

AIM JOURNAL

THE ONLINE MONTHLY FOR THE ALTERNATIVE INVESTMENT MARKET

Avenir Registrars look ahead for 2025

It's fair to say 2024 was year packed with volatility and uncertainty for all market participants. Elections around the world, an evolving geopolitical landscape and stubborn inflationary pressures were just a few of the highlights, but will 2025 offer any respite for issuers – or will it be a case of more of the same? Here's the Avenir Registrars' take on a range of fundamentals and how these might impact sentiment.

Market volatility

2025 looks set to be another year of skittish price action across many asset classes. We're seeing borrowing costs rise on both sides of the Atlantic so the fiscal and monetary responses here have the potential to deliver exaggerated levels of volatility. Driven by those inflationary policies of the second Trump presidency, will the Federal Reserve be forced into another round of QE, driving asset prices higher still – and will the Bank of England follow? It would certainly be a bold call for Threadneedle Street to jump first here, but the economic situation across the G7 is a long way from offering cause for cheer. The growing rejection of globalisation will do nothing to lend further support here, either. These conditions make it tough for debt and equity securities issuers alike.

UK takeovers

The UK market remains deeply undervalued against its peers and there's no suggestion that will change any time soon. The taxation changes made by the current government have done nothing to lend support here, with companies watching higher wage costs erode precious margins, whilst stubbornly high interest rates will dampen the desire for businesses to invest in themselves, too. Such stagnant conditions offer little room for valuations to appreciate and combine that with the weak Pound, it makes London a fertile shopping ground for overseas investors. M&A activity may well be on the up - but with few wins for UK plc.



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Regulation

Although the UK government will remain focussed on bigger societal issues, further developments in terms of PISCES and digitisation will both be closely followed. However, do these risk getting dragged down by potential regulatory reform? On balance, probably not in the short term, as the process of effecting change here will likely be hugely protracted. Getting the PISCES sandbox functioning could however provide the UK capital markets with something to latch onto, whilst the digitisation agenda continues to move forward, too. The key risk here is that we end up with a solution that suits the needs of the market operators better than the participants themselves. At Avenir we have developed the technology to allow securities holders the choice as to how their securities are held – this is eminently possible to deliver market-wide but is the appetite to do so there?

The shape of capital markets

It seems fair to conclude that the London capital markets are now very much in a phase of evolution. This is no minor, post-pandemic blip in terms of glacial IPO rates – full-blown structural change is now being observed. However, part of that is the realisation that modern technology and connected networks can enable the efficient and fair exchange of securities across what may have been considered non-traditional venues. We're excited at the potential, private, matched bargain listing facilities bring in terms of reducing listing costs, enabling more growth companies to access secondary capital and driving a general renewal of markets. Again our technology is designed to fit issuers of all sizes, something that has driven growth for Avenir Registrars over the last decade. The advent of PISCES – so long as the execution is correct – can't come quickly enough.

Hardeep Tamana, Managing Director, Avenir Registrars

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