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# **The 2026 Stock Pick Report**

Report written by Clear Capital research

## 10 Small Caps to Buy in 2026

UK small-cap equities enter 2026 from a deeply discounted base relative to large caps and global peers, following several years of sustained underperformance [1]. While the FTSE 100 has reached record highs, UK small- and mid-cap indices remain well below historical valuation multiples, creating a material valuation gap and a potential re-rating opportunity over the course of the year should sentiment continue to improve [2].

Monetary conditions are becoming increasingly supportive. UK inflation has continued to moderate, and market expectations point to further Bank of England rate cuts during 2026, easing financing conditions for smaller, rate-sensitive businesses [3]. Lower interest rates have historically favoured domestic small caps, which tend to be more operationally leveraged to economic recovery than large multinationals and therefore stand to benefit disproportionately as conditions normalise [3].

Structural inefficiencies persist across the UK small-cap universe, with limited sell-side coverage and prolonged fund outflows contributing to mispricing [4]. Active managers continue to identify attractive free-cash-flow yields, conservative balance sheets and strong management alignment across many smaller quoted companies, offering fertile ground for selective stock picking throughout 2026 [4].

Geopolitical uncertainty remains elevated, including ongoing conflicts, energy security risks and trade fragmentation. However, these dynamics have reinforced investor interest in defence, infrastructure, energy transition and domestically focused industrials—areas where UK small caps are well represented [5]. Smaller UK companies also tend to have lower direct exposure to global supply chain disruption than large international peers, supporting relative resilience [5].

Despite record UK equity fund outflows in 2025, this sustained pessimism has historically marked attractive contrarian entry points. [6] 2026 presents a compelling backdrop for UK small-cap investment. Deeply discounted valuations, improving monetary tailwinds, selective M&A interest and ongoing structural inefficiencies combine to create an attractive risk-reward profile for patient investors over the year ahead.



**Source:** [1] **QuotedData** – Small Stocks, Big Bargains: UK Small-Cap Valuations (Dec 2025), [2] **Reuters** – Britain's FTSE 100 hits record highs as small caps lag (Jan 2026), [3] **Bank of England** – Inflation and Monetary Policy Outlook (Nov 2025–Jan 2026), [4] **Fund Manager Commentary** – UK Small-Cap Outlook and Valuation Analysis (Q4 2025), [5] **Reuters** – Geopolitical tensions support defence and domestic sectors (Jan 2026), [6] **Financial News London** – UK equity fund outflows reach record levels (Dec 2025). **Chart:** Tradingview.com, Data as of January 7th, 2026

## COHORT PLC (CHRT)

Cohort is a UK defence and security group owning specialist subsidiaries in communications, intelligence, sonar, surveillance and training. [7] It supplies the UK MOD and allied customers, balancing long-term programmes with niche, high-margin products and services, and has grown through acquisitions such as EM Solutions and Inkleby/ITS, across land, sea, air [8].

### Fundamentals

Cohort combines structural defence spending tailwinds with proven execution: FY2025 delivered record revenue and profit and a strong order book, while acquisitions broaden technology and export exposure [7]. A decentralised model lets subsidiaries stay agile and win specialist contracts, supporting resilient margins and cash generation [8]. With ongoing demand for electronic warfare, secure comms and maritime sensing, earnings visibility is higher than most small caps, and disciplined capital allocation supports progressive dividends [8].

**Market Capitalisation:** £502Million

**Sector:** Aerospace & Defense

**12 Month Price Range:** 876 – 1770p

**5 Year Price Range:** 360 – 1770p

### Technical Analysis

The shares have been in a long-term uptrend since mid-2023. After reaching new all-time highs at 1770p in July 2025, profit taking emerged. Since then, the price has moved into a corrective phase, pulling back towards the long-term rising trend support. Recently, however, the shares have broken higher through downtrend resistance. This move may signal that the correction is ending and that the broader long-term uptrend is preparing to reassert itself.

**Verdict:** BUY

**Buy between** 965 – 1040p

**Stop:** 835p

**Target:** 1475p



Sources: [7] LSE RNS – Final Results (15 Jul 2025), [8] Cohort – Annual Report 2025 Summary (16 Jul 2025).

Chart: Tradingview.com, Data as of January 7th, 2026

## RWS HOLDINGS PLC (RWS)

RWS provides technology-enabled language, content and intellectual property services [9]. It helps global organisations translate, localise and manage regulated content, and supports patent filing and lifecycle services [10]. The group operates across four divisions—Language Services, IP Services, Regulated Industries and Language & Content Technology—serving blue-chip clients worldwide, and data-driven workflows [10].

### Fundamentals

RWS is executing a turnaround: simplifying operations, cutting costs and putting language technology and AI at the centre of delivery [9]. Even in a softer FY2025, management highlighted improving second-half profitability from actions already taken [9]. RWS's scale, regulated-content expertise and deep client workflows make switching costly, supporting repeat revenue [10]. If restructuring restores margins and cash conversion, the shares can re-rate as technology monetisation and organic growth recover, over time, sustainably [9].

**Market Capitalisation:** £339.48Million

**Sector:** Commercial Services

**12 Month Price Range:** 59.2 – 170.4p

**5 Year Price Range:** 59.2 – 573p

### Technical Analysis

RWS has remained locked in a frustrating long-term downtrend for several years. Encouragingly, 2025 showed signs that selling pressure may be easing, with prices moving sideways and forming firm resistance at 97.2p. The shares currently trade below this level, making buying speculative at present. However, a decisive break above resistance would complete a bottoming pattern and could signal a reversal of the long-term downtrend, opening upside potential towards 135p.

**Verdict:** BUY

**Buy between** 85 – 95p

**Stop:** 66p

**Target:** 135p



Source: [9] [Investegate RNS – Final Results \(11 Dec 2025\)](#), [10] [RWS – Results & Reports \(investor site, accessed Jan 2026\)](#).

Chart: Tradingview.com, Data as of January 7th, 2026

## ACCSYS TECHNOLOGIES PLC (AXS)

Accsys manufactures modified wood products—Accoya (solid wood) and Tricoya (wood panels)—using acetylation to improve durability, dimensional stability and sustainability [12]. It sells globally into windows, doors, cladding and decking, with production in the Netherlands and a growing licensing and partnership model to expand capacity and geographic reach for builders [12].

### Fundamentals

Accsys offers earnings leverage: FY2025 reported higher Accoya volumes and a sharp uplift in adjusted EBITDA, showing improved efficiency [11]. Accoya's durability and low-maintenance profile match demand for sustainable, compliant building materials in renovation and new-build markets [12]. With additional capacity and a licensing/partnership model, growth can be funded without proportionate capex, potentially improving returns [12]. As utilisation rises, margins and cash generation should strengthen, supporting a higher-quality multiple and rerating potential for investors [11].

**Market Capitalisation:** £148.02Million

**Sector:** Process Industries

**12 Month Price Range:** 38 – 70p

**5 Year Price Range:** 38 – 194p

### Technical Analysis

In May 2025, the shares broke above long-term downtrend resistance, triggering strong gains. Since then, the price has consolidated, with resistance developing around 66.4p. This period of sideways movement may be constructive. A clear break above this level would be bullish, suggesting a durable bottom is now in place. Such a move could mark the beginning of a longer-term trend reversal and support further upside over the months ahead.

**Verdict:** BUY

**Buy between:** 55 – 60p

**Stop:** 48p

**Target:** 100p



Source: [11] LSE RNS – Preliminary Results FY25 (24 Jun 2025), [12] Accsys – Annual Report 2025 / Investor reports (21 Jul 2025).

Chart: Tradingview.com, Data as of January 7th, 2026

INVINITY ENERGY SYSTEMS PLC (IES)

Invinity's modular systems are designed for heavy cycling, grid and commercial applications, enabling renewable integration and resilience [13]. The company sells Endurium systems into Europe and North America, and benefits from project grant income and partnerships to support deployments worldwide [13].

## Fundamentals

Policy support for long-duration storage is improving, and Invinity's chemistry offers long life and safety versus lithium-ion for certain use-cases [13]. Recent contract wins in Europe, plus a 2025 revenue update and deliveries scheduled for 2026, indicate growing commercial traction [13]. If the pipeline converts and manufacturing scales, operating leverage could be significant [13]. Grants and partner-led projects can reduce funding risk while proving performance and unlocking repeat orders, reducing customer adoption risk [13].

**Market Capitalisation: £126.27Million**

## Sector: Electrical Products

**12 Month Price Range: 7.76 – 29p**

**5 Year Price Range: 7.76 – 233.25p**

## Technical Analysis

Invinity's shares have staged a notable turnaround after years of decline from 233 p to 7.8 p. A powerful breakout on 19 June 2025 pierced the long-term downtrend and resistance at 19.4 p, confirming a large double-bottom base on the charts — a classic bullish reversal signal. The subsequent advance to 29 p in July established new momentum before a pullback retested the breakout zone. Support around 19 p remains critical, and holding above it could precede another leg higher.

## Verdict: BUY

**Buy between 18 – 22p**

**Stop:** 14p

Target: 47p



Source: [13] Investigate RNS – 20 MWh New EU Sales and Year End Trading Update (22 Jan 2026)

Source: [13] Investegate RNS – 20 MWh New EU Sales  
Chart: Tradingview.com. Data as of January 7th, 2026.

## CLEANTECH LITHIUM PLC (CTL)

CleanTech Lithium is a Chile-focused lithium developer advancing brine projects including Laguna Verde and Viento Andino [16]. It is progressing resource definition, permitting and studies, and is developing a direct lithium extraction (DLE) flowsheet aimed at producing battery-grade lithium with lower environmental impact, partnering with specialist suppliers to optimise impurity removal [15].

### Fundamentals

CleanTech Lithium's Laguna Verde resource update increased scale and confidence, strengthening the platform for pre-feasibility work [14]. Its DLE approach targets lower water use and a smaller footprint versus traditional evaporation ponds [16]. Collaboration with DuPont on nanofiltration membranes aims to boost impurity removal and lithium recovery, improving potential economics [15]. If permitting, pilot validation and funding milestones are met, the company could de-risk materially and unlock significant upside for shareholders over years [16].

**Market Capitalisation:** £18.47Million

**Sector:** Non-Energy Minerals

**12 Month Price Range:** 5 – 18p

**5 Year Price Range:** 5 – 188p

### Technical Analysis

CTL shares have shown renewed strength in recent weeks, breaking above a long-term downtrend and clearing horizontal resistance at 6.50p. This breakout triggered sharp gains and suggests a potential bottom pattern has formed. The technical picture has improved meaningfully, opening the door for further medium- to long-term upside. Any near-term pullbacks that successfully retest the 6.5p level as support could present attractive buying opportunities.

**Verdict: BUY**

**Buy between 6.5 – 8.5p**

**Stop:** 4.3p

**Target:** 27.5p



Source: [14] LSE RNS – Laguna Verde Resource Increase (09 Nov 2025), [15] Investegate RNS – Collaboration with DuPont Water Solutions (17 Apr 2025), [16] Investegate RNS – End-of-Year Message from CEO (late Dec 2025).

Chart: Tradingview.com, Data as of January 7th, 2026

## KROMEK GROUP PLC (KMK)

Kromek designs radiation and bio-detection technologies used in medical imaging and CBRN (chemical, biological, radiological and nuclear) detection [17]. It supplies detectors and systems to OEMs and government customers, with key products including CZT-based imaging detectors and detection solutions for security and defence markets, headquartered in the UK with international sales [17].

### Fundamentals

Kromek's FY2025 final results showed strong revenue growth, higher gross margin and a move into profitability, demonstrating operating leverage [17]. Advanced Imaging demand is supported by OEM relationships, including Siemens Healthineers, while defence and biosecurity programmes diversify exposure [17]. The business benefits from high-value IP in CZT detectors and recurring consumable-type sales [17]. Further contract wins and volume ramping could compound cash generation, strengthen the balance sheet, and fund reinvestment at attractive returns [17].

**Market Capitalisation:** £67.15 Million

**Sector:** Health Technology

**12 Month Price Range:** 4.3 – 11.5p

**5 Year Price Range:** 3 – 25p

### Technical Analysis

Kromek shares recently broke through key resistance at 8.5p, confirming the completion of a well-defined bottom pattern. This technical breakout significantly improves the outlook and suggests further upside potential. The former resistance zone between 7.5p and 8.5p should now act as support. Any pullbacks into this area may offer opportunities to accumulate shares, with expectations of a continued advance over the coming weeks and months.

**Verdict:** BUY

**Buy between** 6.5 – 9.5p

**Stop:** 4.5p

**Target:** 20p



Source: [17] Investegate RNS – Final Results (FY ended 30 Apr 2025; published Sep 2025).

Chart: Tradingview.com, Data as of January 7th, 2026

## DISTIL PLC (DIS)

Distil owns and develops premium spirits brands, including RedLeg Spiced Rum, Blackwoods Gin/Vodka and Blavod Black Vodka, and is building the Ardgowan single malt whisky distillery in Scotland [18]. The group sells through UK and international distributors and has been reshaping its brand portfolio while managing funding requirements for Ardgowan, selectively [20].

### Fundamentals

A small-cap recovery case hinges on focus and asset value: Ardgowan has progressed from construction to early operational milestones, creating a tangible long-term whisky asset with potential inventory uplift as casks mature [18]. Core brands provide near-term revenue, and management actions to rationalise costs and improve route-to-market can stabilise cash burn [16]. If funding is secured on acceptable terms, sentiment can improve as Ardgowan tours, releases and partnerships build, with stronger resilience [18].

**Market Capitalisation:** £2.64Million

**Sector:** Beverages

**12 Month Price Range:** 0.04 – 0.368p

**5 Year Price Range:** 0.04 – 3.24p

### Technical Analysis

The long-term trend remains weak, with prices hitting fresh lows in March 2025 before staging a sharp rebound. That rally stalled at resistance near 0.368p, leading to renewed profit taking. More recently, prices have stabilised between 0.108p and 0.144p, where support appears to be forming. While still speculative, this stabilisation may halt the pattern of lower lows and create a base for recovery, following an earlier 80% rally in just 11 weeks.

**Verdict:** BUY

**Buy between** 0.10 – 0.15p

**Stop:** 0.06p

**Target:** 1p



Source: [18] LSE RNS – Operational update; launch of shareholder benefits programme (24 Jul 2025), [19] LSE RNS – Final Results (30 Sep 2025), [20] LSE RNS – Trading Update (14 Jan 2025).

Chart: Tradingview.com, Data as of January 7th, 2026

## TEN LIFESTYLE GROUP PLC (TENG)

Ten Lifestyle Group runs a global concierge and lifestyle services platform for banks and premium brands, combining proprietary technology with human experts to improve customer loyalty [21]. It delivers services such as travel, dining and experiences to millions of members, with revenue primarily from corporate contracts and a smaller supplier-commission stream [21].

## Fundamentals

FY2025 delivered record net revenue, rising adjusted EBITDA and higher profit before tax, demonstrating scalable operating leverage as volumes grow [21]. High contract retention and new launches support visibility, while its hybrid tech-plus-people model is sticky for financial institutions seeking differentiated rewards [21]. With a strong cash position and improving margins, Ten can invest in product and automation to expand wallet-share and win additional tier-one partners, driving compounding returns, with low churn [21].

**Market Capitalisation: £72.84Million**

## Sector: Technology Services

**12 Month Price Range: 41 – 77p**

**5 Year Price Range: 41 – 124p**

## Technical Analysis

TENG has started 2026 strongly, breaking decisively above major resistance at 72p. This breakout confirms a large bottoming formation and significantly strengthens the technical outlook. Demand appears robust, with momentum clearly turning positive. If this strength is sustained, further upside looks likely in the weeks and months ahead, as the shares attempt to build on the reversal and establish a new upward trend.

## Verdict: BUY

**Buy between 70 – 75p**

**Stop: 48p**

Target: 120p



Source: [21] Investegate BNS – Preliminary Results (FY ended 31 Aug 2025; published Nov 2025).

Chart: Tradingview.com. Data as of January 7th, 2026.

## SURFACE TRANSFORMS PLC (SCE)

Surface Transforms manufactures carbon fibre reinforced ceramic brake discs for high-performance automotive OEMs [22]. Its Liverpool facility produces lightweight, high-heat-tolerant discs that improve braking and reduce mass [22]. The company is scaling yields and capacity under long-term supply agreements with multiple car makers, targeting revenue growth as programmes ramp globally, now today [22].

### Fundamentals

Interim results highlighted strong revenue growth as production yields improved, supporting the thesis that operational execution is the main driver of value [22]. With contracted programmes at premium OEMs, revenue visibility can rise as ramp schedules convert into serial production volumes [22]. CFRC discs are a high-value, safety-critical component with limited qualified suppliers, creating pricing power [22]. As fixed costs are absorbed, margins and cash flow could improve sharply, supporting equity upside [22].

**Market Capitalisation:** £26.04 Million

**Sector:** Auto Parts

**12 Month Price Range:** 0.22 – 2.90p

**5 Year Price Range:** 0.15 – 75.4p

### Technical Analysis

SCE has been in a powerful uptrend between November 2023 and November 2024. Prices peaked in September 2025 at 2.90p, the highest level since April 2024, before entering an orderly correction. This pullback has respected key support around 1.50p. Recently, the shares have broken out of the corrective channel, suggesting the correction may be complete and that the broader uptrend could resume over the coming months.

**Verdict:** BUY

**Buy between:** 1.5 – 2p

**Stop:** 0.75p

**Target:** 8p



Source: [22] LSE RNS – Interim Results and Trading Update (23 Sep 2025).

Chart: Tradingview.com, Data as of January 7th, 2026

## 80 MILE PLC (80M)

80 Mile is an AIM-listed exploration and development company focused on critical metals, with projects in Greenland and Finland [23]. Its portfolio has included the Dundas ilmenite (titanium) project and exposure to nickel-copper-cobalt in the Disko-Nuussuaq region, alongside corporate actions such as project sales and asset agreements to recycle capital today [24].

### Fundamentals

80 Mile provides leveraged optionality to critical minerals through Greenland and Finland assets, plus value crystallisation via transactions [24]. Recent disposals and settlements generated cash proceeds, extending runway and reducing near-term dilution risk [24]. Government approvals and partner interest can accelerate milestones at flagship projects such as Dundas ilmenite and Disko [25]. A single high-impact drill result or strategic deal could materially re-rate the equity in this thinly valued vehicle, quickly, from here [25].

**Market Capitalisation:** £29.27Million

**Sector:** Non-Energy Minerals

**12 Month Price Range:** 0.215 – 0.92p

**5 Year Price Range:** 0.215 – 0.92p

### Technical Analysis

80M is a relatively new listing, debuting in September 2024. After initially drifting sideways, the shares surged higher from September 2025. More recently, prices have corrected back towards support around 0.45p. The year has started positively, with a sharp rebound in recent days indicating renewed demand. This strength suggests the potential for further upside and a move towards new highs in the months ahead.

**Verdict:** BUY

**Buy between** 0.52– 0.60p

**Stop:** 0.25p

**Target:** 1.5p



**Source:** [23] 80 Mile – Results, Reports & Presentations (accessed Jan 2026), [24] LSE RNS – Interim Results (30 Sep 2025), [25] Investegate – 80 Mile RNS announcements list incl. Final Results (Jun 2025) and project updates (accessed Jan 2026).

**Chart:** Tradingview.com, Data as of January 7th, 2026

## Contact

Clear Capital Markets Ltd  
6<sup>th</sup> Floor,  
Wilsons Corner,  
23-25 Wilson Street,  
London EC2M 2DD  
Telephone: +44 (0)20 3869 6080  
Email: [enquiries@clear-cm.co.uk](mailto:enquiries@clear-cm.co.uk)  
Website: [www.clearcapitalmarkets.co.uk](http://www.clearcapitalmarkets.co.uk)

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