

FP Octopus UK Micro Cap Growth Fund

Data as at 31 August 2020

Fund Objective

The Fund aims to achieve capital growth by investing in a portfolio of 50-80 high-quality UK smaller companies quoted on the official list of the London Stock Exchange, Alternative Investment Market (AIM) and NEX markets.

Key Facts

IA Sector	UK Smaller Companies
Fund Launch Date	12 July 2007
Fund Type	OEIC
Fund Domicile	United Kingdom
Dealing Frequency	Daily
Fund Size	£44.7m
Number of Holdings	66

Benchmark

Numis Smaller Companies plus AIM ex IT TR

Current Fund Price

P Acc Share Class	282.92p
S Acc Share Class	289.75p

Fees & Codes

Minimum Investment	£1,000
Minimum Top Up	n/a
Fund Initial Charge	0.00%
Ongoing Charge Figure (capped)*	1.25%

ISIN Code	GB00BYQ7HN43
Sedol Code	BYQ7HN4

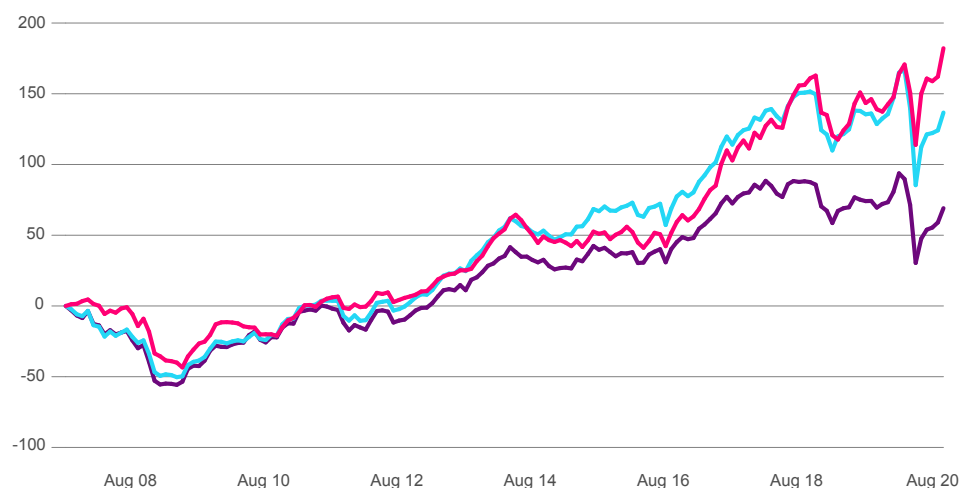
*Calculated as at 31 March 2019

Investment Strategy

The fund is managed with a core-satellite approach. The core is populated by 'proven winners', strong, established, cash generative businesses with a seasoned management team and track record. The satellites are the 'emerging stars' which are special situations like initial public offerings, taking advantage of shorter term market mispricing or extraordinary growth opportunities.

Performance Overview

Performance since launch (%)



Cumulative performance to 31 August 2020 (%)

	YTD	1 year	3 years	5 years	Inception
FP Octopus UK Micro Cap Growth - P Acc	6.79	18.04	30.05	91.67	182.16
Numis Smaller Companies plus AIM ex IT TR	-12.72	-0.25	-5.80	22.43	69.10
IA UK Smaller Companies TR	-10.67	3.54	5.51	41.31	136.59

Discrete yearly performance to quarter end (%)

Year to 30 June	2020	2019	2018	2017	2016
FP Octopus UK Micro Cap Growth - P Acc	6.34	-4.83	26.09	42.61	-5.78
Numis Smaller Companies plus AIM ex IT TR	-10.74	-7.22	8.80	31.80	-6.33
IA UK Smaller Companies TR	-5.63	-6.05	17.05	36.15	-5.85

Source: Lipper and Octopus Investments. Returns are in sterling and are based on published dealing prices excluding any initial charges, with net income reinvested and net of all fund fees.

Key Risks

- The value of an investment, and any income from it, can fall or rise. Investors may not get back the full amount they invest.
- Past performance is not a reliable indicator of future results.
- Investments quoted on AIM are likely to fall and rise in value more than shares listed on the main market of the London Stock Exchange. They may also be harder to sell.



Investment Enquiries

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Fund Managers



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Dominic Weller



Supported by the Octopus Quoted Companies team; Edward Griffiths, Kate Tidbury, Mark Symington, Stephen Henderson, Jessica Sweeney and Charles Lucas. The team manages over £1.8 billion in UK quoted companies.

Source and Copyright: Citywire. Richard Power, Chris McVey and Dominic Weller are AAA rated by Citywire for their rolling 3 year risk-adjusted performance, for the period to 31/07/2020.

Ratings



Monthly Commentary

The FP Octopus UK Micro Cap Growth Fund increased by 7.64% during the month of August. This was against an increase of 6.33% in the benchmark Numis Smaller Companies plus AIM (excluding Investment Trusts). Elsewhere, the FTSE AIM All-Share Index increased by 8.97%, the FTSE SmallCap (excluding Investment Companies) Index increased 4.16% and the FTSE All-Share Index increased by 2.42%, all on a total return basis.

The main contributors during July included another strong performance from life sciences technology provider **MaxCyte** (+26.7%), which continues to attract investor attention since its trading update in July. The company has also announced it has expanded CARMA's Phase I trial. Technology-driven marketing group **Next Fifteen Communications** (+29.7%) confirmed that trading is materially ahead of management expectations set in March, leading to a 10% upgrade to full year profit expectations. **Scapa Group** (+34.9%) also announced current year trading was ahead of revised expectations, leading analysts to upgrade profit expectations for the current year. Cloud communications software provider **IMImobile** (+16.5%) continued to perform well following a strong set of results released at the end of July, and point-of-care diagnostics provider **EKF Diagnostics Holdings** (+11.5%) continued its momentum announcing further Primestore MTM orders leading to another upgrade to profit expectations.

There were a few detractors to performance over the month. The share price of pawnbrokers **H&T Group** (-8.7%) declined following the publication of interim results. The company is a beneficiary of the rising gold price, however the loan books will take time to rebuild following the period of shop closures during the period. Pharmaceutical services provider **Clinigen Group** (-6.9%) also posted a decline. There was no news during the month and interim results are due in mid-September. The share price of **IG Design Group** (-14.6%) was impacted by a director share sale during the month. We expect the shares to recover again once the attention returns to underlying trading.

We remain excited about the prospects for the fund. Market volatility persists, however we continue to see many equity placings and there has been a recent increase in M&A activity, all of which will provide us with a steady flow of investment opportunities. The news flow from investee companies has started to adopt a more positive and confident tone, and the consistent message is that trading has been better than had been expected in the circumstances. This is now prompting upgrades to earnings expectations, supporting the recovery in share prices.

Portfolio Analysis

Top Ten Equity Holdings (%)

Hasgrove	3.6
MaxCyte	3.2
EKF Diagnostics Holdings	3.2
IMImobile	2.7
Future	2.7
Next Fifteen Communications	2.3
Novacyt	2.3
GB Group	2.3
Keywords Studios	2.0
RWS Holdings	1.9
Total	26.2

Top Ten Sectors (%)

Support Services	11.7
Pharmaceuticals & Biotechnology	11.6
Media	10.3
Software & Computer Services	9.0
Speciality & Other Finance	6.0
Health Care Equipment & Services	4.6
Construction & Materials	4.6
General Retailers	4.3
Household Goods & Construction	4.2
Telecommunication Services	3.7
Total	70.0

Asset Allocation

	Value	% of total assets
Equities	£40.01m	89.60%
Cash	£4.64m	10.40%
Fund Size	£44.66m	100.00%
No. of Holdings	66	

Important Information

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