

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 generally 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 with its investments, alongside material shareholdings.

Performance %

	YTD	3M	12M	36M	48M	60M
Total Shareholder Return	11.2	3.5	11.2	69.6	108.3	135.7
NAV Return	11.0	2.5	11.0	58.9	75.0	122.2
FTSE Small (ex ITs)	6.8	2.5	6.8	24.6	-0.1	28.4
FTSE AIM All Share	6.5	-2.1	6.5	-7.8	-37.0	-33.8

Financial Year's Performance %

	2025	2024	2023	2022	2021	2020
Total Shareholder Return	20.8	15.4	28.2	22.2	59.3	-5.3
NAV Return	21.1	5.1	21.4	27.5	44.3	-14.3
FTSE All-Share Total Return	10.5	8.4	2.9	13.0	26.7	-18.5

Investment Manager's Commentary

In Q4 the long-awaited and much leaked UK budget was announced. Few were happy. However, the Chancellor's c.£22bn new 'headroom' to self-imposed fiscal rules, means that continued worry about even more tax raising measures, should be avoided, at least in the next 12 months. The Labour Party's second, fiscally tightening, budget will dampen inflation towards the Bank of England target and thus enabled a further cut in interest rates to 3.75%; we expect more in 2026. Alongside the Employment Bill and poor business and consumer sentiment, it is unsurprising GDP growth expectations for 2026 barely exceed 1%. Real household discretionary income growth is pathetic and the state of the construction market best reflected in a 62 year low for the use of ready-mix concrete in the UK. Taxation is at a post-war high of 38% of GDP and crowding out private investment and pushing out the aspirational and wealthy. Unemployment, now at 5%, grossly understates the amount of economically inactive citizens. Low expectations, tax clarity and interest rate cuts are maybe all that is needed for sentiment to trough, though.

Elsewhere, the US economy is being held-up by a third year of US market gains feeding into consumption and heavy, probably poorly allocated, AI infrastructure spend. The S&P 500 10 year cyclically adjusted PE ratio is now higher than before the 1929 crash, with 7 AI associated companies making up over a quarter of the index by value. Tracker funds beware. The FTSE 100 showed the US market a pair of clean heels in 2025, led by Banks, however UK small caps failed to keep up, fund flows leaving the UK and choosing precious metals and high momentum technology stocks instead. Our own banking investment, Vanquis, rose 165% in 2026. Rockwood's portfolio remains dominated by idiosyncratic, lowly valued, self-help situations.

The fund made progress during Q4. We supported two fund raises, first at RM, in order to enable investment into their Assessment platform and support the overdue realisation process. Secondly into Capital Limited, which has buoyant end-markets supplying mining services around the world. They rose 21.9% and 8.6% respectively. Capita performed very well, delivering on our thesis with the resolution of the legacy loss-making contracts. The shares rose 25.4%. Chesterfield Special Cylinders demonstrated material progress and de-risking in their final results, rewarded by a 33% rise. Filtronic announced further important contract wins and solid trading and rose 47.4%. There were two main negatives during the period: Firstly, the failed takeover offer for Treatt resulted in indiscriminate selling of the stock as investors worried about management distraction, the intentions of the new significant (trade) minority holder and the failed process. Secondly, the approximate shape of the, long-overdue, refinancing for Videndum was announced; the level of equity dilution exceeding our expectations. We will update investors more fully at the end of this process on our conclusions.

There were a range of positive developments within the portfolio including lots of positive trading updates. Most notable though was the sale of Harrow Green by Restore, which focuses the business on its very best activities, highlighting the gross undervaluation of the shares. M&C Saatchi announced buybacks, which we had requested and revealed improved transparency in its World Issues business. We continue to be engaged with stakeholders to recover and unlock shareholder value. Under our proposed new Chair at ADF new CEO and CFOs have now been appointed. Centaur's return of capital is also imminent, the process leading to a 95% gain in '26. We increased our stakes in Mercia Asset Management, Eagle Eye Solutions and M&C Saatchi to over 5%.

Top Ten Holdings as % of NAV

RM	Education Services	11.9%
Capita	Business Services	9.5%
Vanquis Banking Group	Financial Services	7.7%
Filtronic	Technology	5.7%
M&C Saatchi	Media	5.4%
Capital Limited	Mining Services	5.2%
Funding Circle	Financial Services	5.1%
Trifast	Industrials	4.4%
Restore	Business Services	4.3%
Mercia Asset Management	Financial Services	4.0%
Total		63.2%
Cash & equivalents	Cash & equivalents	5.3%

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 31 December 2025

Manager	Richard Staveley
Year end	March
NAV £m	152.8
Share price (Mid)	292p
NAV per share	287.04p
Premium to NAV	1.7%
No. of holdings	25
Net cash	£8m
AMC	1%
Performance fee	10% over 6% p.a. hurdle
Total fee cap	3%
Bloomberg Ticker	RKW.LN
ISIN / Sedol	GB00BRRD5L66 / BRRD5L6

We purchased one new holding in the quarter. Focusright Plc designs and manufactures audio interfaces, equipment and audio reproduction kit for the global market. It has significant margin improvement potential, large addressable markets and a depressed valuation relative to history.

Holding Information

- Richard Staveley is a Non-Executive Director at Chesterfield Special Cylinders
- Investment Advisory Group ("IAG") member Jamie Brooke is a Non-Executive Director at Flowtech Fluidpower and Chairman of Titon Holdings.
- Nick Mills is a Non-Executive Director at Trifast

Fund Management Team



Richard Staveley has been the lead manager of Rockwood Strategic for over 5 years. He was also lead fund manager of Majedie UK Small Companies, River & Mercantile UK Small Companies, and Société Générale UK Small Companies, all after he had qualified as a Chartered Accountant at PWC. He is a CFA Charterholder and has over 25 years small company fund management experience.



Nicholas Mills has over a decade of investment experience having joined Harwood Capital LLP in 2019 after spending 5 years at Gabelli Asset Management in New York. He acted primarily as a Research Analyst covering the multi-industrial space and also gained experience in Merger Arbitrage strategies and Closed End Funds. He has a Bachelor of Science Degree from Boston College's Carroll School of Management. He also works on North Atlantic Small Companies IT and is Co-Fund Manager of Oryx International Growth Limited. He currently sits on the Boards of Niox Group Plc, Trifast Plc and Hargreaves Services Plc.

Other Features

- 'Skin in the Game' - Christopher Mills (CIO and Founder of Harwood) and Richard Staveley own 19% 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.
- Ability to hold up to 15% in private companies or instruments.
- There is significant information on the Investment Opportunity, Philosophy and Process on the website www.rockwoodstrategic.com
- The website also hosts recordings of recent video interviews with the manager and the latest Fund Presentation.

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 Hannover, 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, >30 years European equities investing experience (Bristol, History).

Yuri Khodjamirian; Formerly an analyst and fund manager at Majedie Asset Management, >15 years UK and Global equities experience. CIO Tema ETFs and founder of www.snippet.finance (Cambridge & LSE, Economics and Bioscience Enterprise).

Richard Pease; >40 years of fund management experience incl. Head of European Equities with Jupiter Asset Management, New Star Asset Management and Henderson. Founded Crux Asset Management (Durham, General Arts).

Board Directors: Noel Lamb (Chairman), Ken Lever, Paul Dudley

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 on UK publicly listed small companies and renamed Gresham House Strategic plc. Richard Staveley joined as Fund Manager in 2019.
- In October 2021 Harwood Capital was appointed as investment manager and 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, investment platform 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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