EDISON

Gresham House Strategic

Capitalising on dislocations to build for the future

Investment trusts
Strategic public equity

8 October 2020

Gresham House Strategic (GHS) has been active over the COVID-19 pandemic, taking advantage of a high cash balance following the profitable disposal of IMImobile (23.7% IRR) in early 2020 to invest in attractive businesses at depressed levels. GHS describes itself as a 'strategic public equity' fund, meaning it takes a private equity-style approach to investing mainly in listed companies, buying significant stakes and engaging proactively to create and unlock value through operational, strategic and management initiatives. Given the favourable entry prices of many recent investments, GHS's managers are targeting returns of as much as 2.5–3.0x over the typical three- to five-year holding period. Furthermore, reflecting confidence in the outlook for the portfolio, its underlying income (including the potential for reintroduction of dividends by some holdings) and scope for portfolio realisations, GHS's board has recently raised its dividend growth target for FY21 from 15% to 20%.

The market opportunity

UK smaller companies remain out of favour among both domestic and international investors, with concerns such as Brexit chaos and the impact of COVID-19 uncertainty weighing on sentiment. While any change in the outlook could spark a re-rating for the sector, investors may prefer a fund that takes an active approach to unlocking value through operational and financial improvements, while also benefiting from any market-wide re-rating.

Why consider investing in Gresham House Strategic?

- Differentiated, high-conviction, private equity-style approach to the UK small-cap opportunity, underpinned by significant due diligence.
- Highly experienced, well-resourced management team and investment committee (IC), backed by a network of industry experts to help drive turnarounds.
- Future returns could be enhanced by the fund's recent programme of buying attractive assets at depressed prices due to the COVID-19 crisis.
- Cash and convertible loan notes account for c 20% of the portfolio, conferring a degree of downside protection.
- Current c 18% discount to NAV offers appreciable re-rating potential.

'Double discount' and growing dividends

GHS's 18.2% discount to NAV at 6 October 2020 is significantly wider than the 12.5% average over 12 months, having drifted wider from the low single digits in late 2019 as the coronavirus pandemic struck. The managers point out that the fund's strategy of investing in undervalued assets means there is effectively a 'double discount', offering upside potential while limiting downside as active management initiatives drive a re-rating of the underlying holdings. GHS has a 2.3% dividend yield, underpinned by a board commitment to growing dividends by at least 15% a year (targeting 20% for FY21).

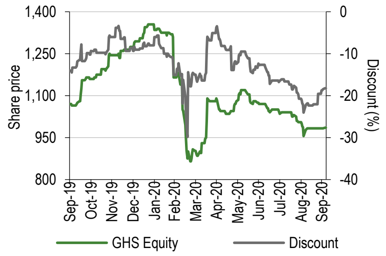
Price	**985.0p**
Market cap	**£34.3m**
AUM	**£41.8m**

NAV*	1,204.7p
Discount to NAV	18.2%

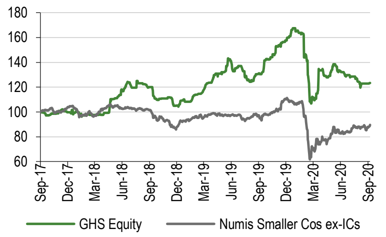
*Including income. As at 2 October 2020.

Yield	2.3%
Ordinary shares in issue	3.5m
Code	GHS
Primary exchange	LSE
AIC sector	UK Smaller Companies
Management group	Gresham House
Ongoing charges	2.94%
Performance fees	15.0% over a 7.0% hurdle

Share price/discount performance



Three-year performance vs index



52-week high/low	1,355.0p	865.0p
NAV** high/low	1,479.6p	1,051.8p

**Including income.

Gearing

Gross*	0.0%
Net cash*	9.3%

*As at 30 September 2020.

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Edison profile page

Gresham House Strategic is a research client of Edison Investment Research Limited

Fund profile: Strategic public equity

GHS began life in 1999 as the technology and media-focused private equity fund New Media SPARK, which itself became SPARK Ventures in 2007. Gresham House was appointed investment adviser to SPARK Ventures in August 2015 (at which point the fund adopted its current strategic public equity (SPE) investment strategy), becoming investment manager of the newly renamed GHS in November 2015. GHS invests mainly in smaller UK public companies, applying private equity style techniques to construct a focused portfolio. The investment management team is made up of Tony Dalwood (fund manager, over 20 years of SPE investing), Richard Staveley (fund manager, 20 years of small-cap investing), Laurence Hulse (investment manager, six years of SPE investing) and Paul Dudley (corporate finance, over 20 years' corporate advisory experience). GHS's managers also work closely with the wider Gresham House team, including the managers of its open-ended growth and income funds. The strategy incorporates an IC, which is fully integrated in the investment process. Dalwood chairs the IC, which also incorporates considerable investing and private equity experience through the other four members: Ken Wotton (20 years' investing experience; manager of the Gresham House UK Micro-Cap fund); Graham Bird (25 years in public and private equity, industry and advisory); Bruce Carnegie-Brown (35 years' experience in private equity; chairman of Lloyd's of London); and Tom Teichman (30 years' experience in venture capital and banking).[1] The IC approves all significant investments and regularly discusses the management of the portfolio.

The GHS team focuses on taking significant stakes in profitable, cash-generative companies that it believes are intrinsically undervalued, aiming for significant engagement with investee company stakeholders in support of a clear equity value-creation plan over the long term. The strategic public equity team at Gresham House has managed five consecutive funds since 2003, including GHS, following the same strategy.

The fund manager: Gresham House

The manager's view: Capitalising on market dislocation

Reflecting on the extraordinary events of 2020 so far, investment manager Laurence Hulse says GHS has made the most of a 'once-in-a-generation opportunity' in public equity markets. 'We were fortunate to go into the crisis with the cash to take advantage of it', he says. 'We have put one-third of our portfolio NAV into distressed opportunities during lockdown that are not broken businesses but had suffered a "black swan" event'. Hulse adds that GHS did not have many calls for extra funding support from existing holdings and that the fund's closed-ended structure meant there were no withdrawals to fund during the sell-off. 'We have managed to take advantage of what has been going on, and we have a target of 2.5-3.0x money over three to five years from these new holdings', he says.

In spite of the unusually fertile investment landscape, GHS's discount to NAV (including income) has widened from c 3% in December 2019 to c 18% in early October 2020, a development Hulse describes as 'frustrating', but understandable given continued poor sentiment towards UK smaller companies as a result of ongoing Brexit chaos and COVID-19 uncertainty.

However, the manager argues that the 'double discount' (because in addition to GHS's own discount to NAV, the underlying holdings are trading below their intrinsic value) only makes the investment opportunity more attractive. 'At NAV there is material upside, and the discount to NAV

[1] Tom Teichman is also chairman of Edison Group.

(which was c 3% pre-COVID) offers upside whether you think the portfolio is cheap at NAV or not', he says. Furthermore, with c 20% of the portfolio in cash and convertible loan notes, the fund is 'well protected' from further bouts of market volatility.

Looking at the rest of the portfolio, Hulse says: 'We have c 25% in Augean, where the potential introduction of a dividend next year would change the perception, and it is currently trading on 5.5x forward EBITDA. This is a material discount to recent transactions in the sector such as Viridor (taken over by private equity group KKR earlier this year). Then we have c 35% in businesses like Van Elle, Fulcrum Utility Services, Flowtech Fluidpower and Ted Baker, which were on their knees at the height of the crisis but in most cases are recovering well, and c 20% in companies like Pressure Technologies and Northbridge Industrial Services, where the headwinds are arguably in the price'. With GHS's active approach continuing to offer opportunities for improvement at the underlying business level, there is thus significant scope for a re-rating should sentiment toward the UK small-cap sector improve.

Fund manager Richard Staveley concludes: 'We have a clearly differentiated strategy and have not "wasted a crisis", having recycled sale proceeds into some exciting investment opportunities whose re-rating and profit growth potential will drive GHS's NAV growth in the coming years. The UK stock market, very small companies and low-valuation equities are not where the market's focus is, and this presents a huge medium-term opportunity for future returns. Our highly engaged approach will help ensure these returns are realised.'

Asset allocation

Investment philosophy: Take action to unlock value

GHS Fund Manager Richard Staveley explains that strategic public equity investing has much in common with private equity and relatively little with mainstream listed smaller company funds. Some of the techniques the GHS team deploys are similar to those used by private equity managers, such as undertaking up to six months' due diligence on investments and having a dedicated IC that agrees all significant new stakes and exits. Staveley says: 'Strategic public equity usually means a concentrated portfolio of fewer than 20 companies – we have 15; the mainstream small-cap funds tend to have 50–120 holdings. But at the other extreme, private equity usually has 100% stakes and controls the board. We look for 5–25% of a company, and we work with all stakeholders to unlock and create value. We have influence, a voice and engagement on an ongoing basis'. The manager adds: 'We are not "unicorn hunters," we are very much a traditional private equity-type fund focused on cash-generative companies, or those that should be cash-generative but for some reason are troubled. We don't do pre-revenue or concept companies, and we have a value bias to our holdings'.

At the heart of the GHS investment philosophy is value creation. Staveley explains this is measured in four principal ways: profit recovery and accelerating earnings growth; opportunities for re-rating; de-gearing and accelerated cash generation; and catalysts for de-risking. He says the result of this fourfold focus is that, at a portfolio level, it has no net debt, trades on a valuation discount (measured on EV/sales and EV/EBITDA) to the UK small-cap indices, yet has higher earnings and sales growth than the index average.

Examples of how GHS seeks to enhance value creation include the following:

- **Capital restructuring**, such as through the issue of convertible debt. This gives GHS a valuable income stream (c 8% coupons) as well as providing financing for the investee company to strengthen its balance sheet or fund growth opportunities, for example Northbridge Industrial Services and RPS Group.

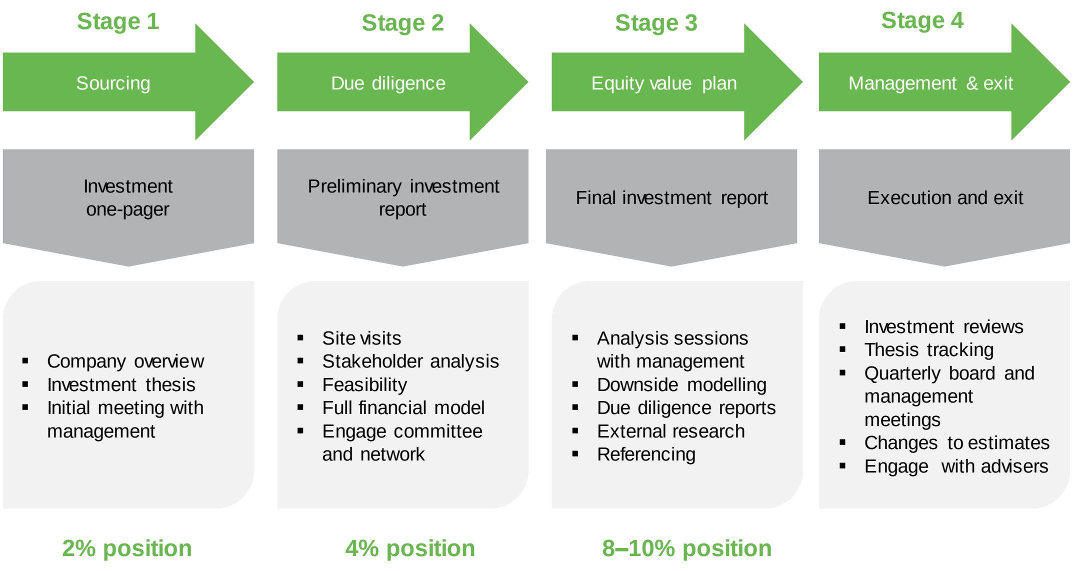
- **Board changes**, such as proposing the appointment of British industry champion Sir Roy Gardner (chairman of Serco and ex-CEO of Centrica) as chairman of Pressure Technologies, bringing depth and expertise to the board of the £12m company.
- **Corporate advisory**, for example influencing corporate strategy and advising on mergers and acquisitions (M&A).
- **Advisory network**, helping to identify and approach industry specialists and sector experts to assist investee companies.
- **Investor relations (IR) and PR improvements**, for example through helping to build positive media coverage or introducing additional corporate brokers and analysts, such as in the case of IMImobile.

Investment process: Clearly defined expectations

The four principal stages of GHS's investment process are summarised in Exhibit 1. However, underpinning the strategy is a process of qualifying investment opportunities. Investment manager Laurence Hulse explains: 'To justify our level of conviction, we qualify everything through our "circle of confidence". Firstly, we look for a smart entry point. Because we want a strategic stake, that means we need to own a lot of shares, so perhaps we will act as cornerstone in a new issue'. Many potential opportunities arise as a result of the management group's strong existing relationships in the market.

The second pillar is a clearly identified investment thesis. Hulse says: 'We want real detail on the initiatives a company will put in place to achieve what they say they will; we agree a plan and ensure they stick with it'. As part of this step, the team evaluates a range of valuation metrics, such as spot multiples relative to history, leveraged buyout free cash flow models, and comparable private equity transactions. However, says Staveley: 'Our assessment of intrinsic value is not driven by relative value measures; we are thinking about how much money we can make with downside protection: an asymmetric return outlook'.

Exhibit 1: Gresham House's strategic public equity investment process



Source: Gresham House Strategic, Edison Investment Research

The third step, engagement and influence, is about risk mitigation and return maximisation, through regular dialogue with the board and management of investee companies to ensure the thesis remains on track, and by deploying the kind of value creation initiatives listed above. The final step – which begins before an investment is made – is identifying catalysts and a route to exit. 'We have a view on day one as to our exit point', Hulse explains.

Looking at the process as illustrated in Exhibit 1, Staveley explains that stage one (sourcing) is mainly desktop-based. Stage two (due diligence) produces a 20–30-page report, which goes to the IC: 'they will pick it apart and feed back questions for us to answer'. While an initial investment of up to 2% of the GHS portfolio can be made at the first stage, IC approval is needed for a larger investment, which can be up to 10% at the end of the third stage of the process. Gresham House CEO and IC chairman Tony Dalwood says: 'The IC is a key piece of oversight and risk management in the process. Theses are challenged, insight is offered, and often relevant introductions are made'. The fourth stage is ongoing monitoring of the thesis and progress towards a potential exit. 'We have a six-monthly review of each investment versus the original thesis, which ensures we don't fall in love with a stock, as well as whether it needs any action', says Staveley. On average, portfolio turnover is c 20% a year, in line with the three- to five-year horizon on which GHS invests.

Current portfolio positioning

GHS has 14 listed equity holdings and two convertible loan note investments (one in a listed holding), giving it stakes in 15 businesses in total. This is only a small decrease from 16 at the time of our initiation note in February 2020, although the make-up of the portfolio has changed markedly over the period, with five new names in the top 10 holdings at 30 September 2020 (Exhibit 2) compared with the top 10 as at 31 December 2019.

IMImobile has been fully exited since February. Hulse says the rationale for the exit was simple: 'We invest for five years with clear catalysts and targets in mind, and the company had achieved them all, which had contributed to the shares re-rating from 7x to 13x EBITDA'. Because of the greater market appreciation of the company, GHS was able to sell into share price strength, achieving a 23.7% IRR (internal rate of return, an annualised measure often used by private equity investors) overall, which Hulse says was ahead of target. 'It is still a great company but it's a growth stock and is now correctly valued as one', he adds. As well as the sale of IMImobile, continued profit-taking in largest holding Augean (now c 25% of the portfolio compared with c 32% at end-December 2019) contributed to GHS having c 20% net cash at its 31 March year-end, which enabled the team to add positions in attractive companies whose share prices had been severely affected in the Q120 equity market sell-off.

Hulse explains: 'We usually have c 10–12% cash but we had become somewhat nervous of valuations. We certainly weren't predicting a pandemic, but when the crisis came it meant we had the cash to invest in a flurry of opportunities. It was a faster strike rate than usual as there were bigger opportunities in a short window'.

Exhibit 2: GHS top 10 portfolio holdings at 30 September 2020

Company	Sector	£m	% of company equity	% of GHS NAV
Augean	Waste & disposal services	10.8	6.0	25.6
Northbridge Industrial Services*	Industrial engineering	4.5	12.0	10.6
RPS Group	Industrial support services	2.6	2.0	6.1
The Lakes Distillery Company**	Beverages	2.5	N/A	5.9
ULS Technology	Software & computer services	2.4	7.0	5.6
Fulcrum Utility Services	Gas, water & multiutilities	2.3	5.0	5.5
Flowtech Fluidpower	Electronic & electrical equipment	2.2	6.0	5.2
Van Elle Holdings	Construction & materials	2.1	6.0	4.9
Pressure Technologies	General industrials	1.8	21.0	4.2
Centaur Media	Media	1.7	8.0	4.1
Other investments	N/A	5.4	N/A	12.9
Cash and working capital	N/A	3.9	N/A	9.3
		42.1		**100.0**

Source: Gresham House Strategic, Edison Investment Research. Note: *Includes convertible loan notes. **Convertible loan note held in unlisted company.

Core new holdings include Van Elle Holdings – a piling business – where GHS participated in an emergency fund raise at a c 50% discount to NAV; Flowtech Fluidpower, which makes pneumatic pump parts ('it had devalued in the market sell-off so it was a good opportunity to get involved', says Hulse); RPS Group, a global planning consultancy, which undertook a tactical fund raise; and ULS Technology, which focuses on the digitalisation and semi-automation of property conveyancing. The fund also made smaller initial investments in Ted Baker (another distressed cash call), Fulcrum Utility Services, gas storage and shipyard specialist InfraStrata and publisher Bonhill Group.

A few small positions were liquidated, including beauty business Brand Architekts, alternative lender PCF and 'escape room' operator Escape Hunt. Hulse says these had not matured into core positions and it was clear they would be badly affected by the COVID-19 pandemic, 'so we were quite harsh and got out' to take advantage of compelling valuations in companies that could offer a return of 2.5–3x over the life of a holding. Digital marketing specialist Be Heard Group has exited the portfolio after being taken over and in September GHS concluded the sale of its position in MJ Hudson, which had begun as a pre-IPO investment and floated on the London Stock Exchange in December 2019. Although the 59p IPO price represented a c 23% IRR, the shares had a tough first nine months, with the price falling by c 34%, and Hulse says that at 18x EBITDA, the valuation had moved outside the team's comfort zone. Following the exit from MJ Hudson, GHS had 9.3% net cash at end-September 2020.

The investment cases for the new top 10 holdings are outlined briefly below, while Exhibit 3 shows a graphical summary of the Van Elle investment thesis.

Case study: RPS Group (6.1% of GHS NAV)

The GHS team took part in a tactical fundraise to de-risk the planning consultancy's balance sheet and allow it to focus on turning around the business. A new CEO and chairman have been in the process of recovering operating margins through sector diversification and improved culture, with the aim of delivering sector peer margins, and GHS sees the opportunity for earnings recovery and re-rating as the turnaround accelerates post-COVID. If this can be partially or fully achieved, the current valuation at a significant discount to sales offers a material re-rating opportunity to supplement the upside delivered by earnings growth. Furthermore, with significant consolidation and private equity interest in the sector, the team anticipates this may offer an exit opportunity as the turnaround resolves the business's current issues and the investment thesis matures.

Case study: ULS Technology (5.6% of GHS NAV)

The team saw a significant re-rating opportunity in the property conveyancing software company, which was trading at less than 7x EBITDA. GHS expects ULS's earnings growth to be driven by its strong value proposition, offering material time and process savings on housing transactions. As well as providing growth capital, the team sees the opportunity to assist the company with its investor relations efforts, and to support board and management changes, with the aim of driving a re-rating in the shares. With a 6.3% stake in the business, GHS is now one of ULS Technology's top five holders.

Case study: Fulcrum Utility Services (5.5% of GHS NAV)

Previous management had over geared the business, which provides utility connections to industrial and housing sites. The GHS team identified scope for significant disposals of assets and a requirement for strategy change, accompanied by management change. A key disposal took the business to net cash while providing the funds for £20m of cash return over four years, retaining some assets for bond-like income or further disposals. Further potential upside exists from the rollout of electric vehicle charging points.

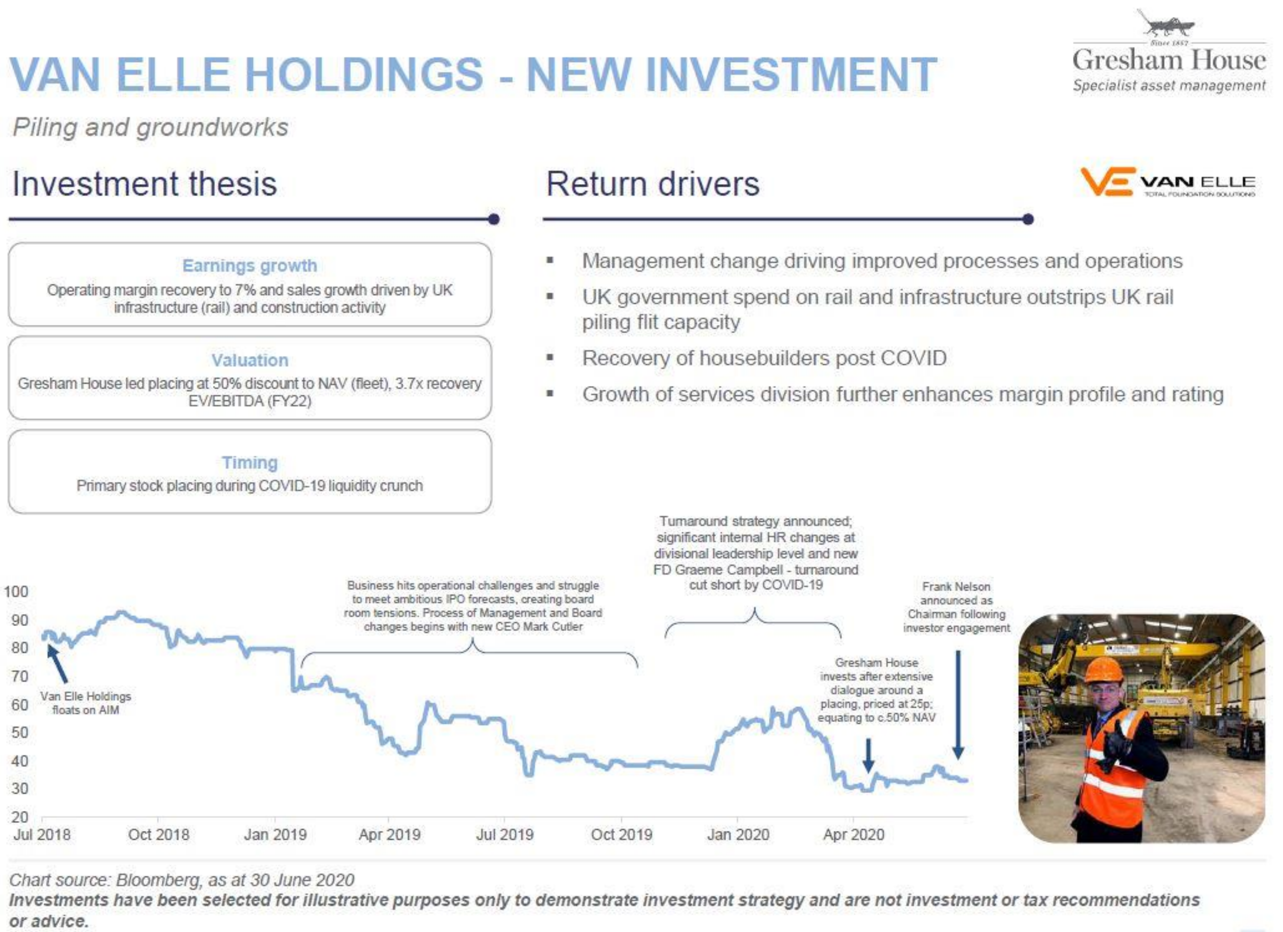
Case study: Flowtech Fluidpower (5.2% of GHS NAV)

The GHS team saw a re-rating opportunity in the hydraulics company, which was trading at 1x sales, a low valuation given consistent private equity interest driving consolidation in the sector. Being able to invest during the COVID-19 related market dislocation meant the entry price was very attractive on a five-year view. Initiatives to improve the company's rating include better financial management to de-lever the balance sheet, plus operational changes to drive free cash flow and EBITDA improvements.

Case study: Van Elle Holdings (4.9% of GHS NAV); see Exhibit 3

The piling and construction business faced a liquidity crunch at the start of the COVID-19 lockdown, as its management team had inherited an unsuitable capital structure. The GHS team had already begun due diligence on Van Elle and recognised the potential for earnings growth to be driven by UK infrastructure and rail spending and improved operational management. GHS backed a fund raise at a 50% discount to an asset-rich NAV, supporting clear plans to recover operating margins and sales through contract wins in rail electrification and HS2. The process of cultural change is now complete after effecting board changes, and GHS sees considerable potential for a re-rating of the investment, driven by improvements in returns once the business has fully recovered from COVID-19, which should have occurred by FY23.

Exhibit 3: Illustration of Van Elle investment case



Source: Gresham House Strategic

Performance: Limiting NAV downside with consistency

Exhibit 4: Five-year discrete performance data

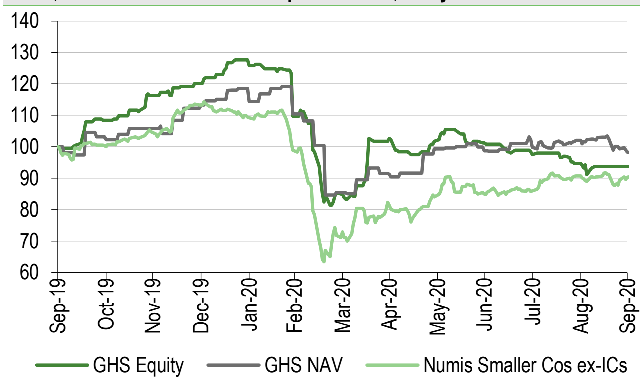
12 months ending	Share price (%)	NAV (%)	Numis Smaller Cos ex-ICs (%)	CBOE UK All Cos (%)	CBOE UK Smaller Cos (%)
30/09/16	3.8	8.5	8.6	17.4	3.8
30/09/17	5.6	1.6	20.2	12.0	23.6
30/09/18	20.1	19.2	1.4	5.9	1.4
30/09/19	9.2	0.7	(4.1)	2.7	(7.3)
30/09/20	(6.2)	(1.7)	(9.6)	(17.9)	(13.8)

Source: Refinitiv. Note: All % on a total return basis in pounds sterling.

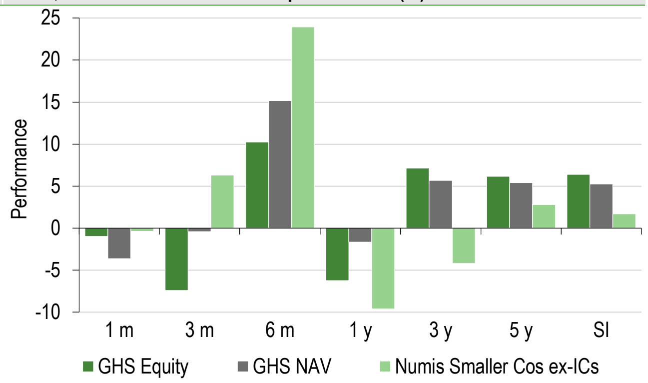
As shown in Exhibit 4, GHS's NAV total return has dramatically outperformed both UK smaller companies indices and the broad UK stock market over 12 months to 30 September 2020, albeit with a slight decline in absolute terms. However, its share price has lagged, causing the discount to widen from c 3% in December 2019 (Exhibit 7) to c 19%. While the Numis Smaller Companies index (NSCI) saw an impressive c 24% bounce from end-March to end-September, GHS posted solid gains of c 15% and c 10% respectively in share price and NAV total return terms. More difficult market conditions in September saw GHS's NAV decline by c 4% (Exhibit 5), dragging the 12-month return into negative territory following a one-year gain of 3.2% to end-August 2020. Over the longer term (three and five years and since inception in August 2015), the fund has produced annualised share price and NAV total returns of c 5-7%, comfortably outperforming the NSCI total returns of c -4% to +3% a year over these periods.

Exhibit 5: Investment company performance to 30 September 2020

Price, NAV and index total return performance, one-year rebased



Price, NAV and index total return performance (%)



Source: Refinitiv, Edison Investment Research. Note: Three and five-year and since inception (SI, 14 August 2015) performance figures annualised.

Exhibit 6: Share price and NAV total return performance, relative to indices (%)

	One month	Three months	Six months	One year	Three years	Five years	SI*
Price relative to Numis Smaller Cos ex-ICs	(0.6)	(12.9)	(11.0)	3.7	39.9	17.5	26.0
NAV relative to Numis Smaller Cos ex-ICs	(3.3)	(6.3)	(7.1)	8.8	34.3	13.4	19.2
Price relative to CBOE UK All Cos	0.8	(3.9)	3.8	14.3	37.8	14.9	26.1
NAV relative to CBOE UK All Cos	(1.9)	3.4	8.4	19.8	32.2	10.8	19.3
Price relative to CBOE UK Smaller Cos	2.4	(7.5)	(4.0)	8.7	51.6	29.6	30.5
NAV relative to CBOE UK Smaller Cos	(0.4)	(0.5)	0.3	14.0	45.5	25.1	23.5

Source: Refinitiv, Edison Investment Research. Note: Data to end-September 2020. Geometric calculation. *SI=since inception, 14 August 2015.

Hulse says that drivers of positive performance since GHS's 31 March year-end have included Van Elle, which had a fund raise at 28p and is since up 25%, and Ted Baker, which is up c 50% from its 66p low point. Fulcrum Utility Services (up c 164% from its March 2020 lows) has been one of the star performers, while Hulse adds that Flowtech Fluidpower's recent results have 'woken investors up to the fact it was trading at the wrong price', with a rise of c 25% since late August. In terms of detractors, the manager says that anything with exposure to oil and gas – for example Northbridge

Industrial Services and Pressure Technologies (both of which are longer-term major holdings and have fallen by c 40% so far in 2020) – have offset some of the positive performance.

Until late 2019, GHS's share price discount to NAV (Exhibit 7) had been on a steadily narrowing path for over a year, which Hulse says reflected a greater degree of investor recognition that the investment strategy was working as planned. However, in common with most investment companies, the discount widened sharply during the market sell-off in March (as the share price fell more quickly than the NAV), before bouncing back equally quickly as the NAV lagged the recovering share price. The gradual widening since May has been echoed across the UK small-cap sector, as investors have crowded into large-cap tech and defensive growth names, and reflects growing concern over the faltering Brexit negotiations (affecting manufacturing and export sectors) and the impact of COVID-19 on names with more exposure to domestic consumption. Although wider than the 12-month average of 12.5%, GHS's current 18.2% discount is marginally narrower than longer-term averages and is broadly in line with both its close peers and the wider UK Smaller Companies sector (Exhibit 8).

Exhibit 7: Share price discount to NAV (including income) over three years (%)

Source: Refinitiv, Edison Investment Research

Dividend policy and record

GHS began paying dividends in 2017, with a maiden FY17 final dividend of 15p. The FY18 dividend of 17.25p was 15% higher and in the H119 interim results, the board announced its intention of providing a minimum 15% level of year-on-year dividend growth, with both an interim and a final dividend being paid. The 19.85p total dividends for FY19 again represented a 15.0% increase on the prior year. For FY20 (to 31 March) dividends of 22.9p were paid, a 15.4% increase compared FY19. In a stark departure from the widespread dividend cuts imposed by UK companies in response to the coronavirus pandemic, in September 2020 the board of GHS announced it was increasing its dividend growth target for FY21 from 15% to 20%, indicating an expected dividend for the year of 27.5p on the back of strong performance and forecasts (including the potential introduction of a dividend by largest holding Augean in the coming year). The longer-term dividend growth target remains at 15% pa, however. We also note that GHS has over £130m of historical tax losses carried forward from before the adoption of its current strategy. Based on the current share price and the FY20 dividends, GHS offers a dividend yield of 2.3%.

Peer group comparison

In Exhibit 8 we show a selection of funds in the AIC UK Smaller Companies sector that follow a more or less similar approach to GHS in investing strategically in a relatively small number of mainly listed holdings. We have excluded mainstream UK Smaller Companies funds from the table but have included averages for the whole sector to aid comparison.

Exhibit 8: Selected peer group at 6 October 2020*

% unless stated	Market cap £m	NAV TR 1 year	NAV TR 3 year	NAV TR 5 year	NAV TR 10 year	Ongoing charge	Perf. fee	Discount (cum-fair)	Net gearing	Dividend yield
Gresham House Strategic	**34.3**	**0.6**	**18.6**	**29.8**	**--**	**2.9**	**Yes**	**(18.3)**	**100**	**2.8**
Crystal Amber	71.5	(46.3)	(38.5)	(20.1)	21.8	2.1	Yes	(33.0)	100	6.3
Downing Strategic Micro-Cap	27.8	(2.9)	(27.4)	--	--	1.8	No	(22.8)	100	3.1
Marwyn Value Investors	68.7	(6.7)	(29.6)	(33.2)	50.1	2.0	Yes	(26.4)	100	0.0
Odyssean Investment Trust	89.7	5.0	--	--	--	1.5	Yes	(5.8)	100	0.0
Oryx International Growth	144.7	22.4	45.9	87.1	404.4	1.6	No	(18.6)	100	0.0
Strategic Equity Capital	123.0	(7.7)	(9.6)	12.6	214.9	1.1	Yes	(18.8)	100	0.6
Peer group average (7 funds)	**80.0**	**(5.1)**	**(6.8)**	**15.3**	**172.8**	**1.9**		**(20.5)**	**100**	**1.8**
Whole sector average (25 funds)	**182.9**	**(1.6)**	**(6.4)**	**28.5**	**166.5**	**1.7**		**(17.1)**	**107**	**2.2**
GHS rank in peer group	**6**	**3**	**2**	**2**	**N/A**	**1**		**2**	**1**	**3**

Source: Morningstar, Edison Investment Research. Note: *Performance to 5 October 2020 based on cum-fair NAV. TR=total return. Net gearing is total assets less cash and equivalents as a percentage of net assets (100 = ungeared).

The board

GHS has four directors, all non-executive and independent of the manager. The chairman, David Potter, spent his executive career in investment banking and has served on the board (initially as a director of New Media SPARK) since 2002. He has been chairman (initially of SPARK Ventures) since 2009 and was appointed chairman of GHS in 2015. Charles Berry became a director of New Media SPARK in 2004 and is chair of the GHS audit committee. Helen Sinclair was appointed to the board of SPARK Ventures in 2009, while the most recent appointment was Kenneth Lever, who joined the GHS board at the start of 2016. The directors have professional backgrounds in investment banking, TMT/fintech, accountancy, industry and private equity.

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