TOP STOCKS FOR 2021

FROM 3,000 OF THE UK'S MOST ACTIVE PRIVATE INVESTORS

Stockopedia

Contents

Dear Investor,

When we launched the inaugural **Stockopedia Stock Picking Challenge** in 2020, there were very few clues about the turbulent year that lay ahead. Without doubt, the social and economic effects of Covid will be felt for a long time to come. But in the stock market, the initial collapse in prices gave way to a determined recovery. Amid the trauma of the past year, it was still possible to make exceptional returns from shares - and many did.

The Stock Picking Challenge is our annual invitation to investors everywhere to suggest their **five Top Stock Picks** for the year ahead. At stake is the prestige of outperforming more than 3,000 of the smartest stock-pickers around, and the chance to win some impressive prizes too. But there's more...

As part of the Stock Picking Challenge, we draw up a list of the **Top 20 Stocks**. It's a selection that takes the most popular private investor stock picks and adds a couple of important rules:

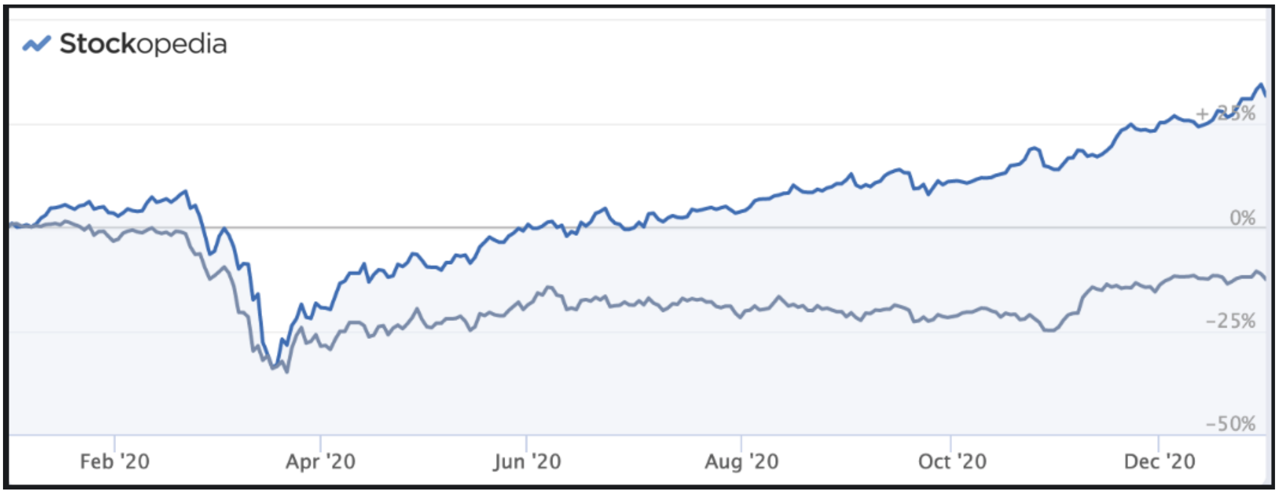
- First, we filter the picks for those with a Stockopedia **StockRank** of more than 66 out of 100. That ensures that we select shares ranked in the top third of the market based on their overall exposure to the three key factors of **high quality, appealing valuation and positive momentum**.
- Then we diversify the set by taking the top two or three selections from **each industry sector,** with the exception of telecoms and utilities, where there are far fewer picks.

With the Top 20 Stocks we aim to construct the best portfolio of "Man + Machine" - and last year it beat the market by an impressive margin. This year we're endeavouring to do it again.

Top Investor Picks for 2021

Successful stock picking demands focus, conviction, good humour and a bit of luck. All those factors were present in the Top Stocks portfolio last year.

Between 1 January 2020 and 30 December 2020, **the portfolio produced a 31.5% gain versus a 12.5% loss from the FTSE All Share.**



Source: Stockopedia Top 20 Stocks 2020 (blue line) versus FTSE All Share (grey line): 1 January 2020 - 30 December 2020. Past performance is not a guide to the future.

Overall, the Top 20 Picks were a triumph of the best ideas from a very smart community of investors, together with the help of the StockRanks and a well diversified selection. In this booklet, we set out the new portfolio selection for 2021.

As always, the Top Stocks are **only intended as a starting point for further research**. Remember that neither the best ideas of the community nor the StockRanks are a foolproof stock market system. Instead, this Man + Machine approach offers an interesting look at a diverse selection of high ranking stocks that the private investor community is most optimistic about in the year ahead.

Ben Hobson
Strategies Editor, Stockopedia

About the StockRanks™

At Stockopedia, we calculate a set of rankings daily for every share in the market. Using our database of more than 2000 fundamental and technical ratios we rank every stock relative to every other across their Quality, Value and Momentum. These rankings are published for every stock daily from zero (worst) to 100 (best), and then blended into a master, composite ranking of all three - known as the StockRank.

Shares with a rank of 90+ have significantly beaten the market since the StockRanks were launched in April 2013, returning more than 13.8% annualised over that period.

Sylvania Platinum (SLP)

Speculative* - *Small Cap* - *Super Stock

Sector	Market cap	StockRank™
Basic Materials	**£237.08m**	99

Sylvania Platinum is a small-cap platinum-group metals (PGM) producer with operations located in the South African Bushveld Igneous Complex. On some metrics SLP offers potentially striking value and exposure to growing markets such as electric vehicles. The stock had a tremendous run through much of 2020.

Sylvania has two distinct lines of business: the re-treatment of PGM-rich chrome tailings material from mines and the development of shallow mining operations and processing methods for low-cost PGM extraction.

> ***On some metrics, SLP offers potentially striking value and exposure to growing markets such as electric vehicles. The stock had a tremendous run through much of 2020.***

PGM metals are tricky to produce and there are only a few known producing areas, including the Bushveld Igneous Complex (BIC) in South Africa. Sylvania currently targets annual production of 74,000 - 76,000 ounces per year.

The group aims to create shareholder value through high levels of free cash flow generation and opportunistic share buybacks when the share price is lower than the internal company valuation.

Commenting on Sylvania's Q1 results, CEO Jaco Prinsloo said: "With a solid Q1 performance behind us and operational conditions improving towards normal levels following the impacts associated with COVID-19, our management teams are now able to increase the focus on optimising efficiencies with the resource suite we currently have and will continue to deliver strong operational performances going forward."

View SLP's full StockReport™ →

Sylvania Platinum (SLP)

Share price (1 year history)

Key statistics

- 12m Forecast Rolling PE Ratio: **5.1x**
- 12m Forecast Rolling Div Yield: **13.9%**
- Piotroski F-Score: **8/9**
- 12m Relative Strength: **167%**

Quality	99
Value	74
Momentum	97

Bull and Bear points

Bull points:

- Low-cost producer
- Strong PGM demand and spot prices
- Cash generative, broad factor exposures
- Developing exploration assets

Bear points:

- Operational disruption
- Depressed chrome market
- Dependence on host mines
- Profitability driven by PGM spot prices
- Finite life and lack of scalability of dump operations

[View SLP's full StockReport™ →]

Ferrexpo (FXPO)

Speculative* - *Mid Cap* - *Super Stock

Sector	Market cap	StockRank™
Basic Materials	**£1.68bn**	99

Ferrexpo is a large-cap iron ore pellet producer. The PLC is based in Switzerland and its main operations are located in the Poltava region of Ukraine. Its asset base comprises the largest iron ore deposit in Europe with approximately 20 billion tonnes of resources.

Iron ore pellets represent less than 10% of global export trade of iron ore, and the pellets are a premium product used to make high-end steel. Ferrexpo has two open-pit mines with an associated processing facility. Its integrated logistics capability together with Ukraine's proximity to major steel markets allows it to efficiently rail, barge and ship products to premium steel mills around the world. It is one of the top three players in this market in the world.

> ***There are some very strong quality characteristics in the financials... it has a strong and improving cash profile, with declining debt levels in recent years.***

There are some very strong quality characteristics in the financials, with a 30% return on capital and 31% operating margins. It has a strong and improving cash profile, with declining debt levels in recent years. In turn, momentum has been very strong, with earnings forecasts improving through 2020. Yet the stock looks cheap on a single-figure forecast multiple and solid yield.

In the company's H1 results last August, non-executive chairman Steve Lucas, said: "Whilst the ongoing global COVID-19 pandemic has affected demand in most markets, Ferrexpo's operations continue to operate with minimal disruption. The group has adapted to a changing market environment, and has sold increased volumes to China where demand remains robust. As the market returns to more normal conditions in 2H 2020, we expect to see a recovery in steel demand outside China, which should be constructive for pellet premiums."

View FXPO's full StockReport™ →

Ferrexpo (FXPO)

Share price (1 year history)

Key statistics

- 12m Forecast Rolling PE Ratio: **5.9x**
- 12m Forecast Rolling Div Yield: **4.95%**
- Piotroski F-Score: **5/9**
- 12m Relative Strength: **118%**

Quality	92
Value	82
Momentum	91

Bull and Bear points

Bull points:

- Established global low cost player
- High margin premium steel market
- Strong record on capital allocation
- Diversified customer base
- Growth ambitions

Bear points:

- Sensitive to global iron ore prices
- Pellet supply and pricing risk
- Country and political risk

View FXPO's full StockReport™ →

Bushveld Minerals (BMN)

Highly Speculative* - *Small Cap* - *Neutral

Sector	Market cap	StockRank™
Basic Materials	£242.91m	77

Bushveld Minerals is a low cost vanadium producer and leading energy storage provider. It is based in South Africa, where it operates two of the world's four primary vanadium processing facilities. Bushveld Minerals is the group's vanadium producer, while Bushveld Energy is its leading energy storage solutions provider.

Co-production has historically accounted for the majority of global vanadium supply but the fastest growth now comes from primary production. This shift in supply dynamics may be part of a trend of decoupling vanadium from steel production, as new uses of vanadium such as energy storage continue to grow faster than steel demand. The World Bank Group forecasts that by 2050 vanadium demand from energy storage alone could consume nearly twice the 2018 global vanadium production.

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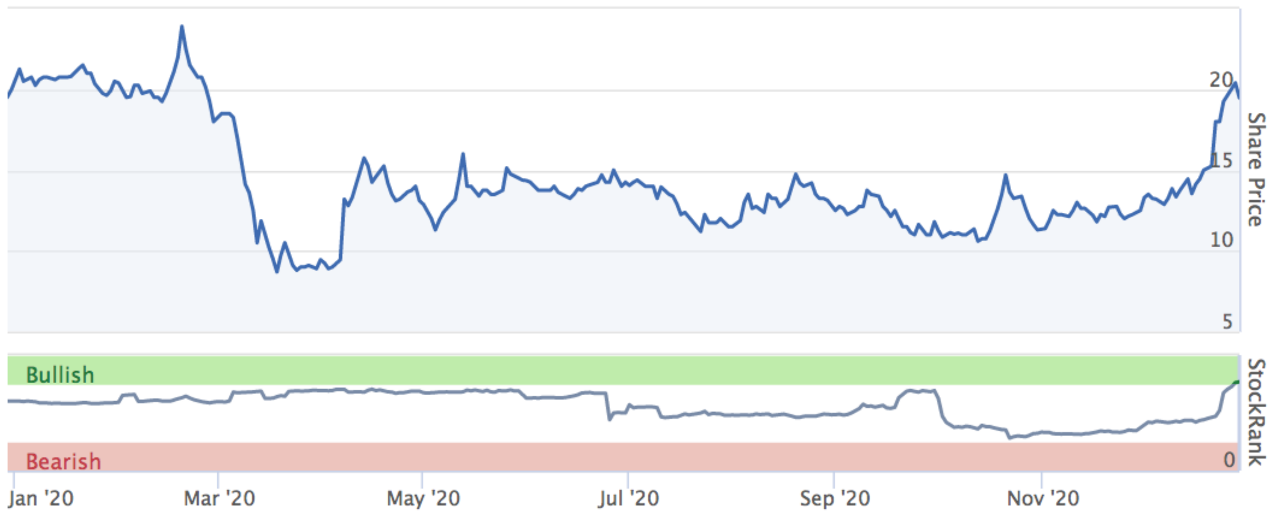
Bushveld is well placed to benefit from this. What comes through in its StockReport is the profitability: since swinging into profit in 2019, the group has generated extremely strong double digit operating margins, with returns on capital clocking in at between 20% and 50%. This, coupled with the strong share price and Momentum Rank, explains a sharp 42 point jump in StockRank to 77 towards the end of 2020.

In the group's Q3 announcement last November, Bushveld Minerals' CEO Fortune Mojapelo commented: "I am pleased to report a solid set of Q3 numbers from our two production assets... Unfortunately, post Q3 2020, extraneous weather conditions resulted in an unexpected power outage at Vametco, impacting the refinery section of the plant, however, we still expect to meet Group production guidance."

View BMN's full StockReport™ →

Bushveld Minerals (BMN)

Share price (1 year history)



Key statistics

- 12m Forecast Rolling PE Ratio: **5.8x**
- 12m Forecast Rolling Div Yield: **N/A**
- Piotroski F-Score: **2/9**
- 12m Relative Strength: **9.43%**

Quality	44
Value	64
Momentum	88

Bull and Bear points

Bull points:

- One of the few primary vanadium producers
- Exposure to the growing energy storage market
- High margins and returns on capital

Bear points:

- Low Piotroski F-Score
- Increasing shares in issue
- Dependence on vanadium price
- Volatile operating results
- Plant shutdowns and operational risk

[View BMN's full StockReport™ →]

Reach (RCH)

Speculative* - *Mid Cap* - *Super Stock

Sector	Market cap	StockRank™
Consumer Cyclicals	**£448.13m**	98

Reach, formerly known as Trinity Mirror, owns and operates a portfolio of print and digital newspapers and magazines.

Digital (15% of revenue) is a network of over 50 sites providing 24/7 coverage of news, sport, and showbiz stories, with 1.3bn average monthly page views and over 40m UK unique monthly users. It makes money from advertising and partnerships, and is the fifth-largest online property in the UK.

Print (84% of revenue) is a mix of national and regional paid-for and free publications. Print makes money from paid-for publications (circulation), advertising, contract printing, and events. It has 9 national newspapers, 110+ regional newspapers, and 2 national magazines.

> ***In recent years, Reach has been seen by some as a classic value play. It remains cheap on many metrics but strong momentum in the price, earnings and broker outlook is compelling.***

On the plus side, the stock is cheap and the business has reported that it's performing ahead of expectations. The biggest drags are balance sheet risks (high intangibles and a big pension liability), declining circulation revenues (print is in structural decline), and the challenge of monetising online.

In recent years, Reach has been seen by some as a classic value play. It remains cheap on many metrics but strong momentum in the price, earnings and broker outlook is compelling.

In a trading statement last November, CEO Jim Mullen, said: "The headwinds from Covid-19 have been considerable, but while we remain mindful of potential impacts from the current lockdowns, we approach the end of the year with a strong and growing digital business, resilient print circulation sales, and a new, efficient operating model."

View RCH's full StockReport™ →

Reach (RCH)

Share price (1 year history)

Key statistics

- 12m Forecast Rolling PE Ratio: **4.3x**
- 12m Forecast Rolling Div Yield: **4.83%**
- Piotroski F-Score: **7/9**
- 12m Relative Strength: **21.4%**

Quality	64
Value	98
Momentum	91

Bull and Bear points

Bull points:

- Making progress on digital transformation
- Cost-cutting in Print
- Trading ahead of expectations
- Cheap and cash generative

Bear points:

- Digital advertising landscape dominated by tech giants
- Balance sheet weakness and pension deficit
- Business model risk

[View RCH's full StockReport™ →]

Games Workshop (GAW)

Adventurous - Large Cap - High Flyer

Sector	Market cap	StockRank™
Consumer Cyclicals	£3.70bn	69

Games Workshop has been one of the great investing success stories of recent years and even now, at a market cap of nearly £4bn and with annual revenues of £269.7m, it continues to post upbeat trading updates. This group makes "the best fantasy miniatures in the world" and sells them globally at a profit, but Games Workshop is much more than that thanks to decades of world-building and intellectual property.

The value of this IP can be seen in Games Workshop's loyal, growing fanbase and deep pricing power, which together translate into sustainably high profit margins and returns on capital. The group's six-year average operating margin is 25.2% and its six-year average return on capital figure is some 56.2%. Here, clearly, is a company that allocates capital wisely and is managed for the very long term.

> ***The value of this IP can be seen in Games Workshop's loyal, growing fanbase and deep pricing power, which together translate into sustainably high profit margins...***

Stockopedia picks up on these characteristics with a Quality Rank of 83 and a Momentum Rank of 89. Growing profits, a global opportunity, entrenched financial safety, and prudent capital allocation together mean that Games Workshop's share price is one of the strongest on the market. It is a high QM High Flyer in every sense of the word.

In the group's recent half-year trading update, posted in December, the company said: "Following the update in early November 2020, the Company announces that our preliminary estimates for the six months to 29 November 2020 indicate sales of c. £185 million (2019: £148 million) and profit before tax of not less than £90 million (2019: £59 million). We are delighted with the global team performance in the first half given the backdrop of major projects and some government restrictions."

[View GAW's full StockReport™ →]

Games Workshop (GAW)

Share price (1 year history)

Key statistics

- 12m Forecast Rolling PE Ratio: **31.8x**
- 12m Forecast Rolling Div Yield: **1.92%**
- Piotroski F-Score: **4/9**
- 12m Relative Strength: **109%**

Quality 83

Value 8

Momentum 89

Bull and Bear points

Bull points:

- Double digit revenue and profit compound annual growth rates
- Successful digital and international expansion
- Deep library of intellectual property
- Shareholder-friendly culture

Bear points:

- Shares trade on high earnings multiples
- Execution risk of international expansion
- Potentially volatile earnings

[View GAW's full StockReport™ →]

N Brown (BWNG)

Highly Speculative* - *Mid Cap* - *Contrarian

Sector	Market cap	StockRank™
Consumer Cyclicals	£276.98m	92

High street retail had a very tough year in 2020, which makes N Brown Group an interesting choice in the Top Picks list. This company is a clothing, footwear and homeware retailer behind brands like JD Williams, Jacamo and Home Essentials, among others. Even before Covid, N Brown was in transition and undertaking a huge effort to convert as much of its business to digital as possible.

This transition has filtered down to just about every part of the group. Brands have been shaken-up and redefined, marketing strategy has been completely changed, the group has made the switch from the LSE Official List to AIM and late last year launched a £100m fundraise to strengthen its finances and follow through with more aggressive growth.

> ***These changes appear to be bearing fruit. There are early signs of growth in product sales, which means that this contrarian play might be gaining traction.***

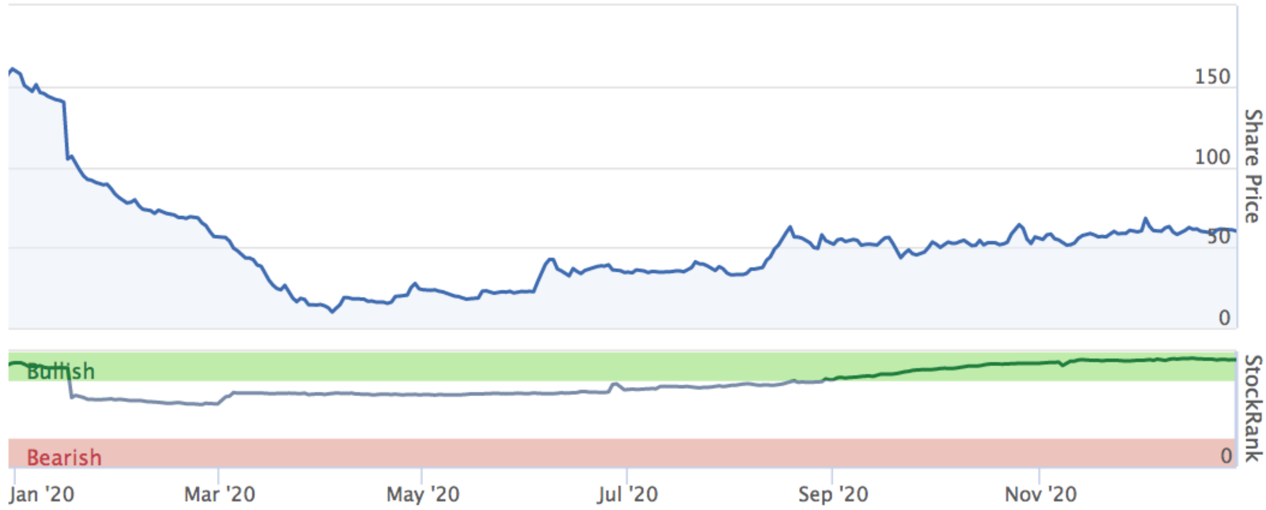
In spite of all the challenges, these changes appear to be bearing fruit. There are early signs of growth in product sales, which means that this contrarian play might be gaining traction. The shares appear cheaply priced for a business that remains profitable (although still saddled with nagging debt). But there are signs of financial quality and the question now is whether the group has done enough to survive and flourish from here. Brokers are cool on it and the price momentum has been poor over the past year. But could that change in 2021?

In its H1 results last October, CEO Steve Johnson, said: “Having restructured the business and transitioned to more than 90% of revenues from digital, we now see a clear opportunity to capitalise on various industry drivers, not least the increasing trend towards online retail, and further improve our customer proposition.”

[View BWNG's full StockReport™ →]

N Brown (BWNG)

Share price (1 year history)



Key statistics

- 12m Forecast Rolling PE Ratio: **5.8x**
- 12m Forecast Rolling Div Yield: **N/A**
- Piotroski F-Score: **7/9**
- 12m Relative Strength: **-57.5%**

Quality	89
Value	97
Momentum	39

Bull and Bear points

Bull points:

- Profitable retail business
- Successful transition to digital
- Signs of growing product sales
- Well-financed

Bear points:

- Competitive industry sector
- Challenging conditions
- Underwhelming margins and track record

[View BWNG's full StockReport™ →]

Wey Education (WEY)

Highly Speculative* - *Micro Cap* - *High Flyer

Sector	Market cap	StockRank™
Consumer Defensives	**£47.95m**	79

Wey Education is a micro cap growth share benefiting from the accelerated shift to online education due to coronavirus and technology trends.

It provides 100% online education across two business units: InterHigh School and Academy21. InterHigh is the UK's largest online independent, fee paying school which the company says will have more than 2,400 students by year-end 2020. Academy21 is Wey's "B2B" operation which delivers services designed to help schools, local authorities and other public bodies deliver short, medium and long term provision for pupils with complex behavioural, medical and mental health issues.

> ***In terms of liquidity, the top 10 shareholders have 67% of the shares... so retail investor demand may be the force that drives the price higher.***

Wey's revenues have been growing very quickly over the past six years and it has now turned profitable. It has a strong cash profile and no debt. Based on the StockRanks, it's not cheap, but is profitable, growing and has a good Quality Rank of 91 and a strong Momentum Rank of 95.

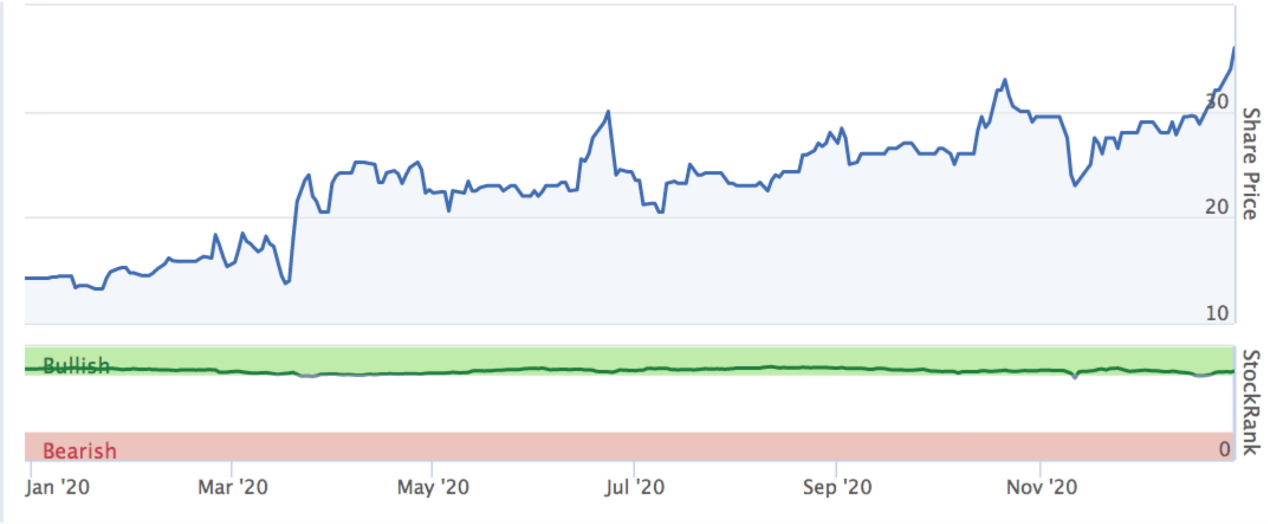
In terms of liquidity, the top 10 shareholders have 67% of the shares, so it's fairly tightly held and liquidity is low - so retail investor demand may be the force that drives the price higher.

In Wey's final results last November, chairman Barrie Whipp said: "Wey is now firmly established as a leader in online education... Our expanded leadership team is allowing us to enhance the quality of our education provision, technology and individual learner experience. Our marketing focus is allowing us to expand our reach in a marketplace more ready for our services than ever before."

[View WEY's full StockReport™ →]

Wey Education (WEY)

Share price (1 year history)



Key statistics

- 12m Forecast Rolling PE Ratio: **41.2x**
- 12m Forecast Rolling Div Yield: **N/A**
- Piotroski F-Score: **7/9**
- 12m Relative Strength: **185%**

Quality	91
Value	13
Momentum	95

Bull and Bear points

Bull points:

- Covid beneficiary as online education gathers new interest
- Significant cost advantage vs physical schools
- Clear growth opportunity in a fragmented segment of a large market

Bear points:

- "It's just a school"
- No clear technology advantage
- Recent director sales, marketing execution risk
- Illiquid micro-cap
- Premium valuation

View WEY's full StockReport™ →

Wynnstay (WYN)

Adventurous - Small Cap - Super Stock

Sector	Market cap	StockRank™
Consumer Defensives	**£67.89m**	99

Wynnstay was founded in 1918 as a farmers' co-operative. Since then, it has been a story of slow and steady expansion. This is not a racy tech stock - but it is a sensibly managed, conservatively financed, growing specialist retailer that is aiming to consolidate in a fragmented market.

Wynnstay has grown by acquisition and is now a major supplier of products and services across many parts of the UK to the agricultural industry and the rural economy. It is further strengthened by a number of complementary joint ventures and associate companies.

The group has four brands split across its two operating divisions: Agriculture, which is the manufacturing and supply of agricultural inputs to UK customers, and Specialist Agriculture Merchanting, which supplies specialist agricultural and associated sundry products to customers across Wales and England.

> ***This is not a racy tech stock - but it is a sensibly managed, conservatively financed, growing specialist retailer that is aiming to consolidate in a fragmented market.***

This is a conservatively run outfit that comes with no high finance fanfare or corporate spin - but the StockRanks love it. In fact, Wynnstay is one of the few stocks to clock in with a StockRank of 100 at certain points in 2020 with very favourable exposure to the Value, Quality, and Momentum factors.

In the group's most recent trading update in December, management commented: "Overall trading since June, when the Group reported interim results, has been stronger than anticipated, especially in September and October. This is across both the Agriculture and Specialist Agricultural Merchanting Divisions. As a result, the Board now expects that underlying Group pre-tax profit for FY 2020 will be significantly ahead of current market forecasts."

[View WYN's full StockReport™ →]

Wynnstay (WYN)

Share price (1 year history)

Key statistics

- 12m Forecast Rolling PE Ratio: **9.9x**
- 12m Forecast Rolling Div Yield: **4.41%**
- Piotroski F-Score: **7/9**
- 12m Relative Strength: **25.5%**

Quality	94
Value	97
Momentum	91

Bull and Bear points

Bull points:

- Conservatively run
- Net cash position
- History of dividend payments
- Broad-based factor exposure

Bear points:

- Lacklustre growth
- Volatile trading
- Vulnerable to commodity price swings
- Brexit risk

[View WYN's full StockReport™ →]

Royal Dutch Shell (RDSA)

Adventurous* - *Large Cap* - *Neutral

Sector	Market cap	StockRank™
Energy	**£104.90bn**	82

2020 got off to a bad start for oil and gas majors when a falling-out between OPEC and Russia led to a dramatic collapse in the oil price. Things went from bad to worse as the Covid pandemic drove down global energy consumption. And while the oil price did stage a partial recovery, the industry, like many others, is very dependent on how the Covid crisis develops from here.

Royal Dutch Shell has long been a jewel in the FTSE 100, especially for stalwart income investors. But even this dividend giant succumbed to the pressure to cut its payout in 2020. With the hit to profits and the share price falling by 40% through the year, Shell's investment appeal shifted from being quality & value to value & momentum. That puts it firmly in territory that tends to appeal to Turnaround investors.

> ***Even the largest oil stocks are capable of rapid re-pricing when economic conditions change. So all eyes will be on stocks like Shell as and when some form of normality resumes.***

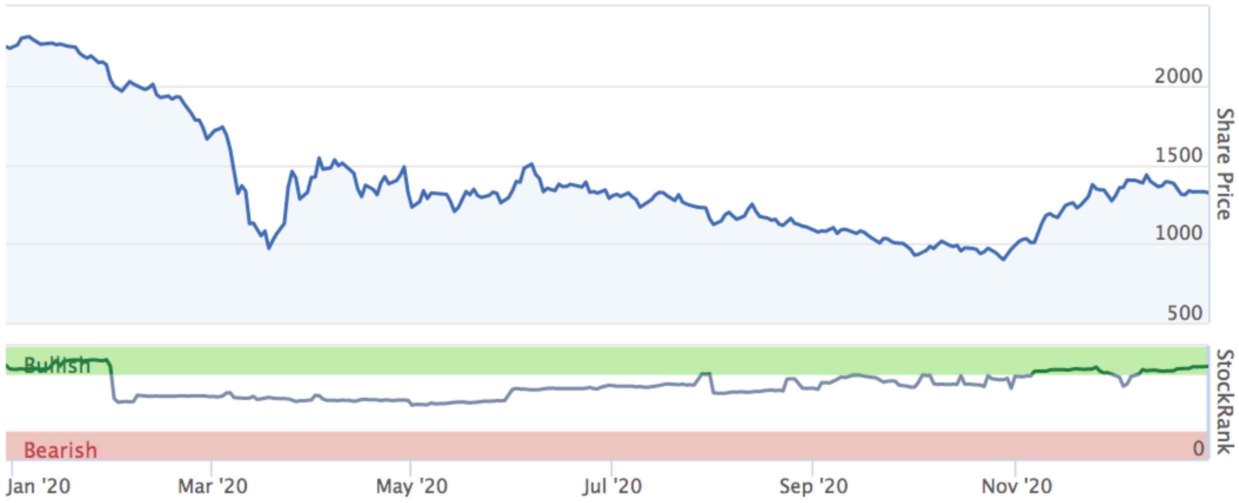
Even the largest oil stocks are capable of rapid re-pricing when economic conditions change. So all eyes will be on stocks like Shell as and when some form of normality resumes. Meanwhile, the group is juggling the demands of becoming a "net-zero emissions energy business" whilst having to write-down billions of dollars of asset value and manage expectations on cash returns to shareholders.

In its Q3 results, Royal Dutch Shell CEO Ben van Beurden, said: "Our sector-leading cash flows will enable us to grow our businesses of the future while increasing shareholder distributions, making us a compelling investment case... The strength of our performance gives us the confidence to lay out our strategic direction, resume dividend growth and to provide clarity on the cash allocation framework, with clear parameters to increase shareholder distributions."

View RDSA's full StockReport™ →

Royal Dutch Shell (RDSA)

Share price (1 year history)



Key statistics

- 12m Forecast Rolling PE Ratio: **12.5x**
- 12m Forecast Rolling Div Yield: **3.89%**
- Piotroski F-Score: **5/9**
- 12m Relative Strength: **-33.5%**

Quality	44
Value	85
Momentum	74

Bull and Bear points

Bull points:

- Shares trade on historically low earnings multiples
- Ambition to repair the dividend payout
- Exposure to upside from improving energy prices
- Signs of improving momentum

Bear points:

- Uncertainty over coronavirus and its impact on energy demand
- Won't appeal to ESG investors
- Big recent write-downs in asset values

View RDSA's full StockReport™ →

Wentworth Resources (WEN)

Adventurous* - *Micro Cap* - *Contrarian

Sector	Market cap	StockRank™
Energy	**£35.25m**	95

Wentworth Resources is a stock that at first glance might deter some investors. After all, micro cap energy firms operating in exotic places tend to appeal to the more speculative end of the market. But there are some eye-catching features here.

For a start, Wentworth generates revenues and makes a profit from operations at its onshore producing gas field in Mnazi Bay in Tanzania. 2020 annual production guidance is in the range of 60 - 70 million standard cubic feet per day (gross). In fact, it even paid a dividend in 2020.

The share float has been broadly stable in the past few years. It's debt free and has a solid cash position. The forecast PE of 13.1x makes it relatively cheap in the market but actually one of the more expensively priced producers in what is a generally unloved industry group facing macro headwinds.

> ***The forecast PE of 13.1x makes it relatively cheap in the market but actually one of the more expensively priced producers in what is a generally unloved industry group.***

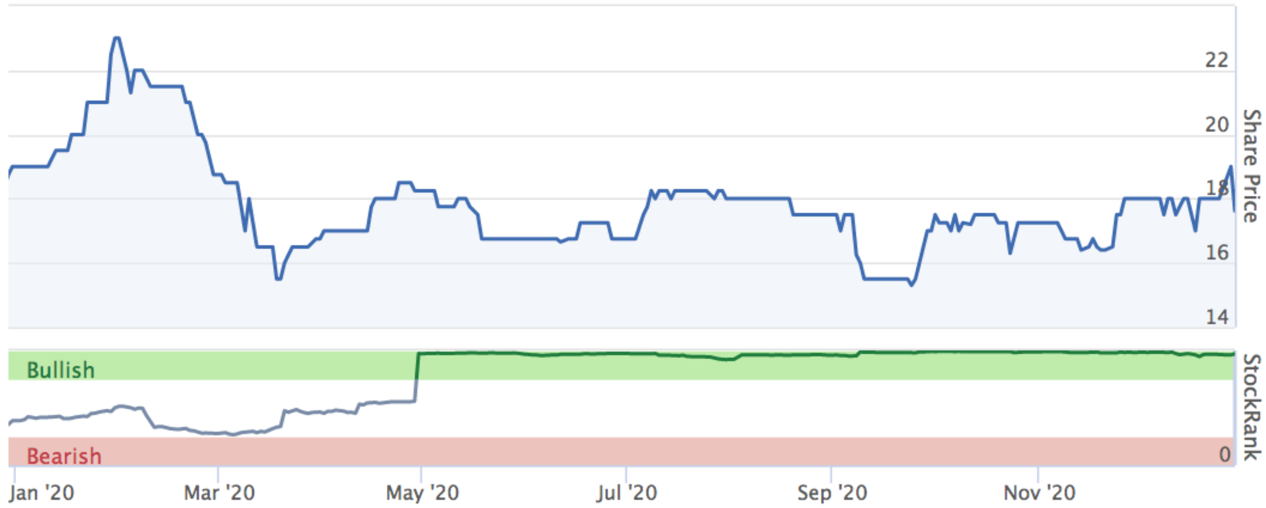
Quality and value are the two appealing features of Wentworth's investment profile. Momentum has been underwhelming over the past year, not helped by a relatively thin trading in its shares, which can be a feature of micro-caps like this.

In an operational update last December, CEO Katherine Roe, said: "We are especially proud of the strength of the business despite the challenging macroeconomic backdrop, which is reflected in our balance sheet, with zero debt and $17 million cash at the end of October. This has enabled us to return capital to shareholders totalling $4.2 million."

View WEN's full StockReport™ →

Wentworth Resources (WEN)

Share price (1 year history)



Key statistics

- 12m Forecast Rolling PE Ratio: **13.1x**
- 12m Forecast Rolling Div Yield: **8.05%**
- Piotroski F-Score: **9/9**
- 12m Relative Strength: **8.36%**

Quality	95
Value	95
Momentum	49

Bull and Bear points

Bull points:

- Production assets and plans to grow further
- Well financed
- Big forecast dividend yield
- Undemanding share price multiple

Bear points:

- Micro-cap with limited share liquidity
- Challenging conditions in the sector
- Potential for political risk in Tanzania

View WEN's full StockReport™ →

CMC Markets (CMCX)

Speculative* - *Mid Cap* - *Super Stock

Sector	Market cap	StockRank™
Financials	**£1.13bn**	**99**

There can be few better places to be than in the shares of a financial trading platform when the market is being swept with volatility. In good times, stocks like CMC Markets can deliver stunning returns and generate huge amounts of cash - which is exactly what it has been doing. The trade off is that firms like this are (perhaps deservedly) always under the scrutiny of regulators and their shares can suffer when markets go quiet.

In the case of CMC, it makes significant revenues from derivatives trading in the form of spread betting and CFDs. It has operations in 12 countries including a large brokerage in Australia (representing a 17% share of that market). Overall it has more than 57,000 active clients and a growing institutional business as well.

> ***After such turbulent market conditions, CMC turned in a record-breaking half-year performance last November, with pre-tax profits up by 369% to £141.1 million.***

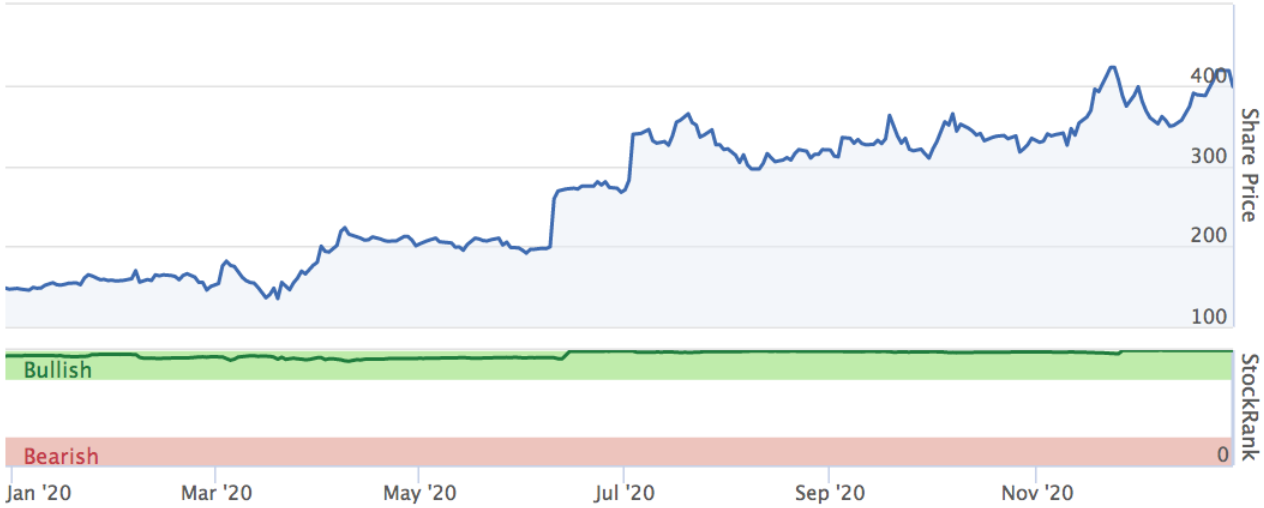
After such turbulent market conditions, CMC turned in a record-breaking half-year performance last November, with pre-tax profits up by 369% to £141.1 million. Unsurprisingly, quality and momentum are the two main factors that CMC stock is exposed to. Its blistering profitability has got the market racing behind it, with brokers consistently upping their numbers in anticipation of more to come. Unsurprising too, that CMC was one of the most popular stock picks for 2021.

In the H1 results, CEO Peter Cruddas, said: “We have many opportunities to leverage our technological innovation, quality client service and platform strength, and these will allow us to expand our product portfolio and deliver further profitable growth for the group.”

[View CMCX's full StockReport™ →]

CMC Markets (CMCX)

Share price (1 year history)



Key statistics

- 12m Forecast Rolling PE Ratio: **13.1x**
- 12m Forecast Rolling Div Yield: **3.71%**
- Piotroski F-Score: **8/9**
- 12m Relative Strength: **207%**

Quality	99
Value	82
Momentum	97

Bull and Bear points

Bull points:

- Very profitable in volatile conditions
- Impressive momentum backed by earnings outperformance
- Growth ambitions
- Diversified client base

Bear points:

- Regulatory changes can be a risk
- Cyclical business that can slow down sharply when conditions change

[View CMCX's full StockReport™ →]

Aviva (AV.)

Balanced* - *Large Cap* - *Turnaround

Sector	Market cap	StockRank™
Financials	£12.84bn	90

Attractively priced, large-cap insurers have been a happy hunting ground for income investors in recent years. But with the Covid pandemic shaking the market through 2020, many of these dividend stalwarts were forced to take drastic measures - and Aviva was one of them.

Aviva has a sprawling portfolio of savings, retirement and insurance products, which attracted inflows and performed well over the past year. But it was the Bank of England's request for financial firms to conserve cash through the pandemic that led to a cut to the dividend. Not only that, Aviva's newly-shaped payout policy is now set to deliver a third less than it did pre-Covid.

> ***Its improving price momentum may be a reflection of the market sensing that profits and payouts could rebound quickly as and when the world gets back to normal.***

No surprise then that the group's share price took a tumble last year - and despite modest momentum, it failed to recover the lost ground. Moreover, pressure on profits triggered moves to streamline its operations, with parts of its international business being sold off.

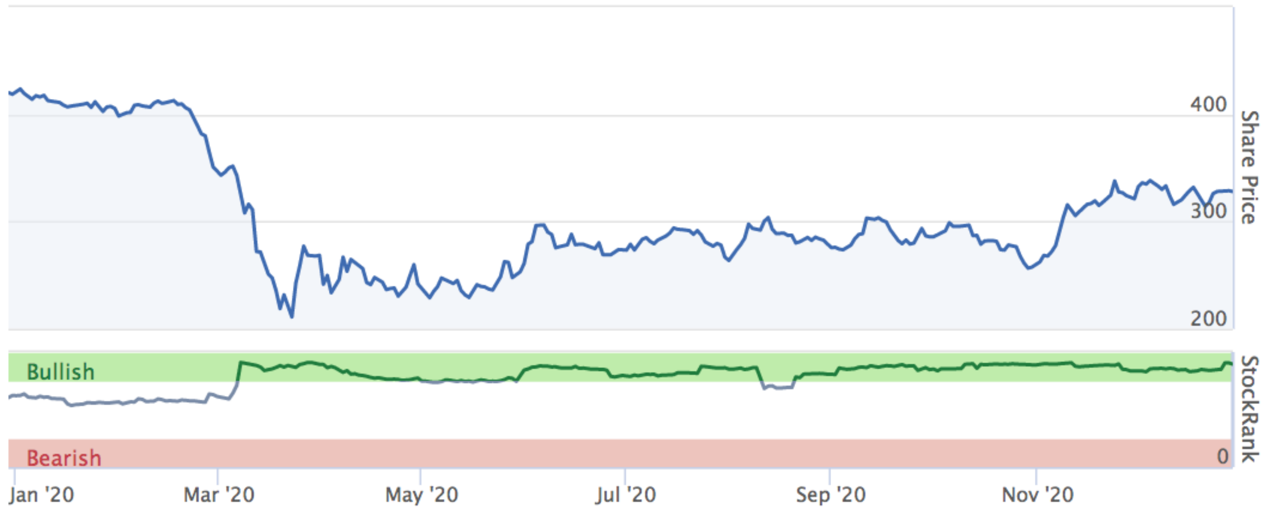
As is often the case with large insurance groups, value remains the main factor of interest with Aviva. Its improving price momentum may be a reflection of the market sensing that profits and payouts could rebound quickly as and when the world gets back to normal.

In a Q3 update last November, the company reported: "Aviva has delivered a resilient performance in the first nine months against a challenging market backdrop. We have started to deliver against our strategic priorities and have aligned our dividend policy with the sustainable capital and cash generation of our core businesses."

View AV.'s full StockReport™ →

Aviva (AV.)

Share price (1 year history)



Key statistics

- 12m Forecast Rolling PE Ratio: **6.1x**
- 12m Forecast Rolling Div Yield: **7.16%**
- Piotroski F-Score: **5/9**
- 12m Relative Strength: **-11.1%**

Quality	41
Value	96
Momentum	84

Bull and Bear points

Bull points:

- Shares look cheap with improving momentum
- Dividend expected to grow from next year
- Strong financial position

Bear points:

- Growth in such a large business is underwhelming
- Covid uncertainty could compromise profits
- New dividend policy is less generous than it was previously

[View AV.'s full StockReport™ →]

Novacyt (NCYT)

Speculative* - *Mid Cap* - *Super Stock

Sector	Market cap	StockRank™
Healthcare	**£612.56m**	83

It has been a truly transformational year for Novacyt, the now not-so-small diagnostics company that managed to steal first-mover advantage in the UK Covid PCR testing market. Its products are seen by many as the 'gold standard' for Covid testing and, given the unprecedented nature of its trading conditions, many are looking intently to the next trading update in January.

There have been many publicly-listed companies claiming to offer some kind of play on Covid testing, but Novacyt is one of the few to already be recording bumper revenues and profits as a result of getting its products to market. In September, the announcement of a mammoth contract win with the Department of Health and Social Care sent the share price racing.

> ***There have been many publicly-listed companies claiming to offer some kind of play on Covid testing, but Novacyt is one of the few to already be recording bumper revenues and profits...***

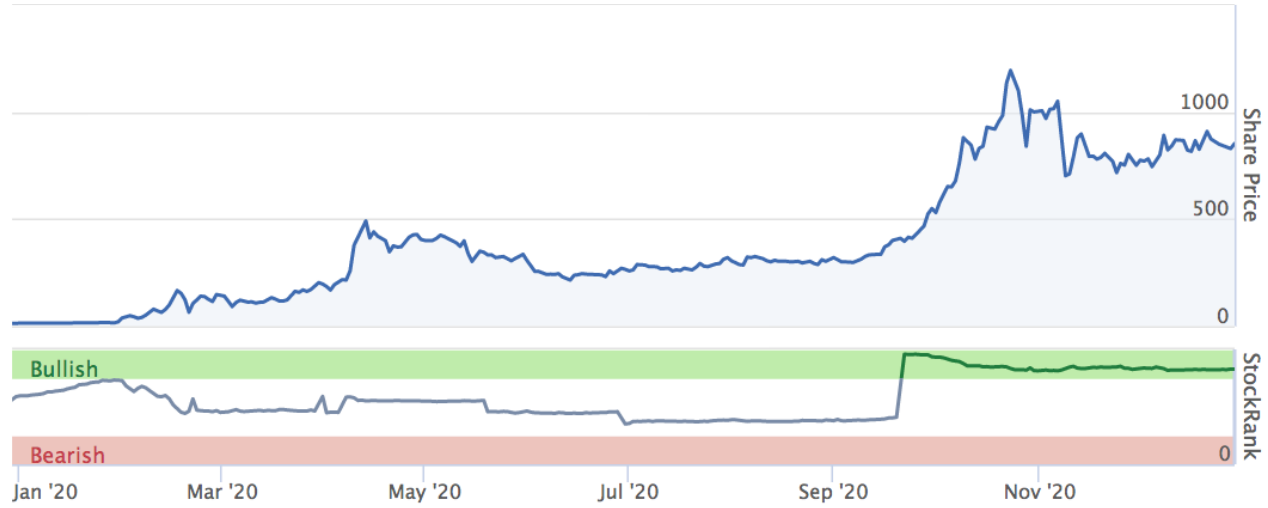
There has been a period of consolidation since, but Novacyt has been busy using its influx of cash to expand its workforce and rapidly roll out new products and workflows. It has also been attracting institutional investors like BlackRock, which now owns 3.54% of the company, and has an eye on acquisition targets as it sets about realising its medium term goal of becoming a leading global diagnostics mid cap.

In the group's recent R&D update, it said: "Novacyt's near-term focus remains to deliver strong organic revenue growth in the core business, where the Directors believe demand for its products will continue to grow well into 2021 as COVID-19 testing continues. In the medium-term, Novacyt expects to leverage its reputation, market intelligence and relationships developed during the COVID-19 response to commercialise new products, as well as expand its presence in respiratory and transplant clinical diagnostics, to continue to meet significant unmet market needs."

[View NCYT's full StockReport™ →]

Novacyt (NCYT)

Share price (1 year history)



Key statistics

- 12m Forecast Rolling PE Ratio: **16.5x**
- 12m Forecast Rolling Div Yield: **N/A%**
- Piotroski F-Score: **8/9**
- 12m Relative Strength: **7,294%**

Quality	86
Value	32
Momentum	88

Bull and Bear points

Bull points:

- Transformational trading
- Improved financial position, with cash pile and no debt
- Growing institutional backing

Bear points:

- Fast-moving and unpredictable industry conditions could work against it
- Uncertainty of future profits
- Acquisition risk - if deals don't work out
- Share price has been volatile

[View NCYT's full StockReport™ →]

Ergomed (ERGO)

Adventurous* - *Mid Cap* - *High Flyer

Sector	Market cap	StockRank™
Healthcare	£506.66m	75

Ergomed is a service provider to the pharmaceutical industry. It specialises in all aspects of clinical research in areas like oncology, neurology, rare disease and immunology. It also has a pharmacovigilance division, which specialises in making sure that new treatments (from other companies) are closely monitored and don't have adverse effects.

Ergomed has been in transition in recent years. It used to be focused on co-developing new treatments, but the heavy R&D costs resulted in consistent losses. More recently it has stopped funding any new initiatives in that speculative part of the business to focus on the "services" side and is now increasingly profitable.

> ***Ergomed's AIM-quoted shares performed very well in 2020 as it continued to outpace broker forecasts, and it's now a top pick among investors for the year ahead.***

Ambitions to grow its presence in the US saw the company acquire MedSource in December 2020 in a deal worth up to $25 million (90% cash, 10% shares). MedSource is a contract research outsourcing provider specialising in oncology and rare disease.

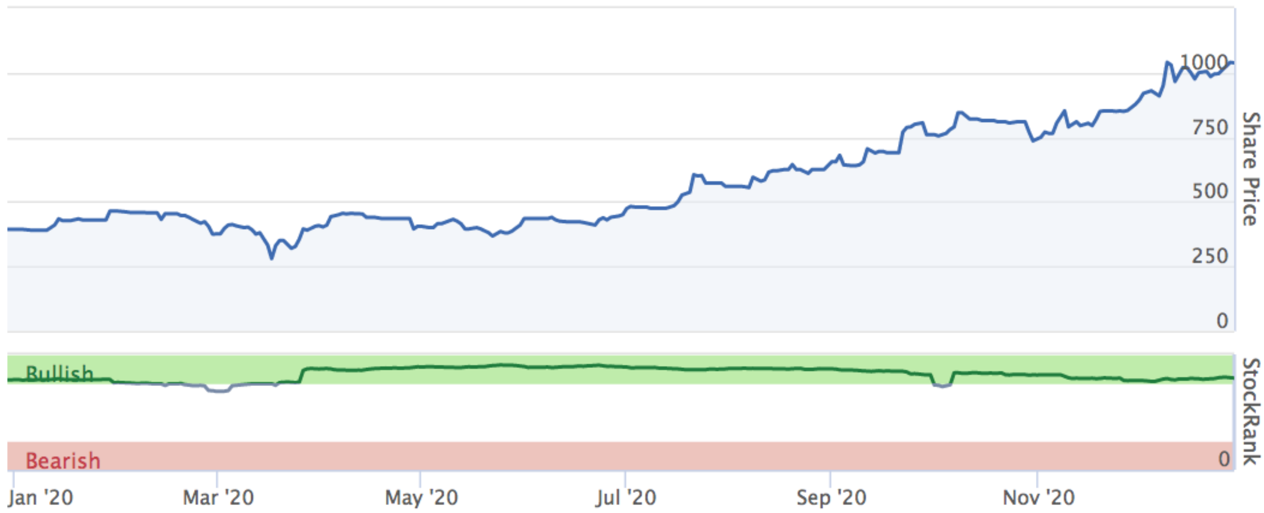
Ergomed's AIM-quoted shares performed very well in 2020 as it continued to outpace broker forecasts, and it's now a top pick among investors for the year ahead. Solid momentum paired with strong financial quality and a now impressive growth profile are all positive traits but the shares are looking expensive on some measures.

In its interim results last September, Dr Miroslav Reljanović, Executive Chairman of Ergomed, said: "Ergomed has delivered exceptional progress both operationally and financially during the first half of the year, continuing to demonstrate our ability to drive sustained growth through a clear focus on our service model strategy."

View ERGO's full StockReport™ →

Ergomed (ERGO)

Share price (1 year history)



Key statistics

- 12m Forecast Rolling PE Ratio: **37.3x**
- 12m Forecast Rolling Div Yield: **N/A%**
- Piotroski F-Score: **6/9**
- 12m Relative Strength: **199%**

Quality	83
Value	12
Momentum	97

Bull and Bear points

Bull points:

- Consistent record of beating earnings expectations
- Successful transition from losses to profits
- Growth ambitions, including international acquisitions

Bear points:

- Shares are potentially expensive
- Share price could correct if future earnings disappoint
- Competitive market
- Acquisitions may not pay off

[View ERGO's full StockReport™ →]

SDI (SDI)

Speculative - Small Cap - High Flyer

Sector	Market cap	StockRank™
Healthcare	£118.54m	86

SDI Group designs and manufactures scientific and technology products for use by the life science, healthcare, astronomy, consumer manufacturing and art conservation markets. Its share price has gone from strength to strength, and enters 2021 at new all-time highs. This is due to the successful execution (so far) of its 'buy and build' strategy.

The group acquires and develops companies that specialise in digital imaging and sensing and control products. These products are sold to a variety of end markets ranging from astronomy to art conservation.

SDI looks to buy high quality, profitable businesses, with established reputations and customer loyalty in global markets. Of course, these companies have to be available at a reasonable price.

> ***Its share price has gone from strength to strength, and enters 2021 at new all-time highs. This is due to the successful execution (so far) of its 'buy and build' strategy.***

SDI unlocks the latent value in acquired operations by bringing scale benefits to the table (including synergies with other like-minded businesses and more favourable financing terms), along with the potential for geographic expansion.

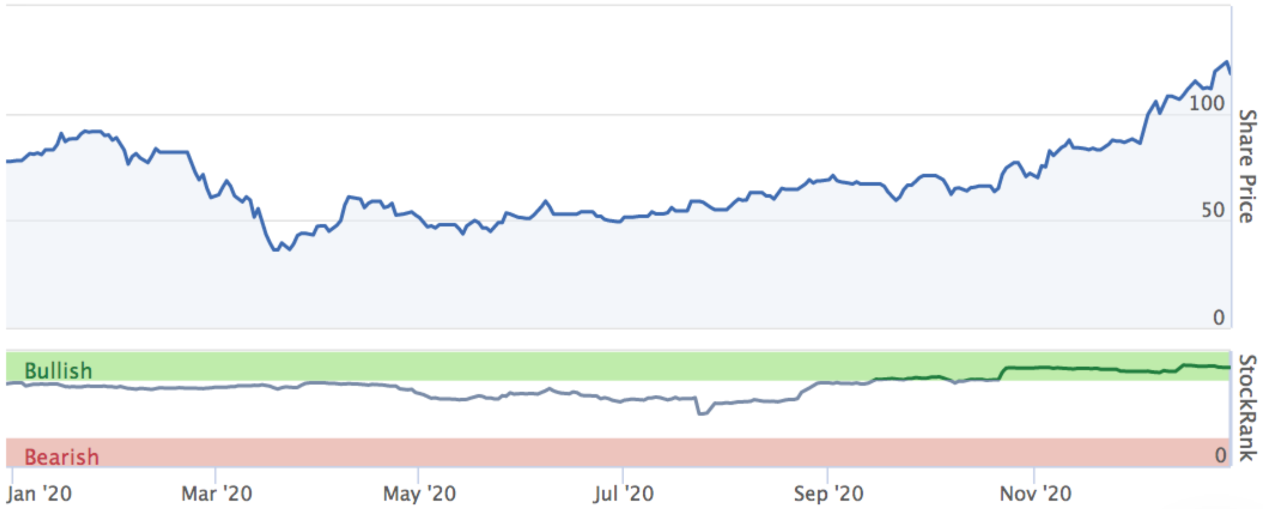
It has been a successful mix so far, with the six-year net profit annual growth rate clocking in at an impressive 126%, and with those profits comfortably covered by operating cash flow. No surprise, then, that the group gets an encouraging Quality Rank of 89 to go with those stellar growth rates.

In the group's recent interim results, chairman Ken Ford commented: "The SDI Group's diversified portfolio of companies has meant that we have been protected against the worst of the commercial downturn caused by the pandemic and some companies in our Group have secured significant one-off contracts because of it... The Board is confident that SDI will deliver a full year financial performance in line with market expectations."

View SDI's full StockReport™ →

SDI (SDI)

Share price (1 year history)



Key statistics

- 12m Forecast Rolling PE Ratio: **25.6x**
- 12m Forecast Rolling Div Yield: **N/A%**
- Piotroski F-Score: **6/9**
- 12m Relative Strength: **72.5%**

Quality	89
Value	26
Momentum	97

Bull and Bear points

Bull points:

- Track record of successful acquisitions
- Highly profitable and cash generative
- Excellent compound annual growth rates

Bear points:

- Acquisition risk - if deals fail to pay off
- Valuation risk after strong share price run

[View SDI's full StockReport™ →](#)

Volex (VLX)

Adventurous* - *Mid Cap* - *High Flyer

Sector	Market cap	StockRank™
Industrials	**£472.66m**	92

Volex makes reliable cables for medical devices, data centres, electric vehicles, and domestic appliances. It was a family controlled firms for many decades before the current executive team took control in 2015. Since then there has been a transformation and Volex is once again a profitable, expanding and acquisitive business.

In the past, the group struggled at the more commodity-like end of the cabling market but is moving into higher margin and more complex solutions. This is very much a buy-and-build project, which is resulting in increasing revenue, expanding profit margins, and a healthy pipeline of other acquisition opportunities. Financier and executive chairman Nat Rothschild owns a 25% stake and has been a recent buyer of the company's shares.

> ***This is very much a buy-and-build project... resulting in increasing revenue, expanding profit margins, and a healthy pipeline of other acquisition opportunities.***

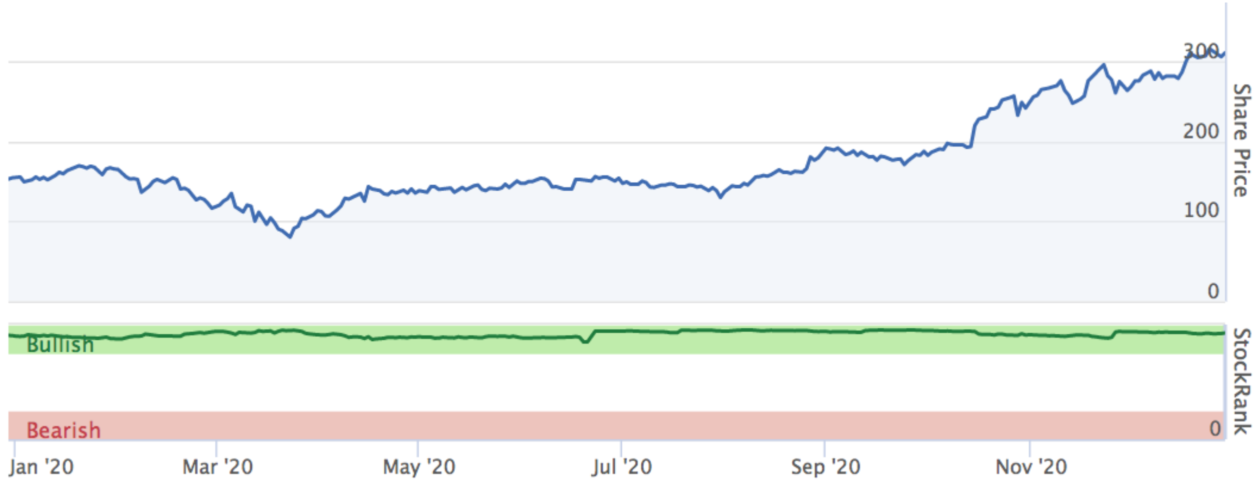
Volex is very much a quality and momentum play, with solid signs of robust profitability and business strength. Its cash balance is strong and improving and it's debt free. Shares in the company performed exceptionally through 2020 and brokers have responded to new acquisitions with upward revisions to earnings forecasts. It's not outrageously expensive, but value investors might be deterred by a fairly rich rating.

In the H1 results last November, executive chairman Nat Rothschild, said: Our outlook for the remainder of the year remains unchanged, absent any material disruptions that may be caused by Covid-19, and we continue to invest across the business in order to meet customer demand and deliver on our long-term growth prospects."

View VLX's full StockReport™ →

Volex (VLX)

Share price (1 year history)



Key statistics

- 12m Forecast Rolling PE Ratio: **17.2x**
- 12m Forecast Rolling Div Yield: **1.2%**
- Piotroski F-Score: **7/9**
- 12m Relative Strength: **127%**

Quality	89
Value	34
Momentum	99

Bull and Bear points

Bull points:

- Revenue growth and margin expansion
- Selective acquisitions in a fragmented global market
- Growing economies of scale and purchasing power
- Aligned with structural growth markets (medical devices, EVs)

Bear points:

- Risky acquisition strategy and adjusted results
- CFO has just left
- Scope for rising input prices (mainly copper)
- History of equity dilution.

View VLX's full StockReport™ →

Spectra Systems (SPSY)

Speculative* - *Small Cap* - *High Flyer

Sector	Market cap	StockRank™
Industrials	£78.58m	85

Spectra Systems is an industrious and innovative small cap with a history of successfully commercialising its research and development pipeline and finding smart solutions for big end markets. It is a leading provider of advanced technology solutions for banknote and product authentication.

Summarising Spectra's operations is a challenge simply because there is so much going on. The group's core profit and cash engine is in longer-term contracts providing products and services to help authenticate and process banknotes. But Spectra's proprietary materials and technology can be found in a range of other end markets including global lotteries, tobacco packaging, and Keurig coffee machines.

> ***Spectra's proprietary materials and technology can be found in a range of other end markets including global lotteries, tobacco packaging, and Keurig coffee machines.***

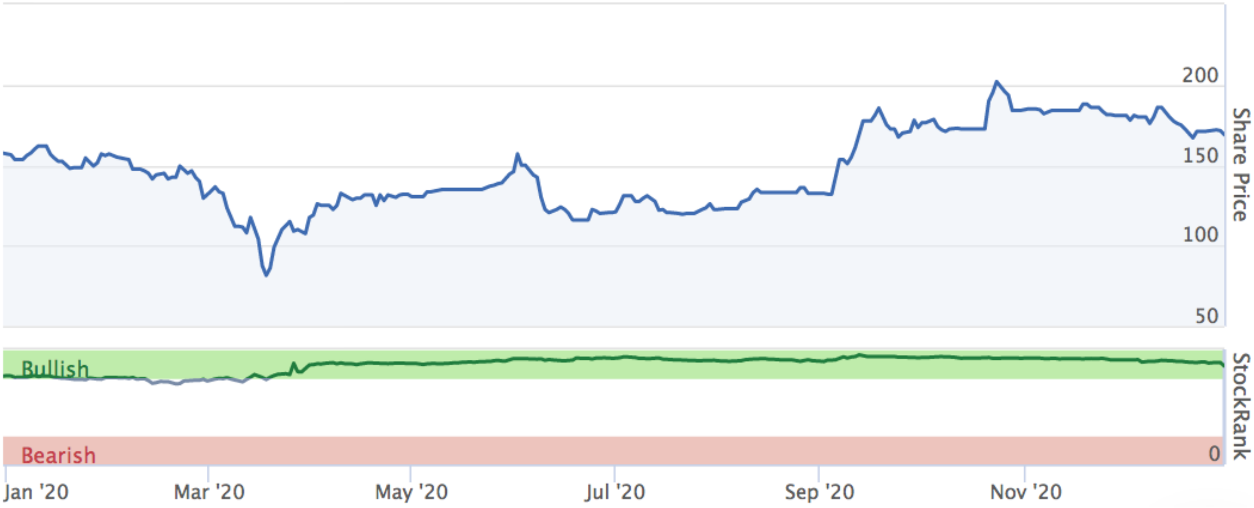
Spectra is a growing, profitable, and cash generative technology business with no debt, stable long-term income streams, and some interesting growth opportunities. When you put all that together, the high StockRank should come as no surprise.

In Spectra's most recent interim results statement, back in September 2020, CEO Nabil Lawandy, said: "Our machine readable polymer technology has been successfully incorporated into fully finished house banknotes which will serve as standards for the full rollout of the product to central banks. Furthermore, discussion with central banks during H1 have reinforced our belief that worldwide demand for banknotes will be significantly higher this year than last year and that this will positively impact our earnings in H2 of this year... The Board therefore believes that the company is on track to achieve record earnings for the full year and expects both revenue and earnings to significantly exceed market expectation for the full year."

View SPSY's full StockReport™ →

Spectra Systems (SPSY)

Share price (1 year history)



Key statistics

- 12m Forecast Rolling PE Ratio: **20.5x**
- 12m Forecast Rolling Div Yield: **3.85%**
- Piotroski F-Score: **6/9**
- 12m Relative Strength: **22.8%**

Quality 93

Value 36

Momentum 82

Bull and Bear points

Bull points:

- Growing, profitable, cash generative small cap
- Founder-CEO is major shareholder
- Proprietary technology and materials, patents

Bear points:

- Lumpy revenue
- Ongoing risk of technological obsolescence
- Patent expiry

[View SPSY's full StockReport™ →]

Redde Northgate (REDD)

Speculative* - *Mid Cap* - *Neutral

Sector	Market cap	StockRank™
Industrials	£654.60m	81

Redde Northgate is a leading vehicle solutions platform formed in February 2020 following the merger of Northgate, which hires out vans, and Redde, which provides incident and accident management services. The resulting enlarged group has the expertise and infrastructure required to provide customers with an enhanced suite of mobility services and support for incident related claims.

With an extensive network and diversified fleet of over 110,000 owned vehicles and over 500,000 managed vehicles in more than 170 branches across the UK, Ireland and Spain, Redde Northgate also has the opportunity to drive revenue and cost synergies from the merger alongside its improved strategic positioning.

> ***The resulting group has the expertise and infrastructure required to provide customers with an enhanced suite of mobility services and support for incident related claims.***

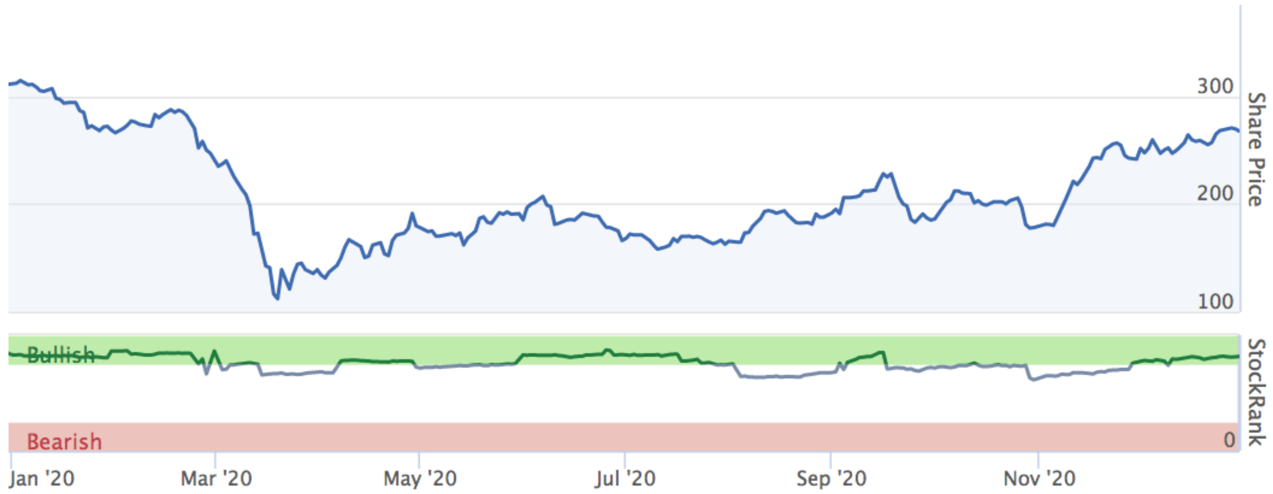
Although Redde Northgate is style Neutral, the StockRank has been slowly creeping up, supported by an encouraging Value Rank of 89 and a single-digit forecast PE ratio. A Quality Rank of 53 and a Momentum Rank of 61 suggests that a moderate uptick in either profitability or share price strength could see this company enter Super Stock territory.

In its recent interim results, the group said: "Overall, the Board is pleased with the performance in the first half of the year and, whilst significant uncertainties remain given the current economic environment and the risk of future more severe lockdowns, the Board is confident of the vision and strategy of the Group and the opportunities created by the Merger and remains confident in meeting market expectations for FY2021."

View REDD's full StockReport™ →

Redde Northgate (REDD)

Share price (1 year history)



Key statistics

- 12m Forecast Rolling PE Ratio: **8.4x**
- 12m Forecast Rolling Div Yield: **5.99%**
- Piotroski F-Score: 6/**9**
- 12m Relative Strength: **-2.24%**

Quality	53
Value	89
Momentum	61

Bull and Bear points

Bull points:

- Recent merger expands suite of services, revenue and cost synergies
- Modest valuation
- Nearly 6% forecast dividend yield

Bear points:

- Net debt (albeit backed by assets)
- Low margins
- Acquisition integration risk

View REDD's full StockReport™ →

LoopUp (LOOP)

Highly Speculative* - *Micro Cap* - *Contrarian

Sector	Market cap	StockRank™
Technology	**£46.57m**	75

It has been a wild year for LoopUp: at first the meteoric c230% share price rise as a work-from-home beneficiary, only to be followed by a disappointing end-of-year trading update which sent its stock crashing back down to more or less exactly where it started.

Now this remote meetings provider is a top pick not as a software-as-a-service High Flyer, but as a beaten up Contrarian opportunity. Shares have since started to climb once more.

LoopUp's products help organisations move their global communications into the cloud to support flexible working, increase productivity and reduce complexity and cost. Solutions include full telephony integration for Microsoft Teams, which is delivered over LoopUp's premium voice network via Direct Routing, and a premium remote meeting solution.

> ***LoopUp's products help organisations move their global communications into the cloud to support flexible working, increase productivity and reduce complexity and cost.***

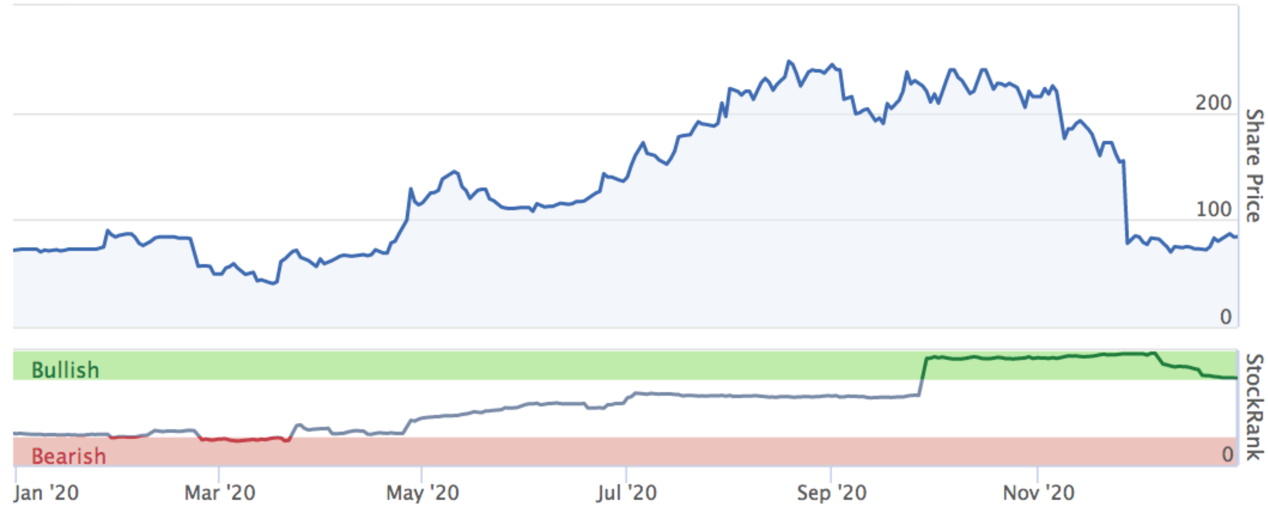
More than 5,000 organisations around the world use LoopUp's global voice network – from major multinationals to fast-growing SMEs, public sector bodies and professional services firms, including 20 of the top 100 global law firms.

In LoopUp's most recent trading update, the group commented: "While trading is expected to remain challenging in the non-PS part of our Meetings business, this now represents just 14% of our total LoopUp Platform revenue... By contrast in our core market, we remain confident in our ability to drive attractive, sustainable and profitable growth of our premium external cloud communications platform, and therefore plan to invest to maximize growth and shareholder value creation."

View LOOP's full StockReport™ →

LoopUp (LOOP)

Share price (1 year history)



Key statistics

- 12m Forecast Rolling PE Ratio: **N/A**
- 12m Forecast Rolling Div Yield: **N/A**
- Piotroski F-Score: **9/9**
- 12m Relative Strength: **32.5%**

Quality	87
Value	95
Momentum	10

Bull and Bear points

Bull points:

- A beneficiary of the trend towards remote working
- Renewed focus on recurring revenue
- Diverse customer base and scope for growth

Bear points:

- Disappointing trading update
- Falling demand in non-core market
- Small size could make it vulnerable to competition

[View LOOP's full StockReport™ →]

MTI Wireless Edge (MWE)

Speculative* - *Small Cap* - *High Flyer

Sector	Market cap	StockRank™
Technology	**£63.75m**	91

MTI Wireless Edge is a specialist in the design, development and manufacture of state-of-the-art antennas and antenna systems for mass wireless markets. Those markets include the military and commercial settings ranging from water management to retail. It's based in Israel and has been listed on AIM since 2006.

Small-cap overseas companies with AIM quotations have earned a patchy reputation in recent years, but MTI comes with a solid balance sheet and a track record of growing sales and profitability. There are some strong quality characteristics in the form of high returns on capital and good margins. This suggests that MTI's relatively small size isn't holding it back from commanding decent pricing power in its markets.

> ***The addition of a reasonably consistent, well-covered dividend payout and a forecast yield of over 3% suggests confidence on the part of management.***

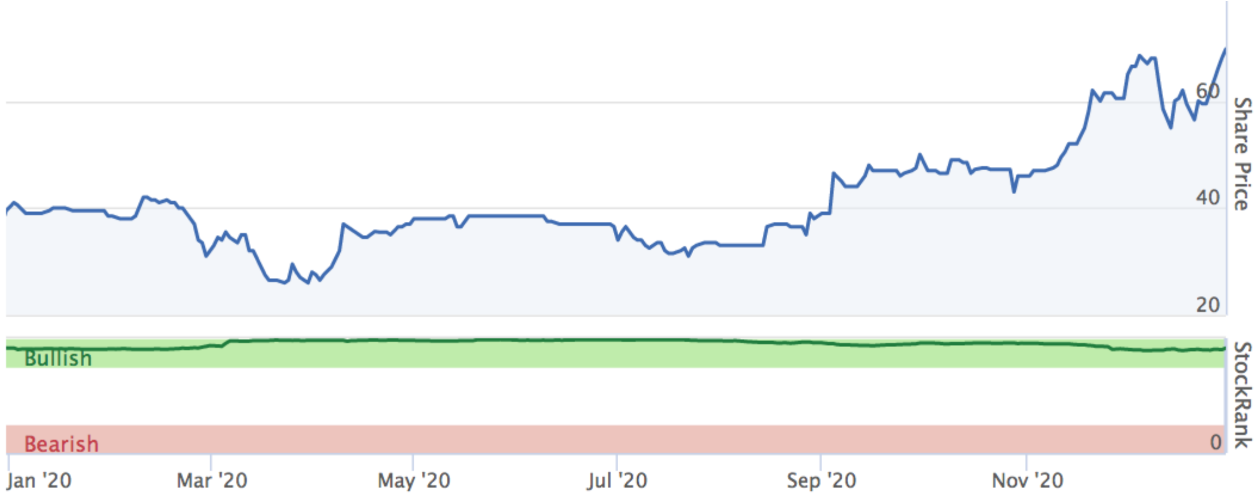
Indeed, from a factor perspective, this is a high flying 'quality and momentum' play. A PE in the mid 20s may put off some value investors but isn't necessarily excessive for a growth share. The addition of a reasonably consistent, well-covered dividend payout and a forecast yield of over 3% suggests confidence on the part of management.

In the company's Q3 results last November, Moni Borovitz, CEO of MTI Wireless Edge, said: "Overall, the company is well positioned, with a strong balance sheet and diverse business both vertically and geographically, so that even with the market uncertainty caused by the current pandemic, the Board is confident of the outlook for the business."

View MWE's full StockReport™ →

MTI Wireless Edge (MWE)

Share price (1 year history)



Key statistics

- 12m Forecast Rolling PE Ratio: **26.5x**
- 12m Forecast Rolling Div Yield: **3.02%**
- Piotroski F-Score: **7/9**
- 12m Relative Strength: **94.2%**

Quality	96
Value	42
Momentum	85

Bull and Bear points

Bull points:

- Solid growth track record in technology markets
- High quality and well financed
- Consistent dividend payouts
- Reports in US$ so offers currency diversification

Bear points:

- Small size could make it vulnerable to market conditions and competitors
- Potential risk that the shares are expensive
- Thin broker coverage could put off some investors

[View MWE's full StockReport™ →]

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- Past performance is not a guide to future performance.

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