

October 2025

Church House Human Capital – Quarterly Letter

Opportunity in Patchy Markets

It has been disappointing to see our F (Founder) accumulation shares down 4.6% over the third quarter, but we want to begin by reassuring investors that our underlying companies are growing steadily and that valuations are attractive.

We spent the summer months scouring the globe for new entrepreneurial, acquisitive, decentralised businesses to add to the Human Capital Fund and are excited to report that we unearthed some gems. We have strengthened and diversified the Fund, taking advantage of markets that appear fixated on the Magnificent Seven to continue offering investors a differentiated approach to global equities.

We added Human Capital's first investments listed in Japan and Switzerland, as well as broadening our holdings in the US and Sweden. This steady stream of new ideas creates healthy competition for places in the Fund and tightens our watchlist. For example, we are working our way through a rich seam of Japanese companies that are each more impressive than the next – we have invested in one and have two more on our wish list.

Our new investments are:

- **Hikari Tsushin:** invests in consumer-facing businesses in Japan, from energy suppliers to insurance brokers. It was founded by Yasumitsu Shigeta in the 1990s when he was just 22 years old and today he remains Chairman and the largest shareholder. Hikari has delivered stellar shareholder returns since the early-2000s and there is plenty more to go for.
- **Roko:** based in Stockholm, Roko was founded by Fredrik Karlsson the man who was CEO of Lifco from 1998 to 2019. Lifco shares delivered a 425% return for shareholders in the five-year period it was listed (IPO in 2014) under Karlsson's leadership. Karlsson wanted to return to his roots of earlier-stage investment and so launched Roko in 2019 with his own capital and went public this year.
- **Perimeter Solutions:** are the lead supplier of wildfire retardants in California. They have an all-star board including Nick Howley (founder of TransDigm and no relation of the Welsh rugby legend Rob Howley) and William Thorndyke (author of The Outsiders and a brilliant investor in his own right), who have set out to double the size of the business every five years.

- **Cicor:** we first came across Swiss-listed Cicor when they acquired the defence assets of UK-based TT Electronics at a bargain price – we have been complaining about enterprising foreign buyers exploiting the UK's unpopularity to pick up strong assets on the cheap since 2016. If one can't beat them join them! We recently met with their CEO, Alexander Hagemann, and were struck with his energy and particularly liked the new exposure to increased European defence spending that Cicor brings – sadly, a big growth area.

Top Ten Holdings:

		Weight	Listing
1	CHAPTERS GROUP AG	6.3%	Europe
2	DIPLOMA PLC	5.4%	UK
3	LIFCO AB-B SHS	5.0%	Nordic
4	LAGERCRANTZ GROUP AB-B SHS	5.0%	Nordic
5	LUMINE GROUP INC	4.5%	Canada
6	INDUTRADE AB	4.4%	Nordic
7	TOPICUS.COM INC-SUB VOTING	4.2%	Canada
8	BERGMAN & BEVING AB	4.2%	Nordic
9	SAVARIA CORP	4.2%	Canada
10	MOMENTUM GROUP AB	4.1%	Nordic

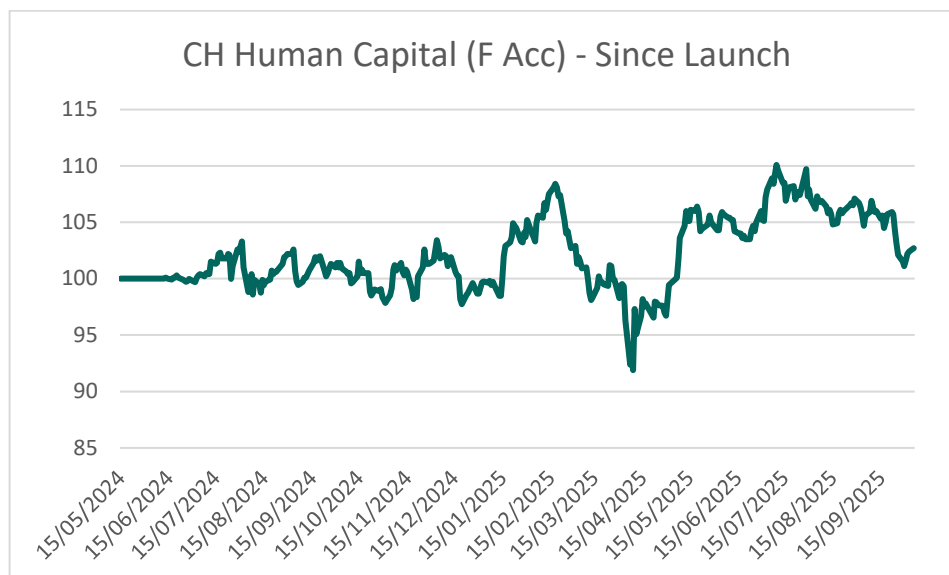
Source: Church House

Performance

There were three main causes of the Fund's price weakness over the summer months.

1. **Judges Scientific:** we have been admirers of Judges, the acquirer of niche scientific instrument businesses, since we first met their founder and CEO, David Cicurel, back in 2019. Judges have been going through a rough patch, caused chiefly by Donald Trump slashing funding to scientific institutions. We have met with the management team of Judges several times this year and are monitoring the situation closely.
2. **Topicus** and **Lumine** are two Canadian companies that specialise in acquiring small, mission-critical software platforms. Both are performing well and had been excellent investments for the Fund up until the shock announcement that the founder and CEO of **Constellation Software**, the majority owner of both Topicus and Lumine, would be retiring on health grounds. Shares in Constellation, Topicus and Lumine were all hit on the news. We feel that the sell-off is overdone and have been adding to both positions on weakness.
3. Lastly, we have seen a derating of some of our core holdings. This has not been on bad news, just the market's shift away from mid-caps in favour of big tech and financials. For example, **Lagercrantz**, the acquirer of specialised industrials across Europe, last released results in July where they reported 18% earnings growth and positive outlook. Since then, shares steadily

declined 16% during the summer months. We have seen similar moves from **Lifco** and **Indutrade** in Sweden, **Kelly Partners** in Australia and **Chapters Group** in Germany. These are all exceptional businesses and have been adding at these levels.



Source: Bloomberg

Thank you, new offices and Founders Shares

Thank you for your ongoing support and we hope to be reporting improved returns soon. We are always happy to discuss the Fund. Church House will be moving to our new home on Old Bond Street next month, so do feel welcome to drop in and say hi.

You will have received a letter recently to inform you that our Founder “F” shares will be soft closing on the 10th October. All current Human Capital shareholders will continue to have access to these F shares at the preferential rate, as a reflection of our gratitude for your support of the Fund in its first year.

Fred Mahon

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The above article has been prepared for investment professionals. Any other readers should note this content does not constitute advice or a solicitation to buy, sell, or hold any investment. We strongly recommend speaking to an investment adviser before taking any action based on the information contained in this article.

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