

FP Octopus UK Multi Cap Income Fund

octopusinvestments
A brighter way

Data as at 31 October 2022



Fund managers



Chris McVey



Richard Power



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Supported by the Octopus Quoted Companies team; Edward Griffiths, Kate Tidbury, Mark Symington, Stephen Henderson, Jessica Sweeney, Freda Isingoma, Georgia Obadipe and Charles Lucas.

Key facts

IA sector	UK Equity Income
Fund launch date	10 December 2018
Fund domicile	United Kingdom
Dealing frequency	Daily
Active Share	95.5%
Number of holdings	64
Benchmark	FTSE All-Share Index
I Acc fund price	116.50p
I Inc fund price	101.34p

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.

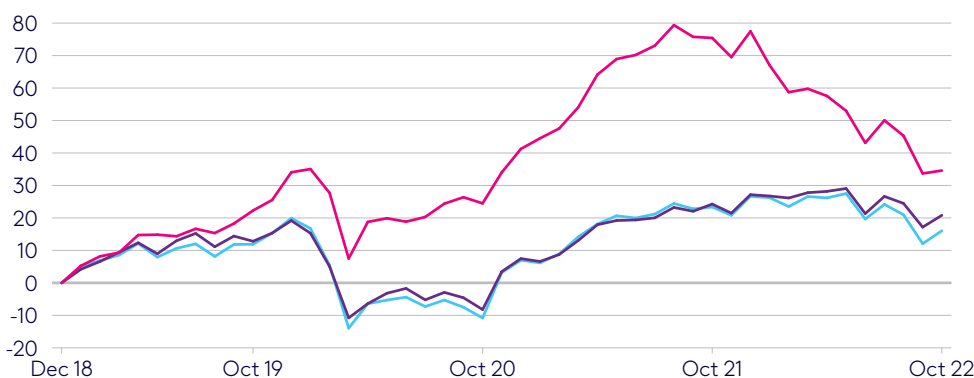
Fund objective

The fund aims to provide predictable, attractive dividends alongside long term capital growth.

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 October 2022 (%)

	YTD	1 Y	3 Y	5 Y	Launch
UK Multi Cap Income - S Acc	-24.15	-23.27	10.08	n/a	34.27
FTSE All-Share TR	-5.00	-2.78	7.09	12.69	21.03
IA UK Equity Income TR	-8.39	-5.94	3.72	5.39	14.89

Discrete yearly performance to quarter end (%)

Year to 30 September	2022	2021	2020	2019	2018
UK Multi Cap Income - S Acc	-23.95	39.09	6.86	n/a	n/a
FTSE All-Share TR	-4.00	27.89	-16.59	2.68	5.87
IA UK Equity Income TR	-8.71	32.74	-17.28	-0.37	3.54

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	
Fund Initial Charge	0.0%	I Acc GB00BG47Q556
Ongoing Charge Figure	0.90%	I Inc GB00BG47Q663

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

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Asset allocation

	Value	% of total assets
Equities	£54.5m	86.9%
Cash	£8.2m	13.1%
Fund Size	£62.7m	100.0%

Top ten equity holdings (%)

H&T Group plc	2.7
Galliford Try Holdings plc	2.5
Marlowe plc	2.5
Next Fifteen Communications Group plc	2.4
FRP Advisory Group plc	2.3
Renew Holdings plc	2.2
Ricardo plc	2.2
Brickability Group plc	2.1
STV Group plc	2.1
Gateley Holdings plc	2.1
Total	23.1

Top ten sectors (%)

Support Services	14.2
Cash	13.1
Media & Entertainment	11.2
Construction & Building	10.8
Speciality & Other Finance	10.2
Finance	7.4
Software & Computer Services	5.2
Real Estate	2.8
Engineering & Machinery	2.4
Health	2.1
Total	79.4

Market cap weighting (%)

Over £10bn	3.9
£5bn-£10bn	1.5
£3bn-£5bn	0.8
£1-£3bn	12.8
£500-£1bn	15.2
£250-£500m	16.5
£100-£250m	29.7
Sub £100	6.6
Cash	13.1

Dividends & running yields

I Acc 4.5%	I Inc 4.3%
XD dates	1 March, 1 June, 1 Sept., 1 Dec.
Payment dates	30 April, 31 July, 31 Oct., 31 Jan.

Monthly commentary

October 2022 saw global indices recover some of the ground lost over September. Within the UK, economic data points remained challenged as inflation rose to a 40-year high, and consumer confidence dropped. Despite the negative focus from most market commentators, the message from most Fund holdings remained as it has for much of the year, with trading continuing largely as expected. During the month, the FP Octopus UK Multi Cap Income Fund returned +0.68%. This performance was against a rise of +3.11% in the benchmark FTSE All Share Index, with the FTSE SmallCap (excluding Investment Companies) Index increasing by +0.75%, and the IA UK Equity Income sector progressing by +3.49%, all on a total return basis.

The largest contributor in the month was **K3 Capital** (+20.45%), the leading SME-focussed professional services business. The group produced a very reassuring set of final results in late September, delivering +24% year-on-year organic growth, with management maintaining a confident outlook. **Next Fifteen** (+13.1%), the technology and data-driven growth consultancy, saw its shares rally as management produced another positive trading update. Full year results are now anticipated to be at least in line with expectations. It also expected the long running bid for M&C Saatchi to fail, as it subsequently has. This has allowed several analysts covering the stock to no longer be restricted by the deal, allowing them to publish and highlight the attractive valuation. **Bloomsbury Publishing** (+25.9%), the leading independent publishing house, also produced a fantastic set of interim results with revenue growth of +22%. Despite this fantastic operational momentum, we note that current consensus estimates very prudently expect negative year-on-year revenue growth in the second half of this financial year. **Kitwave** (+17.1%), the leading independent wholesale business, also saw its shares recover some of the significant price weakness seen in September. The business has since published a solid market update noting that strong first half performance has continued, with results for the full year expected to be in line with the recently upgraded market expectations.

During the month, there were a couple of positions which didn't deliver as planned. **Watkin Jones** (-38.1%), the leading constructor and manager of residential build to rent assets, saw its shares react negatively to news that interest rate volatility had resulted in some transactions not concluding in the period. Given recent volatility this is not unexpected, however we note that the strength of the balance sheet leaves the group in a healthy financial position and provides options. **GB Group** (-37.6%), the leading identification verification specialist, saw its shares derate over the month. This was caused initially by the news that the previously announced discussions with GTCR had not resulted in an offer for group, and secondly on the further news at the scheduled first half trading update that, whilst full year revenue and profit expectations remained unchanged, the business had seen a slowing in organic growth, albeit offset by a currency benefit from the strength of the dollar. Elsewhere, the Fund was impacted by negative share price performance from **DWF Group** (-19.6%), the global legal and business services provider, fund manager **Premier Miton** (-17.9%), and **LSL Property Services** (-12.6%), the property agency and mortgage network. **XPS Pensions Group** (-7.0%), the leading pension consultancy and administration business, also saw its shares retreat, despite producing a strong pre-close trading update for the six months to September 2022. The group announced revenue growth of +14% year-on-year, and management raised expectations for full year results.

Market conditions remain volatile and mid-term prospects for economic growth uncertain given well documented macro-economic and geo-political challenges. The Fund remains positioned for growth and a recovery in growth-focussed, income generating stocks. Whilst hard to time the market turn, we note that from a price to earnings perspective, market valuations within the FTSE Small Cap, and FTSE 250, have only been at current levels on a handful of occasions over the last 30 years. We remain committed to investing in businesses that we believe can grow earnings, and dividends, ahead of the market through the cycle. We continue to believe the current disconnect between share prices and underlying business performance presents a significant opportunity, with many holdings now trading on extremely attractive multiples. We remain excited for the Fund's prospects.

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 A rated by Citywire for their rolling 3 year risk-adjusted performance, for the period to 31/08/2022. 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 Ltd which is authorised and regulated by the Financial Conduct Authority no. 469278, Registered Office: 52-54 Gracechurch Street, London, EC3V 0EH. 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: November 2022. CAM012480.