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CAPITAL MARKETS

10 Small Caps to Buy
May 2026

Report written by Clear Capital research

Promotion

The value of shares can fall as well as rise. Past performance is no guarantee of future performance.
Capital is invested at risk.

10 Small Caps to Buy – May 2026

April proved a volatile month for UK equities as conflict in the Middle East sent energy prices higher, triggering a risk-off rotation that weighed on smaller, higher-beta stocks. The FTSE 100 closed April down 0.75% at 10,379 while the FTSE 250 fell 0.8% to 22,582, with AIM having traded close to multi-year lows before the Iran conflict further complicated sentiment. [1]

The Bank of England held Bank Rate at 3.75% in March, noting that the Middle East conflict had disrupted the transportation and supply of oil and gas, pushing up energy prices and meaning inflation would be higher than previously expected in the near term. [2] CPI rose to 3.3% in the twelve months to March 2026, up from 3.0% in February, with motor fuels making the largest upward contribution, while services inflation remained sticky at 4.5%. [3] The MPC's April decision is widely expected to result in a hold at 3.75%, with most economists cautious on the timing of any resumption of cuts given the uncertain energy outlook. [4]

Despite the challenging backdrop, the sell-off has created a more compelling valuation case for quality small caps. AIM has in fact outperformed the FTSE 100 since the onset of the conflict, bouncing sharply from the recent March 2026 lows as forced selling faded, with around 30 fundraisings completed since late February including several oversubscribed placings — tentative evidence that capital is beginning to flow again into the junior market. [1] Stock selection remains critical in this environment, with focus on names demonstrating relative strength, genuine operational momentum and a clear re-rating catalyst independent of the macro cycle.

The AIM All-Share continues to trade well below its long-term averages and remains technically fragile near current levels. The index has shown early signs of stabilisation following the April bounce but has yet to reclaim meaningful resistance. Against this backdrop, the ten names selected this month combine improving fundamentals with constructive technical setups and, where relevant, direct exposure to the themes driving near-term investor interest — critical minerals, energy security and defence technology.

Source: **[1] Proactive Investors –** AIM Rebound Outperforms FTSE 100 as Funding Taps Remain Open (24 Apr 2026). Proactive Investors, **[2] Bank of England –** Monetary Policy Summary, March 2026 (19 Mar 2026). Bank of England, **[3] ONS –** Consumer Price Inflation, UK: March 2026 (22 Apr 2026). Office for National Statistics**, [4] HomeOwners Alliance** – Will the Bank of England Cut Interest Rates on 30 April 2026 (28 Apr 2026). HomeOwners Alliance.

Chart: Tradingview.com, Data as of April 29th, 2026

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STRATEGIC MINERALS (SML)

Strategic Minerals is an AIM-quoted mineral exploration and production company advancing the Redmoor Tungsten-Tin-Copper project in southeast Cornwall, while generating revenue from the Cobre magnetite mine in New Mexico. [5]

Fundamentals

The investment case rests on a material upgrade to Redmoor's resource base following a nine-hole 2025 drilling campaign that returned record grades, including the highest tungsten-equivalent intercept ever drilled at the site. [6] The subsequent 2026 mineral resource estimate of 17.4 million tonnes underpinned an economic sensitivity analysis showing a base-case after-tax NPV of $1.54 billion and a 40% IRR, using conservative tungsten price assumptions well below current spot levels. [7] A £4.7 million subscription from a prominent international investor in March 2026 will accelerate development, and if the forthcoming prefeasibility study continues to de-risk the project timeline, the shares have scope to re-rate further toward a development-stage mining valuation. [8]

Market Capitalisation: £160.67m

Sector: Basic Materials

12 Month Price Range: 0.25 – 7.30p

5 Year Price Range: 0.08 – 7.30p

Technical Analysis

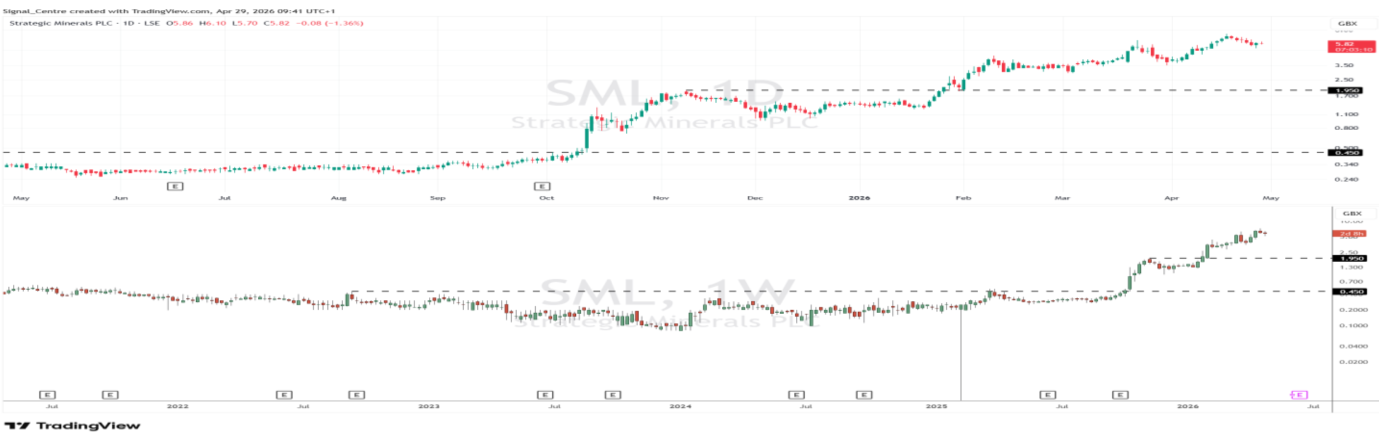
Strategic Minerals has been one of the standout performers on AIM over the past twelve months, rising approximately 2,800% from its lows driven by a succession of high-grade drill results and materially improved project economics. The shares have consolidated around the 6–7p range following the March resource estimate, building a base at a higher level. The near-term band remains in a Rising Formation and the stock continues to trade well above all major moving averages. Provided 5p support holds on any pullback, the technical structure remains constructive.

Verdict: BUY

Buy between 5.50 – 7.00p

Stop: 4.50p

Target: 12p



Source: [5] LSE RNS – Corporate & Operational Updates (14 Aug 2025). London Stock Exchange, [6] LSE RNS – Redmoor: Ultra-High-Grade Drill Results (05 Mar 2026). London Stock Exchange, [7] LSE RNS – Redmoor 2026 Mineral Resource Estimate (26 Mar 2026). London Stock Exchange, [8] LSE RNS – Subscription to Raise £4.7 Million (19 Mar 2026). London Stock Exchange.
Chart: Tradingview.com, Data as of April 29th, 2026

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GOOCH & HOUSEGO (GHH)

Gooch & Housego is a specialist photonics technology business designing and manufacturing optical components, systems and instrumentation for aerospace and defence, life sciences, industrial and scientific research applications, with operations in the UK, USA and Europe. [9]

Fundamentals

Full year results for FY2025 showed revenue up 10.7% to £150.5 million, with the board maintaining its expectations for FY2026 and expressing confidence in continued profitable growth in the medium term. [9] A record order book of £121.5 million as of March 2025, up 29% year-on-year, reflects strong demand from aerospace and defence customers and points to improving revenue visibility over the coming periods. [10] The addition of Phoenix Optical and Global Photonics through bolt-on acquisitions broadens the group's optical systems capabilities, and if management continues to execute toward its mid-teen returns on sales target, the shares have scope to re-rate toward the premium applied to specialist defence technology businesses. [9]

Market Capitalisation: £239.77m

Sector: Technology

12 Month Price Range: 417 – 940p

5 Year Price Range: 345 – 1,410p

Technical Analysis

Gooch & Housego has delivered a strong re-rating over the past twelve months, recovering from lows of 390p to trade near 870p on the back of improving results and a record order book. The shares have broken convincingly above long-term resistance and are holding gains well. Providing the 750p level holds on any near-term pullback in price, and the broader uptrend remains intact then higher prices could be seen.

Verdict: BUY

Buy between 800 – 875p

Stop: 720p

Target: 1,200p

Source: [9] LSE RNS – Results for the Year Ended 30 September 2025 (02 Dec 2025). London Stock Exchange, [10] LSE RNS – Interim Results for Six Months Ended 31 March 2025 (03 Jun 2025). London Stock Exchange.

Chart: Tradingview.com, Data as of April 29th, 2026

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ECO ATLANTIC OIL & GAS (ECO)

Eco Atlantic is an oil and gas exploration company focused on the offshore Atlantic margins, with interests spanning Namibia, South Africa, Guyana and the Falkland Islands, pursuing a strategy of partnering with major operators to advance high-impact acreage while reducing capital exposure. [11]

Fundamentals

The investment case centres on a transformational farm-down that brings a major operator into Eco's most material acreage. In April 2026 Eco signed a farmout agreement under which BP will acquire a 60% participating interest and operatorship in three Namibian Walvis Basin licences, with Eco retaining a 25% interest in each. [12] A successful $10 million private placement completed post period end has strengthened the balance sheet and enhanced financial flexibility ahead of what management described as multiple catalysts across its jurisdictions. [11] If BP's entry into the Walvis Basin licences accelerates drilling activity and unlocks the exploration potential of the acreage, Eco's retained interests could attract a materially higher market valuation than the current share price implies.

Market Capitalisation: £65m

Sector: Energy

12 Month Price Range: 6.80 – 71.00p

5 Year Price Range: 6.80 – 71p

Technical Analysis

Eco Atlantic has staged a significant recovery from its 52-week lows in November 2025. The BP farm-down announcement in April 2026 has added further momentum to the story. The shares have moved sharply higher on elevated volume, a constructive signal that distinguishes this move from earlier short-lived bounces. The stock now trades in a Rising Formation across near and mid-term bands. Provided the 15p area holds as support on any consolidation, the technical structure could support further upside.

Verdict: BUY
Buy between 55 – 60p
Stop: 45p
Target: 80p

Source: [11] LSE RNS – Results for Three & Nine Months Ended 31 December 2025 (02 Mar 2026). London Stock Exchange, [12] LSE RNS – Farm Down of Namibian Portfolio to BP (10 Apr 2026). London Stock Exchange.
Chart: Tradingview.com, Data as of April 29th, 2026

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SEASCAPE ENERGY ASIA (SEA)

Seascape Energy Asia is a full-cycle E&P company focused on Southeast Asia, building a portfolio of gas and oil assets in Malaysia through a combination of operated interests, farm-ins and production sharing contracts with PETRONAS. [13]

Fundamentals

The investment case rests on a growing Malaysian gas portfolio assembled at low entry cost with high-quality partners providing carried exploration exposure. The DEWA Cluster production sharing contract, awarded in October 2024, comprises twelve gas discoveries in shallow water off Sarawak with net 2C contingent resources of 94 bcf and a potential production plateau of up to 100 mmscfd from a low-cost development. [13] The Kertang deepwater exploration well, for which INPEX holds operatorship and carries Seascape's 10% interest through the remaining exploration phase, is anticipated as part of a wider drilling campaign across multiple Malaysian blocks during 2026 and 2027. [13] With carried well costs, a growing resource base and a strategic rationale aligned to Asian energy security, the shares have scope to re-rate if the 2026–2027 drilling programme delivers a commercial discovery.

Market Capitalisation: £45m

Sector: Energy

12 Month Price Range: 35 – 95p

5 Year Price Range: 10 – 101p

Technical Analysis

Seascape Energy Asia has been among the stronger performers in the AIM energy sector over the past twelve months, building a series of higher lows as the Malaysian portfolio has taken shape. The stock has maintained a Rising Formation across all three bands and continues to hold above key moving averages despite broader market weakness in April. Provided the 65p support level holds, the technical structure remains positive and the next catalyst from the Malaysian drilling programme could drive a renewed move higher.

Verdict: BUY

Buy between 65 – 80p

Stop: 55p

Target: 130p

Source: [13] LSE RNS – DEWA Cluster Award and Competent Person's Report (Aug 2025). London Stock Exchange, [14] Seascape Energy Asia – Operations Malaysia (seascape-energy.com, accessed May 2026). Seascape Energy Asia plc.

Chart: Tradingview.com, Data as of April 29th, 2026

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AVACTA GROUP (AVCT)

Avacta is a clinical-stage biopharmaceutical company developing a pipeline of next-generation peptide drug conjugates using its proprietary pre|CISION platform, which is designed to concentrate potent cancer-killing payloads directly within the tumour microenvironment while sparing healthy tissue. [15]

Fundamentals

The investment case is built on two advancing clinical programmes with a differentiated mechanism of action. Positive health authority interactions in the AVA6000 programme resulted in the lifting of the lifetime maximum dose limit due to highly favourable cardiac safety data, materially broadening the addressable patient population and the potential for longer treatment cycles. [16] The first patient was treated in the Phase 1 FOCUS-01 trial of AVA6103 in March 2026, with initial clinical data anticipated in H2 2026 and a £10 million oversubscribed placing completed simultaneously to extend the cash runway into early Q1 2027. [17] If the mid-year AVA6000 data update demonstrates durable responses in the salivary gland cancer and soft tissue sarcoma expansion cohorts, the shares have scope to attract meaningful partnership interest and re-rate toward the valuations applied to comparable clinical-stage oncology assets.

Market Capitalisation: £383m

Sector: Healthcare

12 Month Price Range: 26 – 84p

5 Year Price Range: 26 – 284p

Technical Analysis

Avacta has recovered strongly from its 52-week lows, driven by a sequence of positive clinical and regulatory milestones through late 2025 and early 2026. The shares are now consolidating in the 50–82p range following the March placing and AACR data release, building a base that could support the next leg higher ahead of the H2 data readout. Both mid and long-term bands are in a Rising Formation. Provided 50p holds as support, the technical outlook remains constructive.

Verdict: BUY

Buy between 65 – 75p

Stop: 47p

Target: 108p

Source: [15] LSE RNS – Q1 2025 Business Update (31 Mar 2025). London Stock Exchange, [16] LSE RNS – Two Key Clinical Updates to Faridoxorubicin Program (03 Feb 2026). London Stock Exchange, [17] LSE RNS – First Patient Treated in FOCUS-01 Trial of AVA6103 (31 Mar 2026). London Stock Exchange.

Chart: Tradingview.com, Data as of April 29th, 2026

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LUCECO (LUCE)

Luceco is a leading designer and manufacturer of electrification products, supplying wiring accessories, LED lighting, EV chargers and portable power products to trade, wholesale and retail channels in the UK and internationally. [18]

Fundamentals

Full year 2025 results showed revenue up 11.9% to £271.4 million, with adjusted operating profit rising 16.6% to £33.8 million, adjusted EPS up 20% to 15.0p and adjusted free cash flow of £30.4 million — a £26.9 million improvement on the prior year. [18] EV charging sales grew approximately 85% to £18 million in 2025, and the board upgraded its 2026 revenue and adjusted operating profit expectations to comfortably exceed current market consensus. [19] With the Sync Energy smart charging platform building an installed base eligible for Demand Flexibility revenue, and synergies from the D-Line and CMD acquisitions beginning to flow through, earnings quality is improving and the shares have scope to re-rate if the board continues to upgrade against consensus. [18]

Market Capitalisation: £243m

Sector: Industrials

12 Month Price Range: 107.5 – 236p

5 Year Price Range: 55.6 – 427p

Technical Analysis

Luceco has been a consistent outperformer among AIM industrial names, recovering steadily from its lows to break above the 170p resistance level on the back of the full year results upgrade in March 2026. The shares are consolidating near recent highs with the mid and long-term bands both Rising. Provided 150p holds as support on any near-term pullback, the structure remains positive and the pattern suggests this is consistent with continuation.

Verdict: BUY

Buy between 160 – 185p

Stop: 140p

Target: 250p

Source: [18] LSE RNS – 2025 Full Year Results (25 Mar 2026). London Stock Exchange, [19] LSE RNS – 2025 Full Year Trading Update (29 Jan 2026). London Stock Exchange.
Chart: Tradingview.com, Data as of April 29th, 2026

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STAR ENERGY GROUP (STAR)

Star Energy Group is a UK onshore energy company producing oil and gas from fields across the East Midlands and Weald Basin, while also developing a portfolio of deep geothermal energy projects in the UK and Croatia. [20]

Fundamentals

The 2025 trading update reported net production averaging 1,886 boe/d, with the company anticipating an increase to approximately 2,000 boe/d in 2026, supported by a flexible capital programme and the Singleton gas-to-wire project targeting start-up in Q2 2026. [21] Material administrative cost savings of more than £2.0 million were delivered year-on-year, with cash at year-end of £7.6 million and £6.3 million proceeds from the Holybourne disposal supporting balance sheet resilience. [21] With the company actively evaluating value-accretive acquisitions where its substantial UK tax losses can enhance after-tax returns, and the geothermal portfolio offering longer-term optionality, the shares have scope to re-rate further if the 2026 operational improvements materialise as guided.

Market Capitalisation: ~£45m

Sector: Energy

12 Month Price Range: 5.5 – 17.9p

5 Year Price Range: 5.5 – 112p

Technical Analysis

Star Energy has been one of the most significant re-rating stories on AIM over the past year, rising from lows of 5.5p as operational improvements and cost discipline began to filter through to the share price. The stock has built a series of higher lows and maintains a Rising Formation across mid and long-term bands. Provided the 12p support level holds, the technical structure remains constructive ahead of the full year results announcement.

Verdict: BUY

Buy between 12 – 16p

Stop: 10p

Target: 28p

Source: [20] Star Energy Group – Company Overview (starenergygroupplc.com, accessed May 2026). Star Energy Group plc. [21] LSE RNS – Trading Update for Year to 31 December 2025 (25 Feb 2026). London Stock Exchange
Chart: Tradingview.com, Data as of April 29th, 2026

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THE PEBBLE GROUP (PEBB)

The Pebble Group is a leading provider of technology, services and products to the global promotional products industry, operating through Brand Addition, which supplies corporate merchandise to multinational clients, and Facilisgroup, a SaaS platform serving independent promotional product distributors in North America. [22]

Fundamentals

The January 2026 trading update confirmed FY2025 results expected to be in line with market expectations, with revenue of approximately £125 million and adjusted EBITDA of not less than £15.8 million, alongside an acceleration of new Partner wins at Facilisgroup in the second half. [22] The SaaS platform model at Facilisgroup, with its recurring revenue characteristics and growing partner network, provides an increasingly valuable counterbalance to the more cyclical Brand Addition business. [23] If Facilisgroup continues to add partners at an accelerating rate and the North American promotional products market recovers, the group has scope to re-rate toward the higher multiples typically applied to SaaS-led revenue models.

Market Capitalisation: £74m

Sector: Communications

12 Month Price Range: 31.4 – 58.6p

5 Year Price Range: 31.4 – 151.5p

Technical Analysis

The Pebble Group has recovered meaningfully from its 52-week lows, building a constructive base in the 45–55p range over recent months. Volume has been above its longer-term average in recent weeks, a signal of improving participation. The near and mid-term bands are both in a Rising Formation. Provided 40p holds as support, the technical picture is positive and the stock remains materially below historic highs, offering meaningful upside on a potential recovery in sentiment.

Verdict: BUY

Buy between 45 – 55p

Stop: 37p

Target: 85p

Source: [22] LSE RNS – Trading Update and Notice of Results (15 Jan 2026). London Stock Exchange, [23] LSE RNS – 2025 Interim Results (09 Sep 2025). London Stock Exchange.

Chart: Tradingview.com, Data as of April 29th, 2026

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THE GYM GROUP (GYM)

The Gym Group is the UK's leading low-cost gym operator, providing 24/7, no-contract gym access across 260 sites nationwide to approximately one million members, with a growth strategy focused on expanding the estate and improving yield from the existing base. [24]

Fundamentals

Full year 2025 results showed revenue up 8.2% to £244.9 million, with average members rising 4.3% to 945,000 and average revenue per member per month 3.8% higher at £21.60. [23] As at end of February 2026 the group had 999,000 members, up 8% since year-end, pointing to a strong start to the current year, while the board guided 2026 adjusted EBITDA slightly above the top end of analyst consensus. [23] With Gen Z members prioritising gym spending, a widening price gap versus the mid-market, and 16 new sites opened in 2025 all funded from free cash flow, the structural growth case remains compelling and the shares have scope to re-rate if the approaching one million member milestone drives further positive momentum. [23]

Market Capitalisation: £260m

Sector: Consumer Cyclical

12 Month Price Range: 131 – 187p

5 Year Price Range: 81.6 – 318p

Technical Analysis

The Gym Group has held up well relative to the broader market through the April volatility, a signal of genuine underlying demand at current levels. The shares have been building a base in the 160–175p range following the strong full year results in March 2026. Both near and mid-term bands are in a Rising Formation. Provided 150p holds as support the technical structure remains positive, with the stock well positioned to resume its recovery as market sentiment stabilises.

Verdict: BUY

Buy between 155 – 175p

Stop: 140p

Target: 230p

Source: [23] LSE RNS – 2025 Full Year Results (11 Mar 2026). London Stock Exchange.
Chart: Tradingview.com, Data as of April 29th, 2026

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CHECKIT (CKT)

Checkit is a Cambridge-based provider of an automated workflow management and monitoring platform for operational leaders, delivered on a subscription basis to large facilities and multi-site organisations across the UK and North America in sectors including healthcare, food services and facilities management. [24]

Fundamentals

Full year results for the year ended January 2026 confirmed adjusted EBITDA break-even, ahead of market expectations, following £4.0 million in annualised cost savings, with recurring revenue accounting for 96% of total revenue and longer average contract terms improving earnings quality and forward visibility. [24] Underlying ARR grew 5% on a constant currency basis excluding the previously disclosed reduction from a major US customer, pointing to genuine organic momentum in the core business. [25] With the cost base now reset, the platform increasingly positioned to benefit from AI-driven workflow analytics, and a high-quality pipeline described as close to an all-time high, the shares have scope to re-rate toward a growth SaaS multiple if the company achieves cash generation on a sustained basis through 2026.

Market Capitalisation: £19m

Sector: Technology

12 Month Price Range: 12.4 – 27p

5 Year Price Range: 11.1 – 67p

Technical Analysis

Checkit has been quietly building a base following the EBITDA break-even announcement in February 2026, with the stock recovering from its lows and beginning to establish a pattern of higher lows. Volume has improved alongside the price recovery, and the near-term band has turned to a Rising Formation for the first time in several months. Provided 14p holds as support, the technical setup is constructive.

Verdict: BUY

Buy between 16 – 20p

Stop: 13p

Target: 35p

Source: [24] LSE RNS – Full Year Results for Year Ended 31 January 2026 (19 Feb 2026). London Stock Exchange, [25] LSE RNS – Half Year Results for Six Months to 31 July 2025 (26 Aug 2025). London Stock Exchange.
Chart: Tradingview.com, Data as of April 29th, 2026

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Contact

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

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