

**BLACKFINCH ADAPT AIM GROWTH PORTFOLIO**

# Investee Company Recommended Takeover



**We are currently seeing compelling value across the UK market, with investors seeking to buy businesses at a discount to their intrinsic value. According to leading UK investment bank Peel Hunt, a total of 59 firm acquisition offers were received by UK-listed companies in 2023, up from 48 in 2022.**

The pace of takeover activity increased in the first quarter of 2024, according to the Office for National Statistics. It is also evident for some of the investee companies we hold in the Blackfinch Adapt AIM Portfolios, with bids being made at large premiums to their recent trading range. This kind of activity typically occurs when market valuations become more attractive to private equity or trade buyers, and can prove to be a positive catalyst for equities in general.

Alpha Financial Markets Consulting (Alpha), a specialist global financial services consulting firm, recently announced it had agreed on an acquisition offer from Bridgepoint Advisers Limited, a subsidiary of Bridgepoint Group plc, a private equity investment firm with assets of approximately €61bn. Alpha shareholders will be entitled to receive 505p in cash per share, which represents a 50.7% premium to the previous close price before the offer period began.

We added Alpha to the Adapt AIM Growth portfolio in July 2021, at an initial price of 355p, and it has more than doubled its revenue over the past three years, driven by strong organic growth supplemented by bolt-on acquisitions. Alpha has moved into new areas within financial services, including insurance and alternatives, and has increased its scale in key geographies. Despite the uplift in supply of consulting firms and lower utilisation rates over the past 12 months, Alpha has maintained a resilient margin. Its balance sheet has been conservatively managed, remaining in a net cash position despite increased investment in team and digital capabilities.

We viewed the takeover price, which equates to an enterprise value to earnings before interest, tax, depreciation and amortisation (EV/EBITDA) multiple of 14.5x, as fair for shareholders in the current climate.

The Blackfinch AIM investment team chose to sell its holding in Alpha, using the proceeds of the sale to rebalance into other companies in the Growth portfolio, including a recent addition. This was principally driven by the team's view on the valuation of the portfolio as being attractive at these levels.

Learn more about the Blackfinch Adapt AIM Portfolios at [www.blackfinch.investments/aim/](http://www.blackfinch.investments/aim/).

**IMPORTANT INFORMATION**

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