cityconfidential

sorting the bulls from the bears

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Too good a yield to ignore??

As readers may be aware, the fund management sector has often struggled in recent years as more investors look to passive investment vehicles as opposed to investing in actively managed funds. This has led to significant withdrawals of funds from the latter with a negative impact on the companies that manage them. One such company is Premier Miton (44.25p) which has seen its share price fall back dramatically over recent years so that it now stands at close to an all-time low.

The company is a UK fund management group that offers a range of products and services for individual investors, wealth managers, IFA's and institutional investors. The group's funds encompass equities, fixed-income stocks, multi-asset and absolute return funds. The group derives its income from the management fees it charges on its funds under management and so clearly the more funds it has under management the higher the level of fees.

The most recent results of the group were the annual results to 30 September with the group recording adjusted pre-tax profits of £11.5m for the year, down from £12.2m a year earlier. Earnings per share on the same basis declined to 5.5p (2024: 6.3p) but the dividend was maintained at 6p per share. Net cash at the year end was £31.3m (2024: £35.9m). Assets under management declined by 3% over the year to £10.3bn. The company issued an update recently revealing that assets under management had declined to £9.0m by the end of March with outflows from international funds being the significant driver. However, the company has significant cash to increase its funds under management by making acquisitions, something that it has done successfully in the past. The group is also improving its distribution network especially with overseas investors and taking action to reduce costs.

The shares currently offer a yield of 13.6% which is clearly attractive and the group is confident that it can increase its assets under management going forward. This is likely to be through acquisition and so the timing of this is hard to predict, but the strong balance sheet and dividend yield should provide comfort to shareholders. **BUY**.

Time to get motoring!

Shares in CT Automotive Group (25.5p) are close to an all-time low despite the company producing another resilient performance in 2025. Although we are still waiting for confirmation of the results, the trading update in February revealed that the group expected to report adjusted pre-tax profits for the year to 31 December of at least US$10m, a third consecutive year of improvement. This would produce earnings per share on the same basis of US$0.119, which equates to around 8.8p. This puts the shares on a p/e ratio of just 2.9x which looks far too low.

The group supplies interior components to the global automotive industry with these including dashboard panels and fascia finishes as well as arm rests and cup holders. The group has manufacturing facilities in China and Turkey with distribution facilities and assembly lines in Europe, Asia and the US. End customers include volume manufacturers such as Nissan, Ford and VW Audi as well as luxury brands including Bentley. The company currently supplies component parts for over 55 different models to 22 OEMs.

Revenues for 2025 are expected to be at least US$113m and net debt at the year-end should be around US$7.7m. The group won 15 new contracts last year, and these should provide annualised revenues of $47m when fully operational by 2028. These contracts help to provide some visibility of revenues going forward.

CT Automotive is a company that seems to be operating under the radar for many investors and we believe that this is why the shares look so cheap. Clearly, there has been market uncertainty which has affected the share price although the company expects to increase revenues and profits in the current financial year. The share price has been as high as 176p some years ago but even last summer it stood at 46p. It now stands at just over half that level and when the annual results for the year are announced in May there could well be a bounce in the price. Although we believe that there are risks attached to the shares we believe that on such a low valuation they deserve a recommendation of **SPECULATIVE BUY**.

GATELEY (HOLDINGS)

SECTOR – INDUSTRIAL SUPPORT SERVICES

RECOMMENDATION – BUY

Gateley Holdings is a professional services business and was the first UK law firm to be quoted on the stockmarket, joining AIM in 2015 at a price of 95p a share. Since then, the company has expanded significantly, with other law firms being acquired, but it has also expanded into other professional services as well with these including construction consultants and chartered surveyors. The company has increased its revenues every year since flotation, with underlying pre-tax profits also rising until 2024 since when they have plateaued due to rising employment costs. However, with margins set to recover going forward, we expect profits and earnings to pick up once again. Despite this, the shares are now below the issue price of 11 years ago and close to an all-time low. They peaked at over 250p in 2021 but on a very modest rating and yielding 13.6% the shares are now a BUY FOR RECOVERY.

Activities

Gateley (Holdings) is a professional services firm with its main focus being on law although it is looking to reduce this dependence by expanding into other areas. The company aims to provide a 'one-stop shop' to its clients by providing building advisory services, leadership consultancy and IP advisory services alongside its legal business. In total, the group has over 1,000 fee earners operating from 27 offices in the UK as well as in Dubai and Hong Kong.

The company operates through four client facing platforms. Business Services (16% of revenues) includes commercial litigation, complex and international dispute resolution and intellectual property (IP); Corporate (20% of revenues) includes banking, corporate, tax and restructuring; People (11% of revenues) includes employment, pensions and private client and Property (53% of revenues) includes housebuilding, real estate, construction and planning.

Last month the group announced that it had entered into an agreement to deploy the Jylo AI platform across the group, thus accelerating and extending its use of Artificial Intelligence. The Jylo platform gives the group access to a range of AI technologies from well-established providers and is a leading AI platform for professional services businesses. This represents the latest stage in the group's ongoing programme of investment in systems to help accelerate growth and improve margins.

Financial

In the six-month period to 31 October 2025, revenues rose by 9.3% to £94.3m (2024: £86.3m) with underlying pre-tax profits declining by almost 11% to £9.5m (2024: £10.6m). The increase in revenue was driven by increased fee earner utilisation, an increase in fees and a focus on higher value work as well as positive returns from investments made in prior periods. However, the operating profit margin declined to 9.2% (2024: 10.5%) due to further investment in the business and a slowdown in transactional services due to the uncertainty in the economy ahead of the 2025 Budget. Underlying earnings per share declined to 5.67p (2024: 6.64p) and the interim dividend was maintained at 3.3p per share. At the end of the period the group had net debt of £19.6m, up from £6.6m at the start of the period although this was partly driven by payments for acquisitions and share purchases for the Employee Benefit Trust.

In September, the group expanded the Business Services platform with the acquisition of Groom Wilkes & Wright, a boutique IP firm specialising in trademark and design law. The maximum consideration for the purchase was £9m, with initial consideration of £5.725m being satisfied 75% in cash and 25% in Gateley shares. The acquisition has increased the scope of the business which is now one of the leading trade-mark specialists in the UK. The integration of the business is progressing smoothly.

With the exception of the Corporate platform, which saw a fall in revenues of 0.5% during the period compared to 2024, all the platforms reported increased revenues compared with the previous year. The modest decline in revenues at the Corporate platform was due to a lack of transactional activity during the period with the delayed Autumn Budget causing considerable uncertainty. The group estimates that the uncertainty caused by the delay in the Budget resulted in a loss of some £3m in revenues and this was one reason for the decline in margins.

Outlook

The second half of the financial year looks set to benefit from an increase in activity whilst the group will also begin to reap the rewards of investments that have been made in the business over prior periods. The group offers a diverse range of professional services which clearly stands it in good stead whilst the continued investment into new services and systems will also prove of benefit.

It is interesting to note that in the interim results, revenue growth was 9.3% and most of this (8.6%) was organic. Further organic growth can therefore be expected whilst the group has the financial capability to invest further in its services and also make acquisitions if suitable opportunities can be identified. The medium term objective to drive the operating profit margin to 13.5% (currently 9.2%) would also generate a significant improvement in profitability even before any corporate activity.

Despite the progress that has been made at the group over recent years, the share price has fallen back to close to an all-time low which we do not believe is justified. The result of the share price fall is that the shares trade on a prospective p/e ratio for the year that ends this month of just 5.3x and offer a dividend yield of 13.6%. Some 65% of staff at the group are either shareholders or have an interest in the shares through share plans that are offered and we believe that, whilst not sacrosanct, the dividend is therefore unlikely to be reduced. Even putting the shares on a modest p/e ratio of 10x earnings would mean an almost doubling in the share price whilst a move to the 2026 high of 106p would represent a gain of 51%.

Share Price: 70p
Market Capitalisation: £96.1m
2025/26 Share Price Range: 139p/65p
Website: www.gateleyplc.com

Year Ending 30 April	Turnover (£m)	Adjusted Pre-Tax Profit (£m)	Adjusted Earnings Per Share (p)	P/E Ratio	Net Dividend (p)	Net Yield (%)
2025	179	23.3	13.3	5.3	9.5	13.6
2026 (est)	186	23.5	13.3	5.3	9.5	13.6
2027 (est)	195	24.5	13.6	5.1	9.5	13.6

Aggressive Growth Portfolio IX

It is re-assuring to see that the portfolio has rebounded this month after last month's large fall. This is especially encouraging given the fact that we have lost five companies from the portfolio as their share price had dropped to the stop-loss limit. The star performer this month has been Ashtead Technology which has seen an increase in its share price of 27.8%!

As mentioned above, we have sold the following companies this month. The sale of 1,500 Ramsdens Holdings at 350p raised net proceeds of £5,198 for a gain of £2,320; that of 12,500 Speedy Hire at 22p raised £2,723 for a loss of £981; that of 4,500 SDI Group at 70p raised £3,119 for a gain of £5; that of 1,000 Mpac Group at 270p raised £2,673 for a loss of £837 and that of 4,200 Trifast raised £2,578 for a loss £875.

We are obviously disappointed about the sales especially as there has been share price recovery in most of these. For readers who hold these shares we would be tempted to hold on as the share price falls have mainly been due to the heightened levels of volatility seen in the market. Last month, we also lost three companies which fell through the stop loss limit and all of these now stand at a higher level than the selling price!

It has been another very busy month in terms of company announcements and these have been made by Ramsdens Holdings, Tandem Group, Speedy Hire, McBride, Mears Group, SDI Group, One Health Group, Ultimate Products, Trifast and James Halstead. As usual, these are covered on the website with those we deem most important also covered in News Highlights.

We have received dividends this month from Ramsdens Holdings (£165) and Trifast (£25) and following the investment into the two main features this month there is £13,695 on deposit pending investment.

Performance summary

	14 April 2026	17 March 2026	Gain/(Loss) %
Portfolio Value	£55,919	£54,371	2.8
FTSE 100 Share Index	10,609.06	10,403.60	2.0
FTSE All Share Index	5,678.74	5,566.18	2.0
FTSE AIM All Share Index	790.57	760.14	4.0

	Security	Buying Price (p)	Total Cost (£)	Current Price (p)	Value (£)	Stop-Loss Limit (p)
2,250	Tandem Group	185	4,204	162.5	3,656	140
3,075	McBride	123.4	3,852	160.4	4,932	125
1,000	Mears Group	312	3,167	367	3,670	275
1,400	One Health Group	251	3,549	244	3,416	200
6,500	Carclo	52.3	3,450	46.6	3,029	41
1,000	Ashtead Technology	392.5	3,984	502.4	5,024	310
7,500	Ultimate Products	52.8	4,000	46.2	3,465	40
3,250	James Halstead	119.5	3,923	139	4,518	95
7,000	Foxtons Group	47.1	3,346	43.2	3,024	40
5,500	Gateley (Holdings)	70	3,888	70	3,850	55
7,000	LPA Group	52	3,676	52	3,640	40
£13,695	Cash				13,695	
				TOTAL	**£55,919**	

Start date: 9 January 2024 with £50,000. Cash includes dividends received of £3,841. *after part disposal

LPA

52p

LPA GROUP

SECTOR – AIM – ELECTRONICS & ELECTRICAL EQUIPMENT

RECOMMENDATION – BUY

The appointment of a new CEO last year and a restructuring of the group's activities means that shares in LPA Group are worth a look. The last financial year was one of transition as the group streamlined its activities with the old divisional structure being eliminated in favour of a unified company operating under the 'One-LPA' banner. This has created a solid foundation from which the group can grow and a number of new executive appointments have also been made. The second half of last year saw a much improved performance and this has continued into the current financial year.

LPA Group is an innovation-led specialist engineering group manufacturing electronic and electro-mechanical systems and solutions. The group operates from four locations in the UK and Germany and is focused on rail, aviation, aerospace and defence, infrastructure and industrial markets. The group has a successful export capability and global distribution network with almost half of turnover exported to over 50 countries. Customers include Siemens, Alstom, Airbus and Heathrow Airport.

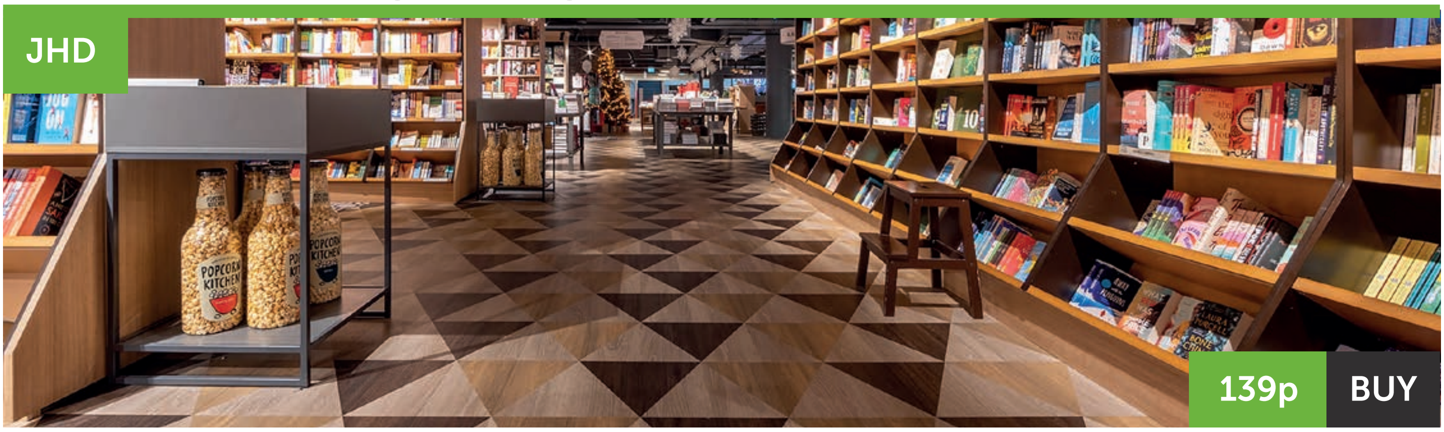
The year to 30 September 2025 saw revenues fall to £21.5m (2024: £23.5m) with an adjusted pre-tax loss of £1.3m (2024: loss of £0.2m) being recorded. Although these are clearly disappointing figures, the year saw the new strategy being adopted by the group and it was also very encouraging that order intake during the year rose to £28.8m (2024: £17.3m) so the order book at the end of the year had risen to £32.5m (2024: £25.3m).

The new financial year started well with the first quarter seeing the group record a profit for the first time in four years and, at last month's AGM, the group confirmed that it remained on track to meet full-year forecasts. As the benefits of the recent structural and management changes begin to be felt, the group should make further progress next year. The shares are a **BUY**.

Share Price: 52p
Market Capitalisation: £7m
2025/26 Share Price Range: 66p/36p
Website: www.lpa-group.com

Year Ending 30 September	Turnover (£m)	Adjusted Pre-tax Profit (£m)	Adjusted Earnings Per Share (p)	P/E Ratio	Net Dividend (p)	Net Yield (%)
2025	21.5	(1.30)	-	-	-	-
2026 (est)	27.0	0.50	4.6	11.3	-	-
2027 (est)	31.0	1.50	12.4	4.2	-	-

News Highlights



As subscribers will know, we update the website with news that involves the companies that we follow, but we have highlighted what we regard as the most important news here.

James Halstead - 139p

In the six months to 31 December revenues at the group declined to £127.2m (2024: £130.1m) due to adverse trading conditions. A significant increase in overheads has led to pre-tax profits for the period declining to £24.7m (2024: £28.5m) with earnings per share falling to 4.4p (2024: 5.0p). However, strong cash flow resulted in net cash at the period end of £70.8m (30 June 2025: £68.4m) and the interim dividend was raised to 2.85p (2024: 2.75p). These were satisfactory results in the circumstances with further gains in USA and Canadian markets and further progress in markets in Asia. The company has completed capex projects at its two UK sites and trading in the UK, the group's largest market, has improved since the turn of the year. We maintain our forecast of pre-tax profits for the full year of £56.8m for earnings per share of 10.2p and an increase in the full year dividend to 9.1p per share. This would be the 50th consecutive year that the company has increased its dividend and put the shares on a dividend yield of 6.5%. With substantial net cash balances we therefore rate the shares as a BUY.

Ramsdens Holdings – 385p

The strong run in the price of gold has led to the financial services group issuing another trading update and adjusted pre-tax profits for the financial year to 30 September are now expected to be at least £24m but could be as high as £28m. Not only has the strong gold price helped the company but the other parts of the business have also performed strongly over the first five months of the financial year. Given the fact that the company tends to be cautious, we feel it is safe to assume that £25m is achievable and this would give earnings per share of around 55p. Clearly the gold price may fall back at some point in the future, but the other parts of the business continue to perform ahead of expectations. A prospective p/e ratio for the current year of 10x looks appropriate in our view and this gives a share price target of 550p. BUY.

Tandem Group – 162.5p

In the year to 31 December, the group reported revenue of £26.2m as revealed in last month's trading statement, but underlying pre-tax profits were £692k (2024: £510k) as against our forecast of £600k. Earnings per share on the same basis emerged at 19.6p per share helped by a large tax credit. The dividend has also been restored with a payment of 3p per share proposed. Net debt more than halved during the year to £1.9m. There were good performances from bicycles where revenue rose by 37.5% to £10.2m and both sales of golf equipment and home & leisure products also increased. The toys, sports and leisure segment saw a 17.5% decline in revenues to £10.2m reflecting softer consumer demand and changes in retailer purchasing patterns. The new year has started well despite the challenging market conditions and we therefore expect revenues and profits to increase once again. The company continues to expand its product ranges and it is well set to benefit from any upturn in the UK economy. We therefore maintain our recommendation of BUY.

Ultimate Products – 46.2p

The leading homeware products company has announced interim results for the six months to 31 January and these have revealed a 6% decline in revenue to £74.5m with adjusted pre-tax profit declining 40% to £3.1m. Earnings per share on the same basis were down 38% to 2.7p and the interim dividend was reduced to 0.9p from 1.55p last year. The fall in revenues was due to weak consumer demand and a reduction in third-party clearance sales although the group has decided to close its clearance division. Strong cash flow and a reduction in working capital led to a reduction in net debt to £9.7m (31 July 2025: £14.7m). The company has strengthened its senior management team and although the current financial year will be one of transition the benefits of the changes will begin to be felt next year. We retain our current year adjusted pre-tax profit forecast of £6.3m for earnings per share of 5.4p with next year expected to see an increase in these figures to £8.0m and 6.8p respectively. The recent fall in the share price has left the shares on a very low rating and we maintain our recommendation of BUY.

Mears Group – 367p

The leading provider of services to the housing sector has announced its annual results for 2025 and these have revealed that revenues rose slightly during the year although adjusted pre-tax profits fell to £63.5m (2024: £64.1m). Earnings per share rose to 55.70p (2024: 50.27p) due to a reduction in the number of shares in issue following share buybacks during the year. The dividend for the year was increased to 17.5p per share (2024: 16p per share) demonstrating the confidence of the group in the future. Net cash at the end of the year was £51.8m (2024: £91.4m) but this was after spending £51.2m on share buybacks, acquisitions and property purchases. These are solid results and it was pleasing to see growth in the group's maintenance activities which has been a strategic aim for the company. Pre-tax profits are likely to decline this year to around £50m for earnings per share of 45p.- this still puts the shares on a very modest p/e ratio of just 8.2x and with the company proposing a £20m share buyback the shares looked underpinned at this level. BUY.

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