



Results analysis: Rockwood Strategic

Another double-digit return for RKW demonstrates the value on offer in the UK for active managers.

Update
19 November 2025

- Rockwood Strategic (RKW) has released its interim results for the six-month period ending 30/09/2025. Over the period, RKW's NAV total returns were 12.5%, with a share price total return of 11.5%. Whilst the trust has no formal benchmark, comparator indices the FTSE Small Cap (ex-ITs) and the FTSE AIM All-Share Index returned 12.1% and 14.8% respectively.
- Over the long term, RKW is significantly ahead of these comparators, having returned 179.9% in the five years to the period end, versus 91.3% for the FTSE Small Cap (ex-ITs) Index and -11.7% for the FTSE AIM All-Share Index.
- Vanquis Banking Group was the top performer in the half-year, with shares more than doubling following good progress in its recovery journey. Capita Plc was also a positive following its own turnaround success, with Capital Limited contributing to performance due to its gold and copper mining exposure. RKW's NAV was impacted by a write-off in previous holding Argentex in the period which went into administration.
- Manager Richard Staveley made three new investments in the period. Ingredients manufacturer Treatt, education software firm Tribal Group and another as yet unnamed holding. Tribal has risen notably since initial purchase, with Treatt the subject of a takeover offer during the period, which was subsequently raised post period end albeit this has since been rejected by the firm's management.
- There was one disposal in the period, Galliford Try, after the company fulfilled its investment thesis. The total return was over 2.4x the initial investment at a 48.2% IRR. As such, the portfolio now has 25 holdings.
- The trust has traded at a premium throughout much of the period, leading to ongoing share issuance in order to meet investor demand. This has contributed to NAV growing to £134.8m, an increase of 24%.
- The share issuance contributed to a net cash position of £9.8m, equivalent to 7.3% of NAV at the period end. This has since been mostly allocated to a number of portfolio holdings.

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- Chairman Noel Lamb noted the strategy's success, stating: "We continue to grow, due to the attractions of our differentiated strategy, focused team and best in class returns."

Kepler View

Rockwood Strategic (RKW) has continued to defy the gloom surrounding the UK to deliver another good set of results. Following on from the blockbuster return of 21% in the previous financial year, manager Richard Staveley has produced another period of double-digit performance. To us, this demonstrates the upside potential still on offer at the lower end of the market cap spectrum, despite what broader narratives have said about the prospects for the UK. Whilst relative performance has been closer to comparable market indices in the period, RKW's returns are still considerably ahead of its own ambitious target of a 15% annualised return over a three-to-five-year horizon, and the trust continues to have one of the best five-year track records of any investment trust.



Performance in the period has come from a broad spread of holdings. The top five contributors are from a variety of industries, from banking to legacy media, and have all generated returns far ahead of the wider market, including the top performer Vanquis Banking Group which returned over 100%, Capital Limited of over 70% and Capita of 68%. These stocks have gained in part due to internal changes that Richard was involved in, demonstrating how his active approach can help produce asymmetric upside reward. This is especially pertinent when considering the detractors, most notably the write-off in Argentex. Whilst this was unhelpful, pragmatic position sizing has helped mitigate its impact, and the exceptional returns in larger positions have more than offset this.

Richard added three new holdings to the portfolio in the period, and two of these have already generated strong returns and contributed to performance. One of these, Treatt, has already been the subject of some takeover activity from a private equity firm, demonstrating the value Richard identified, and how M&A can still be an important factor for returns going forward. That said, the realisation of Galliford Try in the period is particularly notable, in our view. The firm has been held since 2022, though having achieved the original goal of improving operating margins and reducing contracting risks, Richard has exited his position at a very high return, with an IRR of 48.2%. This is an excellent example of the process in action, and shows that, whilst some star performers have captured the headlines and contributed to the stellar performance, it is holdings such as Galliford Try that provide the foundations for the excellent, long-term results the strategy has achieved.

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