# Ennismore European Smaller Companies Fund

Investor Newsletter for the month of March 2026

Issued on 9th April 2026

## 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 200m as at 31st March 2026. Total assets under management by Ennismore Fund Management were GBP 371m. 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 Adam Sullivan on +44 (0) 20 7368 4224 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 31st March 2026

| | Share Class[1] | | | | |
|---|---|---|---|---|---|
| | **GBP A £** | **GBP A €** | **GBP B** | **EUR A** | **EUR B** |
| NAV per Share[2] | 161.25 | 184.55 | 27.25 | 26.47 | 26.62 |
| | % Change | | | | |
| March 26 | -6.6 | -6.1 | -6.6 | -6.2 | -6.2 |
| 2026 to date | -6.1 | -6.2 | -6.1 | -6.1 | -6.2 |
| Annualised return[3] | 10.9 | 9.9 | 6.8 | 6.6 | 6.7 |
| Since launch[3] | 1542.9 | 1210.5 | 172.5 | 164.7 | 166.2 |
| 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.
[1]Source: Administrator, Net Asset Value, net income reinvested. [2]Source: Administrator, Net Asset Value. [3]Since 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 returned -6.6% in March, with the long book detracting 9.2% and the short book contributing 2.6%. Clearly, this was a disappointing month for the fund – our fourth worst in twenty-seven years. Our positioning was misaligned with this month's market environment. The Fund is structurally overweight small caps, industrials, and our home markets (Germany and the UK) – and each of these areas underperformed materially in the month. Compared to the European index return of -8.5%, UK small caps returned -11.5%, German small caps returned -10.8%, and European industrials returned -12.3%. Our holdings in these areas reflect our commitment to investing strictly within our circle of competence, where our edge is largest, rather than a short-term positioning decision.

Though our exposures explain most of our poor performance, we were disappointed not to have more winners to counterbalance during this tough environment. Our three biggest detractors were Deutsche Wohnen SE, SAF-Holland SE, and Andritz AG costing 66bps, 62bps, and 49bps respectively. There was limited news on these names: Deutsche Wohnen SE released results in line with our expectations and SAF-Holland SE and Andritz AG published results that had already been pre-released and also yielded no surprises. Despite this weak period, we look forward with optimism. We remain convinced that our current portfolio is significantly mispriced, and the opportunity set has improved due to indiscriminate selling pressure and the continued widening of the valuation gap between small and large caps. We continue to apply the same level of diligence and rigour that has served us well for many years, and look forward to reporting back with better results.

## Top Five Contributors and Detractors for March 2026

| Contributors | bps |
|---|---|
| Hong Kong software company | 26 |
| Australian equipment manufacturer | 23 |
| Swiss apparel company | 20 |
| French financial services company | 14 |
| UK transport company | 12 |

| Detractors | bps |
|---|---|
| Deutsche Wohnen SE | -66 |
| SAF Holland SE | -62 |
| Andritz AG | -49 |
| Secure Trust Bank PLC | -46 |
| Trigano SA | -40 |

## Top Five Long Holdings as at 31st March 2026

| Company | Country | Sector | % of NAV |
|---|---|---|---|
| EVS Broadcast Equipment SA | Belgium | Information Technology | 3.4 |
| SAF Holland SE | Germany | Consumer Discretionary | 3.3 |
| Andritz AG | Austria | Industrials | 3.2 |
| Deutsche Wohnen SE | Germany | Real Estate | 3.0 |
| Secure Trust Bank PLC | United Kingdom | Financials | 2.7 |
| | | | **15.6** |

## Exposures as at 31st March 2026

| Longs% | Shorts% | Gross Exposure% | Net Exposure% |
|---|---|---|---|
| 85.5 (87.9) | 34.6 (31.9) | 120.0 (119.8) | 50.9 (56.0) |

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 31st March 2026

| Country | Gross% | Net% |
|---|---|---|
| United Kingdom | 25.1 | 21.3 |
| Germany | 24.2 | 19.9 |
| France | 12.6 | 10.3 |
| United States | 8.1 | -5.6 |
| Sweden | 6.4 | -2.4 |
| Italy | 5.5 | 2.5 |
| Belgium | 5.2 | 4.4 |
| Austria | 5.1 | 3.9 |
| Switzerland | 4.5 | -3.6 |
| Spain | 3.5 | 0.0 |
| Netherlands | 3.3 | 1.3 |
| Finland | 3.2 | -1.6 |
| Luxembourg | 1.9 | -0.2 |
| Norway | 1.8 | -0.6 |
| Australia | 1.4 | -1.4 |
| Japan | 1.3 | 1.3 |
| Denmark | 1.1 | -1.1 |
| Cayman Islands | 1.0 | -0.3 |
| Other | 5.0 | 2.7 |

| Market Cap | Gross% | Net% |
|---|---|---|
| >£5bn | 19.4 | 5.3 |
| £1bn-£5bn | 34.4 | 3.7 |
| £250m-£1bn | 45.5 | 25.0 |
| <£250m | 20.8 | 16.9 |

| Positions | Mar | Feb |
|---|---|---|
| Long | 105 | 109 |
| Short | 100 | 98 |
| Longs Opened | 1 | 1 |
| Longs Closed | 5 | 6 |
| Shorts Opened | 12 | 12 |
| Shorts Closed | 10 | 19 |

| Sector | Gross% | Net% |
|---|---|---|
| Communication Services | 7.5 | 3.9 |
| Consumer Discretionary | 22.2 | 6.4 |
| Consumer Staples | 9.4 | -1.6 |
| Energy | 0.2 | -0.2 |
| Financials | 13.7 | 12.2 |
| Health Care | 7.0 | 3.5 |
| Industrials | 27.7 | 14.1 |
| Information Technology | 16.8 | 3.8 |
| Materials | 9.8 | 5.6 |
| Real Estate | 5.4 | 3.6 |
| Utilities | 0.4 | -0.4 |

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

## AB Dynamics Plc – UK supplier of automotive testing equipment (1.4% of Fund)

The automotive sector is full of bad businesses: customer concentration is structurally high, returns are compressed by intense capital requirements, and competition is fierce domestically and from abroad. It is no wonder that the European automotive index[1] has returned just 32% over the last decade, versus 135% for the comparable market index[2]. Unsurprisingly, we are more disposed to sell short companies in this industry than invest in them. However, some of the best investment opportunities arise in the worst industries, when quality businesses become tainted by the reputation of their peers. In this newsletter we discuss one such case from our portfolio. As an AIM-listed automotive supplier with a market cap of just GBP 240m, we understand why it is unpopular – but those willing to look deeper will find a robust

[1] STOXX Europe 600 Automobiles and Parts (EUR gross return)
[2] STOXX Europe 600 (EUR gross return)

testing and inspection business with strong pricing power and a healthy growth runway, trading at multiples only found when fishing in murky waters away from the crowd.

AB Dynamics Plc ("AB Dynamics") sells products and services to support automotive customers across the full development cycle of a new vehicle, with customers including OEMs, Tier 1 suppliers ("T1s"), third-party testing companies, and the regulators. Particularly strong positions are held in driving robots and platforms for testing advanced driver assistance systems ("ADAS"). Driving robots control the steering, throttle, and brakes, while ADAS platforms move soft targets around the vehicle. A common software platform allows customers to run tests consistently, with the same internal and external inputs. Other offerings include hardware and software for simulating virtual environments during the initial design phase and testing services for new models.

During automotive testing, the cost of failure is high. Delays to commercialisation or even minor damage to a model prototype can be orders of magnitude more expensive than the testing products sold by AB Dynamics, making customers hesitant to risk switching to a new provider. The regulations are complex and ever-changing, limiting the ability for new players to enter the space. Being up-to-date is insufficient: players must anticipate regulatory changes and develop relevant products ahead of time. This intermediary role between customers and the regulator is essential as these niches are generally too small to justify attention from OEMs or T1s. For instance, AB Dynamics is the global market leader and near-monopolist in driving robots – but sales in this segment are still less than GBP 40m. The competitive set is extremely fragmented: depending on the product, there are generally two to five private players that have been competing healthily for decades. These strong niche positions and the competitive advantages described above give AB Dynamics the leverage to continue increasing prices at or above inflation.

AB Dynamics is exposed to R&D budgets rather than vehicle volumes, and 45% of sales are recurring through servicing of the installed base, long-term service contracts, and SaaS licenses – making it a far more resilient business than most automotive suppliers. While R&D budgets have faced some pressure recently, the cyclical impact is less pronounced than for most auto suppliers and is offset by several structural tailwinds. Regulatory complexity is increasing materially. The New Car Assessment Programme ("NCAP") is an independent safety assessment programme gradually improving automotive safety standards across the globe. Its 2030 roadmap is broadening the scope of testing specifically with regards to ADAS and new powertrains such as electric, which is also expected to see strong growth in the number of new models per year. In the US, the National Highway Traffic Safety Administration ("NHTSA") is rolling out new rules for ADAS which is expected to boost testing demand. Finally, emerging markets offer a long-term tailwind as their regulatory frameworks gradually converge towards NCAP standards. AB Dynamics operates a global footprint with 46% of sales in Asia Pacific, 28% in Europe, and 26% in North America.

With a structurally increasing amount of testing required on each new model and pricing growth of 2-4% per year, AB Dynamics targets 10% annual organic growth – though we believe the investment performs well even on more modest assumptions. The business is capital light, generating a return on net operating assets of more than 40% and an operating margin of around 20%. We believe mid-twenties operating margins are achievable in the medium term, through operating leverage on gross margins of above 60% and above-inflation pricing. The sell side currently forecasts minimal margin expansion.

Shares have declined more than 40% over the past year, largely on customer project delays which we expect to resolve as tightening regulation compels customers to spend. We initiated a small position in August at 1,359p and have been excitedly adding at current levels of around 1,050-1,100p. At its core, these are non-discretionary purchases – AB Dynamics should produce healthy growth even in a weak automotive market. Delays to EV launches from the OEMs have no bearing on this investment, in fact a broader base of powertrains across electric, internal combustion, and hybrid benefits AB Dynamics as old models require updated testing to remain in line with current standards.

Another factor in the share price performance is the departure of CEO James Routh, who left the business at the end of 2025. Recently-appointed CEO Sarah Matthew-DeMers is new to the role but not to the business, having served as CFO since 2019. She has in-depth knowledge of each area of the business, and we view her as a highly capable capital allocator, having executed successful bolt-on acquisitions during her tenure as CFO. Given the business operates in three segments each with their own leadership, there is no dearth of operational expertise and her capital allocation background is well-suited to the role. Against a market capitalisation of GBP 240m, AB Dynamics carries GBP 45m in net cash and should generate close to GBP 20m in free cash flow next year. We expect this to fund thoughtful bolt-on acquisitions of local testing businesses that can be cross-sold internationally, and potentially a meaningful share buyback should the valuation remain depressed. Though customer concentration is not too high, with the largest customer at around 10% of sales, increasing the breadth of AB Dynamics' capabilities through small acquisitions also helps to balance bargaining power with the OEMs.

AB Dynamics trades at eleven times enterprise value to trailing operating profit after tax, which we view as far too cheap for a business of this quality. Applying a multiple of sixteen times to operating profit after tax implies approximately 90% upside to the end of 2028 – with downside protected by the predictability of the business model, a strong balance sheet, and a depressed valuation. In a blue-sky scenario where the organic growth target is achieved and attractive acquisitions are made, a re-rating to historical levels in excess of twenty times earnings would yield returns better expressed in multiples than percentages.

## Historical Monthly Percentage Return for the GBP A Shares

| Year | Jan (%) | Feb (%) | Mar (%) | Apr (%) | May (%) | Jun (%) | Jul (%) | Aug (%) | Sep (%) | Oct (%) | Nov (%) | Dec (%) | Annual |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2026 | 1.3 | -0.7 | -6.6 | | | | | | | | | | **-6.1** |
| 2025 | -1.7 | 2.5 | 4.6 | 1.9 | -0.6 | 1.2 | 2.1 | -0.6 | 0.3 | 1.3 | -1.0 | 0.3 | **10.7** |
| 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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Under normal circumstances, as defined within the Prospectus, the Fund may charge up to 3% of the net asset value of any redemption to cover the costs associated with managing the redemption process, including the sale of assets within the Fund to generate the required cash. Currently this redemption charge is set at 2%, with proceeds retained by the fund. Ongoing costs (Management fees and other administrative or operating costs) 2.24% pa. as at 11/02/2026.

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