Ennismore Global Equity Fund

Investor Newsletter for the month of May 2025

Issued on 6th June 2025

Fund Details

Daily dealing UCITS and Irish Central Bank regulated open-ended investment company with Financial Conduct Authority recognition and registered in Ireland, Germany, Italy, Spain and Sweden. The Fund size was GBP 142m as at 30th May 2025. Total assets under management by Ennismore Fund Management were GBP 428m. We currently have capacity available in the Global Equity Fund. If you would like more information or to invest, please contact Margaret Webb on +44 (0) 20 7368 4250 or email clients@ennismorefunds.com.

Performance as at 30th May 2025

	Share Class[1]					
	GBP	**GBP A**	**EUR**	**CHF**	**EUR I**	**USD I**
NAV per Share[2]	15.75	15.66	16.23	14.30	11.59	12.37
	% Change					
May 25	1.7	1.7	2.6	2.5	1.5	1.6
2025 to date	6.3	6.2	4.7	4.7	3.6	6.2
Annualised return[3]	5.4	5.3	5.8	4.2	2.2	3.4
Since launch[3]	57.5	56.6	62.3	43.0	15.9	23.7
Note: All performance figures net of fees. **Past performance is not a guide to future returns.**						

Comments below on performance refer to GBP A NAV per share unless otherwise stated, exclude fx and interest contributions to cash and are prior to expenses.

The GBP A NAV per share increased by 1.7% during the month, with the long book adding 5.3% and the short book costing 2.7% on a gross basis. Performance for the month was primarily driven by strong earnings results from our long holdings, with several – most notably Lottomatica and Nelnet – further supporting this through new share buyback programmes. This was partly offset however by a continued recovery in the more speculative names in our short book.

Top Five Contributors and Detractors for May 2025

Contributors	**Bps**
Meta Platforms Inc	30
Lottomatica Group SpA	30
Asseco Poland SA	28
Nelnet Inc	27
Wise Plc	27

Detractors	**bps**
French technology company	-42
ThyssenKrupp AG	-23
US information technology company	-21
Auto Trader Group Plc	-18
US medical devices company	-18

Top Five Long Holdings as at 30th May 2025

Company	**Country**	**Sector**	**% of NAV**
Nelnet Inc	United States	Financials	3.5
Auto Trader Group Plc	United Kingdom	Communication Services	3.4
Vend Marketplaces ASA	Norway	Communication Services	2.8
Flutter Entertainment Plc	United States	Consumer Discretionary	2.4
Lottomatica Group SpA	Italy	Consumer Discretionary	2.4
			13.9

[1] Source: Administrator, Net Asset Value, net income reinvested.
[2] Source: Administrator, Net Asset Value.
[3] Since inception of GBP, GBP A, EUR and CHF share classes on 03/10/16, EUR I share class on 03/07/18, USD I share class on 02/01/19.

Exposures as at 30th May2025

Longs%	Shorts%	Gross Exposure%	Net Exposure%
107.7 (103.6)	43.0 (44.0)	150.7 (147.6)	64.8 (59.6)

Figures in brackets refer to previous month end. All exposures are calculated on a delta adjusted basis. All calculations are subject to the impact of rounding

Exposures by Country, Market Cap & Sector as % NAV and Positions as at 30th May 2025

Country	Gross%	Net%
United States	40.4	-5.1
United Kingdom	29.1	25.0
Japan	10.8	10.6
Sweden	10.1	4.3
Canada	6.9	5.7
France	6.5	-2.2
Germany	6.4	3.0
Italy	3.8	2.8
Belgium	3.8	3.8
Norway	3.8	3.5
Hong Kong	3.4	2.0
Poland	2.9	0.7
Luxembourg	1.9	1.2
Ireland	1.8	1.8
Switzerland	1.6	-1.6
Australia	1.5	-1.4
South Korea	1.5	1.5
Israel	1.4	0.0
Singapore	1.2	1.2
Philippines	1.2	1.2
Mexico	1.2	1.2
Bermuda	1.2	1.2
Uruguay	1.1	1.1
Austria	1.0	-0.3
Lithuania	1.0	1.0
China	0.9	0.9
Other	4.3	1.6

Market Cap	Gross%	Net%
>$50bn	13.8	8.8
$20bn - $50bn	8.7	2.8
$2bn - $20bn	77.7	27.1
$500m -$2bn	32.2	11.6
<$500m	18.4	14.5

Positions	May	Apr
Long	114	105
Short	106	109
Longs Opened	14	12
Longs Closed	5	6
Shorts Opened	5	14
Shorts Closed	8	9

Sector	Gross%	Net%
Communication Services	27.1	22.0
Consumer Discretionary	22.4	10.4
Consumer Staples	9.6	-1.3
Energy	2.2	0.5
Financials	22.6	18.5
Health Care	7.7	3.5
Industrials	22.0	3.5
Information Technology	23.1	-0.2
Materials	8.7	4.8
Real Estate	4.7	3.9
Utilities	0.6	-0.6

Geographic analysis relates to country of incorporation or listing. This may not represent the underlying economic exposure of the operating business.

Academedia AB – Swedish independent school operator (0.7% of NAV)

Academedia is the largest independent education provider in Sweden and, with its international operations[4], has more than 110,000 students enrolled across 729 pre-, compulsory, and upper secondary schools. It also has a counter-cyclical adult education unit that accounts for roughly 10% of revenues. Run by a highly competent team, the business has historically generated post-tax returns on invested capital[5] in excess of 10%. It is very cash generative requiring little upfront capital[6] and has grown over time both organically as well as through disciplined acquisitions. Perceived regulatory risk in its Swedish compulsory and upper secondary education units has kept the company's share price depressed in the past couple of years – still trading on a free cash flow yield of more than 10% for the current fiscal year ending June 2025 – despite a track record of delivering steady profits and growth in the mid-to-high single digits over the past decade.

The business generates revenue primarily through state-funded vouchers for each student enrolled in addition to some self-pay parental fees within the preschool segment that vary by country, ranging from less than 4% of the total amount in Sweden to over 10% in Norway and Germany. Geographically, Sweden is the largest segment, where Academedia competes with less focused municipal schools that tend to have bloated cost structures. Independently run private schools, of which Acadamedia is the market leader, account for just a fifth of the sector and have been gaining share over

[4] Academedia also has a growing presence in Norway, Germany, the Netherlands, and Finland.
[5] Includes acquired intangibles
[6] Academedia's business model structurally has a negative working capital profile, and even if we add back leases post-tax return on capital employed (excluding acquired intangibles) is still in the mid-teens.

time. We believe this is driven, broadly speaking, by a much better quality of education compared to the public school providers, as shown in recent audits by the Swedish school inspectorate. In these reports, the proportion of municipal schools with deficiencies are higher than the national average. Academedia's schools have also demonstrated better quality than its private school peer group.

Sweden has operated a voucher system since 1992, which allows parents free choice of enrolling their children in either a private or a public school, with the municipality paying a voucher for each student enrolled to the school operator. The ability to choose is a feature well appreciated by the electorate with an increasing number of them opting for private schools, although there's been regular negative press coverage of select bad actors in the independent school sector. This led the centre-right coalition government to kick start an investigation in 2023 on the existing system which is expected to conclude some time before Sweden's general election in September next year. For Academedia, this means its Swedish compulsory and upper secondary school units are at risk, with these accounting for 53% of revenues and 65% of operating profits for the group in the twelve months ending March 2025.

The eventual reforms and changes are still currently being debated, but it seems new legislation would be targeted primarily at low quality providers, penalising wrongdoing more effectively. There's an ongoing discussion on restricting dividends in the first few years of a school unit's establishment or in the event of quality deficiencies being identified – such changes would only be beneficial to incumbents like Academedia whose operations are more mature and are of higher quality. There are also proposals of increased transparency and reporting requirements, which would also likely benefit larger players like Academedia more capable of spreading out such additional regulatory overheads.

The big question remains on whether there will be some form of voucher pricing system that discriminates against more efficient private operators. We remain of the view that such a change, if implemented, would lead to a significant number of school bankruptcies and closures, which would be politically unpalatable. Should it occur however, Academedia has the balance sheet to weather such a shock and further consolidate the sector, very likely emerging as a stronger and larger entity in the long run.

We first wrote on the investment case in October 2023 in our European Fund newsletter. Since then, management has continued to increase the proportion of Academedia's income streams outside of the highly politicised Swedish education voucher system – a process that started in 2014. Together with the adult education segment, this now accounts for 40% of the group's SEK19bn revenue mix. Management is now keen to increase the pace of rollouts and bolt-on acquisitions in Academedia's German preschools segment, where it has been able to regularly find owner-operators that are usually more interested in seeking a good home for their life's work as opposed to selling out to the highest bidder. As the proportion of revenues and profits outside of Sweden grows, we think the perceived political risk will fade further and expect investor sentiment to improve.

Despite returning SEK913m to shareholders in the form of dividends and buybacks since our 2023 write-up, against an initial market capitalisation of SEK5.1bn, the balance sheet remains healthy with net debt of just SEK1.2bn as at the end of March 2025 compared to an estimated yearly free cash flow of SEK1bn. This allows the company to take advantage of inorganic opportunities should they arise.

Academedia shares have done well returning more than 70% since we wrote about the company in October 2023 and the company is currently capitalised at SEK8.2bn. We think the shares remain substantially undervalued however with full value only attributed to the group's growing preschool, international (ex-Sweden), and adult education segments, whilst the compulsory and upper secondary Swedish school divisions continue to be discounted by the stock market. This view is based on historic takeout multiples in the sector of 1x enterprise value to sales (EV/S) or more.

As we get closer to a resolution of the regulatory overhang in the next few months, the company's shares are likely to be re-rated higher in our view. Putting them on a more reasonable multiple of 15x current year's net operating profits after tax of over SEK900m would translate to an upside of at least 50%, providing us with an asymmetric return profile despite the political risks involved.

Monthly percentage return for the GBP A share class of the Global Equity Fund

Year	Jan (%)	Feb (%)	Mar (%)	Apr (%)	May (%)	Jun (%)	Jul (%)	Aug (%)	Sep (%)	Oct (%)	Nov (%)	Dec (%)	Annual
2025	1.6	1.8	-1.5	2.6	1.7								**6.2**
2024	3.3	-3.1	1.9	1.1	2.7	-0.9	0.7	1.5	-1.4	-0.3	0.4	0.5	**6.5**
2023	0.7	0.8	0.1	3.4	-1.7	-0.9	0.8	2.5	4.9	0.9	-0.4	-0.1	**11.4**
2022	-1.7	-3.2	-3.3	3.4	0.4	-5.2	4.5	0.4	-0.4	0.5	4.1	6.2	**5.2**
2021	-2.6	1.4	2.7	3.0	0.7	-0.9	2.2	1.2	1.9	-3.9	1.7	2.3	**10.0**
2020	-4.8	-6.6	-5.4	4.6	-1.0	2.2	-4.5	-10.3	5.3	-0.8	-3.6	2.2	**-21.3**
2019	2.9	1.0	0.3	1.7	-0.2	0.5	1.0	1.8	1.9	0.0	-4.5	0.8	**7.3**
2018	-4.4	5.8	-0.9	3.3	2.8	5.9	1.8	4.0	1.0	0.7	0.5	-3.0	**18.6**
2017	-0.1	-1.4	-1.2	-2.9	1.7	-1.5	1.0	3.2	-2.8	1.3	-1.2	5.5	**1.3**
2016										1.3	-0.8	5.3	**5.8**

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