Get Rich Slowly: Judgement Day

Our investment specialists go head-to-head to reveal the winners (and the also-rans) in their portfolios...

Update
23 February 2025

Analysts:
Jo Groves and David Brenchley
jo@keplerpartners.com;
david.b@keplerpartners.com

When David and I were conscripted (sorry, inspired) to write about our own portfolios, we agreed to go all-in with a periodic head-to-head of the winners (and losers) in our portfolios.

A true test of strategy, patience and, well, a little bit of luck (as well as arming the Kepler analyst team with enough ammunition to excoriate our poorer choices for the next six months). The day of reckoning has finally arrived and the results are in...

Our top-performing investments

So, without further ado, these were the top-performing investments in our portfolios over the last six months:

JO'S TOP PERFORMERS	DAVID'S TOP PERFORMERS
1. Games Workshop (GAW), 45%	1. Raspberry Pi (RPI), 102%
2. Barclays (BARC), 27%	2. Games Workshop (GAW), 45%
3. Scottish Mortgage (SMT), 27%	3. Scottish Mortgage (SMT), 27%

The orks join the premier league (Jo)

One of the best parts of our job (apart from having three monitors) is chatting to fund managers about the most exciting opportunities in their sectors in our **Trust Issues** podcasts, which can be very handy when it comes to sourcing investment ideas.

Unlike many of my fellow investors, I'm keeping the faith in UK equities and, despite wider indices beyond the FTSE 100 flatlining, my top two performers prove that there's plenty of hidden gems on the London Stock Exchange.

Top of my list was **Games Workshop (GAW)** thanks to a stellar few months. If you're a closet (or indeed loud and proud) Warhammer nerd, you'll be familiar with their (eye-wateringly expensive) miniature figurines and they've recently struck a blockbuster film and TV deal with Amazon to bring their fantasy empires to the big screen.

Games Workshop has also been a shining star in the **Schroder UK Mid Cap (SCP)** portfolio, with manager Jean Roche highlighting its impressive 25-times return over the last decade in a recent **Market Matters** podcast. With high margins, good cash flow and strong pricing power in a niche market, the company secured a well-earned promotion to the FTSE 100 in December, delivering a 10% fillip to its share price in January.

Next up was **Barclays (BARC)**, delivering a six-month return just shy of 30%. I have to admit to a soft spot for Barclays ever since I opened my first bank account aged seven and received a Superman-branded plastic folder (which I considered peak financial sophistication until it was cruelly usurped by the NatWest piggy banks).

Back to grown-up money matters, I've made a 125% profit since picking up Barclays shares in late 2023, and it's also been a regular entry on our monthly **most bought and sold lists**. The company has been busy on the strategy front, with a hefty share buyback and cost-cutting program and diversifying its revenue streams with last year's takeover of Tesco's retail banking operations.

With fairly modest share price targets (and interest rates likely to drop), I'm debating whether to lock in some gains but for now the 3% dividend yield and attractive price-to-book ratio (compared to NatWest, Lloyds and HSBC) has given it a stay of execution.

Rounding out the podium is **Scottish Mortgage (SMT)**, narrowly edging out **Baillie Gifford China Growth (BGCG)** although I'm still licking my wounds from a 60% loss on an ill-timed adventure on the latter. I'm going to leave the low-down on SMT to David but I'm hoping it continues to rediscover its mojo as I'm still slightly in the red.

A UK tech success story (David)

Starting off with the undoubted star of my portfolio, **Raspberry Pi (RPI)** doubled in the six-month period we're assessing performance.

RPI makes small, powerful computers, selling to a wide range of businesses but also to hobbyists that want to build their own electronic products such as security camera, robots or computer servers.

RPI's first results since its June 2024 IPO in September were impressive, with revenues rising 61% and gross profit up 47%. A couple of month later, it announced a strategic partnership with SECO, an Italian internet-of-things solutions provider.

SECO will use RPI's hardware to develop a new human-machine interface solution – essentially a clever product that allows humans to interact with machines, systems or devices.

RPI was the first time I'd participated in an IPO and with shares up c. 170% and more profits already taken than initially invested, it's certainly been a good one. RPI has quickly made it into the FTSE 250 and in a recent **Market Matters** podcast, Rebecca MacLean, co-manager of **Dunedin Income Growth (DIG)**, hailed its decision to list in the UK and its subsequent performance as showing that domestic markets were in good health and remained attractive.

Elsewhere, as with Jo I hold shares in GAW, which performed well for reasons you can see above. **Scottish Mortgage (SMT)**, the Baillie Gifford-managed growth behemoth, came in third, with a gain of 26% over the period, taking its recovery from share price lows hit in May 2023 to c. 70%.

SMT continues to benefit from its big weighting the US, which accounts for c. 58% of its portfolio, as well as to technology stocks, which account for c. 36%. Its largest holding, the Elon Musk-founded rocket builder Space Exploration Technologies (SpaceX), continues to impress. A December funding round by the company, which is privately owned, valued it at $185 (c. £150) a share, up from $112 a few months ago, according to Bloomberg.

Like Jo, SMT edged out a China-focused fund, though for me that was **Fidelity China Special Situations (FCSS)**, which racked up a 22.2% gain and, coincidentally, was my **trust pick for 2025**.

Our bottom-performing investments

Now for the 'character-building' moment of reckoning on the underperformers in our portfolios:

JO'S BOTTOM PERFORMANCE	DAVID'S BOTTOM PERFORMANCE
1. Aberforth Smaller Companies (ASL), -14%	1. Chapel Down (CDGP), -54%
2. AstraZeneca (AZN), -7%	2. The Renewables Infrastructure Group (TRIG), -21.5%
3. Merchants Trust (MRCH), -7%	3. Greencoat UK Wind (UKW), -15.8%

Drowning my sorrows (David)

In a sign of almost perfectly negative correlation, while RPI shares doubled over our review period, shares in **Chapel Down (CDGP)**, the Kent-based winery, halved in value after the news that it was on its way to making a loss for the current financial year, which it announced in October thanks to heavy rain during the harvest season.

Thankfully, I have a minimal holding in CDGP, accounting for just 0.05% of my total portfolio. The shares were bought solely on the basis that I can get an annual 25% discount voucher on Chapel Down's products, which are very much enjoyed at Chez Brenchley. Perhaps now is a good time to start adding to my holding as I build up to becoming a 'Gold' shareholder, which would give me 33% off and a host of other perks including an annual guided tour for two.

I remain confident that my other two underperformers may turn the corner soon. Sentiment towards renewable energy infrastructure trusts remains at a low ebb, with **Renewables Infrastructure Group (TRIG)** and **Greencoat UK Wind (UKW)**, down 21.5% and 15.8% respectively over our review period.

I'm hoping that recent newsflow from the infrastructure sector will, at some point, validate my initial investment theory: that the owners of high-quality infrastructure assets are trading on unfair discounts to their underlying values.

Another of my holdings, **BBGI Global Infrastructure (BBGI)**, agreed to sell its portfolio to British Columbia Investment Management for a 3.4% premium to its net asset value (NAV). I'm reinvesting my BBGI proceeds back into the rest of my selection in these sectors, including TRIG and UKW, in the hope that the outlook is finally constructive for them.

Anyways, now I've relived Chapel Down's annus horribilis, perhaps I'll hit the bottle – see you next time *glug*.

The bittersweet symphony of UK equities (Jo)

Given that markets have been twitchier than Rachel Reeves eyeing the Bank of England's latest growth forecasts, I'm not too upset by a handful of 10%-odd losses.

While the UK has churned out some superstars in the last six months, the broader economic malaise post the Autumn Budget has certainly taken its toll on others. One such casualty is **Aberforth Smaller Companies (ASL)** which has fallen by 14% over the last six months though it's made a 12% return over the year as a whole.

It's one of two UK small-cap trusts I own, with **Rockwood Strategic (RKW)** opting for a more concentrated portfolio. I still see significant upside potential from active management in the UK small-cap sector, with Rockwood manager Richard Staveley making a strong case for some of his poster children on last week's **Trust Issues** podcast.

Pharma giant **AstraZeneca (AZN)** had a bright start to the year, climbing more than 20% by August but subsequently fell off a cliff after news of an investigation by the Chinese authorities. It's since staged a bit of a comeback, raising full-year guidance and securing EU and US approvals for various cancer drugs.

Finally, UK large-cap specialist **Merchants Trust (MRCH)** also gave back some of its gains but remains positive over the year. It offers a best-of-both-worlds income and capital mandate but has struggled to match the recent performance of the FTSE 100.

The final reckoning

With a major portfolio reshuffle (including stretches where she was sitting on a fair chunk of uninvested cash) now under Jo's belt, she's fairly content with a 7% gain over the past six months.

David's chunk of uninvested cash remains in his portfolio as he continues to slowly drip-feed into the market, probably accounting for his rather pedestrian performance of a c. 4% gain over the six-month period.

For now, we're both hoping that investors finally tear themselves away from the lure of US equities, as large parts of our portfolios would no doubt benefit. It's certainly possible that large-cap technology stocks might just be in for a period of share price consolidation, allowing the rest of the world (and the rest of America) to catch up.

Disclaimer

Past performance is not a reliable indicator of future results. The value of investments can fall as well as rise and you may get back less than you invested when you decide to sell your investments. It is strongly recommended that if you are a private investor independent financial advice should be taken before making any investment or financial decision.

Kepler Partners is not authorised to make recommendations to retail clients. This report has been issued by Kepler Partners LLP, is based on factual information only, is solely for information purposes only and any views contained in it must not be construed as investment or tax advice or a recommendation to buy, sell or take any action in relation to any investment.

The information provided on this website is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject Kepler Partners LLP to any registration requirement within such jurisdiction or country. In particular, this website is exclusively for non-US Persons. Persons who access this information are required to inform themselves and to comply with any such restrictions.

The information contained in this website is not intended to constitute, and should not be construed as, investment advice. No representation or warranty, express or implied, is given by any person as to the accuracy or completeness of the information and no responsibility or liability is accepted for the accuracy or sufficiency of any of the information, for any errors, omissions or misstatements, negligent or otherwise. Any views and opinions, whilst given in good faith, are subject to change without notice.

This is not an official confirmation of terms and is not a recommendation, offer or solicitation to buy or sell or take any action in relation to any investment mentioned herein. Any prices or quotations contained herein are indicative only.

Kepler Partners LLP (including its partners, employees and representatives) or a connected person may have positions in or options on the securities detailed in this report, and may buy, sell or offer to purchase or sell such securities from time to time, but will at all times be subject to restrictions imposed by the firm's internal rules. A copy of the firm's Conflict of Interest policy is available on request.

PLEASE SEE ALSO OUR TERMS AND CONDITIONS

Kepler Partners LLP is authorised and regulated by the Financial Conduct Authority (FRN 480590), registered in England and Wales at 70 Conduit Street, London W1S 2GF with registered number OC334771.