrinsically undervalued smaller companies



FTSE All Share median EV/EBITDA multiple (x)



Source: Bloomberg 29 December 2017



Source: Panmure Gordon, 31 May 2017, Economic report

Influential minority stakes

(5%-25%) and **active management** of investments (Board introductions, advisory)

Highly engaged strategy

Adding value as an active investor **supporting strong management teams**

Targeting inefficient areas of public markets

Smaller companies (illiquid, under researched, barriers to growth capital)

Focus on profitable, cash generative companies

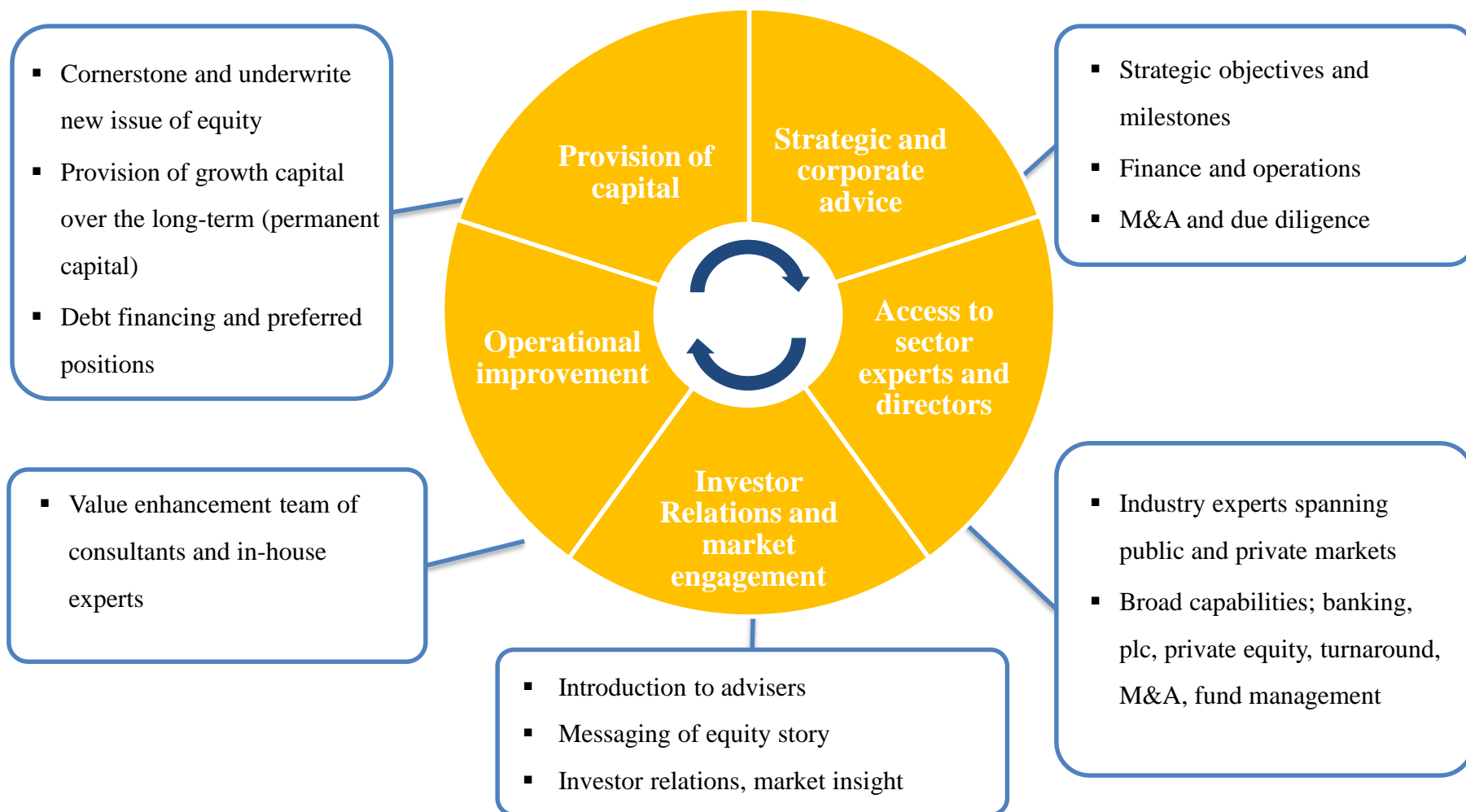
Which are intrinsically undervalued and can benefit from strategic, operational or management initiatives

Thorough diligence to identify value creation catalysts

Improved return on capital, profit growth, multiple expansion, debt reduction and cash returns

Flexible mandate up to 30% can be invested in unquoted

Pre-IPO, direct private equity, P2P, preferred positions



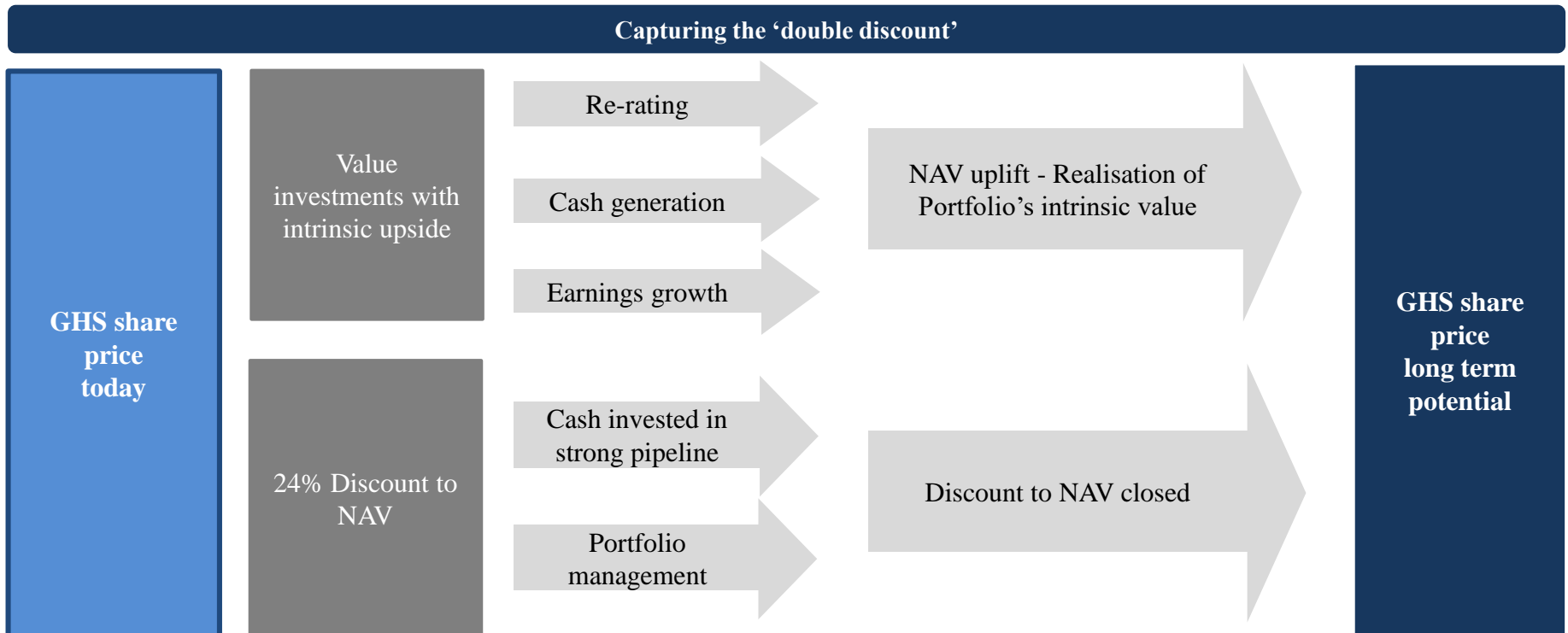


Discount to NAV and Strategy offer a ‘Double Discount’

1. GHS plc shares currently trade at a 24%¹ discount to NAV

2. The NAV represents a concentrated portfolio of stocks which GHAM believes to be trading below intrinsic value:

- Gresham House Investment theses for the portfolio holdings identifies key value creation drivers to realize intrinsic value over the medium to long term.



¹ Discount to NAV as of 29 December 2017 and using GHS mid-price of 845.4p

GHS existing portfolio – Attractively valued with significant potential upside

NAV £42.0m (1,114.7p)¹



£17.1m

Undervalued with strong growth prospects



£1.2m

Site rollout, earnings growth, high return on capital



£2.7m

Recovery and growth, investing alongside management



£1.3m

Strategic change and expansion



£4.4m

Buy & build, organic growth plus strong cash generation



£1.3m

Growth capital supporting strategic refocus



£1.7m

Significant operational gearing and scope to improve ROCE



£1.2m

Organic & acquisition growth at attractive valuations



£2.1m

Pre-IPO opportunity, Convertible loan notes and equity investment



£0.9m

Recovery, margins and growth alongside strategic refocus

Other Investments – £3.6m

Cash and cash equivalents – £4.3m

Tax losses – c. £150m

¹ NAV, Cash and holdings value data as of 29 December 2017 using bid price per share data

The team launched and managed the Strategic Public Equity strategy while working at SVG Investment Managers

Company	Fund	Vehicle	Years	Track Record
Downing LLP	PFS Downing Active Management ¹	OEIC	2011-2016	73% total return since inception vs 55% FTSE Small-Cap ex IT.
SVG Investment Managers	Strategic Equity Capital plc	Investment Trust	2005-2010	11% IRR since 2007 ²
Schroder Ventures (London)	Strategic Recovery Fund I	Limited Partnership	2003-2006	46% net IRR ³ (03 Vintage)
Schroder Ventures (London)	Strategic Recovery Fund II	Limited Partnership	2006-2011	6% net IRR ³ (06 Vintage). Remaining equity investments distributed to LPs in specie ⁴ : E2V plc +78%, Journey Group plc +34% and Lavendon Group plc +12%
Schroder Ventures (London)	UK Focus Fund	OEIC	2003-2010	78% total return 2003–2010 vs 14% for SMXX ⁵
Philips & Drew	UK Equity Fund	Segregated Institutional mandates & Unit Trust	1999 - 2002	Top Quartile vs. CAPS UK Equity Median

* Past performance is not necessarily indicative of future results, and there can be no assurance that the fund will have comparable results or that the fund will be able to implement its investment strategy or achieve its investment objective.

¹ Tony Dalwood chaired Downing Active Management Fund Investment Committee from July 2011 – Dec 2014. Total return Performance data up to 26 Dec 2014

² Gresham House Asset Management Limited calculations excluding dividends 7yr IRR from 2007 when SEC became fully invested to 2014, including period subsequent to the departures of Graham Bird (Feb 2009) and Tony Dalwood who left SVG in March 2011 having stepped down from the SEC plc Investment Committee, moving to a non-executive Chairman of SVGIM on 30 Sept 2010.

³ GVQIM website.

⁴ Bloomberg data (total return since 30 July 2013 when SRF II wound up through to 30th July 2015) – SEC plc continues to follow an SPE style of investment & demonstrates the success of the strategy over the investment cycle.

⁵ Bloomberg data – total return. Tony Dalwood left SVGIM in March 2011 therefore data tracked for UK Focus Fund from Aug 2003 (July inception) - 31 Dec 2010.



The Team

Combining industry expertise, technical ability and substantial investment experience

Investment Committee



Tony Dalwood, Fund Manager and IC Chairman

Prior to Gresham House Tony established SVGIM and launched Strategic Equity Capital plc and the Strategic Recovery Funds, where he developed the Strategic Public Equity strategy. Tony is the former CEO of SVG Advisers (Schroder Ventures London), former chair of Downing Active Management Investment Committee.



Tom Teichman

30 years' VC & banking experience. Founded Spark Ventures in 1995. Former Investment Committee member at Brandt's, Credit Suisse, Bank of Montreal and Mitsubishi Finance London. Start-up investor/director of lastminute.com, mergermarket.com, Chairman of Kobalt Music, notonthehighstreet.com, ARC, MAID, amongst others.



Rupert Robinson (Managing Director of GHAM)

Over 25 years' experience in Private Wealth and Asset Management. Former CEO and CIO of Schroders Private Bank and was instrumental in driving organic growth in AUM which doubled between 2008 and 2012 from £4.5 to more than £9bn. Prior to this he was Head of UK Wealth Management at Rothschild Asset Management.



Bruce Carnegie-Brown

Bruce is currently chairman of Aon UK Ltd and of Moneysupermarket.com Group plc. He is a non-executive director of Santander UK plc. He was previously a managing partner of 3i QPE plc, a managing director of JP Morgan and CEO of Marsh Ltd. Bruce is also a member of the Gresham House plc Investment Committee.

Investment Team



Graham Bird, Fund Manager and member of IC

Graham leads the Strategic Equity division of Gresham House Asset Management Ltd (GHAM). He was previously Director of Strategic Investments at SVGIM having helped launch the Strategic Public Equity strategy with Tony Dalwood. Graham has considerable experience as a fund manager and an adviser to quoted companies having previously been a Director within the corporate finance department at JP Morgan Cazenove.



Pardip Khroud, Investment Manager

Pardip is Investment Director at Gresham House. She shares fund management responsibilities with Tony and Graham. She has 13 years experience in audit, private equity transactions and global tax restructuring. Most recently she was an Investment Manager at Lloyds Development Capital (LDC).



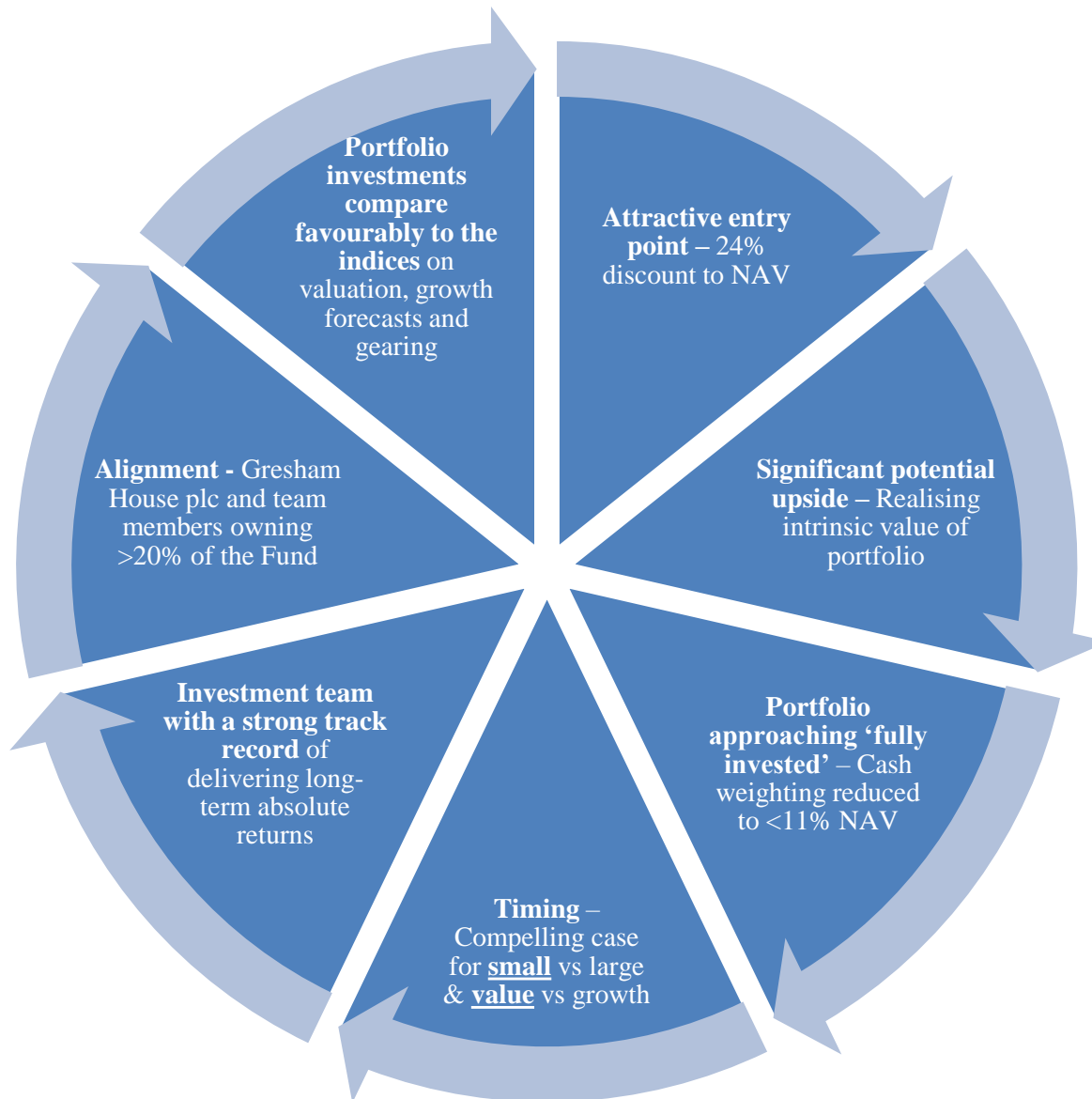
Laurence Hulse, Investment Associate

Laurence joined Gresham House after graduating in Politics and Political Economy from Warwick University. He supports the investment team with quantitative analysis and due diligence, as well as day to day market activity. Prior to Gresham House he interned with the M&A team at Rothschild and on the Equities trading floor at Barclays Capital.



Sanjeev Sarkar, Private market expertise

Sanjeev has more than 10 years experience as a principal investor in both Private Equity and opportunistic strategies. Until April 2015 he was a founding member and portfolio manager for a US\$200m credit opportunities fund. Sanjeev assists the team on a consultancy basis by providing a Private Equity and a debt financing perspective.



Appendix

Top 10 Shareholders

Shareholders	%
Gresham House plc	19.3%
M&G	11.7%
Smith & Williamson	8.6%
River & Mercantile	8.6%
Unicorn Asset Management	3.4%
Hargreaves Lansdown	3.4%
Charles Stanley	2.9%
Berkshire County Council	2.9%
Janus Henderson Investors	2.2%
Investec Wealth & Investment	2.2%

Source: As of most recent Capita shareholder report as at 29 December 2017 and accounting for subsequent TR-1 notifications



2009:
Realisation
strategy

August 2015:
Appointment of
GHAM

December 2015:
Name change to
Gresham House
Strategic Plc

August 2016:
New 'sister' fund -
Gresham House
Strategic Public
Equity Fund LP

April 2017:
Maiden dividend
and share buy-
back worth
£900,000

IMI Mobile – GHS shareholding c.15% *

“Undervalued and poorly understood, significant re-rating opportunity”

The Story

IMI provides software and services centred around mobile data and consumer engagement, helping enterprise clients engage and transact with their customers more efficiently through mobile devices.

- Market leader in a sector driven by macro mega-trends
- Strong IP (suite of software applications - scalable cloud based)
- High visibility and recurring revenues, good cash generation and strong balance sheet

*Held across two funds

Investment thesis

Re-rating

Trading at a discount to peers

- Re-rating to peer group average/P-E arbitrage opportunity
- 7.6x curr. EV/EBITDA¹, falling to 6.9x¹ FY19 vs peer group 14.2x²
- Company has a history of being misunderstood – Slowly improving
- Use of channel partners and resellers to accelerate growth

Earnings growth

Organic with proven M&A capability

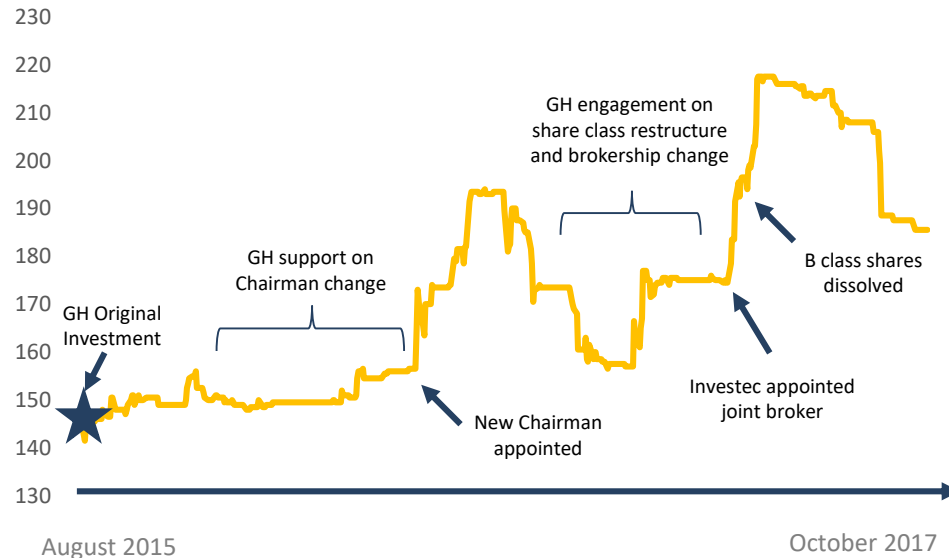
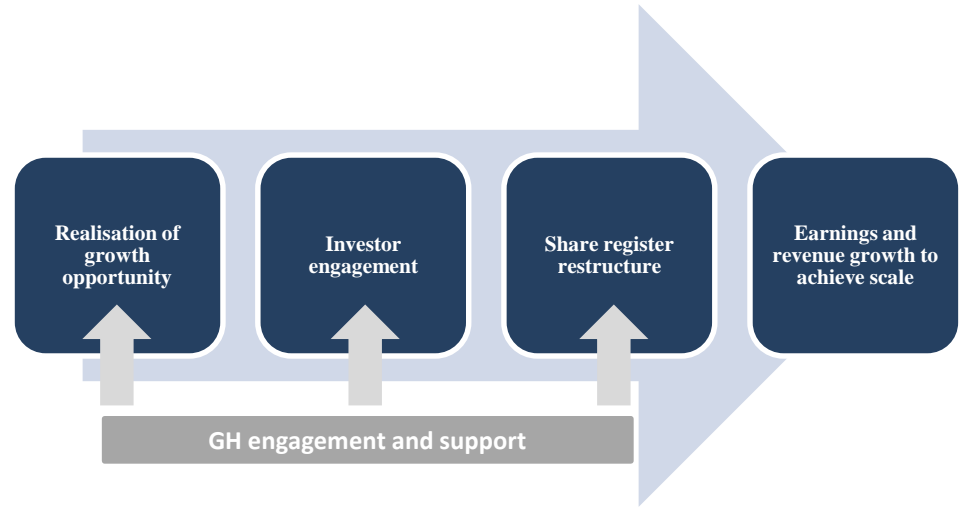
- Increasing exposure to higher margin areas and geographies
- Significant structural growth drivers - global trend towards digital communications and engagement via mobile devices
- Significant operational gearing – clear target to grow EBIT margin

Cash Generation

Track record of strong cash flows

- Business is highly cash generative which supports reinvestment for growth and improving return on capital
- >100% cash: EBITDA conversion³
- 94% revenues are recurring

Value creation to realise intrinsic value



August 2015
Source; Bloomberg

October 2017

1 Investec research 28 June 2017 and EV as of 29/09/2017 sourced from Bloomberg
 2 Investec determined peer group as of 29/09/2017
 3 Investec research note June 2017
 4 Company interim results presentation 30 September 2016

Northbridge – GHS shareholding c.11.5% *

“Recovery and growth capital investing alongside management”

*Held across two funds

The story

Northbridge manufactures specialist industrial equipment for sale and rental and is a leading global supplier of load banks. The company’s key markets are oil & gas and power generation.

The business came under pressure at start of the downturn in the oil and gas sector as E&P activity as well as wider capital spending (shipbuilding, power generation, construction). As the market begins to recover we expect the business to strengthen in-line with our investment horizon.

GH spent over six months engaging with the management team as supporting the next phase of the company’s growth plan.

Investment thesis

Re-rating

Recovery from stressed rating as market improves

- Underpinned by realisable assets - Attractive entry point at 60% of net asset value
- Multiple expansion – Entry EV/EBITDA at 4.8x representing a >60% discount to peers and a low point compared to the preceding 2 years’ trading range¹

Earnings growth

Cost reductions and trading conditions improve

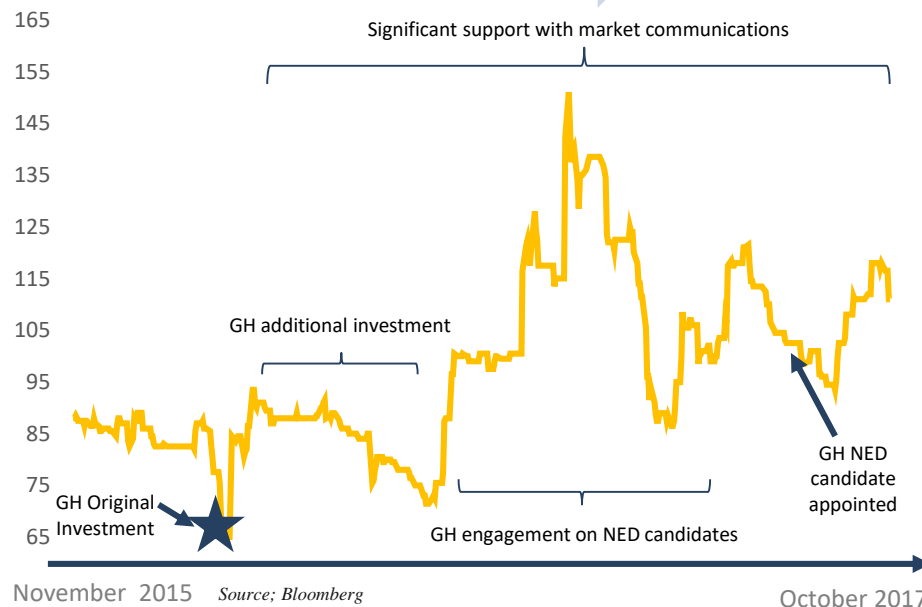
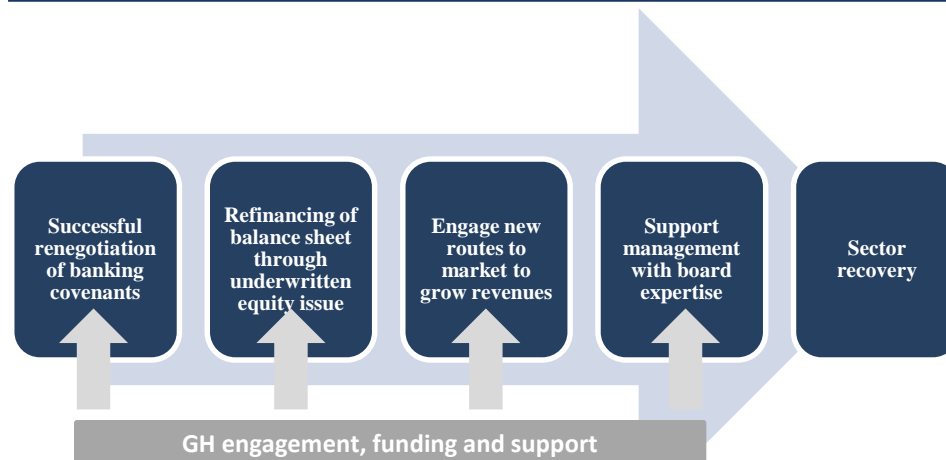
- Margin recovery – Profit growth as margins recover to long-term average
- Significant costs taken out of the business during the downturn
- Capacity taken out of the market during the down – Company positioned for pricing power in a upturn

De-leveraging

Cash generation and significant reduction in capex

- Inherently strong cash flow generation from operations –Free cash flow yield of >20%² at GH entry price
- Pay down of debt to increase equity value

Value creation to realise intrinsic value



¹ Bloomberg data

² Free cashflow yield GH 2017 forecasts (operating cashflow after interest & tax, less maintenance capex. EV based on fully diluted number of shares at 75p and forecast net debt).

³ Gresham House forecast 2019 EPS, assuming turnover recovers to 2015 levels and margins return to c.12%, applying entry price of 75p.

⁴ Stockdale Securities forecasts - note 18 April 2016

Be Heard – GHS shareholding c.10%

“Primary growth capital, supporting buy & build strategy”



The story

Be Heard's strategy is to create a mid-size digital marketing network providing more flexibility than holding groups and greater scale than digital specialists can achieve.

Growth will be achieved through acquiring smaller, niche complementary businesses in the UK, US and Europe and organically developing capability.

The first significant set of results in Q317 demonstrated the potential of the strategy and operational capability of the business to integrate and cross sell effectively.

Investment thesis

Re-rating

Scope for re-rating as business achieves scale

- Valuation arbitrage - Larger companies in the sector currently in excess of >12x EV/EBITDA ¹
- If proven management team can repeat previous success market likely to re-rate the business as the growth story is realised

Earnings growth

Proven buy & build strategy led by sector leaders

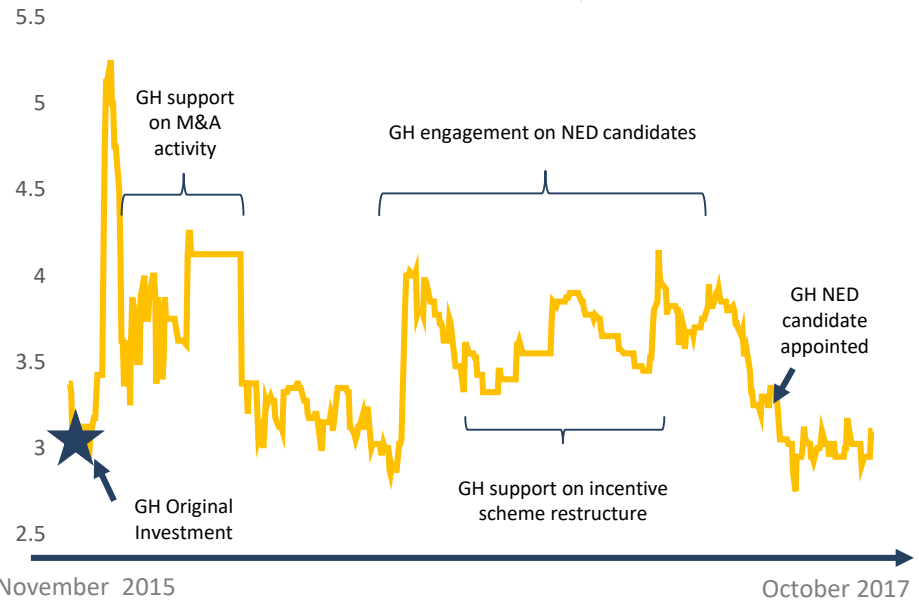
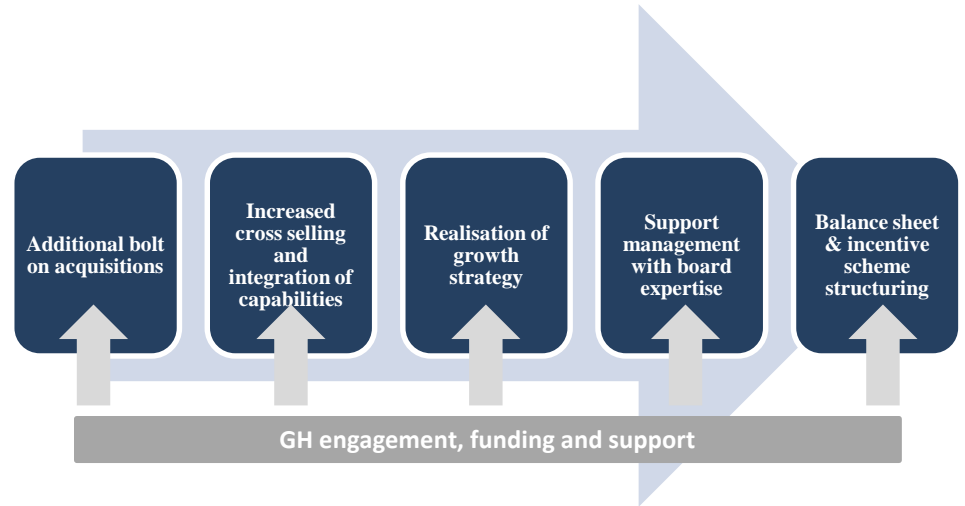
- Track record of successful acquisitions provides scope for further M&A
- Adding new services to existing platform offers earnings accretion, cross-sell opportunities and margin improvement
- Significant revenue and cost synergies available from buy and build strategy

Cash generation

Opportunity for high-margin income once at scale

- Strong cash flow generation from operations and earnings growth expectation

Value creation to realise intrinsic value



Source; Bloomberg

¹ Bloomberg data for M&C Saatchi and Next Fifteen plc as of 29/09/2017 sourced from Bloomberg

Quarto Group – GHS shareholding c.4%

“Secondary with opportunity for growth capital”



The story

Quarto is a leading global illustrated book publishing and distribution group. Quarto creates more than 1,500 adult and children's books a year, sold into 35 countries and in 25 languages.

- Share price has fallen heavily following downward revisions to forecasts which followed a change in accounting policies and disposal of two non-core business. This was accompanied by a shift in the seasonality of the business towards H2 and a cautious outlook for consumers in both the US and the UK.
- Underlying business remains a proven buy and build model to expand the library available through Quarto's effective distribution platform

Investment thesis

Re-rating

Trading at a distressed valuation

- Re-rating to historic levels pre-announcement
- Five year historic P/E range of 4-15.x, currently at 4x¹
- Management has developed a poor reputation with would-be investors
- Return of consumer demand over the longer term

Earnings growth

Proven bolt-on acquisition model

- Track record of successful acquisitions provides scope for further M&A
- Adding new catalogues to existing distribution platform offers earnings accretion and margin improvement
- Significant operational gearing – clear target to grow EBIT margin

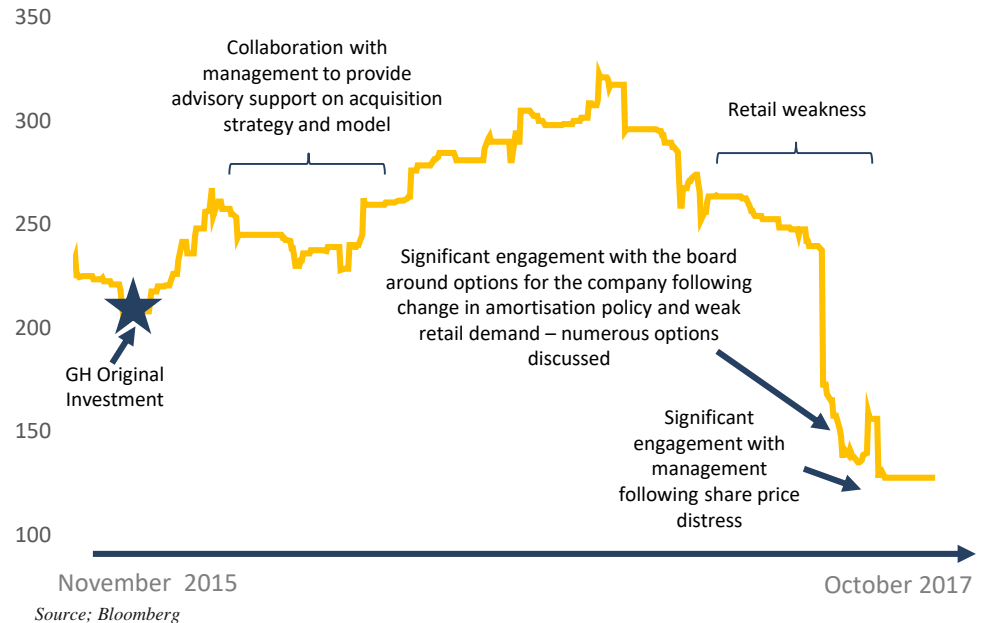
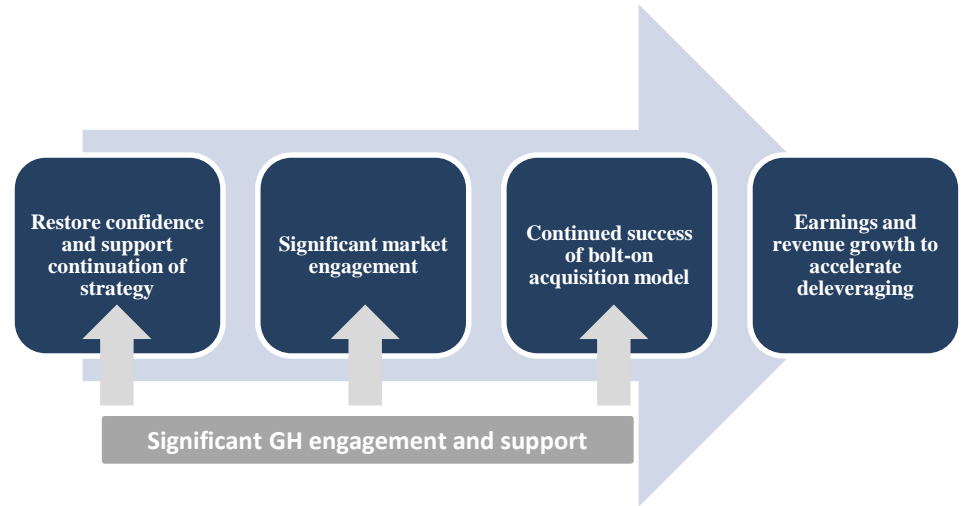
De-leveraging

Cash generation to increase equity value

- Business is cash generative which supports deleveraging of balance sheet

¹ GHAM calculations using data from Stockdale Securities 29/09/2017

Value creation to realise intrinsic value



Source: Bloomberg

SpaceandPeople

Holding in company **16.2%**

Secondary – Recovery and growth

- Earnings recovery (refocus on core business)
- Margin recovery (cost reduction in non-core areas)
- Multiple expansion / re-rating

Significant engagement

- Significant strategic input with management
- Supporting shareholder engagement
- Regular meetings



Source: Bloomberg, as at 29 December 2017

MJ HUDSON

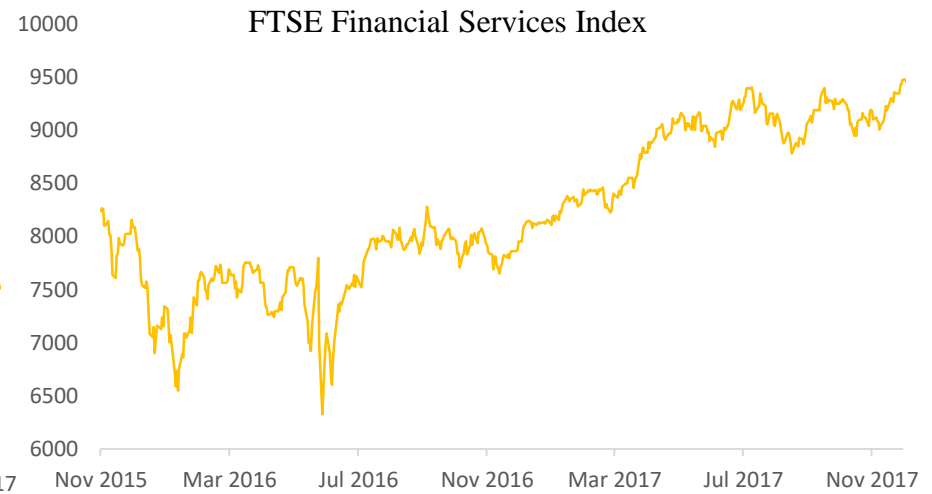
Convertible loan note and private equity

Growth capital supporting buy and build strategy

- Earnings growth (bolt on acquisitions and synergies)
- Margin growth as business achieved scale
- Re-rating and arbitrage opportunity at IPO

Significant engagement

- Supporting company on near-term path to IPO
- Engagement and advice on M&A activity



Source: Bloomberg, as at 29 December 2017



Holding in company 4.6%

Primary – Growth capital supporting roll-out strategy

- Multiple expansion / re-rating (proof of concept)
- Earnings growth (through site roll-out)

Significant engagement

- Support of strategy
- Introduction to GH industry advisor



Source: Bloomberg, as at 29 December 2017



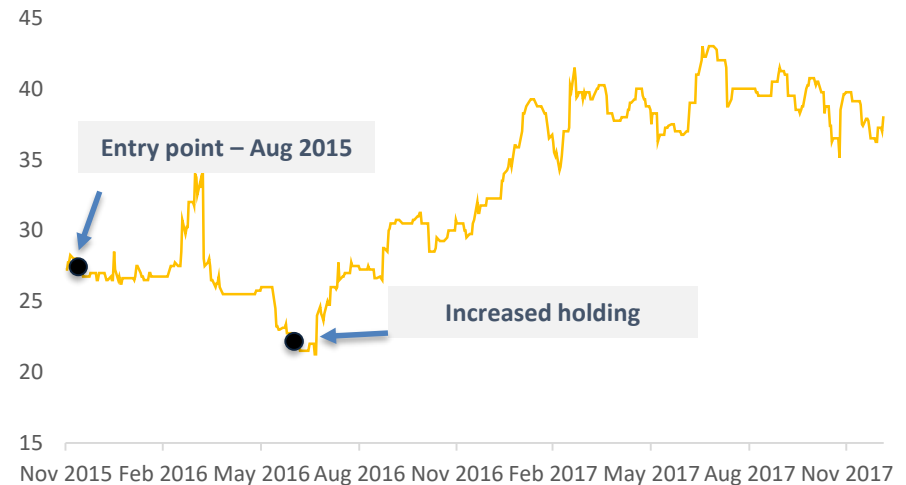
Holding in company 2.7%

Secondary – operational gearing and AUM growth

- Earnings Growth (organic)
- Return of cash to shareholders (buyback and increased dividend)

Significant engagement

- Engagement on board structure/composition
- Engagement on FM incentive schemes



Source: Bloomberg, as at 29 December 2017



Holding in company

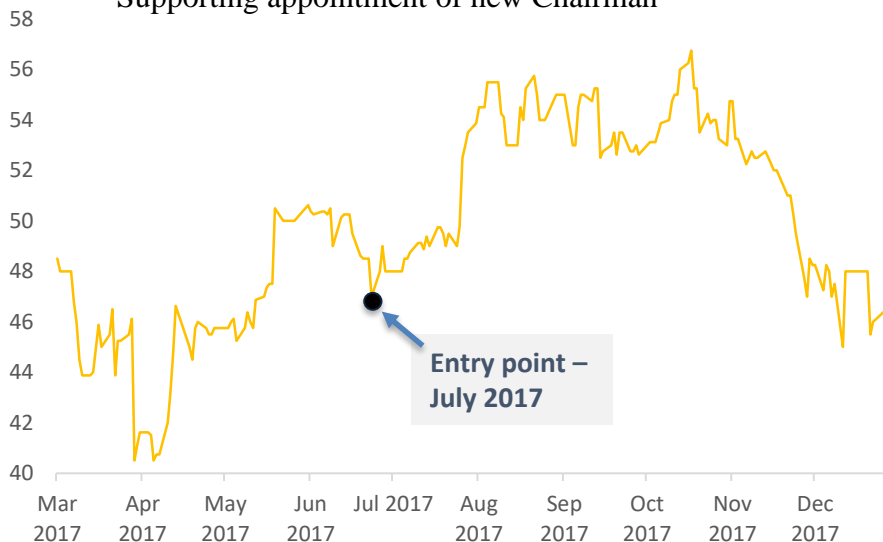
2.1%

Secondary – Growth capital to support strategic refocus

- Margin growth (cost control)
- Earnings growth (focus on higher margin services, shift away from print services)

Significant engagement

- Strategic input with management
- Supporting appointment of new Chairman



Source: Bloomberg, as at 29 December 2017



Holding in company

3.1%

Secondary – Recovery and cash generation

- Cash generation (cost cutting)
- Resolution of HMRC offers potential of return of cash to shareholders

Significant engagement

- Initial engagement with Executive Chairman on HMRC issues



Source: Bloomberg, as at 29 December 2017

Case studies



Holding in company **2.1%**

Profits growth, cash generation, improved valuation

- Acceleration of earnings growth via active growth strategy
- Effective sales team implementation and expansion
- Margin growth; expansion into UK mid-markets companies
- Regulatory changes requiring businesses to provide quarterly tax returns

Engagement

- Support on growth strategy



Source: Bloomberg, as at 29 December 2017

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