

US Smaller Companies

US smaller companies have rallied strongly since the presidential election. Olivia Micklem believes low valuations and supportive domestic policies mean the rally has further to run.



2025

OUTLOOK



Olivia Micklem
Fund Manager
December 2024

FOR PROFESSIONAL INVESTORS AND/OR QUALIFIED INVESTORS AND/OR FINANCIAL INTERMEDIARIES ONLY. NOT FOR USE WITH OR BY PRIVATE INVESTORS. CAPITAL AT RISK. All financial investments involve taking risk and the value of your investment may go down as well as up. This means your investment is not guaranteed and you may not get back as much as you put in. Any income from the investment is also likely to vary and cannot be guaranteed.

Have investors missed the US small cap rally or is there more to come in 2025?

We continue to see some fantastic companies that we still think are **undervalued**. There are also a lot of different drivers that we think can continue to support a really strong rally in small cap into 2025. These include a **healthy economy**, **lower interest rates** and continuing government **investment in infrastructure**. Trump's pro-business agenda will also be of particular benefit to smaller companies as they tend to be domestically focused.

Which themes do you think will define the US small-cap sector in 2025?

When we look at the themes we are favouring for small US caps in 2025, many of them are areas in which we have already been investing in 2024.

One example is **industrial spending**. There are some big government spending programs that we expect to continue under the Trump administration. These should lend support to local companies who are involved in these big projects.

The same goes for **AI spending** and **data centre and chip onshoring**, all of which can benefit local domestic businesses. Beyond these areas, though, we see many examples of smaller companies offering fantastic growth across a variety of different sectors.

So looking across the market, we continue to see some really exciting opportunities across multiple different themes.

Do investors need to take Trump more seriously this time?

When you compare the new Trump administration with the prior one, I think it's fair to say that they were a lot **more prepared this time for the outcome of the election**. As a result, they have better candidates in key positions and more evolved policies.

You always have to take the president of the United States seriously, no matter what views you may have. Our job is to look across the market at how opportunities evolve, whether it's from policies that get enacted or debates about whether or not these policies can even happen.

Contact us



+44 20 7399 6000



www.artemisfunds.com



salesupport@artemisfunds.com

FOR PROFESSIONAL INVESTORS AND/OR QUALIFIED INVESTORS AND/OR FINANCIAL INTERMEDIARIES ONLY. NOT FOR USE WITH OR BY PRIVATE INVESTORS. This is a marketing communication.

Any research and analysis in this communication has been obtained by Artemis for its own use. Although this communication is based on sources of information that Artemis believes to be reliable, no guarantee is given as to its accuracy or completeness.

Any statements are based on Artemis' current opinions and are subject to change without notice. They are not intended to provide investment advice and should not be construed as a recommendation.

Issued by: Artemis Investment Management LLP which is authorised and regulated by the UK Financial Conduct Authority; in Germany, AI Management (Europe) GmbH; in Switzerland, Artemis Investment Services (Switzerland) GmbH.