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THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET

AIM JOURNAL

In this issue

AIM's strong second quarter

AIM has outperformed every other major global market except Nasdaq in the second quarter of 2020. AIM has risen by just over 29%, which is just behind the 30% gain by Nasdaq. However, Nasdaq has significantly outperformed AIM over the first half of 2020 with a 12% gain for the Nasdaq Composite index, compared with an 8% decline for AIM.

AIM is still significantly outperforming the UK Main Market, though. The FTSE 100 index is the worst performing of all the Main Market measures, with an 8.8% second-quarter rise. The FTSE SmallCap index was 17.6% higher over the period.

One of the best-performing constituents in the FTSE AIM 100 is kidney disease diagnostics developer Renalytix AI, even though the share price had slumped in the first quarter. Renalytix has announced plans to gain a Nasdaq Global Market listing. A circular has been published and a general meeting is being held on 13 July to approve the issue of new shares and other measures to enable the US listing to go ahead. The KidneyIntelX test can be offered in 47 US states and Renalytix will start to generate revenues in the year to June 2021 and could be making a substantial profit in 2021-22, assuming revenues grow as forecast. Renalytix is seeking to raise £69m from a US offer.

Flotation Elixirr

Management consultancy Elixirr International is planning to join AIM in the middle of July and it could use its quotation to expand via acquisition. It is one of the few companies brave enough to plan a flotation under the current health and economic conditions.

According to its website, London-based Elixirr (www.elixirr.com) has generated more than £100m of revenues since it was founded in 2009. There are 17 partners and each of the company's projects is overseen by one of them. Elixirr has been involved in projects in 25 countries and it has employees based in the US and South Africa. Clients include insurer Allianz, the BBC, British American Tobacco and luxury goods firm LVMH. The flotation will help to boost the profile of the business.

Holding company Elixirr International, which re-registered as a plc on 30 June, has not published full accounts with Companies House, but it has filed a company balance sheet for 31 December 2019. This showed net assets of £43.5m. There is no consolidated balance sheet.

The management currently own the majority of the company shares. Chief executive Stephen Newton owns 46.4%. No figure has been put on any fundraising.

Grant Thornton AIM analysis

Nominated adviser and auditor Grant Thornton published a study called Economic impact of AIM to coincide with the junior market's 25th anniversary. According to the London Stock Exchange commissioned report, AIM companies contributed £33.5bn gross value added to UK GDP and they account for 430,000 jobs. Grant Thornton estimates that the direct economic contribution of AIM companies has grown by 35% over the past five years.

AIM companies outperform their private peers in terms of revenue growth in technology, financial, consumer and healthcare sectors. For example, AIM technology companies' revenues had a compound annual growth rate of 18.8% over the past five years, compared with 10.7% for private technology companies. Private peers did outperform in the industrials sector. Turnover from overseas sales by AIM companies has increased from £7bn to £12.4bn over the past decade. AIM companies tend to generate double the revenues from exports than their private peers.

Being a quoted company brings additional benefits. One of these is visibility. If handled properly, the flotation process and the subsequent quotation are opportunities to promote the company's business. There should also be a shareholder base that will enable the company to raise funds when it wants to grow organically or via acquisition. The fundraisings during the COVID-19 pandemic have shown how useful the AIM can be.

The calculations were made in April this year. That means that not all the companies had published their 2019 accounts. The most recent accounts were used for those companies that had not yet filed accounts for the latest year end.

Agronomics stays put

Less than a fortnight after Agronomics announced a consultation on cancelling its AIM admission the sustainable food-focused investment company has decided to retain the quotation. Shareholders are aware that the company needs to raise more cash to make further investments and take the opportunity to grow NAV. They would like Agronomics to assess alternative ways of raising cash. Because of the opposition to the plan to leave AIM, the board has undertaken that it will not leave AIM in the next three years, other than through takeover or for regulatory reasons. There are talks concerning a potential fundraising and the company assures existing shareholders they will have an opportunity to participate.

Volex wins SmallCap award

Cable assemblies supplier Volex won the company of the year accolade at the SmallCap Awards 2020. Volex moved from the Main Market to AIM in January 2018, which was followed by four acquisitions in 18 months. Volex had been losing money and returned to profit in 2017-18.

Volex has been hit by disruption caused by COVID-19, but year-on-year revenues were 4% ahead in the four months to May. There has been significant share buying by directors since early March. The share price increased by 36% in the second quarter of 2020, although it was still 0.3% lower in the first half. A 2p a share final dividend is being paid and the ex-dividend date is 16 July.

Avacta was technology company of the year. Avacta is developing affimers, which are an alternative to antibodies in drug development and diagnostics. They are easier to make and replicate than antibodies. Avacta is helping to develop a SARS-CoV-2 antigen test. Cytiva has produced a point-of-care strip test using Avacta affimers and this has detected the relevant spike protein in saliva. A CE mark could be obtained by the end of the summer if the test is validated. In June, Avacta took advantage of a strong share price to raise £48m at 120p a share.

Pharma data analytics firm Diaceutics, which joined AIM in March 2019, won the IPO of the year award. The share price has doubled since the original placing.

Impact company of the year is clean fuel and energy storage developer ITM Power. Kape's earnings enhancing acquisition of cyber security Private Internet Access at the end of 2019 was judged to be the transaction of the year. David Cicurel of scientific instruments manufacturer Judges Scientific was named executive director of the year (see the June 2020 edition of AIM Journal).

WH Ireland offshore disposal

WH Ireland has conditionally agreed to sell its Isle of Man subsidiary to investment services provider Ravenscroft Holdings, which is listed on the Channel Islands-based International Stock Exchange. The two firms will also enter into a collaboration agreement that will enable WH Ireland to offer investments in international jurisdictions to its wealth management clients.

The initial payment for the Isle of Man subsidiary is £250,000 with £412,500 deferred and dependent on ongoing trading. Intercompany loans of £1.145m will be repaid to WH Ireland. The business generated revenues of £1.2m in the year to March 2019 and assets under management were £353m in June 2020. Ravenscroft has £7.45bn of assets under management and operates from offices in the UK, Jersey and Guernsey. The disposal requires the approval of the Isle of Man authorities.

In May, WH Ireland decided not to go ahead with the purchase of the AIM and smaller companies corporate finance activities of Cantor Fitzgerald and these operations are being closed by the US parent. In June, WH Ireland was appointed as nominated adviser and broker to X-ray imaging technology developer Image Scan and oilfield services provider Star Phoenix, both of which it gained from Cantor Fitzgerald.

Cantor Fitzgerald was also replaced as nominated adviser and joint broker at SIMEC Atlantis Energy and Dekel Agri-Vision during June, and more clients have moved since.

■ AIM broker Cenkos Securities says that revenues in the first five months of 2020 are ahead of the same time last year. The annual fixed cost base has been reduced but the main savings will show through in the second half. Cenkos is working on potential transactions for clients and the company is cautiously optimistic.

ADVISER CHANGES - JUNE 2020

COMPANY	NEW BROKER	OLD BROKER	NEW NOMAD	OLD NOMAD	DATE
New Trend Lifestyle	Peterhouse	SI Capital	Spark	Spark	01/06/20
RBG Group	N+1 Singer	Stifel/N+1 Singer	N+1 Singer	Stifel	01/06/20
Tiziana Life Sciences	Optiva	Shore	Cairn	Cairn	01/06/20
SIMEC Atlantis Energy	Investec	Cantor Fitzgerald/ JPMorgan Cazenove	Investec	Cantor Fitzgerald	02/06/20
Wishbone Gold	Peterhouse	Turner Pope	Beaumont Cornish	Beaumont Cornish	02/06/20
Energiser Investments	WH Ireland/Peterhouse	Cairn	WH Ireland	Cairn	03/06/20
D4T4 Solutions	Canaccord Genuity/ finnCap	finnCap	finnCap	finnCap	09/06/20
Dekel Agri-Vision	Arden/Optiva	Cantor Fitzgerald/ Optiva	Arden	Cantor Fitzgerald	10/06/20
Eternity Networks	VSA/Arden	Arden	Arden	Arden	11/06/20
Woodbois	Canaccord Genuity	Arden	Cannacord Genuity	Arden	11/06/20
EQTEC	Arden/SI Capital	SI Capital	Strand Hanson	Strand Hanson	15/06/20
Image Scan	WH Ireland	Cantor Fitzgerald	WH Ireland	Cantor Fitzgerald	15/06/20
Oriole Resources	Shard	WH Ireland	Grant Thornton	Grant Thornton	15/06/20
ADM Energy	Hybridan/Pello	Fox-Davies/Pello	Cairn	Cairn	17/06/20
Science Group	Stifel/Liberum	Liberum/Panmure Gordon	Stifel	Panmure Gordon	17/06/20
President Energy	Shore	finnCap	finnCap	finnCap	22/06/20
Live Company Group	Shard	Shard	Beaumont Cornish	Strand Hanson	23/06/20
Smart Metering Systems	RBC/Investec/Cenkos	Investec/Cenkos	Cenkos	Cenkos	23/06/20
Naked Wines	Jefferies/Investec	Investec	Investec	Investec	24/06/20
Savannah Resources	WH Ireland/finnCap	finnCap/Whitman Howard	SP Angel	SP Angel	25/06/20
Equatorial Palm Oil	Mirabaud	Mirabaud	Spark	Strand Hanson	26/06/20
SkinBioTherapeutics	Cenkos	SP Angel/Turner Pope	Cenkos	Cairn	26/06/20
Star Phoenix	WH Ireland	Cantor Fitzgerald	WH Ireland	Cantor Fitzgerald	30/06/20

Top AIM performer Best of the Best reviews strategic options

Competitions organiser *www.botb.com*

Weekly competition organiser **Best of the Best** has been one of the top performers on AIM and it produced another set of figures ahead of expectations. The board has decided to review the options for the company following tentative company bid approaches.

In the past, COVID-19 would have been a big problem for Best of the Best, because it focused on selling competition tickets in airports and shopping centres. The move to being a totally online business was well-timed and Best of the Best is set to grow substantially this year.

In the year to April 2020, revenues improved from £14.8m to £17.8m, while underlying

Total dividend is 37p

pre-tax profit doubled to £4.2m. Two-thirds of the profit was made in the second half. In November 2019, a pre-tax profit of £2.2m was forecast for 2019-20 and there were three subsequent upgrades.

The business has always been cash generative and paid dividends, including special dividends when the cash pile was larger than the company required. The final dividend is 3p a share and a second special dividend has been announced for the year of 20p a share. The total dividend is 37p a share. The shares have already gone ex the special dividend, but

BEST OF THE BEST (BOTB)	1500p
12 MONTH CHANGE % +376.2	MARKET CAP £M 140.7

the ex-dividend date for the final is 17 September. Special dividends totalling 88.5p a share have been paid in the past six years. Net cash was £5.2m at the end of April 2020 and even after the latest dividends it would still be more than £3m.

The share price has quadrupled so far this year, putting it in the top 20 performers. The total return over the past ten years was 5,650%, making it the best performer over the period. The forecast pre-tax profit of £7.8m for this year, would put the shares on 22 times prospective earnings.

Bargain brands purchase for boohoo

Online retailer *www.boohooplc.com*

Online fashion retailer **boohoo** continues to outperform, and it has picked up another bargain. It has snapped up the Oasis and Warehouse brands for £5.25m. This follows last year's purchase of Karen Millen and Coast. There is still more than £350m in the bank.

Oasis and Warehouse will be integrated onto the group's online platform and they fit well with the existing brands. The two brands compete with Top Shop and Zara. They generated online revenues of £46.8m in the year to February 2020. There is plenty of warehouse

BOOHOO (BOO)	412p
12 MONTH CHANGE % +94.6	MARKET CAP £M 5,186.7

capacity to cope with this and other acquisitions.

In the three months to May 2020, revenues grew 45% to £367.8m, which is better than expected. There is a change in mix of what customers are buying and they are also spending more. That growth has accelerated in the most recent six weeks of the period. The fastest growth is coming from the US and Europe. Management guidance suggests that full-year revenues will grow by 25%.

However, Peel Hunt is assuming that growth in revenues will be greater than guidance and it has increased its pre-tax profit forecast from £95.3m to £133.8m.

A new management incentive plan could pay out up to £150m in June 2023, if the share price increases to 600p. The payment can be in cash or shares. Co-founders Mahmud Kamani and Carol Kane will each be eligible for one-third of the plan payment.

New markets could help Autins move back into profit

Acoustic and filtration materials *www.autins.com*

Acoustic and filtration materials manufacturer **Autins Group** was progressing well with its recovery prior to the COVID-19 lockdown. Automotive manufactutrers are still the main customer base and demand has slumped since March, but there have also been new opportunities, particularly for the Neptune lightweight acoustic and filtration product.

Autins has been working to broaden its customer base and one new sector is personal protection equipment, where a range of products using a Neptune filtration layer was developed in three months. In two months £400,000 has been generated from sales. The products are being assessed for medical class certification. Autins, which is one of

Neptune generated £6.5m

two UK-based melt-blown material manufacturers, is also supplying two million foam parts for face visor manufacturers.

In the six months to March 2020, revenues fell by 3% to £13.2m due to lower demand from a UK automotive customer. Tooling revenues increased, which should augur well for new business. Neptune production quadrupled to £6.5m in the period. Additional business has been won for office pods, electric vehicles and potential for hi-tech apparel is being assessed.

Autins has achieved most of its £2m annual cost savings target and more are planned. There was a first-

AUTINS GROUP (AUTG)			17p
12 MONTH CHANGE %	-34.6	MARKET CAP £M	6.7

half loss of £406,000, but a small profit was generated in the second quarter. The third quarter was much tougher. Manufacturing plants were closed on 22 March, but staff is starting to return from furlough as demand increases.

Enquiries worth £41m have been received from customers and £34m of these enquiries are for higher-margin Neptune products. Net debt was £2.3m at the end of March 2020 and additional debt facilities have been secured. As demand recovers and there is a greater contribution from non-automotive manufacturers, margins should improve.

Driver returns to profit in Asia

Construction disputes consultancy *www.driver-group.com*

Construction disputes and expert witness services provider **Driver Group** had a good first half, with the Asian activities returning to profit. Lockdowns around the world are leading to delays in construction projects, which could end up providing additional business for Driver. There will be an increasing focus on expert witness business.

In the six months to March 2020, revenues fell 6% to £28m, due to a slump in Middle East revenues. Cost cutting meant that there was a small, but lower, profit contribution from the Middle East, where a strategic review has commenced. The UAE is

DRIVER GROUP (DRV)			57.5p
12 MONTH CHANGE %	-3.4	MARKET CAP £M	30

still performing poorly. Asia Pacific returned to profit – a positive turnaround of £1.2m – following a previous restructuring and closure of lower-margin operations. There was a small profit decline in mainland Europe due to weaker trading.

Net cash was £3.3m at the end of March 2020 and it has increased since then. There is no dividend. New debt facilities have been arranged.

Mark Wheeler has taken over as chief executive from Gordon Wilkinson, who successfully turned the business around. There will be a second-half charge of £700,000 for Wilkinson's departure. Wheeler wants to fill in the gaps in the international arbitration operations in the US and South America.

There is no profit guidance from the company. Trading has improved in mainland Europe, but group revenues were 10% lower in April and May. Driver has been making a profit of around £200,000 a month during the third quarter. That suggests that underlying pre-tax profit will fall.

Lockdown raises awareness of Naked Wines online offer

Online wine retailer *www.nakedwines.com*

Wine retailer **Naked Wines** has shed its non-core activities and the figures for the year to end-March 2020 show that continuing operations continue to grow, with the overall loss nearly halved. Demand for online delivery of wine has been boosted by lockdowns in the UK and internationally, particularly in the US, and this should be good for the longer term as well. Strong current trading has led to upgrades.

There were no surprises in last year's figures. Revenues were 14% ahead at £203m and US revenues increased by one-fifth. The underlying pre-tax loss was £5.4m. The discontinued Majestic Wine and Lay & Wheeler activities were profitable and generated cash. There were also disposal proceeds of £63.8m and the company ended the period with net cash of £49.3m, after £5.36m of lease liabilities, and £1m was subsequently generated by the sale of a single store. There is potential deferred consideration for Majestic.

Current trading is 81% ahead

The current finance director, James Crawford, is becoming the boss of the UK business and will step down from the board when a new finance chief is appointed. He has been running the UK business since last November.

The US is the largest market in terms of company revenues, and, as the world'ss biggest wine market, it is also the main focus of expansion. Online penetration has been low in the US, but in recent months

NAKED WINES (WINE)			443p
12 MONTH CHANGE %	+72.4	MARKET CAP £M	322.8

awareness has been raised. That will enable online sales to grow more rapidly than they would have – they were already growing at 13% a year.

Current trading is 81% ahead as existing customers buy more and new customers are added. Despite, that Peel Hunt is not upgrading its 2020-21 pre-tax profit forecast, which is maintained at £2.6m. That is because there will be increased investment in development and other costs this year. Next year's forecast pre-tax profit has been increased by 50% to £9.2m and it is expected to more than double to £19.1m the following year. That still means that the 2022-23 prospective multiple is more than 20.

Victoria trading above expectations

Floorcoverings *www.victoriaplc.com*

Floorcoverings manufacturer **Victoria** has bounced back from lockdowns in its main markets and trading has exceeded management expectations in recent weeks. Export markets are key for the business.

There had been a significant decline in revenues in March and April, with all manufacturing closed, except in Australia. Sales started to recover in mid-May. In a three-week period in June, trading was 85% of pre-COVID-19 expectations. Australia was doing better than

VICTORIA (VCP)			278p
12 MONTH CHANGE %	-42.8	MARKET CAP £M	348.6

expected, while soft flooring is trading at 70% of expected levels and ceramic tiles at 90% of expectations. The soft-flooring revenues should improve as UK stores come out of lockdown.

Victoria's strategy has always been to fund acquisitions with debt. Net debt is £370m and there are undrawn credit facilities. The €500m bond issue was timely. The bonds are repayable in July 2024 and have no significant covenants. This leaves scope for taking advantage of acquisition opportunities.

This year should be profitable, but it is likely to be well below the estimated 2019-20 profit of around £56m. A recovery the following year to the previous profit level would put the shares on eight times prospective 2021-22 earnings. Back in March, non-executive director Andrew Harrison bought 18,000 shares at 163p each.

Momentum continues at Tatton Asset Management

Investment manager *www.tattonassetmanagement.com*

Dividend

Tatton Asset Management paid total dividends of 6.6p a share in its first year as a quoted company rising to 8.4p a share for 2018-19. The latest final dividend of 6.4p a share takes the total for 2019-20 to 9.6p a share. The shares go ex-dividend on 16 July.

Dividends are expected to continue to grow. A total of 10p a share is forecast by Equity Development for this year, rising to 11.2p a share next year. There is net cash of £12.8m so there are no worries about the ability to pay the dividend.

Business

Tatton is made up of two businesses: Tatton Investment Management and Paradigm, which was the original business. Paradigm is the smaller of the two divisions and it provides mortgage, compliance and consultancy services. Paradigm is a steady business, but the bulk of growth will come from Tatton IM, which provides discretionary fund management services for IFAs.

The number of IFA firms using Tatton IM rose by one-third to 595 last year. Tatton IM is the lowest-cost asset manager and that is why it has done so well in signing up IFA firms. Tatton charges 0.15% of assets under management, while AJ Bell charges 0.18% of assets under management. Others charge more, although the level of fees is not the only thing to take into account when making an investment decision. Fund performance needs to be good in order to attract clients.

Tatton IM has around 11% of IFA firms as its clients. AIM-quoted Frenkel Topping and Tenet were added to the client list last year. That means that there is scope to continue to grow rapidly. Meetings with potential IFA clients are increasing as lockdown is eased.

TATTON ASSET MANAGEMENT (TAM)	
Price (p)	293
Market cap £m	163.8
Historical yield	3.3%
Prospective yield	3.4%

In the year to March 2020, revenues were 22% higher at £21.4m, while underlying earnings improved by one-fifth to 12p a share.

HMRC has agreed that Tatton's fees should be exempt from VAT. Tatton had previously been taking the VAT off its revenues and there was a cash refund of £1.7m relating to nearly four years of past VAT payments up until March 2019. This means that reported revenues will be higher than previously. It added £1.2m to 2019-20 revenues.

The strong cash position means that acquisitions can be considered. The first made by Tatton since floating was Sinfonia Asset Management, which was acquired from Tenet last October. This range of funds added £135m of assets under management.

There is a concern that market volatility could lead to reductions in assets under management, but that has not happened in recent months where net inflows have continued. Forecast growth in profit is dependent on strong increases in assets under management, which are expected to reach £8.1bn by next March and then £9.4bn one year later. The shares are trading on 20 times forecast 2020-21 earnings.

Dividend news

Wynnstay Group reported a decline in interim revenues due to lower commodity prices. Even so, pre-tax profit edged up from £4.3m to £4.5m and the interim dividend is unchanged at 4.6p a share. The agriculture division maintained its operating profit and there was an improved profit from the merchanting division. Shore Capital has reinstated forecasts and it expects a full-year pre-tax profit of £6.7m, down from £7.9m, before bouncing back to £8.3m the following year. The full-year dividend is expected to be unchanged at 14p a share.

Data services and software provider **D4T4 Solutions** is paying a final dividend of 1.9p a share, taking the total for the year to 2.67p a share, which is down from 3p a share the previous year. Net cash was £12.8m. A move from perpetual licences to recurring revenues has held back the short-term revenues and profit. In the year to March 2020, revenues fell from £25.2m to £21.8m, but annual recurring revenues were a quarter higher at £9.55m. Overall revenues are expected to be flat this year, while pre-tax profit could fall from £5m to £3m. An unchanged dividend would be covered 2.4 times.

Property asset manager and owner **First Property Group** is paying an unchanged final dividend of 1.22p a share, which means there is a 1% rise in total dividend to 1.67p a share. Profit fell but the dividend was still covered more than 1.8 times by earnings. Even though profit is expected to fall further, there could be a modest increase in dividend this year. The money for the sale of CH8 in Poland came in after the year end. There was £23.6m in cash on 23 June. This puts First Property in a strong position to take advantage of acquisition opportunities due to the financial after effects of COVID-19.

Expert view: Registrars

Why technology is at the heart of everything we do

By Hardeep Tamana

In 2014, we established Avenir Registrars with the intention of bringing something new to the world of securities registries. Looking around the industry back then, it quickly became evident that the vast majority of providers were still operating in a world which had been built to focus on physical, paper-based securities records.

Considering the complex nature of maintaining these databases, this was perhaps of little surprise, with legacy systems having been adapted over time, using the innovations in technology as best they could. However this was fraught with problems as user interfaces – where they existed – were typically poorly designed, whilst the fact that many processing systems had to be run on a batch, rather than real-time basis, added further burdens when it came to managing and interpreting the register.

Given the dominance of digital securities certificates along with electronic dealing and settlement in the market, it was obvious to us as a business that building a system to integrate with these processes could deliver a whole raft of efficiencies to issuers.

Starting with a blank canvas and a wealth of experience of the underlying market, we were able to design a series of workflows to produce a world-leading system. Intuitive user interfaces are offered, whilst systems also update in real time. That means Avenir clients don't suffer any 'overnight' downtime as batch processes run and authorised officers at our respective issuers can quickly view a register that is always up to date.

Innovation

As a company we have also sought to innovate at every opportunity. One such example of this was our understanding that whilst there's a wholesale shift taking place to dematerialise all securities to meet the deadlines of CSDR regulations, some issuers and owners still want to work with physical certificates.

Typical Avenir clients will benefit from fixed registry pricing with no unwelcome fees

Talking to brokers, we learnt that often these could become cumbersome to handle, especially if held for a long period of time. The only way ownership could be validated was by making a time-consuming call to a premium rate line run by the registrar. At Avenir we elected to start adding a unique QR code to each physical certificate we issue, enabling anyone with a smartphone to check in a matter of seconds and without charge if the certificate is current.

By hunting out the efficiencies which can be found in a modern registry function, the advantage is that we can manage securities registers in an agile way and with a far lower human resource requirement than others in the sector. Not only does that mean faster response times and the availability of the most accurate data, but it also ensures that unnecessary costs can be kept to a minimum.

Fixed prices

As a result, typical Avenir clients will benefit from fixed registry pricing, so no unwelcome fees at the end of a billing cycle. That's proved incredibly valuable for some in terms of 'CREST traffic' charges (as others label them) where the issuer has no control over the costs which can be accrued.

And whilst we have put technology at the very heart of what we do, it has to be stressed this isn't at the expense of hands on customer service. Our systems are designed so that any processing and data interrogation tasks can be undertaken by the authorised parties, without involving the registrar at every turn.

Where users need assistance, that's all provided by our experienced team as part of the service. Once users want assistance, the Avenir team is ready to provide the support. Over the past few years we have been able to offer hundreds of debt and equity issuers who are looking for a cost-effective, right-sized registry solution a genuine alternative. We look forward to growing that number further still in the years ahead.

HARDEEP TAMANA, Managing Director, Avenir Registrars (www.avenir-registrars.co.uk)

Acacia buys former Woodford stakes

Some former Woodford stakes are being sold following their transfer to US-based Acacia Research Corporation in early June.

Link Fund Solutions took over the assets of the LF Woodford Equity Income Fund last October after Woodford Investment Management was dismissed as the investment manager. Many of these were large illiquid stakes with a particular bias towards biotech and pharma.

Link has taken a decision to sell a portfolio of 19 company stakes to US-based Acacia Research Corporation for up to £223.9m. This will eventually allow a distribution to investors in the fund and there will be more news at the end of July.

Not all the stakes are going to be sold to Acacia at once and some of these disposals could take up to six months to complete. There are seven stakes in AIM companies that have been transferred to Acacia (see table).

Disposals

Acacia has completely sold three of the shareholdings and may have sold all its stake in two others. The stakes in Open Orphan and Tissue Regenix have fallen below 3% so Acacia does not have to report whether it has sold any more shares.

During June, Open Orphan completed its share issue raising £12.6m at 11p a share in order to fund services relating to COVID-19 vaccines and tests, as well as increasing laboratory capacity for the provision of third-party services. Acacia's stake had already fallen to 2.29% before the new shares were issued. It is uncertain whether it still holds any shares, but the share price has drifted back in recent weeks.

Tissue Regenix, which has developed dCELL tissue replacement technology, raised £14.6m at a share price of 0.25p, which increased the number of shares in issue from 1.2 billion to 7 billion. The initial stake was 19.98% before the dilution, although it had fallen to 15.7% before being reduced to 2.62% by the additional shares in issue.

Holdings

The two AIM companies in which Acacia still has a significant stake are Netscientific and Synairgen.

Netscientific has a portfolio of health-related, technology investments. There are three left in the portfolio and Netscientific is trying to maximise their value through further investment.

Acacia has reduced its stake in Synairigen, which is nvolved in a clinical trial for treating COVI-19 patients with one of its compounds.

Acaciawas late announcing its initia sale of shares. It took three weeks to publish the oficial announcement, which was just before it published the announcement of a further sale at the beginning of July to reduce the stake to 7.54%.

FORMER WOODFORD AIM PHARMA STAKES

COMPANY	% INITIAL	% END JUNE	PRICE (P) (START JUNE)	PRICE (P) (END JUNE)	% CHANGE PRICE	PRICE (P) (JUNE LOW)
Midatech Pharma	9.91	0	23.5	21.5	-8.5	16.5
Open Orphan	6.51	<3	15.35	11.9	-22.5	11.55
Netscientific	19.9	10.35	7	5.88	-16	5.375
4D Pharma	11.96	0	52.1	41.75	-19.9	41
Synairgen	14.28	7.54	44	40	-9.1	34
Mereo BioPharma	8.91	0	18.5	45.5	+145.9	18.5
Tissue Regenix	19.98	<3	0.375	0.33	-12	0.321

PrimaryBid comes of age

During the second quarter of 2020, AIM companies have raised more than £17m by using the PrimaryBid platform to offer shares to retail investors.

PrimaryBid has been helping AIM companies to raise money for five years, but in recent months it has gained a much higher profile and become more active both on AIM and the Main Market.

Back in 2017, Toople was the first standard list company to use PrimaryBid. However, it was not until this year that large, primary-listed companies started to use PrimaryBid. Caterer Compass was the first and others include Ocado, Taylor Wimpey, William Hill and Aston Martin Lagonda.

PrimaryBid has not forgotten AIM and 12 AIM companies have raised cash in the most recent quarter. No AIM company had raised money in the first quarter and there were ten PrimaryBid fundraisings in the whole of 2019.

There is a spread of businesses, but pharma dominates the money raised by AIM companies via PrimaryBid this year. Four out of the 12 companies are pharma businesses and they have raised more than two-fifths of the cash generated through PrimaryBid. Avacta raised £4.9m, which is the most that any AIM company has raised via PrimaryBid. That was out of a total fundraising of £48m.

In each individual offer the discounts to the market price vary widely. The companies in most urgent need of the cash tend to have high discounts. Velocys has one of the highest discounts, but that is mainly due to a sharp rise in the share price in the days before the offer. The share price started June at 3.6p, compared with the 5p offer price.

Performance

Most of the fundraisings are too recent to make a sensible assessment of performance. Four share prices are below the offer price and all of those were June offers.

PrimaryBid does provide small investors with the opportunity to buy shares at the same price as institutions, which is a plus point for existing shareholders when the issue price is at a large discount. Investors in Xeros could have doubled their money if they took up the offer – even taking the bid/offer spread into account.

PRIMARYBID OFFERS BY AIM COMPANIES

COMPANY	CODE	DATE	% DISCOUNT	OFFER PRICE (P)	PRICE (P)	% CHANGE	PRIMARYBID RAISE (£M)
SRT Marine Systems	SRT	06/04/20	9.1	25	32.25	+29	0.3
Xeros Technology	XSG	24/04/20	33.4	0.5	1.055	+111	o.3
Inland Homes	INL	30/04/20	11.2	47.5	50	+5.3	1.1
Tissue Regenix	TRX	21/05/20	76	0.25	0.334	+33.6	2
Open Orphan	ORPH	22/05/20	26.4	11	11.9	+8.2	0.5
Sareum Holdings	SAR	02/06/20	15	0.6	0.525	-12.5	0.3
President Energy	PPC	03/06/20	21.3	1.85	1.525	-17.6	2.2
Avacta Group	AVCT	04/06/20	4.4	120	108	-10	4.9
Velocys	VLS	24/06/20	53.8	5	6.66	+33.2	1.1
Young & Co Brewery	YNGA	24/06/20	10.1	1160	1010	-4.3	2.7
K3 Capital Group	K3C	29/06/20	14.8	150	151	+0.7	0.5
AFC Energy	AFC	30/06/20	25.2	16	19.86	+24.1	1.5

Market Performance, Indices and Statistics

AIM SECTOR INFORMATION

SECTOR NAME	% OF MARKET CAP	% OF COMPANIES
Consumer	28.5	16.1
Industrials	18.5	17.1
Healthcare	15.3	10.3
Technology	11.8	11.8
Financials	8.3	11.8
Energy	5.6	11.5
Basic materials	5.6	14.1
Property	3.5	3
Telecoms	1.8	2
Utilities	1.1	1.3

FTSE INDICES

ONE-YEAR CHANGES

INDEX	PRICE	% CHANGE
FTSE AIM All-Share	883.75	-3.9
FTSE AIM 50	4866.23	-5.4
FTSE AIM 100	4536.5	-4.8
FTSE Fledgling	8165.7	-13.4
FTSE Small Cap	5011.73	-10
FTSE All-Share	3410.93	-15.9
FTSE 100	6169.74	-16.9

COMPANIES BY MARKET CAP

MARKET CAP	NO.
Under £5m	145
£5m-£10m	106
£10m-£25m	154
£25m-£50m	119
£50m-£100m	121
£100m-£250m	101
£250m+	86

KEY AIM STATISTICS

Total number of AIM	832
Number of nominated advisers	28
Number of market makers	48
Total market cap for all AIM	£98.6bn
Total of new money raised	£117.9bn
Total raised by new issues	£45.4bn
Total raised by secondary issues	£72.5bn
Share turnover value (May 2020)	£31.2bn
Number of bargains (May 2020)	6.2m
Shares traded (May 2020)	285.3bn
Transfers to the official list	192

TOP 5 RISERS OVER 30 DAYS

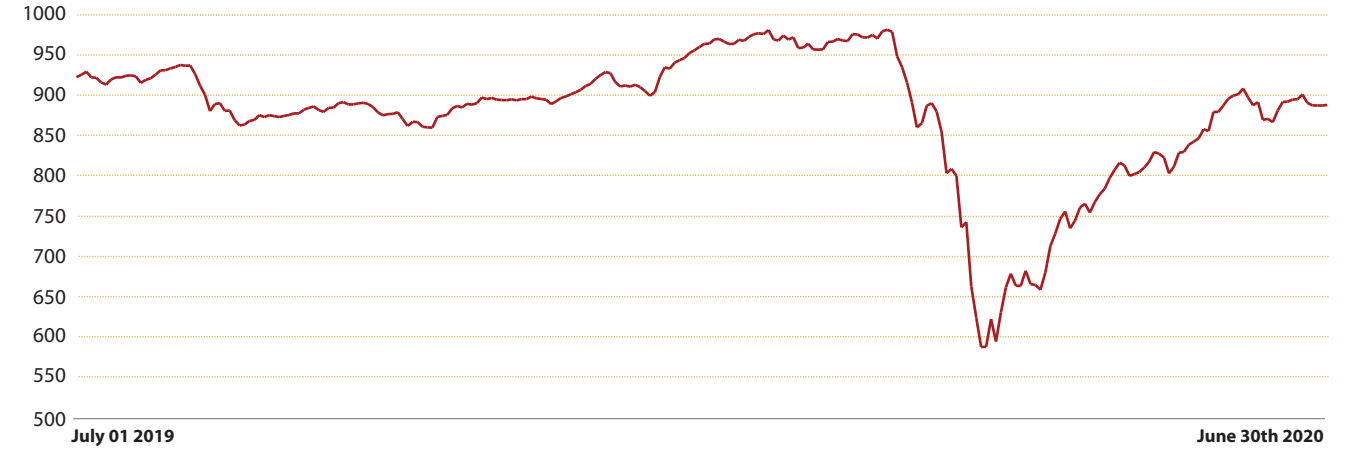
COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
St James House	Leisure	67.5	+335
China New Energy	Cleantech	8	+195
Sound Energy	Oil and gas	4.2	+192
EQTEC	Cleantech	0.745	+187
GoldStone Resources	Mining	7.15	+155

TOP 5 FALLERS OVER 30 DAYS

COMPANY NAME	SECTOR	PRICE (p)	CHANGE (%)
Craven House Capital	Financials	75c	-61.5
Watchstone Group	Software	78.5	-56
Braveheart Investment	Financials	12.75	-46.9
Ethernity Networks	Telecoms	20.5	-45.3
Star Phoenix	Oil and gas	1.6	-44.8

AIM - 1 YEAR INDEX CHANGE

Source: London Stock Exchange



Data: Hubinvest Please note - All share prices are the closing prices on the 30th June 2020, and we cannot accept responsibility for their accuracy.

AIM Journal

AIM Journal is a monthly publication that focuses on the Alternative Investment Market (AIM) of the London Stock Exchange and the companies and advisers involved in the junior market.

Each month the publication includes information about AIM-quoted company news, changes to the brokers and nominated advisers, AIM statistics and general articles concerning AIM.

AIM Journal has been published for nearly a decade. There is no other publication of its type with a pure AIM focus and a sponsorship model, making it free to readers.

The pdf-based publication has an email database of company directors and advisers and an email with a link to the latest edition is sent out each month when the AIM Journal is published. The AIM Journal can also be accessed via http://www.hubinvest.com/AimJournalDownload.htm.

The readership via the email is predominantly a professional one. One-quarter of readers are company directors, one-fifth solicitors and accountants, one-fifth brokers and 15% PRs. The rest of the readership is made up of investors, journalists and other individuals.

AIM

The Alternative Investment Market (AIM) was launched on 19 June 1995 with ten companies that had a total market value of £82.2m at the end of the first day's trading. The total amount of money raised by new and existing companies in the remainder of 1995 was £96.5m.

More than 3,800 companies have joined AIM since then, although it should be remembered that some of these are the same companies readmitted after a reverse takeover. These companies have raised more than £112bn either when they join AIM or while they are trading on the junior market.

In 1995, there were 29,099 trades with a total value of £270.2m. These days it is unusual if there are not that many trades in a single day, although their total value tends to be less than £270m.

Companies that started out on AIM include online gaming operator GVC, healthcare properties investor Primary Health Properties, self-storage firm Big Yellow, animal genetics provider Genus, online gaming technology developer Playtech and student accommodation developer Unite Group – all of which are FTSE 250 index constituents.

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MOBILE / TEL: 07729 478 474 / 020 8549 4253

EDITOR: Andrew Hore

PRODUCTION & DESIGN: David Piddington

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