Griffin Value Fund
2025 H2 Letter to Investment Partners
January 22, 2026

During 2025, the fund's net asset value increased by +9.79% net of fees. Since Griffin Value Fund's inception in October 2011, the annualised gross return was 10.56% and the estimated annualised gross return on our equity investments was 15.84%[1]. Please refer to your statements for individual performances based on the timing of your investment.

The fund was 89.89% invested at the end of Dec 2025.

Performance 2025 NAV: 22'006.76

2011*	2012	2013	2014	2015	2016**	2017	2018
1.60%	6.13%	9.04%	9.30%	15.32%	13.39%	12.66%	-3.13%

2019	2020	2021	2022	2023	2024	2025
21.09%	7.08%	17.74%	-10.92%	14.62%	7.51%	**9.79%**

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

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

Portfolio Composition

Number of investments: 22 Invested (long): 89.89%

2025 was a year of profound change. The United States raised tariffs to their highest level in almost a century, China retaliated, and global geopolitical uncertainty intensified. And yet, equity markets performed strongly. Global growth is projected at 3.2%, remarkably in line with forecasts made a year earlier, when none of this turbulence was anticipated. For long-term investors like us, the year once again demonstrated that disciplined positioning matters more than reacting to headlines.

Several forces helped explain this apparent resilience. Robust AI-related investment and a stock market rally fuelled by optimism around artificial intelligence supported US growth and buoyed export-oriented economies such as Taiwan and South Korea. Fiscal policy also turned increasingly expansionary, not only in the United States but even more so in Germany, China and Japan. Together, these factors masked the economic drag from higher US tariffs and Chinese retaliation, making 2025 appear far more stable than it truly was.

[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.*

In US dollar terms, the S&P 500 gained 17.43%, while the MSCI World Index rose 21.09%. For euro-based investors, however, returns were materially lower as the euro strengthened against most major currencies. Against the US dollar, the euro appreciated by 13.10%, reducing the S&P 500's return to 3.83% and the MSCI World's return to 7.06% in euro terms. As Griffin invests globally in a diversified portfolio of companies, without macro or currency hedging, we took the full brunt of currency depreciation head-on. However, despite these currency headwinds, the fund delivered a respectable performance in 2025, reflecting solid underlying portfolio returns and disciplined stock selection.

At the portfolio level, nine investments contributed more than 1% to the fund's return in local currency, with seven positive contributors and two detractors. Vicat S.A. was the largest contributor, with its share price more than doubling as the market gained confidence in the sector's ability to pass through higher prices to offset rising CO_2 compliance costs. Optima Health and Marlowe, which was acquired by Mitie Group, also made meaningful positive contributions.

On the negative side, Alight and Azelis were our largest detractors. Alight's performance suffered from weak execution and management shortcomings, while Azelis was impacted by the global cyclical downturn in the chemical sector.

Mitie shares were added to the portfolio following Marlowe's acquisition, and the fund initiated a new investment in IMCD, a competitor of Azelis. Both Mitie Group and IMCD/Azelis are discussed in more detail below.

Azelis Group NV (3.38%)/IMCD NV (1.66%)

Azelis and IMCD are the largest independent distributors of speciality chemicals and ingredients, operating in an attractive but still highly fragmented market. They benefit from the same structural tailwinds: chemical producers increasingly outsource sales and technical support, regulation and product complexity are rising, and many customers are smaller companies that value expertise and service over the lowest price. Ongoing industry consolidation provides an additional growth driver.

Speciality distribution differs fundamentally from commodity chemicals. Volumes are lower, pricing is less transparent, and products are often critical to customers' formulations despite representing a small share of total costs. Distributors therefore act as technical partners, supported by application labs, trained sales teams, and long-term supplier relationships. Once approved in a customer's formulation, switching distributors is rare, leading to recurring revenues and meaningful pricing power.

On the supplier side, global chemical producers increasingly rely on speciality distributors to efficiently serve the long tail of small customers and help them navigate local regulatory complexity. In return for dedicated sales and technical support, distributors often receive exclusive regional rights, creating durable partnerships that can last decades. Scale is a key advantage: larger distributors offer broader product ranges, deeper technical expertise, and wider geographic reach, reinforcing their position with both suppliers and customers.

As a result of these structural advantages, and supported by a capital-light operating model, both Azelis and IMCD generate high returns on invested capital and convert a large share of earnings into free cash flow. This strong cash generation funds systematic acquisition programmes whereby smaller distributors are typically acquired at attractive valuations and integrated efficiently, supporting long-term growth.

End markets can be cyclical, yet speciality distribution has historically been resilient. Exposure to life sciences and personal care, limited price transparency, and asset-light cost structures helped protect profitability in downturns, which are often followed by strong recoveries.

While the investment thesis for both companies is fundamentally the same, there are some differences. IMCD has a stronger balance sheet and a longer track record as a listed company, which has typically supported a higher valuation. Azelis carries more debt after a period of heavy acquisitions and has faced additional share price pressure from the gradual exit of its largest shareholder, the private equity fund EQT. As a result, Azelis trades at a lower valuation despite similar margins, organic growth potential, and market positioning. These differences made us balance our sector exposure across both companies.

We view both Azelis and IMCD as high-quality businesses temporarily affected by a weak cycle rather than structural issues. As markets stabilise and consolidation continues, we expect a return to attractive mid- to high-single-digit earnings growth, supported by strong competitive positions, cash generation, and disciplined capital allocation. At 10x and 14x this year's consensus after-tax earnings, Azelis and IMCD are valued attractively relative to the quality, resilience, and long-term characteristics of their business models.

<u>Mitie Group PLC (4.73%)</u>

Mitie is the UK's leading facilities management and facilities transformation provider, operating in essential, regulated, and infrastructure-related services. The group combines market leadership in core facilities management with growing exposure to higher-margin, regulation-driven activities such as testing, inspection and compliance, decarbonisation, security, and critical infrastructure. This positioning supports resilient cash generation, improving margins, and a clear runway for value creation.

Mitie's core services are non-discretionary and delivered under multi-year contracts with blue-chip public and private sector clients. Activities include engineering maintenance, security and hygiene, with most agreements benefiting from inflation pass-through mechanisms in a labour-intensive industry. High customer retention, long contract durations, and a large order book provide strong revenue visibility and recurring cash flows.

Scale is a key differentiator. Mitie's national footprint allows it to deliver a broad range of services that smaller competitors cannot replicate. This is reinforced by a centralised operating model, shared systems, and proprietary technology platforms that optimise workforce scheduling, asset monitoring, and service delivery. Increased use of data analytics, automation, and AI supports productivity gains, service quality, and margin resilience over time.

Beyond traditional facilities management, growth is increasingly driven by facilities transformation and compliance-led services linked to fire safety, security, water and air quality, decarbonisation, and energy efficiency. Regulatory change, ageing building stock, and sustainability targets make this spend largely non-discretionary for customers, supporting above-market growth. The shift toward higher-margin transformation and compliance services, further boosted by the acquisition of Marlowe, should structurally support profit margin expansion over time.

Marlowe strengthens Mitie's position in testing, inspection, certification, and compliance. Mitie's management has a strong integration track record, most notably with Interserve FM, where synergies exceeded initial targets. Expected Marlowe synergies are primarily cost-based, driven by centralisation, procurement leverage, systems integration, and estate rationalisation, rather than uncertain revenue synergies. Management has guided to GBP 30 million of annual cost synergies from Marlowe within two years, providing a meaningful uplift to earnings.

Mitie generates robust free cash flow supported by low capital intensity and disciplined working capital management, with a conservatively positioned balance sheet enabling integration, selective M&A, and returns to shareholders. At around 10x consensus after-tax earnings two years forward, we believe the market continues to undervalue the group's earnings resilience, technology-driven productivity gains, and margin uplift from compliance and project work, creating scope for a re-rating as execution progresses.

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Update on the five largest positions of the fund:

Vicat S.A. (11.73%)

Vicat, a mid-sized global producer of cement, aggregates, and ready-mix concrete, was the strongest contributor to the fund in 2025, with its share price rising 107%. In our view, the market had previously underestimated the impact of the company's recent strategic repositioning, including a shift of focus away from highly competitive markets, reduced emphasis on greenfield projects, and greater discipline around capital allocation toward higher-return investments.

Vicat also stands to benefit from several medium-term growth drivers that have yet to fully materialise, including a normalisation of construction activity in France and the US. In addition, the completion of a significant investment programme in Senegal, focused on lowering the cost base, is expected to support earnings growth from 2027 onward. Free cash flow is already improving as capital expenditure declines following the end of a multi-year investment cycle.

While many of these catalysts have not yet been fully reflected in reported results, they likely helped explain Vicat's strong relative performance. That said, the broader sector also performed well, as the cement industry has demonstrated notable pricing power in recent years.

Following the rerating, Vicat now trades at 6.2x EV/EBITDA, 10.5x this year's consensus after-tax earnings, and approximately 12x our estimate of current-year free cash flow to equity. While the shares are no longer as cheap as they were, we continue to see value on both an absolute and a relative basis.

Eurofins Scientific SE (10.12%)

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. We believe these strategic initiatives will not only enhance the company's competitive position but will also drive meaningful improvements in profitability.

Based on the company's updated 2027 targets, which we view as realistic, the shares trade on a free-cash-flow yield of 10% and a P/E of 12x. 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 5.8% of shares outstanding last year. Market sentiment has slowly improved, as reflected in a share price increase of 26% during 2025.

<u>Fairfax Financial Holdings Ltd (8.62%)</u>

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, a combination of higher underwriting profits and rising interest rates has 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 continued to perform strongly, rising by 30.8% in 2025.

Despite the share price having quadrupled since our initial investment in 2022, we continue to view the valuation as compelling. At approximately 1.4x book value and less than 10x earnings, Fairfax remains attractively valued relative to its quality, earnings power, and its long-term prospects.

<u>Optima Health PLC (8.13%)</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. Before the spin-off, growth and profit margins were weighed down by high restructuring costs from the complex integration of nine acquisitions, the loss of two large clients, and a temporary suspension of further M&A. Typical spin-off dynamics (selling pressure from a lack of institutional investor interest due to smaller market caps) resulted in a rapid 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 value-accretive acquisitions. So far, our investment thesis is playing out as anticipated, with revenue estimated to grow by 17% in the current fiscal year and the completion of three acquisitions.

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 business. 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 begun to recognise this progress, with the shares rising 39.6% in 2025. At less than 14x after-tax earnings, we view the valuation as highly attractive relative to the resilience, quality, and growth prospects of the business.

Rentokil Initial PLC (7.63%)

Rentokil Initial is the global leader in pest control, a non-discretionary service that continues to grow largely independent of economic conditions.

In this industry, brand recognition, scale, and route density are critical competitive factors. Companies with higher local market share operate more efficiently, as technicians spend less time travelling between customers and more time delivering services. This operational efficiency drives higher productivity and profitability, giving larger players a clear and durable advantage.

Rentokil's sustainable competitive position, low capital intensity, and strong operational execution have enabled it to generate consistently high returns on capital over time. Historically, these attributes led the market to assign the company a premium valuation.

That valuation came under pressure following difficulties in restoring organic revenue growth after the transformational acquisition of Terminix Global Holdings. With USD 2b revenue compared to the current combined group revenue of USD 7b, Terminix was by far the largest acquisition in the history of Rentokil. After several early integration strategies failed to deliver the desired outcomes, management was forced to make a series of strategic adjustments. As the lighter-touch integration approach initiated in 2025 continues into 2026, alongside changes already implemented in sales and marketing, we expect the recent improvement in organic growth to continue. At the same time, reduced spending on integration and restructuring should drive a meaningful uplift in cash flow.

At 18.6x consensus after-tax earnings for the current year, we view the valuation as attractive for a high-quality, resilient business with an improving growth profile. Early signs of execution progress were reflected in an 11.6% increase in the share price during 2025.

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Our next letter will be out in July 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

Important Notes