

FP Octopus UK Micro Cap Growth Fund

octopusinvestments
A brighter way

Data as at 31 May 2024



Fund managers



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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	£105.0m
Number of holdings	50
Benchmark	Deutsche Numis SC plus AIM ex IT TR
P Acc fund price	294.20p
S Acc fund price	302.28p

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.

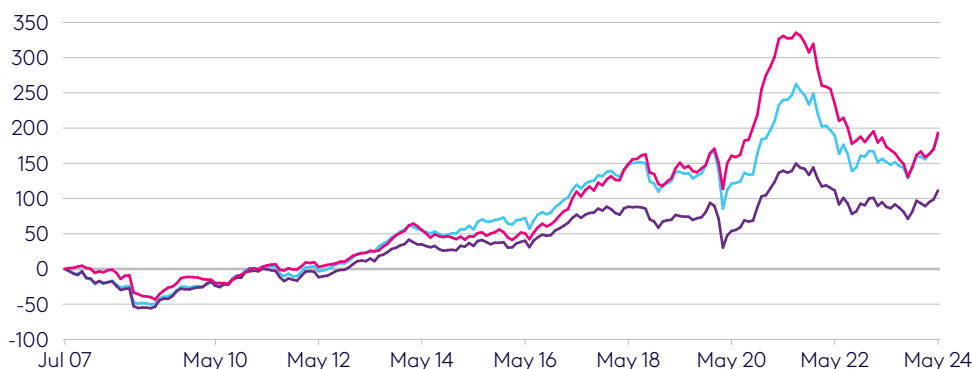
Fund objective

The investment objective of the Fund is to achieve capital growth (the increase in the value of investments), net of fees, over a period of 5 years or more.

Investment strategy

The fund is managed with a core-satellite approach. The core is populated by profitable, cash generative businesses with an experienced management team. The satellite positions, which are limited to 25% of the portfolio by value, will be higher risk growth opportunities including initial public offerings and exceptional growth opportunities including, companies which are not yet profitable.

Performance overview



Cumulative performance to 31 May 2024 (%)

	YTD	1 Y	3 Y	5 Y	Launch
FP Octopus UK Micro Cap Growth - P Acc	12.08	7.34	-31.91	16.95	193.41
Deutsche Numis SC plus AIM ex IT TR	7.59	12.47	-11.67	20.80	111.54
IA UK Smaller Companies TR	10.74	14.43	-15.38	21.05	187.83

Discrete yearly performance to quarter end (%)

Year to 31 March	2024	2023	2022	2021	2020
FP Octopus UK Micro Cap Growth - P Acc	-5.88	-22.05	-10.53	87.49	-6.47
Deutsche Numis SC plus AIM ex IT TR	2.96	-13.37	-2.14	71.31	-23.18
IA UK Smaller Companies TR	4.75	-17.04	-2.13	67.22	-17.54

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.



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	£102.9m	98.0%
Cash	£2.1m	2.0%
Fund size	£105.0m	100.0%

Top ten equity holdings (%)

Next 15 Group plc	4.9
Keywords Studios plc	4.4
Renew Holdings plc	4.1
Gamma Communications plc	3.9
Hasgrove Ltd	3.9
M&C Saatchi plc	3.5
JTC plc	3.1
IG Design Group plc	3.1
Brickability Group plc	3.0
GB Group plc	2.9
Total	36.8

Top ten sectors (%)

Support Services	20.2
Media & Entertainment	17.2
Software & Computer Services	10.5
Specialty & Other Finance	9.8
Pharmaceuticals & Biotech	5.1
Construction & Building	4.4
Telecommunication Services	3.9
Unquoted Investment	3.9
Investment Entities	3.9
Household Goods & Textiles	3.5
Total	82.3

Fees & codes

Minimum investment	£1,000
Minimum top up	£1,000
Fund initial charge	0.00%
Ongoing charge figure*	1.10%
ISIN	GB00BYQ7HN43
Sedol	BYQ7HN4

*Calculated as at 31 August 2023.

Market cap weighting (%)

Over £3bn	0.0
£1bn-£3bn	18.3
£500m-£1bn	17.6
£250m-£500m	17.4
£100m-£250m	21.1
Sub £100m	23.6
Cash	2.0

Due to rounding, tables may not sum correctly.

Monthly commentary

The FP Octopus UK Micro Cap Growth Fund increased by 8.65% during the month of May 2024. The benchmark Deutsche Numis Smaller Companies plus AIM (excluding Investment Trusts) increased by 6.41%. The FTSE AIM All-Share Index increased by 6.14% and the FTSE All-Share Index increased by 2.41%, all on a total return basis.

The main contributors to performance over the month included **Keywords Studios** (+86.8%), which released a statement responding to press speculation about a possible cash offer at 2550p per share. Despite being a significant premium to the prevailing share price, the level is a substantial discount to the longer-term valuation multiple, so not a level we consider attractive. The share price of **Future** (+63.3%) had been looking very oversold, however the recent interim results improved sentiment towards the stock. Analysts have also been highlighting the sum of the three parts of the business following a group reorganisation. **IG Design** (+30.7%) announced a year-end trading statement confirming both profits and cash would be materially better than expectations. Significant upside remains as the company continues its margin restoration journey. **Next 15 Group** (+14.2%) has continued to make progress following full year results in April. The shares are still trading at a discount to longer term trends, as is the case with **GB Group** (+18.7%) which recently announced trading was ahead of expectations. **Renew Holdings** (+11.7%) delivered another set of strong interim figures resulting in small upgrades for the full year. The company's end markets look well set for growth over the coming years so further upgrades can be expected.

There were fewer detractors to performance this month, however **Inspiration Healthcare Group** (-46.0%) reported a further set back on a substantial ventilator order, which has resulted in a short-term financing requirement. The Non-Executive Chairman has stepped in to an Executive role to rectify the situation. **Midwich** (-10.4%) has highlighted that market conditions in the UK have remained challenging, however it continues to grow its market share. This has resulted in full year numbers being reduced slightly. **H&T Group** (-9.2%) announced that trading statement confirming all remained in line with expectations.

We highlighted last month a shift in the mood across equity markets, which continued into May. The combination of improving corporate news flow, an improving economic outlook, and the prospect of rate cuts in the summer, are drawing investors back into risk assets. The ongoing M&A activity is also shining a light on the very low valuations available across mid and small cap equities. Green shoots continue to emerge, with a step up in fund raising activity in recent weeks and the arrival of several IPOs, suggesting the momentum has now turned.

Important information

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