Griffin Value Fund
2025 H1 Letter to Investment Partners
July 12, 2025

During the first half of 2025, the fund's net asset value increased by +7.64% net of fees. Since Griffin Value Fund's inception in October 2011, the annualised gross return was 10.80% and the estimated annualised gross return on our equity investments was 16.39%[1]. Please refer to your statements for individual performances based on the timing of your investment.

The fund was 89.36% invested at the end of June 2025.

Performance June 2025 NAV: 21'574.82

2011*	2012	2013	2014	2015	2016**	2017	2018	2019	2020	2021	2022	2023	2024	**2025**
1.60%	6.13%	9.04%	9.30%	15.32%	13.39%	12.66%	-3.13%	21.09%	7.08%	17.74%	-10.92%	14.62%	7.51%	**7.64%**

* *Gross Performance since inception Oct 2011 through Dec 2015 (A Shares)*

** *Net performance as of 2016 (B Initial Shares)*

Portfolio Composition

Number of investments: 23 Invested (long): 89.36%

Markets had plenty to worry about in the first half of 2025 – war, tariffs, and the usual parade of macro fears. And yet, equities held up well in local currency terms. In dollars, the S&P 500 gained 6.0%, and the MSCI World index added 9.5%. For euro-based investors, however, those gains turned into losses as the euro strengthened against most other currencies. Against the US dollar, the euro gained 13.3%, turning the S&P 500's return into -6.5% and the MSCI World into -3.4% in euro terms.

Against this backdrop, Griffin Value Fund returned +7.64% in the first half of 2025, despite an estimated 4.5% drag from currency headwinds. Our portfolio is deliberately diversified across regions and currencies. Currently approximately 70% of our portfolio is denominated in non-euro currencies.

Vicat, Marlowe and Optima Health, three of our top five holdings, were the largest positive contributors as our investment thesis started to play out. We provide an update on the five largest investments below.

[1] *Estimate calculated by dividing the annualised return of A-shares by the average of invested capital as a % of AUM, at the end of each month. The difference between the fund's overall returns and the total returns on equity investments is explained by keeping large cash positions in the past. The fund gradually invested the cash since inception and did not compromise on the investment criteria for the sole purpose of being fully invested at all times.*

The fund exited its investment in toy-manufacturer Dream International, after the share price doubled in 2025, locking in an attractive IRR of 18.7% after holding the company since 2018. With no company-specific catalyst behind the rally, the valuation no longer offered an adequate margin of safety[2].

We invested in Dream because of its large-scale production in Vietnam, where labour costs were roughly 50% lower than in China. This structural cost advantage allowed Dream to generate attractive profit margins, gain market share and double Earnings Per Share over our holding period. At the start of the year Dream was a 2.2% position for the fund; a small investment because of its risk profile, the cyclical nature of its business and high client-concentration.

In contrast to Dream, several of our more cyclical holdings weighed on performance during the period, including HireQuest, Azelis, and Alight. Rentokil - while not a cyclical business - also detracted, as the market continues to wait for clearer evidence of progress in integrating the Terminix acquisition and turning around its U.S. operations.

The sale of Dream and the delisting of Compugroup lifted the fund's cash position to just over 10%. At the time of writing, we are well advanced in our analysis of several resilient, cash-generative businesses trading at sensible valuations, to redeploy our cash reserves.

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<u>Update on the five largest positions of the fund:</u>

<u>Marlowe PLC (11.76%)</u>

Some investment stories illustrate why public markets remain fertile ground for active investors. Marlowe is one of them.

We initiated our position at the end of 2022, when sentiment around the stock was subdued due to low free cash flow and rising interest rates. The market saw a messy consolidation story with high restructuring costs. We acknowledged the market's concerns but saw value in (1) a significant de-rating (-60% at time of investment vs 2021 peak), (2) a resilient, regulation-driven business model with high recurring revenues and customer retention, and (3) a board and management team incentivised to unlocking shareholder value.

Throughout our holding period, management moved decisively to unlock value: divesting its Governance, Risk & Compliance (GRC) division for £430 million – more than the entire market cap at the time of announcement – paying down debt, launching sizeable share buybacks, and distributing a special dividend worth nearly 30% of our original investment cost. Later that year, the group spun off its occupational health unit, transforming Marlowe into a focused UK player in testing, inspection, and certification (TIC) across fire safety, water, and air hygiene. As the risks receded and management's capital allocation aligned with shareholder value creation, we increased our position to 10% of the fund (and added to Optima Health post spin-off; see below).

In June came the final catalyst: Mitie Group plc - the UK's largest facilities manager - announced it would acquire Marlowe at ~10x current-year EBITDA. The offer, part cash and part Mitie shares, pushed Marlowe's stock up nearly 20% for the month and +37% year-to-date. While we believe further

[2] Rumours around a possible collaboration between Dream and Pop Mart, owner of the current toy hype "Labubu", may explain why the share price roughly doubled in one month.

upside remains, we credit the board and management for the speed and discipline with which value was unlocked.

This dynamic isn't new to us. The Marlowe case bears a strong resemblance to most of our investments: Mispriced, high-quality businesses where public market scepticism clouds underlying value. Careful analysis of the business & management incentives - not headlines - is what gives us conviction in the value, the downside protection, and the upside potential.

We recently met with Mitie's CFO and are currently evaluating whether to continue being involved through Mitie shares or exit fully. Either way, the Marlowe case serves as a reminder that public markets still offer attractive asymmetric opportunities (limited downside, meaningful upside) for enterprising investors.

<u>Optima Health PLC (8.59%)</u>

In September 2024 Marlowe spun-off Optima Health, the largest provider of occupational health services in the UK. The business stands out for its resilience, driven by non-discretionary demand and recurring revenue streams, as well as its growth potential. Prior to the spin-off, growth and profit margins were weighed down by restructuring costs from integrating nine acquisitions, the loss of two large clients, and a temporary suspension of further M&A. Typical spin-off dynamics (lack of institutional investor interest due to smaller market caps), resulted in a decline of the share price, which allowed us to increase our position at an attractive valuation.

With the restructuring completed, we expected the business to return to organic growth, to gradually improve profit margins and execute on value accretive acquisition opportunities. So far, our investment thesis is playing out as expected with the company reporting 7% revenue growth and three acquisitions since the start of the year.

The BHSF and Care First acquisitions are great examples of shareholder value creation through M&A. Both were small divisions of much larger businesses that had decided to exit occupational health. These opportunities fit nicely into the Optima Health structure and will be migrated onto its IT platform. This should lift profitability and reduce the post-synergy purchase price to as low as 1x EBITDA. Vendors accept such low multiples because an outright sale is preferable to the cost and time involved in winding down the operations. We expect Optima Health to continue to actively seek this type of bolt-on acquisitions.

Further momentum came in February when Optima Health secured an exclusive seven-year contract to provide medical assessments for the UK Ministry of Defence's Armed Forces Recruitment Service. This contract will be worth more than £20 million of annual revenue, roughly a fifth of OH's current revenue. The stock market has now begun to recognise this progress as the shares are up 43% since beginning of the year.

<u>Vicat SA (9.14%)</u>

Vicat, a mid-sized global player in cement, aggregates, and ready-mix concrete, was the strongest performer for our fund in the first half. In our previous investor letter, we argued that the market was overlooking the company's recent strategic adjustments such as the shift away from highly competitive markets, greenfield projects, and low-return investments. Early success in its newer ventures in the US and Brazil are beginning to vindicate that strategy.

The fund built its position when the shares traded at just 4.4x EV/EBITDA and 6.2x after-tax earnings, a steep discount to peers. Market sentiment changed soon after our investment, and the shares are +60% higher since the start of the year.

Eurofins Scientific SE (8.44%)

Eurofins is a global leader in food, pharmaceutical, and environmental testing. Over the past 12 years, the company has expanded aggressively, growing from 100 to 1,000 testing laboratories. Significant investments in IT infrastructure and the implementation of a hub-and-spoke model have been key to optimising lab efficiency, albeit at the cost of short-term earnings. Eurofins is now nearing the end of this multi-year investment phase. Taking a long-term perspective, we believe these strategic initiatives will not only enhance the company's competitive position but will also drive meaningful improvements in profitability.

For 2024, the company reported an increase of 41% in earnings per share, while organic revenue growth of +4.7% fell short of its medium-term target of 6.5% because of soft demand in BioPharma, particularly in early-stage clinical activities, and also in Agrosciences. Management nevertheless confirmed its long-term average organic growth target of 6.5%, an Adjusted EBITDA margin of 24%, and further increases in free cash flow and returns on capital.

Based on the company's updated 2027 targets, which we view as realistic, the shares trade on a free-cash-flow yield of 10%. This represents an attractive valuation for a highly resilient business with the capacity to reinvest capital at high returns through organic growth initiatives and acquisitions. Management clearly shares that view, having repurchased about 5% of shares outstanding so far this year. Market sentiment has slowly improved, as reflected in a share price increase of 22% year-to-date.

Fairfax Financial Holdings Ltd (8.20%)

Fairfax, a global insurance company, was discussed in our 2022 H2 Investor Letter. At the time of our investment, the global insurance sector faced profitability challenges due to significant losses from natural catastrophes combined with an extended period of low interest rates. This allowed us to acquire Fairfax shares at a 23% discount to book value. We considered this valuation highly attractive, given the company's positive earnings outlook and its exceptional track record of growing book value per share at an annualised rate of 18% over 38 years.

Since then, higher underwriting profits and rising interest rates have fuelled strong earnings growth. Additionally, aggressive share buybacks have further enhanced earnings and book value per share. As a result, Fairfax's share price has risen sharply, making it one of GVF's largest performance drivers in 2024. The share price maintained its solid footing, gaining 23% in 2025.

Closing remarks:

Had you known in January about sweeping U.S. tariffs, a direct Iran–Israel confrontation, and peace in Ukraine more distant than ever – would equities have felt like the right place to invest? Probably not. Yet six months on, markets are up and our portfolio delivered solid returns. It's a reminder that even accurate macro or geopolitical forecasts do not guarantee better investment outcomes.

What matters is owning strong businesses led by skilled capital allocators – those able to navigate turbulence, take market share, and execute well. That's what we continue to strive for: a portfolio that protects against permanent loss of capital in difficult times and compounds wealth in the years that follow.

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Our next letter will be out in January 2026. In the meantime, we always welcome thoughtful conversations – and if you believe someone in your network might enjoy our letters, feel free to share them. We always appreciate the introduction.

Thank you for your continued trust,

Griffin Value Fund