

A new year's greeting from Augment



Dear friends,

As we've closed the books on 2024, the OMX Stockholm PI ended the year +5.7% (OMX 30 at +3.6%). Factoring in dividends, the annual return fell slightly short of the classic required return and the historical average of 7–8%. Meanwhile, the OMX Helsinki PI faced another challenging year, closing at -6.8%, reflecting weak GDP growth (recession in 2024) and the ongoing impact of global geopolitical tensions on Finnish stocks. U.S. stock markets delivered another stellar year, with the Dow Jones up +13% and the Nasdaq surging +29%. With a president-elect who views stock market performance as a key measure of success, the stage is set for potentially more strong years ahead.

The First North Stockholm All-Share Index had another weak performance at -2.5%, largely driven by the financing risks associated with unprofitable companies. However, the OMX Small Cap PI gained +8.8%, validating predictions – ours included – that small caps would be among the winners in 2024. While not the dramatic rebound some expected, many quality micro- and small caps showed excellent progress. As we move into 2025, we remain optimistic about smaller companies. We seek winners among the combination of non-cyclical, sufficient growth and strong free cash flows. Nothing revolutionising, but keeping it simple is often rewarding. Nordic banks and their cash yields also look attractive.

The second half of 2024 saw a slight revival in risk sentiment, buoyed by several IPOs and other transactions. The online pharmacy Apotea demonstrated that quality businesses can once again command premium valuations when going public – a positive sign for more listings and transactions in 2025. We are excited about several upcoming private placements and listed transactions in our pipeline. Looking at the US market there are several anticipated highly interesting IPOs for 2025, e.g. Klarna, Stripe, Databricks, CoreWeave. For Nordic investors we think the listed investment company [Flat Capital](#) is an excellent way to get exposure to similar unlisted companies, often at the cutting edge of technology, long before they IPO.

In the junior mining sector, [some consolidation](#) has started to take shape, and we expect this trend to accelerate in 2025, creating value for both companies and investors. Across all sectors, consolidation is likely to persist, with buyouts and reverse takeovers continuing to unlock opportunities. For several micro- and small caps, low trade liquidity and valuations may reduce the appeal of remaining listed, paving the way for creative capital markets transactions. We are happy to discuss opportunities regarding this.

We understand most investor types, from venture capital funds to private investors, still hold a lot of cash. It was quite comforting to enjoy a close to 4% risk-free rate at the beginning of last year, even though real rates remained pressured by inflation. Falling interest rates helped improve sentiment in the latter half of the year and will likely create foundations for more transactions in 2025. However, investment terms must remain attractive given [record-high](#) equity risk premiums. For unprofitable companies, demonstrating a clear and credible path to positive cash flows is essential to secure capital at balanced valuations.

We also cannot overlook the remarkable performance of cryptocurrency in 2024, with Bitcoin crossing 100,000 USD for a while and achieving a +150% return for the year. Institutional capital inflows in the U.S. and favourable regulatory developments were key drivers. As global sovereign debt reaches record highs relative to GDP, demand for alternative non-fiat assets like Bitcoin is likely to grow. Asset managers in this space offer a compelling way for investors to gain exposure without full exposure to specific currencies.

We've had the pleasure of welcoming new Certified Adviser clients during the year, and we are open to discussing this offer with more well-run First North companies. Sweden and Finland boast many high-quality B2B tech firms, and we are eager to explore opportunities with entrepreneurs and investors. Promising sectors include gaming, data- and cybersecurity, software, iGaming, and security in general. We are always happy to discuss ideas and potential transactions.

There has been no Santa Claus rally in sight so far, but we hope these first trading days of the year will gather momentum and set a positive tone for the rest of 2025.

Wishing you all the best for 2025.

Best,
The team at Augment