Griffin Value Fund
2026 H1 Letter to Investment Partners
July 27, 2026

During the first half of 2026, the fund's net asset value decreased by -0.40% net of fees. Since Griffin Value Fund's inception in October 2011, the annualised gross return was 10.19% and the estimated annualised gross return on our equity investments was 15.10%[1]. Please refer to your statements for individual performances based on the timing of your investment.

The fund was 87.83% invested at the end of June 2026.

Performance 2026H1 NAV: 21'918.56

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	2026 H1
21.09%	7.08%	17.74%	-10.92%	14.62%	7.51%	9.79%	**-0.40%**

* 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): 87.83%

Two years ago, in our 2024 H1 letter, we drew attention to a global equity market increasingly shaped by two forces: the dominance of a small number of very large U.S. companies, and the relentless rise of passive investing. We noted then that, for the first time, passively managed U.S. mutual funds and exchange-traded funds had amassed more capital than actively managed funds, and we wondered aloud what would happen when a growing share of capital is committed to indices by investors who give little thought to what they are buying or the price they are paying. Neither of those forces has abated. If anything, both have intensified.

In the first half of 2026, one theme towered over everything else: artificial intelligence. Companies are committing capital to it on a scale we have not seen before, and investors are betting heavily that those investments will pay off. It is that conviction, more than any result yet delivered, that has driven

[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.*

equity returns, and it has been amplified by the passive flows described above, which pour money into the largest index constituents regardless of price.

Together these forces have pushed indices to record levels, with current valuations at high multiples of earnings, and on profit margins that are themselves elevated by historical standards. The period had its share of other headlines, most notably the war in the Middle East, which disrupted shipping through the Strait of Hormuz and briefly pushed oil above $100 a barrel before a fragile truce brought it back towards $70. Yet none of it deflected the market's attention from AI. We make no attempt to predict how or when this dynamic will resolve, but we do know that trees do not grow to the sky.

The S&P 500 gained 9.55% during the period, while the MSCI World index in Euro added 12.68%. Against this backdrop, Griffin Value Fund declined -0.40% in the first half of 2026. The absence of any meaningful exposure to the IT sector explains most of the deviating performance. There is, however, a silver lining to investors' focus on a narrow segment of the market: more attractive valuations for the rest of the market. The operating performance of our portfolio companies has generally been satisfactory, and the valuations have become more attractive, as we discuss below.

The fund remains invested away from the most crowded segments of the market. We favour businesses that can grow over the long term and earn high returns on capital, whose value rests on recurring revenue, strong free cash flow and disciplined capital allocation rather than on optimistic expectations. This approach has worked well over the past 15 years and we're confident it will continue to serve investors well over the long-term.

At the portfolio level, it was an uneventful half: no single investment contributed or detracted more than 1% from the fund's return.

During the first half we sold our two Taiwanese holdings, Thinking Electronic and Sporton. Both were bought when their shares were cheap relative to the quality and growth of their businesses; both performed well, and after the strong rise in their share prices the valuations no longer offered the margin of safety we require. The price discipline we apply to what we buy must equally apply to what we own.

We also reduced Vicat from 12% of the fund to 7%. We purchased our shares at around €35; the partial sale was executed at €79. Vicat remains a substantial holding: the valuation is no longer exceptionally cheap, but it has not yet reached our estimate of fair value, and the position size now better reflects the remaining upside.

The fund made two new investments in Judges Scientific and Ashtead Technology, both discussed below.

<u>Judges Scientific PLC (4.77%)</u>

This name might ring a bell with long-term investors as the fund has owned shares in this company before. Judges Scientific is a UK-listed group that acquires and develops companies in the scientific instrument sector. Since 2005 it has assembled 25 predominantly UK-based businesses that sell instruments into global niche markets, serving customers such as universities, research institutes, manufacturers and regulatory authorities. The playbook is disciplined and repeatable: buy profitable, cash-generative niche instrument makers at modest multiples, preserve their entrepreneurial management, and recycle the cash flows into the next acquisition. From 2005 to 2024, revenue compounded at 20% a year (7% organic) and operating profit at 26% (9% organic), with consistently strong cash conversion throughout.

The qualities we look for are all present. Niche leadership supports resilient margins and pricing power. Demand is underpinned by the long-term growth of global R&D spending, and the pool of small, founder-owned instrument businesses available for acquisition remains large, so the secular growth drivers of the model are intact.

The shares have nearly halved from their 52-week high after a difficult 2025. A handful of subsidiaries faced product-specific challenges and cuts to US federal research funding hit the group hard: US organic revenue fell 22%, a serious drag given the US is roughly a quarter of group sales.

Even so, the wider group held up well. Organic sales rose 6%, adjusted EPS of 275p came in just 2% below the prior year, free cash flow of £17.4m beat expectations, and the dividend was raised 10%. For 2026 the group guides to EPS of 200–250p, cautiously assuming no US recovery.

Management has responded by reducing the cost base while driving geographic expansion, market penetration and new product launches at the subsidiary level. Succession is also being addressed: founder-CEO David Cicurel (76) has strengthened the senior team ahead of the COO's retirement in September 2026. Net debt of £40m, at around 1.2x EBITDA, leaves ample capacity to keep acquiring at a time when depressed conditions may improve the pricing of new acquisitions.

We built a 5% position at an average cost of £48.10 per share, equivalent to approximately 17.5x 2025 earnings and 21x 2026 earnings based on management guidance, compared with a historical average valuation of 24x earnings. Management's guidance assumes that current earnings headwinds are permanent, including no recovery in US research funding despite congressional support for its restoration. We believe this materially understates the group's normal earnings power. For a proven compounder with an intact acquisition runway, we view the valuation as attractive.

Ashtead Technology PLC (3.03%)

Ashtead Technology, spun out of the equipment-rental group Ashtead in 2008 and now separately listed, is the leading independent provider of rental subsea equipment and related services to the offshore energy industry. From fifteen locations across the world's main offshore hubs, it rents out a fleet of more than 30,000 assets: survey and robotics instruments, mechanical equipment such as winches and cutting systems, and asset-integrity solutions. These go to the major subsea contractors, supported by engineering, integration, testing and round-the-clock assistance. Around 85% of the fleet can be deployed in both oil & gas and offshore wind operations.

The rental equipment is low-cost but mission-critical: cheap relative to the offshore vessel day-rates it supports, yet essential to the operation. So customers choose their supplier on availability, reliability and technical support rather than on price. Nine of the ten largest customers have worked with the company for more than a decade. Scale brings purchasing discounts and superior utilisation through global redeployment of the fleet. Combined with Ashtead's data advantage, this lets the company offer pricing and fleet allocation that smaller competitors cannot match. The result is a post-tax return on invested capital of around 20% and operating margins in the high twenties.

Growth comes from two engines. The first is organic, meaning growth from the existing business rather than from deals. In oil & gas the company works across the full life of an offshore project: installation, inspection, maintenance, extending the life of ageing infrastructure, and eventually decommissioning; in wind, it covers construction and operations. These markets are forecast to grow at a blended 6% a year to 2029, helped by customers increasingly renting rather than owning equipment. Acquisitions are the second engine: successive deals at an average of around 5x EBITDA have helped lift EBITDA from £7m in 2017 to £81m in 2024, and the fragmented market for mechanical subsea equipment offers a long runway of further bolt-on acquisitions.

The opportunity arose because 2025 was disruptive. Geopolitical uncertainty and changes in US policy delayed offshore projects, resulting in weaker-than-expected revenue and a profit warning in July. In addition, the company's move from AIM to the Main Market of the London Stock Exchange led to shareholder churn. Yet operating margins held near 27% and net debt ended the year at 1.3x EBITDA, demonstrating the resilience of the model. We built a 3% position at an average cost of £4.08 per share, around 8x earnings and 5x EBITDA, an attractive valuation for a business of this quality. Renewed acquisitions, possible share repurchases and a normalisation of project timing all offer routes to a re-rating. The principal risk is a sustained period of oil prices below $50 a barrel, which would depress offshore activity; our position size reflects this risk.

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Update on the five largest positions of the fund:

Eurofins Scientific SE (11.18%)

Eurofins is a global leader in laboratory testing, operating approximately 950 laboratories serving food, environmental, biopharmaceutical and clinical customers. Demand is supported by regulation and public health requirements, making the business resilient and structurally growing. A multi-year investment programme that has depressed profitability and free cash flow completes by the end of 2027. Management expects the EBITDA margin to rise from around 22% towards 24%, and the resulting cash can be reinvested at high returns. Three uses stand out: bolt-on laboratory acquisitions targeting returns of at least 16%, new laboratory start-ups, and continued buybacks of shares that management, like us, considers materially undervalued. At approximately 9x 2026 EBITDA (17x earnings), falling to 7.2x by 2028, and against recent industry transactions at around 14x EBITDA, we view the shares as significantly undervalued.

Optima Health PLC (7.89%)

Optima Health is the largest provider of occupational health services in the UK and Ireland. Demand is predominantly non-discretionary, revenue is highly recurring and customer retention stands at 93%, in a market expected to grow around 4% a year. Following three smaller acquisitions in 2025, Optima announced a far larger transaction in February with the purchase of PAM Healthcare, its largest competitor for government contracts, at 12.2x EBITDA falling to 7.5x once synergies are realised. Part of the deal was funded through an equity issue priced at a discount to the pre-announcement share price, which created near-term selling pressure: the shares declined 4.7% over the first half. We believe the transaction makes both strategic and financial sense and will help Optima reach its medium-term revenue and margin targets. At less than 10x next fiscal year’s after-tax earnings, with organic revenue growth potential, margin improvement and value-accretive acquisitions, we view the valuation as highly attractive.

Fairfax Financial Holdings Ltd (7.68%)

Fairfax is a global insurance holding company led for more than forty years by its founder Prem Watsa, under whom book value per share has compounded at approximately 18% per year since 1985. As insurance pricing normalises after several exceptionally profitable years, investors have grown more cautious on the sector, and the shares have lagged in recent months. We believe the market underestimates Fairfax's greatest strength: its flexibility in capital allocation. When underwriting returns decline, management is prepared to slow insurance growth and redeploy capital into public equities, private businesses, acquisitions and share repurchases. Few insurers have such a broad range of capital allocation options. This flexibility is supported by Fairfax's permanent capital base and long investment horizon. At approximately 1.2x book value and less than 10x earnings, we believe the shares remain undervalued regardless of where the insurance cycle stands.

Rentokil Initial PLC (7.41%)

Rentokil, the global leader in pest control, continues its recovery from the disruption caused by the Terminix integration. North American organic growth improved every quarter through 2025, and in the first quarter of 2026 the group delivered 3.4% organic growth, with North America accelerating to 3.9%. Colleague retention, a leading indicator of service quality, has risen above 82%, customer retention has stabilised and pricing remains above inflation. A new chief executive, Mike Duffy, takes the helm and will present the upcoming half-year results; we expect a continuation and intensification of the recovery strategy rather than a change of direction. At around 450p, the shares trade at roughly 20x 2026 earnings, falling to below 17x by 2028. This represents a substantial discount to US service-network peers such as Rollins, Ecolab and Cintas, which trade at more than 30x earnings despite broadly similar business quality and growth characteristics.

Volution Group PLC (6.63%)

Volution, a leading supplier of energy-efficient ventilation products across the UK, Europe and Australasia, delivered strong half-year results to January. Revenue grew 21.7%, including 4.2% organic growth, with all three regions contributing. The adjusted operating margin was maintained at 22.6% as organic margin improvement offset dilution from the lower-margin Fantech acquisition. Earnings per share rose 19% and the dividend increased by 18%. Management guided full-year earnings to the top end of market forecasts, before any contribution from AC Industries, a high-margin Australian acquisition completed in February. Return on capital stands near 25% and net debt at 1.3x EBITDA. Demand is underpinned by tightening regulation on energy efficiency and indoor air quality, and the fragmented European market offers a continuing runway of bolt-on acquisitions. After a sector-wide derating in recent months, the shares trade around 16x this year's earnings, an undemanding multiple for a business with this record of compounding.

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Our next letter will be out in January 2027. 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

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