

FP Octopus UK Multi Cap Income Fund

octopusinvestments
A brighter way

Data as at 31 July 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 | 91.7% |
| Number of holdings | 63 |
| Benchmark | FTSE All-Share Index |
| I Acc fund price | 142.93p |
| I Inc fund price | 115.10p |

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.

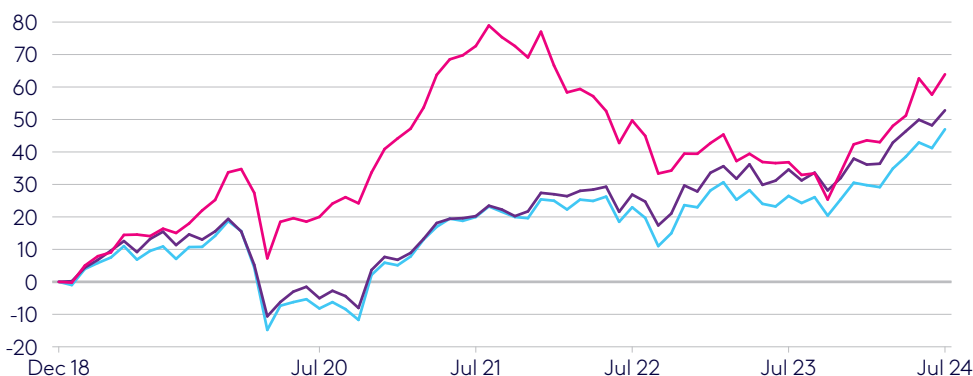
Fund objective

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 July 2024 (%)

| | YTD | 1 Y | 3 Y | 5 Y | Launch |
|------------------------------------|-------|-------|-------|-------|--------|
| UK Multi Cap Income - S Acc | 15.15 | 19.79 | -5.05 | 40.85 | 63.91 |
| FTSE All-Share TR | 10.79 | 13.54 | 27.10 | 32.37 | 52.82 |
| IA UK Equity Income TR | 11.67 | 16.20 | 22.52 | 32.54 | 46.98 |

Discrete yearly performance (%)

| Year to 31 July | 2024 | 2023 | 2022 | 2021 | 2020 |
|------------------------------------|-------|-------|--------|-------|--------|
| UK Multi Cap Income - S Acc | 19.79 | -8.59 | -13.28 | 43.85 | 3.12 |
| FTSE All-Share TR | 13.54 | 6.09 | 5.51 | 26.64 | -17.76 |
| IA UK Equity Income TR | 16.20 | 2.87 | 2.49 | 30.68 | -17.22 |

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 | £37.7m | 91.6% |
| Cash | £3.5m | 8.4% |
| Fund Size | £41.2m | 100.0% |

Top ten equity holdings (%)

| | |
|--------------------------------|-------------|
| Next 15 Group plc | 3.9 |
| Renew Holdings plc | 3.7 |
| Gamma Communications plc | 3.4 |
| Galliford Try plc | 3.4 |
| JTC plc | 3.2 |
| XPS Pensions Group plc | 3.2 |
| Ricardo plc | 2.8 |
| hVIVO plc | 2.7 |
| AstraZeneca plc | 2.7 |
| Intermediate Capital Group plc | 2.6 |
| Total | 31.5 |

Top ten sectors (%)

| | |
|------------------------------|-------------|
| Construction & Building | 13.0 |
| Support Services | 12.6 |
| Media & Entertainment | 11.0 |
| Finance | 9.6 |
| Specialty & Other Finance | 9.5 |
| Pharmaceuticals & Biotech | 7.9 |
| Telecommunication Services | 3.4 |
| Software & Computer Services | 3.1 |
| Engineering & Machinery | 2.8 |
| Leisure & Hotels | 2.0 |
| Total | 75.0 |

Market cap weighting (%)

| | |
|-------------|------|
| Over £10bn | 7.2 |
| £5bn-£10bn | 3.7 |
| £3bn-£5bn | 0.0 |
| £1bn-£3bn | 16.1 |
| £500m-£1bn | 24.1 |
| £250m-£500m | 19.2 |
| £100m-£250m | 15.8 |
| Sub £100m | 5.5 |
| Cash | 8.4 |

Dividends & running yields

| | |
|---------------|------------------------------------|
| I Acc 5.0% | I Inc 4.7% |
| 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

July 2024 saw a positive performance for UK equities in what was a busy month, with a considerable number of trading updates, fund raisings and, most reassuringly, a significant number of meetings with companies looking to potentially list on public markets in the coming months. During the period, the FP Octopus UK Multi Cap Income Fund increased by 4.0%. This performance was against a rise of 3.1% in the benchmark FTSE All Share Index, and a rise of 4.0% in the IA UK Equity Income Sector.

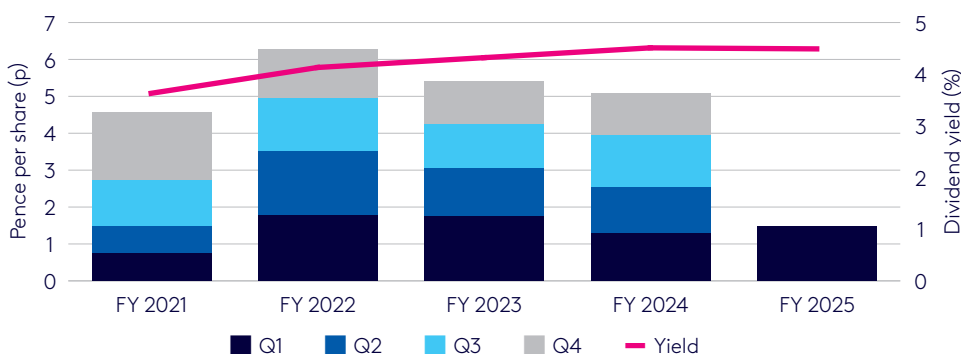
Over the month, the largest contributor to performance was **Galliford Try** (+28.5%), the leading UK focused construction contractor to the public and private sectors. The company reported a full-year trading update which was once again ahead of previous market expectations. Despite the ongoing strong share price momentum, the business remains valued on a lowly 3x EV/EBITDA.

Elsewhere, **Alumasc Group** (+21.7%), a supplier of sustainable building products and solutions, provided a full year trading update. Revenues and profitability in the second half exceeded analyst forecasts. The company continues to trade on a prospective price/earnings multiple of just 8.1x and is expected to pay a 4.7% dividend yield this year. **JTC** (+9.5%), the global provider of fund administration services, provided an in-line interim trading statement for the six months ended June. The group continues to gain momentum, as double-digit organic growth is supplemented by accretive acquisitions, driving towards management's ambition to double the size of the business by 2027. Another positive contributor in the period was **Advanced Medical Solutions** (+15.0%), the global manufacturer and distributor of surgical wound care solutions. Management issued an in-line trading statement for the first half, highlighting 10% growth on a constant currency basis due in large to a reacceleration of core product LiquiBand sales in the US.

From a negative perspective, **Learning Technologies Group** (-14.79%), tweaked profitability expectations modestly for the year, citing lower levels of transactional revenues and increased FX headwinds due to the proportion of revenues generated in the US. Encouragingly, the recent disposal of VectorVMS leaves the balance sheet holding only a modest net-debt position, creating scope for organic and inorganic investment. **Midwich** (-9.61%), a leading audio-visual distributor to the corporate market, delivered an in-line interim trading statement in the period. Market conditions remain challenging, particularly in the UK, but the group continues to gain market share and remains very well positioned for future growth. Recent addition to the fund, **Niox** (-10.14%), saw shares drift despite delivering an encouraging in-line trading statement for the first half. Sales grew 15% on a like-for-like basis, generating £7.1 million of EBITDA at a 34% margin, particularly impressive considering the company is still investing significantly for growth. We continue to believe the group has a significant opportunity as its proprietary FeNO detection technology is adopted in asthma detection and monitoring across the globe.

We have been reassured recently to see early signs of capital flows returning to the UK mid and small cap markets, which remain extremely undervalued. As discussed previously, our portfolio takes a differentiated approach to UK equity income portfolio construction, with a focus on faster growth small and mid-cap companies. We would expect many of these holdings to deliver significant relative and absolute outperformance to the fund as interest rates normalise. We expect the recent interest rate cut by the Bank of England to help the momentum build over the coming months.

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 31/07/2024. 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: August 2024. CAM014314.