

FP Octopus UK Multi Cap Income Fund

octopusinvestments
A brighter way

Data as at 31 August 2024



Fund managers



Chris McVey

Richard Power

Dominic Weller



Supported by the Octopus Quoted Companies team; Edward Griffiths, Kate Tidbury, Mark Symington, Jessica Sweeney, Freda Isingoma, Ross MacSween, Martin Jager, Matt Irani, Georgia Obadipe, Charles Lucas and Ben Tyson.

Key facts

IA sector	UK Equity Income
Fund launch date	10 December 2018
Fund domicile	United Kingdom
Dealing frequency	Daily
Active Share	92.6%
Number of holdings	64
Benchmark	FTSE All-Share Index
I Acc fund price	143.53p
I Inc fund price	115.58p

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.
- Yield is not guaranteed.
- Investments in smaller and/or medium sized companies 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.
- Fees will be deducted from capital which will increase the amount of income available for distribution. However, this will erode capital and may hinder capital growth.
- Past performance is not a reliable indicator of future returns.

Fund objective

The investment objective is to achieve (on a net of fees basis), over a 5 year rolling period, income generation (money paid out by an investment, such as interest from a bond or dividend from a share) which is on average in line with the FTSE All Share Index (the "Target") and capital growth (the increase in the value of investments) above the Target.

Investment strategy

As active fund managers, we'll blend companies from across the entire UK equity market, ranging from some of the UK's largest and most established businesses, often generating significant dividends, with mid and smaller companies, with hidden potential to provide superior growth.

Performance overview



Cumulative performance to 31 August 2024 (%)

	YTD	1 Y	3 Y	5 Y	Launch
UK Multi Cap Income - S Acc	15.68	23.87	-7.98	43.12	64.66
FTSE All-Share TR	11.29	16.98	24.35	37.89	53.52
IA UK Equity Income TR	11.74	18.31	19.36	37.37	47.07

Discrete yearly performance (%)

Year to 31 August	2024	2023	2022	2021	2020
UK Multi Cap Income - S Acc	23.87	-8.30	-19.00	44.20	7.86
FTSE All-Share TR	16.98	5.23	1.01	26.95	-12.65
IA UK Equity Income TR	18.31	3.85	-2.86	31.42	-12.43

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.

Fees & codes

		ISIN
Minimum Investment	£1,000	
Minimum Monthly Savings	£100	I Acc GB00BG47Q556
Fund Initial Charge	0.0%	I Inc GB00BG47Q663
Ongoing Charge Figure*	0.90%	

*Calculated as at 31 August 2023.

Investor Services

For all administration enquiries such as account enquiries and valuations, please call FundRock Partners:

0370 7070073

Investment Enquiries

To speak to any of our fund managers, please call:

0800 316 2394

info@octopusinvestments.com
octopusinvestments.com

Asset allocation

	Value	% of total assets
Equities	£38.1m	92.4%
Cash	£3.1m	7.6%
Fund Size	£41.2m	100.0%

Top ten equity holdings (%)

Next 15 Group plc	3.9
Renew Holdings plc	3.7
Gamma Communications plc	3.5
JTC plc	3.3
Galliford Try plc	3.2
XPS Pensions Group plc	3.0
AstraZeneca plc	2.9
Ricardo plc	2.8
GSK plc	2.7
hVIVO plc	2.7
Total	31.6

Top ten sectors (%)

Construction & Building	12.6
Support Services	12.6
Media & Entertainment	11.4
Specialty & Other Finance	9.6
Finance	9.5
Pharmaceuticals & Biotech	8.3
Telecommunication Services	3.5
Software & Computer Services	3.5
Engineering & Machinery	2.8
Leisure & Hotels	1.9
Total	75.6

Market cap weighting (%)

Over £10bn	6.1
£5bn-£10bn	3.7
£3bn-£5bn	0.0
£1bn-£3bn	17.2
£500m-£1bn	24.2
£250m-£500m	20.4
£100m-£250m	15.7
Sub £100m	5.2
Cash	7.6

Dividends & running yields

I Acc 4.5%	I Inc 4.5%
XD dates	1 Mar, 1 Jun, 1 Sep, 1 Dec.
Payment dates	30 Apr, 31 Jul, 31 Oct, 31 Jan.

Due to rounding, tables may not sum correctly.

Monthly commentary

August 2024 began with a period of market volatility, as a combination of interest rate hikes in Japan and weaker US employment data led to an unwinding of the much-publicised Yen carry trade. The subsequent sell-off was short lived however, as dovish Fed rhetoric and improving data points steadied markets. During the month, the FP Octopus UK Multi Cap Income Fund increased by 0.46%. This performance was against a rise of 0.45% in the benchmark FTSE All Share Index, a fall of 1.66% in the FTSE 250 (ex IT), and a rise of 0.05% in the IA UK Equity Income Sector.

Over the month, the largest contributor to performance was **GSK** (+10.62%), the leading global healthcare provider who delivered a reassuring update in relation to ongoing Zantac litigation, easing investor concerns on a topic which has weighed on the shares. Despite the price rally, the stock remains valued on a lowly prospective price/earnings multiple of just 10.5x.

Elsewhere, **Gamma Communications** (+3.10%), the leading provider of unified-communications-as-a-service, announced the accretive bolt-on of private UK company BrightCloud. The acquisition in late July deepens Gamma's relationship with Cisco, while highlighting the optionality provided by the company's strong cash generation and balance sheet. In other news, **Gateley** (+8.08%), the professional services provider saw shares rise following full-year results in July which highlighted 6% revenue growth despite subdued property and corporate markets, maintaining its record of positive organic growth in every year since its IPO. The shares continue to trade on a prospective price/earnings multiple of just 10x, whilst delivering a 6.9% yield. **AstraZeneca** (+7.98%), another global pharmaceutical leader, saw its valuation continue to rise amidst the momentum created by surpassing half-year consensus forecasts in July. Another positive contributor in the period was **Niox** (+8.71%), the leading provider of point-of-care asthma diagnostic technology. The stock has now regained much of the recent share price depreciation that followed the recent in-line trading statement.

From a negative perspective, **Ricardo** (-6.95%), the environmentally focused engineering consultants, saw shares drift despite delivering an in-line trading update at the end of July highlighting confidence looking forward. The company now trades on 14x prospective price/earnings with an expected 2.5% dividend yield and provides exposure to exciting, structurally growing markets. **Midwich** (-6.90%), a leading audio-visual distributor to the corporate market, saw its valuation retreat as the market digested a very modest decline in its organic sales. Despite the challenged current market, the company continues to gain market share and trades on an undemanding 9.5x price/earnings multiple, with a 5.1% yield. Elsewhere, core holding, **XPS Pensions** (-4.04%), experienced a small reversal of the significant share price gains enjoyed since full-year results in late June. We maintain confidence in the growth prospects of the business, supported by recent trading momentum and regulatory tailwinds.

As we look forward to what is expected to be a busy period for trading updates and results, we remain excited by the prospects for the portfolio. Most Fund holdings continue to deliver at least in line with analyst expectations, yet many remain at cyclically low valuations. We note that UK equities have been amongst the strongest performing asset class globally over the last year. Should this continue, fund flows back into UK companies will start to close this unwarranted current valuation gap driving market and fund performance.

Dividends per share vs dividend yield



Important information

Ratings do not constitute investment advice and should not be used as the sole basis for making any investment decision. Personal opinions may change and should not be seen as advice or a recommendation. Richard Power, Chris McVey and Dominic Weller are + rated by Citywire for their rolling 3 year risk-adjusted performance, for the period to 31/08/2024. We do not offer investment or tax advice. This factsheet does not constitute investment advice. Any mention of a specific stock is not a recommendation to buy or sell. If you are unsure of the suitability of this investment you should speak to a Financial Adviser. Before investing you should read the Prospectus, the Key Investor Information Document (KIID) and the Supplementary Information Document (SID) as they contain important information regarding the fund, including charges, tax and fund specific risk warnings and will form the basis of any investment. The Prospectus, KIID and application forms are available in English at octopusinvestments.com. The Authorised Corporate Director (ACD) of the FP Octopus UK Multi Cap Income Fund is FundRock Partners Limited which is authorised and regulated by the Financial Conduct Authority no. 469278, Registered Office: Hamilton Centre, Rodney Way, Chelmsford, England, CM1 3BY. Issued by Octopus Investments Limited, which is authorised and regulated by the Financial Conduct Authority. Registered office: 33 Holborn, London, EC1N 2HT. Registered in England and Wales No. 03942880. Telephone calls are recorded. Issued: September 2024. CAM014380.