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10 Small Caps to Buy

February 2026

Report written by Clear Capital research



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Looking back at January, UK small-cap equities continue to trade from a position of pronounced undervaluation relative to large-caps and international peers, following an extended period of underperformance. [1] While global equity markets and the FTSE 100 pushed to new highs during the month, driven by energy, defence and mega-cap constituents, UK small and mid-caps remain well below long-term valuation averages, leaving a clear re-rating gap should capital rotate. [2]

The macro backdrop is becoming incrementally more constructive. UK inflation has continued to ease, reinforcing expectations that the Bank of England will begin cutting rates during 2026. [3] Lower borrowing costs are particularly supportive for smaller, domestically focused companies, where financing conditions, working capital and valuation multiples are more sensitive to interest rates. Historically, early-cycle easing phases have favoured small-cap earnings recovery relative to large multinationals. [3]

Structural inefficiencies remain a defining feature of the UK small-cap universe. Limited analyst coverage, persistent fund outflows and risk aversion have contributed to widespread mispricing, despite many companies demonstrating resilient cash generation, conservative balance sheets and improving operational performance. [4] Active managers continue to highlight the breadth of opportunities available in under-researched parts of the market. [4]

Geopolitical tensions remain elevated, but January underscored how this environment can favour areas where UK small caps are well represented, including defence supply chains, infrastructure, energy transition and specialist industrials. [5] Smaller UK companies also tend to have lower direct exposure to complex global supply chains, reducing vulnerability to disruption. [5]

Despite record equity outflows in 2025, this pessimism has historically marked attractive contrarian entry points. [6] Periods of extreme valuation dispersion and negative sentiment in UK small caps have often preceded sustained multi-year outperformance as confidence and capital return. [3]

From a technical perspective, the UK small-cap market has shown clear signs of resurgence in recent months. The decisive break above key resistance levels at 800–810 on the AIM All-Share Index has driven the index to its highest level since May 2023. This breakout marks a meaningful shift in market structure and momentum, and is technically encouraging. If sustained, it suggests that 2026 could shape up to be a strong year for the UK small-cap space.



Source: [1] QuotedData – UK Small-Cap Valuations and Discounts (Dec 2025), [2] Reuters – FTSE 100 hits record highs as small and mid-caps lag (Jan 2026), [3] Bank of England – Inflation Report and Monetary Policy Commentary (Nov 2025–Jan 2026), [4] Fund Manager Commentary – UK Small-Cap Outlook and Market Inefficiencies (Q4 2025), [5] Reuters – Geopolitical tensions boost defence and domestic-focused UK stocks (Jan 2026), [6] Financial News London – UK equity fund outflows reach record levels in 2025 (Dec 2025).

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



GENEDRIVE PLC (GDR)

Genedrive develops point-of-care pharmacogenetic tests, including its CYP2C19 ID Kit for stroke-related antiplatelet selection and the MT-RNR1 kit aimed at avoiding aminoglycoside-induced hearing loss in newborns. [7] It is progressing regulatory pathways, clinical adoption and commercialisation, with NHS Scotland deploying a one-year “test of change” pilot. [8]

Fundamentals

Genedrive’s investment case centres on clinical utility translating into scalable adoption: NHS Scotland’s one-year pilot embeds CYP2C19 testing into real-world stroke pathways, supporting broader procurement if outcomes and workflow benefits are proven. [8] Management has also outlined funding plans to accelerate commercialisation and progress US regulatory submission timelines, which could materially expand the addressable market. [9] With modest penetration, recurring test utilisation can drive operating leverage from a largely fixed cost base. [7]

Market Capitalisation: £11.07Million

Sector: Health Technology

12 Month Price Range: 0.19 – 2.4p

5 Year Price Range: 0.19 – 130.8p

Technical Analysis

Genedrive shares remain within a long-term downtrend; however, recent price action suggests a base is forming. Over recent weeks, the share price has consolidated in a defined range between 0.70p and 1.19p, indicating stabilisation after prolonged weakness. Price is now testing the upper boundary of this range. A decisive breakout above resistance would complete a bottoming pattern and could trigger a sustained move higher, signalling a potential trend reversal.

Verdict: BUY

Buy between: 0.95 – 1.30p

Stop: 0.63p

Target: 2.5p



Sources: [7] LSE RNS – Trading Update (10 Aug 2025), [8] LSE RNS – Scotland NHS “test of change” pilot programme (18 Dec 2025), [9] LSE RNS – Proposed equity raise of up to £6.0 million (19 Jan 2026).

Chart: Tradingview.com, Data as of January 28th, 2026



ORCADIAN ENERGY PLC (ORCA)

Orcadian is a North Sea oil and gas development company focused on “low-emissions” developments and value creation from licences and partners. [10] It holds an 18.75% carried interest in licence P2244 containing the Pilot field and works with the operator on subsurface refresh and development planning. [11]

Fundamentals

Orcadian offers high beta to UK North Sea project progress, with key value tied to de-risking and monetising Pilot. [11] The NSTA-approved multi-year extension to licence P2244 extends the timeline toward Final Investment Decision and maintains optionality as fiscal and regulatory clarity improves. [11] Audited results highlight continued corporate progress and operational cash generation, while financing tools like convertible loan notes can bridge to value catalysts. [10]

Market Capitalisation: £15.01Million

Sector: Energy Minerals

12 Month Price Range: 8 – 21p

5 Year Price Range: 2 – 59.5p

Technical Analysis

Orcadian shares showed a decisive shift in momentum during October 2025, breaking above long-term resistance at 12p and rallying to 17p. The subsequent pullback was well supported at the former resistance, confirming it as a new support zone. Renewed buying pressure has since driven the price above 17p, validating the bullish structure. This breakout confirms positive momentum and suggests a continuation higher over the near to medium term.

Verdict: BUY

Buy between 16.5 – 20p

Stop: 10p

Target: 31p



Source: [10] Orcadian Energy – Audited Results for the year ended 30 June 2025 (31 Dec 2025), [11] Orcadian Energy – Pilot Field Extension of Licence P2244 (24 Nov 2025), [12] LSE RNS – Convertible Loan Notes (30 Dec 2025).

Chart: Tradingview.com, Data as of January 28th, 2026



TEKMAR GROUP PLC (TGP)

Tekmar provides technology and services to offshore energy markets, including cable protection, engineering solutions and subsea infrastructure support for offshore wind and marine construction. [13] The group targets repeatable, engineered product delivery for major projects and customers. [13] Recent wins include additional offshore wind contract awards and marine infrastructure work with deliveries into 2026. [14]

Fundamentals

Tekmar is positioned for the ongoing build-out of offshore wind and marine infrastructure, with recent contract awards supporting revenue visibility and utilisation. [14] A second ~€8m UK offshore wind contract reinforces customer momentum and repeat business potential. [15] The logistics port development award extends exposure beyond wind into broader marine infrastructure, diversifying end-markets while remaining adjacent to core competencies. [14] If execution remains disciplined, incremental volume should expand margins given a leveraged operating cost base. [13]

Market Capitalisation: £14.3Million

Sector: Electric Products

12 Month Price Range: 4 – 14.5p

5 Year Price Range: 4 – 59p

Technical Analysis

After spending much of 2025 consolidating between 4.5p and 7.5p following a prolonged downtrend, Tekmar shares broke convincingly higher in December 2025. The break above key resistance at 7–7.5p triggered a sharp move to around 14.5p. The current retracement appears orderly and is holding above former resistance. A base now looks established, with pullbacks towards the 7.5–8p area presenting a potentially favourable risk-reward entry.

Verdict: BUY

Buy between 8.5 – 10p

Stop: 6p

Target: 35p



Source: [13] LSE RNS – Unaudited Interim Results (26 Jun 2025), [14] LSE RNS – Contract Award for Logistics Port Development (08 Jan 2026), [15] LSE RNS – Second €8m Offshore Wind Contract Award (17 Dec 2025).

Chart: Tradingview.com, Data as of January 28th, 2026



STRATEGIC MINERALS PLC (SML)

Strategic Minerals has cash-generative exposure to magnetite through the Cobre operation in New Mexico, providing sales revenues to fund development assets. [16] Its key growth project is Redmoor (tungsten-tin-copper) in Cornwall, where it is advancing technical work and resource upgrades. [17] In early 2026 it raised equity to accelerate Redmoor. [18]

Fundamentals

Strategic Minerals combines near-term revenue support with high-impact development optionality. Cobre's steady magnetite sales provide a funding backbone that many junior developers lack. [16] Redmoor offers strategic exposure to tungsten and tin—critical minerals with Western supply security importance—while ongoing technical work and expected resource updates can re-rate project value. [16] The £4m placing strengthens the balance sheet and funds acceleration, potentially pulling forward catalysts such as updated resources and permitting pathways. [18]

Market Capitalisation: £56.37 Million

Sector: Non-Energy Minerals

12 Month Price Range: 0.2 – 2.7p

5 Year Price Range: 0.08 – 2.7p

Technical Analysis

Following an extended consolidation phase, Strategic Minerals saw a powerful acceleration in October 2025, with the share price rising more than 350% in just three weeks. A brief corrective pullback towards 1p was quickly absorbed by renewed buying interest. The price is now trading near its highest levels in nine years, confirming strong underlying momentum. Technically, the chart structure supports further upside potential over the short to medium term.

Verdict: BUY

Buy between: 1.6 – 2.2p

Stop: 1.2p

Target: 10p



Source: [16] LSE RNS – Q4 & 2025 Trading Update (08 Jan 2026), [17] Strategic Minerals – Project overview and corporate materials (accessed Jan 2026), [18] LSE RNS – Placing and Subscription to Raise £4 Million (22 Jan 2026).

Chart: Tradingview.com, Data as of January 28th, 2026



KODAL MINERALS PLC (KOD)

Kodal is developing and operating the Bougouni Lithium Project in southern Mali, producing and exporting spodumene concentrate. [19] Stage 1 commissioning achieved first production in early 2025, and exports have begun through San Pedro with offtake arrangements in place. [20] The company reported receipt of first revenues from maiden shipments, supporting ongoing operations and ramp-up. [19]

Fundamentals

Kodal's near-term case is execution and cash-flow proof: first revenues from exported concentrate demonstrate the mine-to-market pathway and validate the offtake structure. [19] Official opening and ramp milestones support confidence in production continuity and stakeholder alignment. [20] As throughput stabilises and recoveries improve, unit costs can fall and cash generation can rise meaningfully, providing internal funding for optimisation and potential expansion. In a cyclical lithium market, operational delivery and sales receipts are the key re-rating catalysts. [19]

Market Capitalisation: £93.29 Million

Sector: Non-Energy Minerals

12 Month Price Range: 0.22 – 0.62p

5 Year Price Range: 0.08 – 0.93p

Technical Analysis

Kodal shares completed a clear bottoming pattern in mid-January 2026 with a breakout above resistance at 0.41p. The rally extended to 0.62p before a controlled pullback to retest the new support zone. Price has since stabilised around 0.41p, suggesting acceptance at this level. Holding this support would indicate the development of a higher base, potentially providing a platform for renewed upside in the coming weeks.

Verdict: BUY

Buy between: 0.4 – 0.5p

Stop: 0.28p

Target: 1p



Source: [19] Kodal Minerals – Bougouni Project Update and First Revenues Received (Dec 2025), [20] LSE RNS – Mali President Opens Bougouni Lithium Project (03 Nov 2025), [21] Investegate RNS – Operations Update (03 Nov 2025).

Chart: Tradingview.com, Data as of January 28th, 2026



ASIAMET RESOURCES LIMITED (ARS)

Asiamet is a copper development company advancing the BKM Copper Project in Central Kalimantan, Indonesia, alongside portfolio management activities. [22] It has undertaken drilling and resource-related work, including limestone drilling updates supportive of development planning. [23] In 2026 it has been progressing a proposed sale of its Indokal interest (KSK Project), subject to approvals and conditions. [24]

Fundamentals

Asiamet provides multiple routes to value realisation. Progress at BKM, including supporting workstreams such as limestone drilling, underpins project development optionality and strategic interest. [23] The proposed Indokal (KSK) transaction, if completed, can crystallise value and strengthen liquidity, improving focus and funding flexibility for BKM. [24] With copper's structural demand linked to electrification, developers that can advance permitting, financing and partner processes can re-rate sharply on de-risking milestones. [22]

Market Capitalisation: £58.54Million

Sector: Non-Energy Minerals

12 Month Price Range: 0.685 – 2.24p

5 Year Price Range: 0.05 – 5.2p

Technical Analysis

Asiamet's share price has broken above major multi-year resistance at 1.65p, completing a broad base formation. The stock has been trending steadily higher since late 2024, with higher highs and higher lows reinforcing the bullish structure. The successful breakout from such a long-standing resistance zone is technically significant and implies strong demand. Unless momentum weakens materially, the chart suggests scope for continued upside over the medium term.

Verdict: BUY

Buy between 1.3 – 1.7p

Stop: 0.85p

Target: 3.9p



Source: [22] LSE RNS – Interim Results for six months ended 30 June 2025 (29 Aug 2025), [23] LSE RNS – BKM Copper Project Limestone Drilling Update (14 Sep 2025), [24] LSE RNS – Update on Proposed Sale of Indokal (KSK Project) (27 Jan 2026).

Chart: Tradingview.com, Data as of January 28th, 2026



CHESTERFIELD SPECIAL CYLINDERS HOLDINGS PLC (CSC)

Chesterfield Special Cylinders manufactures high-pressure steel cylinders and systems used in energy, industrial gas and defence applications, including hydrogen storage and transport solutions. [25] The business focuses on engineered, safety-critical products and long-life assets for customers with stringent certification requirements. [25] FY2025 results showed revenue growth and a swing to positive adjusted EBITDA as operational performance improved. [26]

Fundamentals

CSC's investment appeal is operational leverage in a safety-critical niche with structural hydrogen tailwinds. Improved FY2025 profitability and margins indicate that prior restructuring and delivery execution are translating into better economics. [26] As hydrogen mobility, refuelling infrastructure and industrial decarbonisation projects scale, demand for certified high-pressure storage solutions can rise, benefiting specialist suppliers. [25] If management sustains margin discipline and converts pipeline into repeat contracts, cash generation can strengthen and reduce balance-sheet risk, supporting valuation uplift. [26]

Market Capitalisation: £18.37Million
Sector: Producer Manufacturing
12 Month Price Range: 28.2 – 49p
5 Year Price Range: 22 – 120p

Technical Analysis

Chesterfield Special Cylinders has recently broken above multi-year resistance at 42p, completing a large bottoming pattern in the process. The breakout in mid-January 2026 marks a clear shift in trend from consolidation to expansion. The former resistance zone between 40–42p now represents key support. Any pullbacks into this area could offer attractive entry points, provided support holds, with higher prices anticipated over the months ahead.

Verdict: BUY

Buy between 40 – 45p

Stop: 31p

Target: 100p



Source: [25] Chesterfield Special Cylinders – Company overview and investor materials (accessed Jan 2026), [26] Investegate RNS – 2025 Final Results (18 Dec 2025), [27] LSE RNS – Trading Update & Notice of FY25 Results (20 Oct 2025).

Chart: Tradingview.com, Data as of January 28th, 2026



SCANCELL HOLDINGS PLC (SCLP)

Scancell is a clinical-stage biotech developing cancer immunotherapies, including iSCIB1+ for melanoma and other programmes targeting tumour antigens and immune activation. [28] It reports clinical updates and trial progress through RNS announcements, and has been advancing regulatory pathways to enable later-stage development. [29] In January 2026, it announced FDA clearance of an IND to progress iSCIB1+ toward a global Phase 3 trial. [28]

Fundamentals

Scancell's thesis is late-stage optionality: FDA IND clearance enables progression to a registrational Phase 3 programme for iSCIB1+ in advanced melanoma, a material de-risking step. [28] Clinical updates have highlighted encouraging progression-free survival signals versus historic controls, strengthening credibility for larger studies. [28] If Phase 3 execution proceeds and partnering interest increases, the valuation can re-rate meaningfully given the scarcity of UK-listed immuno-oncology assets with credible registrational pathways. Near-term catalysts include interim results and further trial updates. [29]

Market Capitalisation: £133.61 Million

Sector: Health Technology

12 Month Price Range: 7.26 – 14p

5 Year Price Range: 7.26 – 29.4p

Technical Analysis

Scancell shares spent most of 2025 rangebound between 8.5p and 12p, reflecting prolonged consolidation. In recent weeks, the share price has broken decisively above resistance at 12p, completing a bottoming pattern. This breakout represents a notable technical improvement and suggests the start of a new upward phase. Pullbacks towards the 12p support level would be technically constructive and may offer opportunities to position for further upside.

Verdict: BUY

Buy between 11.5 – 13.5p

Stop: 9.5p

Target: 26p



Source: [28] Scancell – RNS PDF: FDA clearance of IND application for iSCIB1+ (26 Jan 2026), [29] LSE RNS – Notice of Interim Results and Investor Presentation (22 Jan 2026), [30] LSE RNS – Final Results (11 Sep 2025).

Chart: Tradingview.com, Data as of January 28th, 2026



GOOCH & HOUSEGO PLC (GHH)

Gooch & Housego designs and manufactures photonics, optics and precision components and systems for demanding applications, serving customers across life sciences, industrial, aerospace/defence and communications markets. [31] It operates a specialist, engineered manufacturing model with recurring demand from OEM and institutional customers. [31] For FY2025 the group reported revenue growth and improved profitability metrics in its audited results. [32]

Fundamentals

GHH combines defensible niche engineering with exposure to structurally growing photonics end-markets. FY2025 results showed higher revenue and improved earnings, supporting confidence in execution and market demand. [32] Its diversified customer base across defence, industrial and life sciences can reduce cyclical versus single-market peers. [31] With specialist manufacturing capability and high switching costs for qualified components, incremental volume typically enhances margins through operating leverage. Continued investment in product development and capacity can support compounding returns as photonics penetration rises in sensing and instrumentation. [32]

Market Capitalisation: £185.03 Million

Sector: Electric Technology

12 Month Price Range: 349 – 712p

5 Year Price Range: 349 – 1425p

Technical Analysis

Gooch & Housego shares have recently broken above significant multi-year resistance at 660p, signalling the completion of a large base pattern. This breakout follows an extended period of sideways price action, suggesting accumulation rather than distribution. The move above long-term resistance is a strong bullish signal and implies a potential change in trend. Provided the breakout level holds, the technical outlook points towards further upside potential in the months ahead.

Verdict: BUY

Buy between 650 – 700p

Stop: 560p

Target: 1000p



Source: [31] Gooch & Housego – FY25 Full Year Trading Update (Oct 2025), [32] LSE RNS – Results for the year ended 30 September 2025 (01 Dec 2025), [33] Gooch & Housego – FY25 Results Announcement (Dec 2025).

Chart: Tradingview.com, Data as of January 28th, 2026



TEKCAPITAL PLC (TEK)

Tekcapital is an AIM-listed intellectual property investment group that builds stakes in university and corporate spin-outs, aiming to create value through patent commercialisation and portfolio exits. [34] Its portfolio has included Guident (autonomous vehicle/remote monitoring), Innovative Eyewear (smart eyewear) and other IP-led ventures. [35] The company reports NAV and portfolio progress through regular RNS and half-year reporting. [36]

Fundamentals

Tekcapital offers an asymmetric “NAV-to-market-cap” rerating opportunity if portfolio milestones convert into liquidity events. Its half-year reporting highlighted NAV progression and portfolio development, providing a benchmark for upside. [36] Corporate updates and portfolio-company newsflow can catalyse sentiment where milestones (e.g., product launches, contracts, financings or IPO processes) strengthen valuation marks. [34] With multiple shots on goal across differentiated IP assets, a single meaningful revaluation or monetisation can drive outsized equity returns, while diversification reduces binary risk. [35]

Market Capitalisation: £26.82Million

Sector: Technology Services

12 Month Price Range: 6 – 13p

5 Year Price Range: 5.5 – 38p

Technical Analysis

Tekcapital shares have traded within a broad range between 6p and 11p since early 2024. In recent weeks, the price has broken above key resistance at 11p, completing a bottoming formation. A modest pullback has since tested the new support level, with price holding constructively. As long as 11p remains intact, the technical structure favours further upside potential over the short to medium term.

Verdict: BUY

Buy between: 10.5 – 12.5p

Stop: 8p

Target: 20p



Source: [34] LSE RNS – Corporate Update (15 Jan 2026), [35] Investegate RNS – Portfolio Company Update (Innovative Eyewear) (04 Nov 2025), [36] Investegate RNS – Replacement RNS: Half-year Report (06 Oct 2025; originally released 30 Sep 2025).

Chart: Tradingview.com, Data as of January 28th, 2026



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