



Results analysis: Rockwood Strategic

RKW is one of the strongest performing UK investment trusts over both three and five years.

Update
18 June 2026

- **Rockwood Strategic (RKW)** released annual results for the year to 31/03/2026, reporting NAV and share price total returns of 7.1% and 2.4%, respectively. Whilst the trust has no formal benchmark, comparator indices, the FTSE Small Cap (ex-ITs) and the FTSE AIM All-Share Index, returned 8.9% and 5.1% over the same period.
- **Capital Limited** was a strong driver over this period, up almost 100% on a recovering Laboratories division and growing exposure to mining capex. Vanquis Banking wasn't far behind, rising 93%, benefitting from falling costs which helped return it to profitability.
- **There were some challenges.** The portfolio took a write down on Argentex, the FX firm that collapsed after high-risk client trades were caught out by sharp dollar moves. Further, in March 2026, the market reaction to US military action against Iran pushed up energy prices and inflation expectations, denting hopes for further rate cuts, both weighing on equity markets and RKW's NAV, in the last month of its reporting period.
- **Since then, however, RKW** has performed well, delivering a NAV total return of 18.8% to 16/06/2026, supported by ongoing M&A activity and value creation in some of its largest holdings. This puts it ahead of both the FTSE Small Cap (ex-ITs) return of 10.1% and the FTSE AIM All-Share's return of 1%.
- **Short periods** can be overwhelmed by sentiment or wider market noise, but the longer-term record speaks for itself. Over five-years to March 2026, RKW has been the best performing UK equity investment trust, delivering NAV and share price total returns of 97.4% and 105.0%, respectively, outpacing the FTSE Small Cap (ex-ITs) of 5.0% and the FTSE Aim All-Share of -40.1%.
- **This record** has supported a premium rating for much of its existence, allowing it to regularly issue shares, mostly at a time when many peers have been buying back. During the year to March 2026, around 17 million new shares were issued, increasing the share count by 44.5%, with a further c. 1.6m shares issued since then, to 16/06/2026.

Analysts:

Josef Licsauer
josef@keplerpartners.com



Kepler Partners is not authorised to make recommendations to Retail Clients. This report is based on factual information only.

The material contained on this site is factual and provided for general informational purposes only. It is not an invitation or inducement to buy, sell or subscribe to any product described, nor is it a statement as to the suitability or otherwise of any investments for any person. The material on this site does not constitute a financial promotion within the meaning of the FCA rules or the financial promotions order. Persons wishing to invest in any of the securities discussed in the website should take their own independent advice with regard to the suitability of such investments and the tax consequences of such investment.

- **During the reported period, RKW's shares** maintained an average 1.2% premium to NAV. However, President Trump's actions in the Persian Gulf unnerved investors pushing the trust to a small 2.7% discount at the reporting period-end, albeit briefly, as RKW moved back to a premium rating shortly after. At the time of writing, it trades at a premium of 2.7%.
- **Chairman Noel Lamb** reflected on a mostly positive year 'RKW has grown NAV per share, increased assets through new issuance and maintained the share price at a premium to NAV for almost the entire period'. He also acknowledged March's market reaction to the Middle East conflict has negatively impacting both markets and the portfolio's valuation. Whilst this took some of the shine off considerable fundamental and value creation progress in the portfolio in the prior 11 months, NAV has since rebounded and there has been positive momentum in the portfolio.



Kepler View

Rockwood Strategic (RKW) has delivered exceptional long-term returns for investors, with a NAV total return of almost 100% over the past five-years. We think this record is a clear demonstration of Richard Staveley's approach in action, hunting from the bottom-up for idiosyncratic, overlooked and undervalued companies with genuine potential to grow their intrinsic value meaningfully.

The key lies not only in identifying catalysts capable of unlocking that value, but for many of the trust's largest holdings, the influence Richard and team can assert to affect change, shaping board and management decisions directly. A great example of the positive impact this influence can have is via the investment in Galliford Try. Having purchased it in May 2022, at a point when its market capitalisation was below net cash, Richard and the team regularly engaged with management around capital allocation, including their approach to buybacks and dividend policy. Over time the position re-rated strongly, prompting Richard to sell the position in its 2026 financial year, realising a 48% IRR and 2.4x money-multiple.

However, set against this record, the latest full year results running through to March 2026 may look somewhat out of step, with RKW delivering a NAV total return of 7.1%. On closer inspection, however, we would argue that this is not an entirely accurate reflection of the portfolio's progress over the year. Over its financial year, to February-end, the trust had delivered a NAV total return of 19.4%, but following the conflict in the Middle East, both wider equity markets and the portfolio's valuation were hit hard.

The weakness in March, the last month of its annual reporting period, was a big driver in RKW's drop to a high single digit return. It masked a lot the portfolio's progress over the year, including two strong performances from Capital Limited and Vanquis, as well as the realisation of proceeds from the takeover of National World, which achieved a 70.5% IRR. That said, there were several detractors over the period, notably the full write down on Argentex, the FX firm that collapsed after high-risk client trades were caught out by sharp dollar moves.

Since the period end to 16/06/2026, performance has rebounded sharply, with a NAV total return of 18.8%. One of the drivers of performance has been a pick-up in acquisition activity and public-to-private transactions, an area Richard expects to remain a feature of the market for years to come. Following year-end, Van Elle, for example, a geotechnical and ground engineering contractor, received a takeover approach at a 58.5% premium. This is far from a new phenomenon for RKW's portfolio, but one we think reflects a persistent valuation gap between how the public market prices UK small and micro caps and what private

buyers, both overseas corporates and private equity, are willing to pay.

Despite the broader uncertainties surrounding the UK over the past year, Richard has found no shortage of ideas in this buyers' market, initiating a few new positions with the potential for meaningful upside, including Eagle Eye Solution a leading loyalty and promotions software provider for consumer facing retail and leisure customers. Additionally, he's utilised fund issuance to invest further in existing holdings at favourable prices, including Flowtech Fluidpower who have built a strong reputation of identifying value accretive bolt-on acquisitions, and have now acquired a larger business based in Europe enhancing scale and reach.

Looking ahead, we believe the broader backdrop for UK small and micro caps remains constructive and developments in artificial intelligence, could also be a net positive for many of the portfolio's holdings, including its current largest position, RM, supporting its market position within education, notably through its outsourced technology services to schools and its digital platform, Ava. Richard is alert to the risks too, including the weaponisation of AI for cybercrime, but expects most portfolio companies to benefit over time, with several already seeing improved operational productivity.

On a policy level, we think the reduction in the cash ISA allowance from April 2027 has some merit, nudging savers towards investing in the market, a tacit acknowledgement from the government that the UK market remains under-owned by its own population. That said, we share Richard and team's frustration at the scale of opportunity still being missed. With the UK market having now outperformed the S&P 500 for a second consecutive year, and UK equities remaining at comparatively attractive valuations, broader policy support continues to lag that opportunity. For investors willing to look past short-term noise, we think the Richard's approach holds potential to unlock meaningful, differentiated value in the UK market, and it is precisely this disconnect between fundamentals and flows where managers like Richard continue to demonstrate their stock-picking edge.

[Click here to read the FY report on RNS](#)

[Click here to read our latest research on RKW](#)

[Click here to add RKW to your watchlist](#)



Disclaimer

This report has been issued by Kepler Partners LLP. **The analyst who has prepared this report is aware that Kepler Partners LLP has a relationship with the company covered in this report and/or a conflict of interest which may impair the objectivity of the research.**

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.

