

Ennismore European Smaller Companies Fund

Investor Newsletter for the month of November 2025

Issued on 4th December 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, Sweden and Austria. The Fund size was GBP 241m as at 28th November 2025. Total assets under management by Ennismore Fund Management were GBP 419m. The Fund continues to limit capacity by capping the maximum number of units in issue. There is currently a small amount of capacity available due to the natural rate of investor turnover. If you would like to invest, please contact Margot Webb on +44 (0) 20 7368 4250 or email clients@ennismorefunds.com. The Fund is managed as an absolute return fund with the objective of generating positive returns irrespective of market conditions rather than performing relative to any benchmark index.

Performance as at 28th November 2025

	Share Class ¹				
	GBP A £	GBP A €	GBP B	EUR A	EUR B
NAV per Share ²	171.16	195.41	28.93	28.04	28.20
	% Change				
November 25	-1.0	-0.7	-1.1	-0.9	-0.8
2025 to Date	10.4	4.2	10.4	4.4	4.4
Annualised return ³	11.2	10.3	7.4	7.2	7.2
Since launch ³	1643.9	1287.6	189.3	180.4	182.0

Note: All performance figures net of fees. **Past performance is not a guide to future returns.**

Comments below on performance attribution refer to GBP NAV per share unless otherwise stated, exclude cash returns and are prior to expenses.

¹Source: Administrator, Net Asset Value, net income reinvested. ²Source: Administrator, Net Asset Value. ³Since inception of GBP A share class on 27/01/99 to date, GBP B share class on 19/01/11 to date, EUR A and EUR B share classes on 31/01/11 to date.

The Fund declined 1.0% in November, with the long book detracting 1.3% and the short book contributing 0.2%. While there were no large individual detractors, a number of our investments in web-based businesses and classified portals were collectively punished as fearful narrative surrounding the impact of artificial intelligence intensified. We remain confident in the long-term resilience of these companies, though continue to rigorously evaluate our underlying assumptions in each case. Partially offsetting this impact, Trigano SA contributed 43bps towards fund performance after reporting a robust set of results in a tough period and confirming an improved outlook for FY26.

Top Five Contributors and Detractors for November 2025

Contributors	bps	Detractors	bps
Trigano SA	43	Multiply Group SpA	-37
Swiss industrial company	35	German IT service company	-30
Spanish e-commerce company	20	Amadeus FiRe AG	-26
German conglomerate	17	UK online retailer	-22
Neurones SA	13	Auto Trader Group Plc	-18

Top Five Long Holdings as at 28th November 2025

Company	Country	Sector	% of NAV
EVS Broadcast Equipment SA	Belgium	Information Technology	3.1
Trigano SA	France	Consumer Discretionary	2.8
Deutsche Wohnen SE	Germany	Real Estate	2.5
STO SE & Co KGaA	Germany	Materials	2.5
Lectra SA	France	Information Technology	2.1
			12.9

Exposures as at 28th November 2025

Longs%	Shorts%	Gross Exposure%	Net Exposure%
85.3 (83.2)	36.9 (34.7)	122.2 (117.9)	48.4 (48.4)

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 28th November 2025

Country	Gross%	Net%	Market Cap	Gross%	Net%	Sector	Gross%	Net%
United Kingdom	25.1	20.8	>£5bn	19.7	5.2	Communication Services	10.8	6.1
Germany	23.5	19.4	£1bn-£5bn	38.5	4.1	Consumer Discretionary	21.8	4.5
France	14.6	11.3	£250m-£1bn	47.7	24.4	Consumer Staples	9.0	0.1
United States	9.0	-6.9	<£250m	16.3	14.7	Financials	10.2	8.8
Sweden	8.7	1.2				Health Care	7.7	4.7
Italy	6.3	1.3				Industrials	28.3	9.8
Switzerland	5.2	-0.4				Information Technology	19.1	2.9
Belgium	4.3	4.3				Materials	10.3	8.3
Denmark	3.0	-3.0				Real Estate	4.8	3.4
Austria	3.0	1.2				Utilities	0.3	-0.3
Netherlands	2.9	0.6						
Luxembourg	2.4	-0.8						
Spain	2.2	0.0						
Finland	1.7	-0.5						
Australia	1.3	-1.3						
Norway	1.3	-0.5						
Japan	1.3	1.3						
Cayman Islands	1.1	-0.5						
Portugal	1.0	0.8						
Other	4.5	0.3						

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

Croda International Plc – UK specialty chemical company (1.1% NAV)

Over the 20 years from 1998 to 2018, Croda had a phenomenal track record: it grew revenue 7% per year and operating profit 11% per year, and compounded shareholders' money at over 20% per year. Croda became even more of a market darling as Covid demand sent sales growth stratospheric. Between 2018 and 2023, the company transformed itself from a half-commoditised chemicals business into a pure-play specialty ingredients supplier. It doubled pharma sales, added vaccine adjuvants and mRNA lipids, sold off industrial chemicals, and shifted toward faster-growing biologics.

Then operating margins collapsed by a third, return on invested capital fell from 20% to 7%, and the shares dropped 75%, giving the company a market capitalisation of GBP 3.7 billion.

What looks like a disaster is actually a dislocation. The margin compression came from temporary operational missteps – over-hiring during Covid, underutilised new capacity, and Covid destocking – not from deteriorating competitive position. Croda exits this period as a structurally better business, now trading at a decade low multiple on trough earnings.

Croda's GBP 1.7bn in sales come principally from two segments. Consumer Care (60% of profits) supplies beauty actives that enable anti-ageing claims, formulation ingredients that determine texture and stability, and fragrances through Iberchem. The segment has shifted toward Local & Regional beauty brands, now over 80% of revenue, with extremely low customer concentration (no customer exceeds 3% of group sales). Life Sciences (40% of profits) supplies excipients that stabilise drugs, adjuvants that boost vaccine responses, and lipids that deliver mRNA therapies. Pharma sales have doubled since 2017 (GBP 150m to GBP 300m), with nearly all growth in higher-margin biologics. In agriculture, Croda supplies formulation systems that enhance crop-protection product performance.

Across both segments, Croda's ingredients often represent just 1-3% of the final formula but are critical for product performance and marketing claims. Around 75% of R&D is customer-led, embedding Croda early in development pipelines. Over 90% of sales flow through a direct technical salesforce – chemists and biologists who solve formulation

challenges. Internally, 70-80% of employees own shares, and Croda's sustainability leadership makes it a preferred partner.

A decade ago, around 45% of revenue came from lower-margin industrial chemicals with far less differentiation. Between 2018 and 2023, management upgraded the portfolio through targeted acquisitions – adding vaccine adjuvants, lipids for advanced drug delivery, and fragrances – while selling the legacy industrial business in 2022. This shift means Croda is now a higher-quality company; where it once organically grew c. 3% annually, management's new guidance of mid-single-digit growth looks conservative.

Why, then, did margins fall from c. 24.5% in 2019 to c. 17% in 2024? Three largely temporary operational pressures, none of which reflect structural issues with Croda's products or market position.

First, volumes collapsed during post-Covid destocking, compounded by divesting the industrial business. Utilisation fell to 55% of 2019 levels. By 2024, it had recovered to over 90%, but filling capacity with lower-margin chemicals represents roughly a 300bps drag on margins that should reverse as Croda phases out low-value products.

Second, Croda over-hired during the Covid boom. CEO Steve Foot, who has successfully repositioned the portfolio since 2012, deliberately built capacity to capture exceptional demand. In hindsight, the company scaled too quickly, and as demand normalised, employee costs rose from 17% to 20% of revenue – a c. 250bps margin compression. The appointment of Stephen Oxley as CFO in April 2024 signals renewed focus on cost control.

Third, Croda invested heavily in new Life Sciences capacity – lipids in Alabama and the UK, bio-based surfactants at Atlas Point – alongside consumer care expansions. Depreciation is now roughly 2 times 2019 levels, creating another c. 200bps of margin pressure that should abate as capacity fills.

Collectively, these three factors account for the margin decline. All are cyclical or operational, and management has a clear path to unwind them as utilisation and cost discipline normalise.

Croda's competitive moat remains strong, particularly in pharmaceuticals. Excipients, adjuvants, and lipids are tightly regulated, and Croda's materials are often embedded within the trial itself. Substituting a Croda ingredient can constitute a "major variation" under EMA regulations potentially triggering new clinical trials, a cost and timeline few will accept. This is reinforced by proprietary ultra-purification processes. In beauty, actives like Matrixyl form the core of anti-ageing claims and often appear explicitly on packaging – reformulating means new testing, repackaging, and potentially undermining consumer trust. Crop protection formulation systems undergo field trials and regulatory review, creating multi-year switching costs. These product-level barriers are reinforced by Croda's high-touch commercial model and early R&D involvement, making it difficult for competitors to displace Croda once embedded.

With the portfolio transformation complete, management is focused on execution. New CFO Stephen Oxley has signalled the end of the heavy-investment phase. Capex is returning to 5-6% of sales, M&A is paused, and a GBP 100m cost-savings programme runs through 2028. By mid-2026, utilisation should normalise, allowing Croda to re-apply its traditional strategy of phasing out lower-value products and redirecting capacity toward higher-margin specialties. There's also a large working-capital opportunity: inventory days rose 15% on 2019 levels, and management expects cash release over the next 18-24 months. The recent 5% stake by activist chemicals specialist Standard Latitude adds external scrutiny on capital allocation and execution.

The key risks fall into two areas. First, the macro backdrop remains fragile: the specialty chemical sector faces a prolonged downturn, as evidenced by tough trading at IMCD and Azelis. US beauty demand is uneven, and pharma regulatory timelines, particularly FDA approvals, have been slower than normal, delaying launches that depend on Croda's ingredients. A prolonged period of weak end-markets would make it harder to rebuild utilisation at attractive margins and heightens the risk that filling capacity with lower-value volumes collides with rising price competition from Chinese suppliers.

Second, while the upper end of Croda's portfolio is highly specialised, Chinese competition continues moving up the complexity curve, pulling even less-commoditised ingredients toward price-led competition. Croda's model is structurally

designed to resist this: deep customer relationships where Croda is both innovation partner and commercial manufacturer help shift competition away from price and back toward innovation. This allows Croda to continuously shift its 6,000-ingredient portfolio and renew the performance gap that limits commoditisation.

Croda has GBP 600m net debt (c. 1.5 times earnings before interest, tax, depreciation and amortisation) and will likely commence buybacks once leverage normalises. On FY26 estimates, the shares trade at 16 times net operating profit after tax and 15 times price to earnings – perhaps modestly cheap. But as margins normalise from 17% today toward mid-20s% (consistent with the actual portfolio mix), multiples compress sharply: 9 times net operating profit after tax and 9 times price to earnings by FY29. This compares to 2014–19 averages around 21 times, when Croda owned an inferior business.

At 20 times our estimate of FY29 earnings the shares would more than double over four years, for a c. 25% compound annual return. The setup is very appealing: a structurally better business, temporarily priced as a structurally worse one, valued on trough earnings that have likely already bottomed.

Historical Monthly Percentage Return for the GBP A Shares

Year	Jan (%)	Feb (%)	Mar (%)	Apr (%)	May (%)	Jun (%)	Jul (%)	Aug (%)	Sep (%)	Oct (%)	Nov (%)	Dec (%)	Annual
2025	-1.7	2.5	4.6	1.9	-0.6	1.2	2.1	-0.6	0.4	1.3	-1.0		10.4
2024	1.9	-2.4	1.2	2.1	-0.7	0.9	0.2	0.7	-3.6	-1.5	-3.8	-1.4	-6.5
2023	-2.8	-0.1	-0.4	2.9	-3.0	-2.6	-1.6	3.1	3.0	1.1	1.1	1.7	2.1
2022	1.1	-2.6	0.2	1.4	-0.9	0.7	-3.1	1.9	-1.2	2.2	3.0	1.0	3.7
2021	-5.2	1.7	4.5	4.7	3.4	1.0	2.8	0.7	-0.1	-1.8	1.8	1.5	15.8
2020	-2.4	-2.8	-5.7	-0.8	-1.6	4.0	-3.8	-2.5	0.8	-3.1	9.6	4.5	-4.8
2019	1.4	-0.2	1.5	0.7	2.2	-0.7	0.6	0.6	0.6	0.2	-1.4	1.2	6.9
2018	-2.0	-0.8	0.0	0.7	0.9	2.0	0.3	1.1	0.3	-1.0	2.3	0.2	4.0
2017	1.2	-0.2	0.9	1.0	2.2	-0.6	2.7	1.5	-1.2	-1.2	0.4	2.6	9.6
2016	2.2	2.8	0.9	0.4	-1.2	2.3	1.3	2.3	1.6	1.9	-2.7	1.9	14.5
2015	-0.7	-3.1	0.0	2.2	2.2	0.8	1.9	0.8	0.5	0.5	0.7	3.8	9.7
2014	1.1	0.5	2.9	1.5	-1.4	-2.0	0.2	1.1	-0.2	0.8	2.0	-0.2	6.4
2013	6.5	2.7	1.5	-0.9	1.8	-0.9	2.8	1.2	1.6	4.2	1.2	2.3	26.6
2012	0.5	2.8	0.0	-1.4	-1.9	1.6	-2.0	2.5	-0.1	2.9	2.6	0.7	8.4
2011	2.9	0.5	5.3	0.5	-0.2	4.4	-0.7	-0.2	-0.2	2.9	-4.0	-1.4	9.8
2010	0.9	3.0	2.0	1.0	-1.6	-0.3	2.4	-1.5	3.4	2.3	-0.4	6.0	18.4
2009	-3.7	-1.6	-2.1	-6.5	4.0	-2.5	0.3	4.5	7.0	-1.1	2.0	-0.9	-1.6
2008	-1.4	3.4	0.1	1.8	-0.5	-2.9	-0.2	1.5	-8.5	-7.6	2.1	7.5	-5.7
2007	-2.2	1.3	2.4	2.9	0.5	1.5	0.5	-1.5	1.4	-0.3	-0.9	3.4	9.1
2006	4.0	2.3	4.8	4.2	-3.9	-4.0	-0.7	-1.4	-0.8	1.4	1.0	1.7	8.4
2005	3.2	4.2	0.4	-2.4	2.1	4.7	6.6	3.2	3.3	-5.2	2.5	4.9	30.4
2004	2.8	2.7	-0.5	2.1	-1.5	4.6	-0.9	1.5	1.7	1.9	2.8	4.4	23.5
2003	-1.5	2.8	1.4	4.9	4.7	0.0	3.3	1.5	2.2	0.9	2.1	3.8	29.3
2002	1.3	2.2	3.2	1.5	2.7	-1.0	-5.3	0.6	-4.1	3.3	2.5	-0.5	6.2
2001	2.4	0.7	-7.8	2.2	1.4	-0.7	0.4	1.8	-4.6	0.9	2.7	2.8	1.5
2000	11.8	20.7	-0.3	-4.6	2.5	1.8	1.0	0.1	-2.5	-3.0	2.6	3.2	35.7
1999	-0.3	1.0	0.8	6.6	1.4	3.3	4.6	1.4	-1.8	2.6	8.6	13.4	49.0

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