

INVESTORS' REPORT | GROWTH

You could be forgiven for concluding Sir Keir's promises to drive growth have been sacrificed at the altar of political dogma. UK businesses are bracing for higher taxes from April—especially those with the audacity to employ people. And rather than encourage investment, instead the Budget mainly diluted incentives. None of that has helped our ailing capital markets, which are such a vital organ of the UK growth ecosystem. Meanwhile, in a scene fit for *Atlas Shrugged*, the Prime Minister reportedly has asked industry regulators if they have any good ideas. Hmm.

In rhyme with the UK economy, our AIM portfolios ended 2024 with a whimper. On average our AIM Growth portfolios registered a -3.0% decline in the final quarter. After three consecutive years of negative returns on AIM—which, incidentally, has never happened before—it is far too easy to succumb to our national appetite for pessimism. I suspect we all wish our new government had had a more sure-footed start, yet nonetheless the outlook is not all so dour.

First, some sectors are booming. **Concurrent Technologies** and **Cohort** both had exceptionally strong years in 2024 with share prices up +70% and +96% respectively. Both companies have certainly benefited from a general uptick in defence spending by NATO countries, but crucially also from excellent execution from their respective management teams.

Second, there is an inverse correlation between interest rates and smaller companies: when one goes up, the other tends to go down. With the inflation leviathan tamed, the Bank of England has already started to reduce rates in 2024, and this is set to continue in 2025. That should simultaneously ease conditions for companies and tempt investors back into equity investments.

Third, is valuation. AIM companies are still painfully undervalued and ripe for recovery: these are fundamentally great businesses that are too cheap. At the same time, wider reforms—especially the Mansion House reforms that aim to stimulate greater institutional investment—should in the coming years unlock a tidal wave of fresh investment for this overlooked part of the market.

In December we took part in our first IPO in many years: **Amcomri**, which we introduce in Company Focus below. While new listings on AIM have been scarce in recent years, it is very welcome to see signs of life coming back.

GROWTH
INVESTOR
2023 | AWARDS
FINALIST
BEST AIM
PORTFOLIO
SERVICE

GROWTH
INVESTOR
2022 | AWARDS
WINNER
BEST AIM
PORTFOLIO
SERVICE

GROWTH
INVESTOR
2021 | AWARDS
RUNNER UP
BEST AIM
PORTFOLIO
SERVICE



Company Focus | Amcomri plc

In each of our quarterly briefings we present one of the companies in which we invest (*not necessarily held by all clients*) to provide examples of the kind of opportunities that one can find amongst quality smaller companies that trade on AIM.

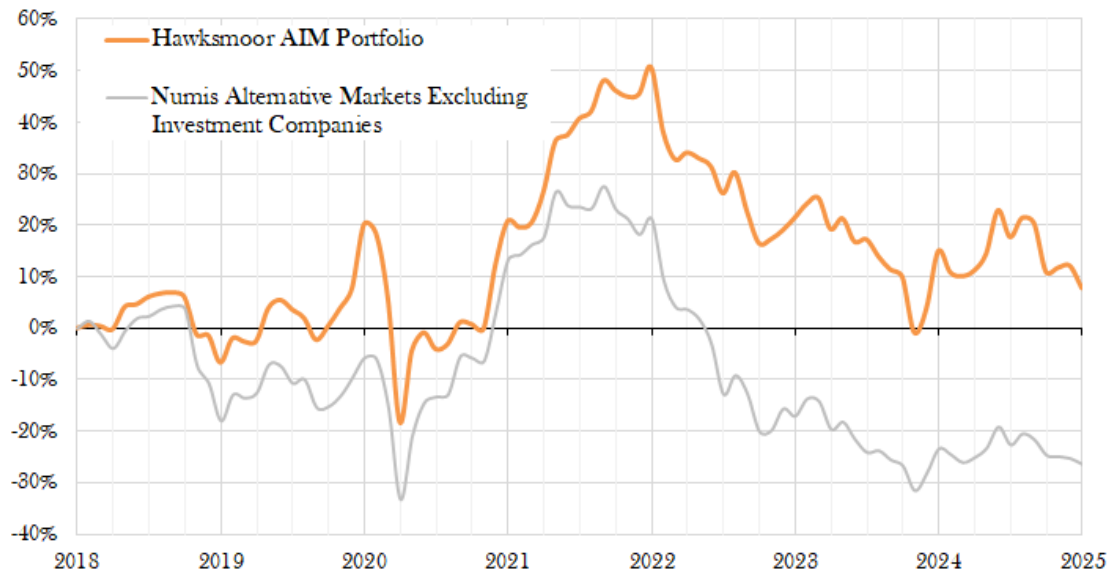


Amcomri is a group of specialist engineering and manufacturing UK businesses. The management team has a simple 'Buy, Improve, Build' strategy. It has to date completed 16 acquisitions and runs 12 operating companies employing 360 people.

It typically acquires smaller businesses from retiring founders. Group activities are varied—ranging from aeroplane hinges, to nuclear power plant valves, to train electronics—though all with the common thread of being highly specialised and benefiting from long term customer relationships or frameworks.

The group is growing strongly with operating profits last year more than doubling in two years. It joined AIM just before Christmas to raise capital for its next growth phase.

Performance of an illustrative Hawksmoor AIM Growth Portfolio



Discrete Calendar Years	2018	2019	2020	2021	2022	2023	2024
Hawksmoor AIM Growth¹	-6.7%	28.8%	0.5%	24.9%	-19.5%	-5.3%	-6.3%
AIM Benchmark ²	-17.9%	14.8%	20.1%	7.0%	-31.5%	-7.6%	-3.9%

Cumulative Performance	1 month	3 month	6 month	1 year	3 year	5 year
Hawksmoor AIM Growth¹	-3.9%	-2.9%	-8.5%	-6.3%	-28.5%	-10.3%
AIM Benchmark ²	-1.5%	-2.3%	-4.8%	-3.9%	-39.2%	-21.8%

PAST PERFORMANCE IS NOT A GUIDE TO FUTURE PERFORMANCE.

Our AIM Portfolio Service invests in exceptional UK smaller companies for long-term capital growth. It can also be used for inheritance tax planning since we endeavour to ensure that every investment will qualify for *Business Relief* once held for at least two years.

It is a virtue of Hawksmoor's size that we are not restricted to only the largest, most popular of AIM companies, where valuations can become artificially elevated by tax relief demand. Rather, our proprietary investment process combines a disciplined screening process with rigorous fundamental analysis designed to identify value and quality.



Meet the team



Ian Woolley, CFA
Head of AIM Services

Ian joined Hawksmoor in 2013 having previously worked as an investment analyst and business consultant. He has a First Class degree in Mathematics from the University of Bath and is a Chartered Financial Analyst (CFA) charter holder.



Tinzar Minmin
Investment Manager

Tinzar qualified as an Investment Manager in 2021. She has a BSc in *Actuarial Mathematics* and a Masters in *Actuarial Finance* from the University of Leeds. She was included in Citywire's 2023 'Top 30 Under 30' list of rising investment stars.

Important Information

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¹ *Methodology and source:* Hawksmoor, as at the date of this report. Performance is quoted on a total return basis after all charges and taxes, excluding any external adviser fees, calculated based on the average actual performance of all clients in the Hawksmoor AIM Portfolio Service.

² Deutsche Numis Alternative Markets Excluding Investment Companies Index, quoted on a total return basis.

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