



langdon

EQUITY PARTNERS

**Outsized Returns Come From Doing Non-Obvious Things**

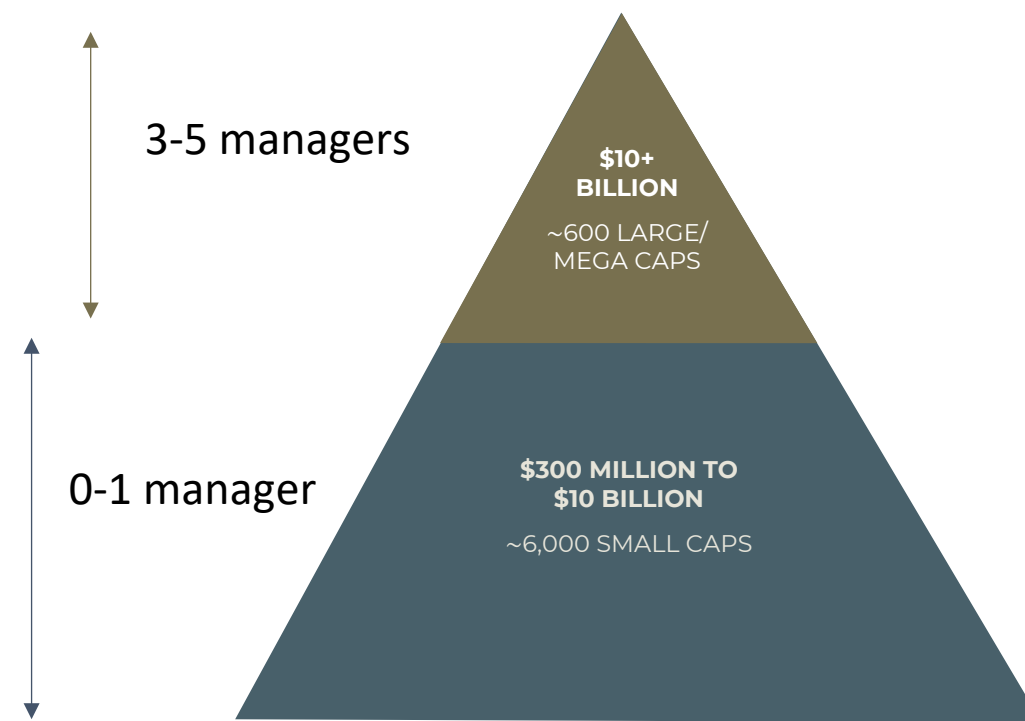
**NGF Boutiques 2025**

# Virtues of Smaller Companies (< \$5B USD)

1. Very large and liquid addressable market
2. Idiosyncratic growth drivers
3. Domestic focus
4. High dispersion of returns

***Global Smaller represent ~85% of listed companies in the developed world***

***So why do most allocators have no permanent allocation to it?***



Source: FactSet

# BECAUSE OF THE ISSUES...

- Hard to write a large check (£200M+)
- Adverse selection among managers
  - Capacity constrained / great managers reach capacity quickly
- Several negative factors underly the asset class
  - High leverage
  - Low quality businesses
- Asset class volatility is higher than large cap
- Transient allocations – timing it wrong

# SMALL CAP APPROACHES

## Ways to allocate

Approach	Tracking Error	# Holdings	Return Target	Time Horizon	Biggest Risk
Passive/Quantamental	0%	150 – 500	Index	Varied	Volatility
Portfolio Manager	2% to 4%	70 – 100	Index Plus	Varied	Underperformance
Investor	6% to 10%	25 – 40	Mid-teens	Min 3 – 5 years	Underperformance
Private Equity / Evergreen	3% to 5%	50 – 3000	Mid-teens	Min 3 – 5 years	Leverage

*The best outcomes will come from finding core managers who you can own through a cycle*

# WHAT IS THE INVESTOR APPROACH?

- Right combination of **discipline, creativity and self awareness**
- Field Research intensive where ideas are sourced internally
- Remain **intellectually honest** about key value drivers for clients
  - Alignment, Fund Capacity, Fund Exposures
- Recognition that the **shape of the ride matters** as well as the end destination

# Who are Langdon Equity Partners?

- Specialist firm dedicated to small caps
- 10+ year track record in Global Small Caps
- Concentrated Global Fund: 25-40 Holdings
- Target Market Cap Range: \$500M to \$5B
- UCITS Vehicle available with seed share class
- Owned by the investment team, backed by Pinnacle (ASX:PNI) who provide non-investment services

# INVESTMENT TEAM



**GREG DEAN**

Primary

World

Secondary

All sectors



**ALEX SIMOTAS**

APAC

Consumer



**ISAAC BOWMAN**

U.S.

Financials



**JOEL HURREN**

Canada, U.K.  
and Ireland

Industrials



**MANSOUR DIA**

Europe

Technology

- Founder and Chief Executive, **Greg Dean**, has over **18 years of investment management experience** and was previously partner and portfolio manager at Cambridge Global Asset Management managing the Canadian and Global smaller companies portfolios
- The team has **experience at 8 top tier financial institutions** across North America and Europe, enabling us to implement best in class research and risk management practices into our investment process
- Three of the team members previously worked together at Cambridge Global Asset Management

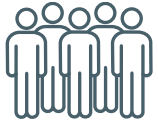
# CASH FLOW IS OUR NORTH STAR

- **We partner with companies that are:**
  - Run by competent, aligned and long-term oriented management
  - Cash generative
  - Improving returns on invested capital, and have low or no debt
  - Fundamentally undervalued
- **We want “AND” companies not “OR” companies**
  - “AND” companies are more likely to have superior outcomes → more optionality and ability to do well under different economic scenarios
  - “AND” company
    - Increase investment in R&D AND buy back shares
  - “OR” company
    - Acquire a competitor OR buy back stock

*The underlying rate of compounding of the business is going to be what drives the return for the client*



# CORE DIFFERENTIATORS



People first, business second – qualitative screen



Deep focus on in-house origination



Total alignment



Observable value creation

# IN-HOUSE GLOBAL ORIGINATION

The foundation of our investment approach is built on developing deep insights through fundamental research. Below is a summary of our investment diligence.



**397**

**meetings with  
management**



**267**

**unique  
companies**



**43**

**cities**



**13**

**countries**

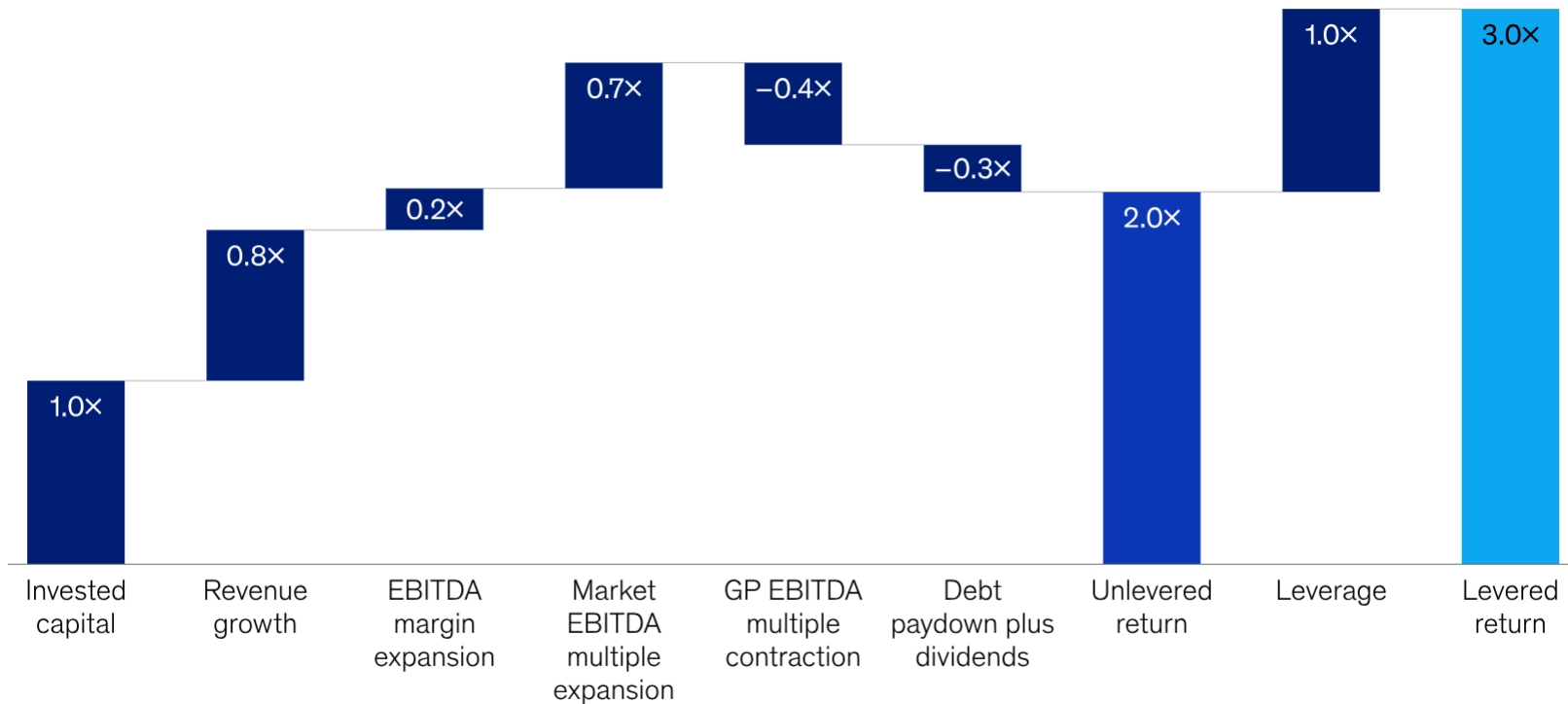
*These statistics are sourced from Langdon's own internal tracking logs and are relevant for the last 12 months up to the most recent quarter end. All noted meetings were live and interactive.*

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# OBSERVABLE VALUE CREATION

## Drivers of investment returns for realised buyout deals in 2010-2022

Multiple of invested capital<sup>1</sup>



<sup>1</sup>Sample of 3,056 buyout deals entered on or after Jan 1, 2010, and exited on or before Dec 31, 2022.  
Source: SPI by StepStone

# WHAT IS THE NON-OBVIOUS THING TO DO?

OBVIOUS COMPOUNDER CRITERIA	STRONG
Returns on Invested Capital (ROIC)	<input checked="" type="checkbox"/>
Cash Conversion	<input checked="" type="checkbox"/>
Reinvestment Rate	<input checked="" type="checkbox"/>
Free Cash Flow Margins	<input checked="" type="checkbox"/>
Net Debt/EBITDA	<input checked="" type="checkbox"/>
Is Management proven and stable?	<input checked="" type="checkbox"/>
Margin of Safety between Price and Value	<input checked="" type="checkbox"/>

*What is non-obvious? You need to have a **belief about the business** that is not widely held by others or put another way, the market must disagree with us about one/several of these criteria*

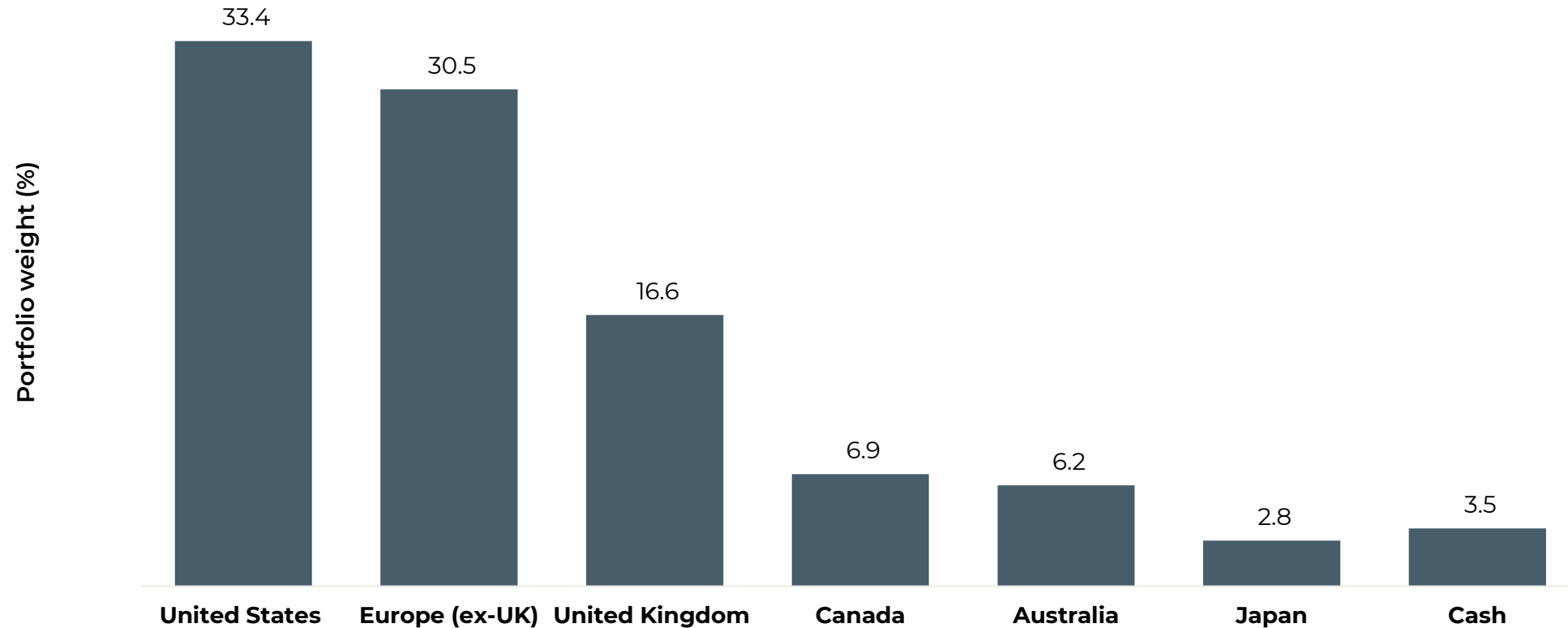
# NON-OBVIOUS COMPOUNDERS



- Ensure **management** teams have the requisite stability and proven track record
- Look for ***long term*** cashflow growers
- Have a **belief about the business** that is not widely believed by others
- Remember that **valuation** matters

**Maximise the probability you have a collection of non-obvious compounders**

# GEOGRAPHIC POSITIONING



*Fund: Langdon Global Smaller Companies Fund  
Source: Bloomberg, as of March 31, 2025*

# NET RETURNS SUMMARY IN GBP

	1 month	3 months	YTD	1 year	2 year	Since inception <sup>1</sup>
<b>Langdon Global Smaller Companies Strategy Net of Fees (70bps OCF)</b>	-4.0%	-2.4%	-2.4%	6.9%	12.2%	13.6%
<b>MSCI World Small Cap Net Index (Benchmark)*</b>	-6.1%	-6.6%	-6.6%	-2.4%	5.2%	5.7%

<sup>1</sup>Returns greater than one year are annualized.

Source: Citi, GBP, net 70BPS of fees, as of month end. \*Class launched 27/06/2022. Please note we are unable to provide extensive historical performance for the Fund. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated.

\*Benchmark is MSCI World Small Cap Net Index for all periods. Please note that the Benchmark from inception to September 22, 2023, was MSCI World Small Cap Index

# STOCKS FOLLOW CASHFLOW

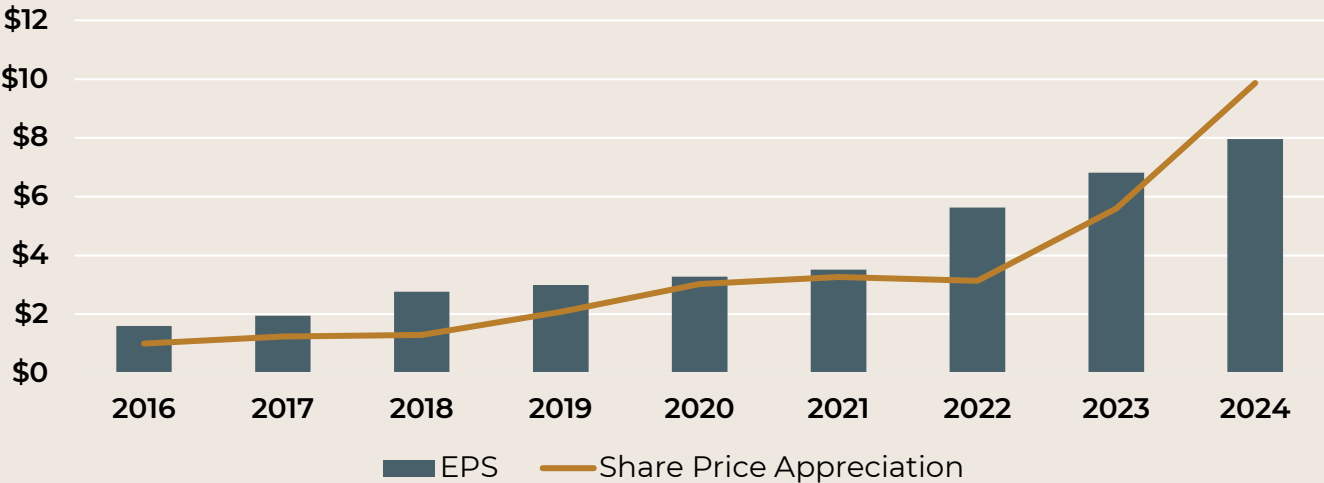


\$5B USD market cap



Source: Bloomberg, Company reports, and Langdon internal analysis

CSWI: Share Price and EPS



OBVIOUS COMPOUNDER CRITERIA	STRONG
Returns on Invested Capital (ROIC)	✓
Cash Conversion	✓
Reinvestment Rate	✓
Free Cash Flow Margins	✓
Net Debt/EBITDA	✓
Is Management proven and stable?	✓