

FP Octopus UK Micro Cap Growth Fund

Data as at 30 June 2023

octopusinvestments
A brighter way



Fund managers



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Key facts

IA sector	UK Smaller Companies
Fund launch date	31 August 2007
Fund type	OEIC
Fund domicile	United Kingdom
Dealing frequency	Daily
Fund size	£132.6m
Number of holdings	55
Benchmark	Numis Smaller Companies plus AIM ex IT TR
P Acc fund price	269.61p
S Acc fund price	276.78p

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.

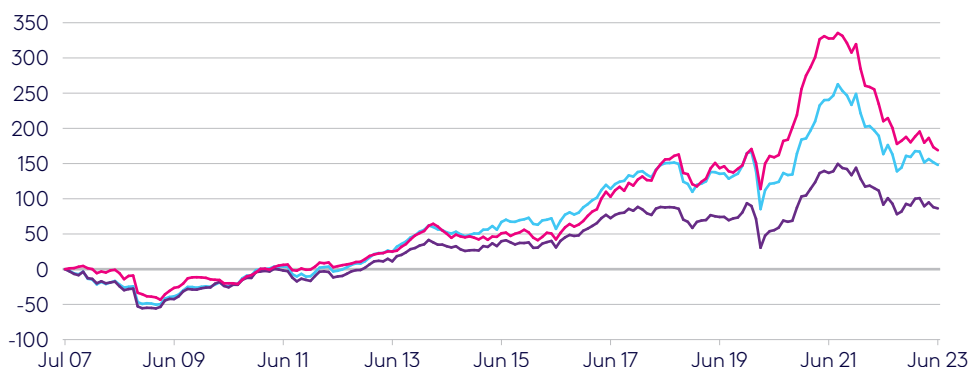
Fund objective

The Fund aims to achieve capital growth by investing in a portfolio of 60-100 growing UK smaller companies quoted on the official list of the London Stock Exchange, Alternative Investment Market (AIM) and Aquis Exchange.

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 30 June 2023 (%)

	YTD	1 Y	3 Y	5 Y	Launch
FP Octopus UK Micro Cap Growth - P Acc	-4.04	-13.31	3.87	5.11	168.89
Numis Smaller Companies plus AIM ex IT TR	-2.20	-2.80	19.87	-0.73	86.30
IA UK Smaller Companies TR	-4.37	-5.85	11.65	-1.01	148.02

Discrete yearly performance to quarter end (%)

Year to 30 June	2023	2022	2021	2020	2019
FP Octopus UK Micro Cap Growth - P Acc	-13.31	-27.46	65.18	6.34	-4.83
Numis Smaller Companies plus AIM ex IT TR	-2.80	-19.03	52.32	-10.74	-7.22
IA UK Smaller Companies TR	-5.85	-22.61	53.25	-5.63	-6.05

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:

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Investment Enquiries

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Asset allocation

	Value	% of total assets
Equities	£128.0m	96.6%
Cash	£4.5m	3.4%
Fund size	£132.6m	100.0%

Top ten equity holdings (%)

First Derivatives plc	4.1
Renew Holdings plc	4.0
Next 15 Group plc	3.6
Brickability Group plc	3.3
RWS Holdings plc	3.3
M&C Saatchi plc	3.0
H&T Group plc	2.9
Ricardo plc	2.8
Midwich Group plc	2.8
STV Group plc	2.6
Total	32.4

Top ten sectors (%)

Support Services	18.2
Media & Entertainment	16.8
Specialty & Other Finance	11.4
Software & Computer Services	10.6
Construction & Building	6.5
Household Goods & Textiles	5.9
Pharmaceuticals & Biotech	3.8
Health	3.5
Electronic & Electrical	2.8
Engineering & Machinery	2.8
Total	82.3

Fees & codes

Minimum investment	n/a
Minimum top up	n/a
Fund initial charge	0.00%
Ongoing charge figure (capped)*	1.10%
ISIN	GB00BYQ7HN43
Sedol	BYQ7HN4

*Calculated as at 9 May 2022

Market cap weighting (%)

Over £3bn	0.0
£1bn-£3bn	6.9
£500m-£1bn	24.4
£250m-£500m	13.9
£100m-£250m	25.3
Sub £100m	26.0
Cash	3.4

Monthly commentary

Equity markets staged a rally during the first half of the month, only to reverse the progress following disappointing inflation data and a 0.5% rate rise. The FP Octopus UK Micro Cap Growth Fund decreased by 1.6% during the month of June 2023. The benchmark Numis Smaller Companies plus AIM (excluding Investment Trusts) decreased by 1.5%. The FTSE AIM All-Share Index decreased by 3.4% and the FTSE All-Share Index increased by 1.0%, all on a total return basis.

The main contributor to performance during the month was **Inspiration Healthcare Group** (+21.1%). It released a trading update confirming margins were improving and profits are expected to grow in line with expectations, which is an uplift of 80% for the year to January 2024. **Creo Medical Group** (+42.3%) has announced a string of positive news flow regarding regulatory progress and first case usage of its surgical endoscopy instruments. **Mark's Electrical Group** (+12.6%) reported full year results ahead of expectations, with revenues up 21.5% on the previous year. The current year has started well, and the company continues to grow its market share. The share price of **Marlowe** (+11.9%) responded to a Sky News report speculating there has been an approach for the company's testing division at a substantial premium to current valuation levels.

The main detractors to performance included **Frontier IP Group** (-22.0%), despite the continued progress being reported across its portfolio of intellectual property. The shares are now trading at a substantial discount to NAV, so we have recently added to the holding. **GB Group** (-22.5%) announced full year results, reporting revenue growth. It also reported, however, a decline in the operating profit margin due to increasing costs and revenue mix. The company operates in a structural growth market, so we expect a return to growth in the current year. **Learning Technology Group** (-17.7%) announced a trading update confirming moderate momentum during the first half of 2023. The company also confirmed it was looking at acquisition opportunities.

We are still experiencing heightened levels of volatility at the individual stock level. This is providing the opportunity to add to holdings in high quality cash generative companies that we have known for many years. In several instances, these companies are trading on valuations not seen since the height of the financial crisis. We are continuing to put available cash to work, as current valuation levels will move rapidly once risk appetite picks up.

Important information

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