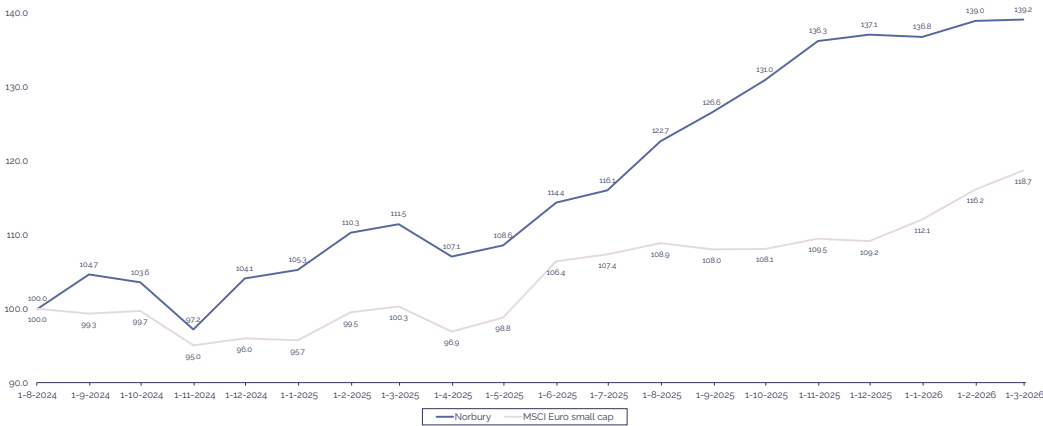


## Monthly update

The Norbury Capital Fund was up +0.1% in February underperforming the MSCI Europe Small-Cap index which was up +2.2%. Year-to-date the fund is up +1.7 (versus 5.9% for the index). February is typically characterized by earnings season. In recent years markets have turned more volatile – we can typically use this volatility to our advantage. In a single month, it can also work somewhat against us. This was the case in February, where 10 of our positions experienced a double-digit percentage decline. Active trading and cautious positioning into earnings results kept us afloat this month. One of the companies that saw such a – we believe unwarranted – decline is Springer Nature, which we discuss below.



Springer Nature is a leading publisher of scientific journals, providing a platform where researchers disseminate their findings. The “publish or perish” principle remains central to academic careers: hiring and promotion decisions are heavily influenced by publication records and citation counts. Publishers therefore act as gatekeepers, shaping what enters the scientific record. Journal reputation and impact are critical. Its flagship title, Nature, is more than 150 years old and has published many of the most significant scientific breakthroughs in modern history.

Traditionally, the business model relies on institutional subscriptions, with university libraries paying for bundled access to journals across the Springer Nature portfolio. Over the past decade, however, the industry has shifted towards open access. Under this model, publication fees are paid by authors (or their funders), while access to articles is free for readers. Springer Nature has actively promoted this transition. Open access removes the growth constraint imposed by library subscription budgets. Instead of being limited by what institutions are willing to pay for access, revenue scales with article volume. Given researchers' strong incentives to publish, this creates structural room for new journal launches and sustained growth.

On paper, this appears to be an attractive and resilient business model. Yet valuation suggests otherwise. The company trades at roughly 6x 2026 EV/EBITDA, 11x earnings, and a free cash flow yield of about 12%. a disconnect that warrants closer examination.

Springer Nature trades in line with larger peers Wolters Kluwer and RELX who have seen sharp share price

declines over the past 12 months because of AI-driven disruption concerns. For Wolters Kluwer and RELX, these risks are concentrated in professional databases and workflow tools serving legal, risk, and healthcare markets. Springer Nature has limited exposure to those segments.

We have examined potential AI-related risks to the scientific publishing ecosystem but have yet to identify a structural threat to the core model. If anything, the proliferation of AI-generated content could increase the volume of low-quality submissions, thereby reinforcing the value of trusted brands, rigorous peer review, and editorial gatekeeping—areas where Springer Nature's size and reputation is a competitive advantage.

The depressed valuation can furthermore be attributed to a relatively low free float (approximately 15%), its recent IPO in autumn 2024, and a potential overhang from the private equity sponsor that brought the company to market. None of these, in our view, undermine the long-term investment case.

In November, management reiterated expectations for continued momentum, with article submissions growing at double-digit rates. RELX has similarly guided toward solid growth in 2026. While currency headwinds—particularly from a weak U.S. dollar—may weigh on reported results, underlying revenue growth is expected to be in the mid- to high-single-digit range. If delivered, such performance would likely prompt a material re-rating. Given the current valuation and strong free cash flow generation, downside risk appears limited relative to the potential upside.