

FP Octopus UK Multi Cap Income Fund

octopusinvestments
A brighter way

Data as at 30 June 2023



Fund managers



Chris
McVey



Richard
Power



Dominic
Weller

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	93.9%
Number of holdings	57
Benchmark	FTSE All-Share Index
I Acc fund price	119.68p
I Inc fund price	100.93p

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.

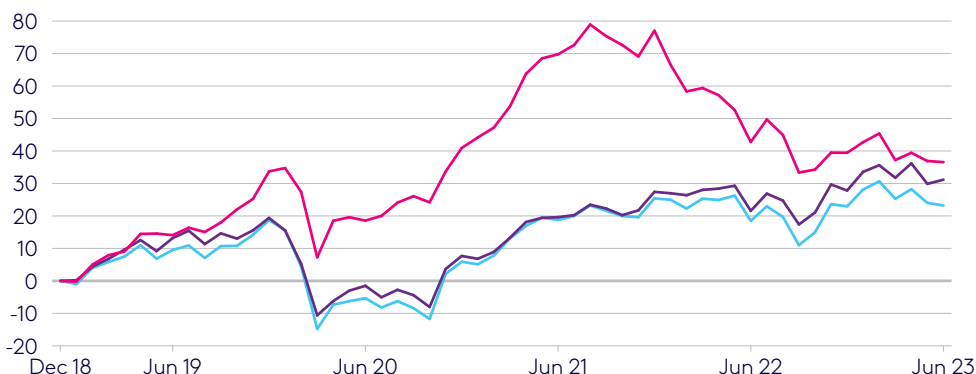
Fund objective

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 30 June 2023 (%)

	YTD	1 Y	3 Y	5 Y	Launch
UK Multi Cap Income - S Acc	-2.06	-4.34	15.20	n/a	36.57
FTSE All-Share TR	2.61	7.89	33.19	16.54	31.16
IA UK Equity Income TR	0.19	3.98	30.18	9.43	23.21

Discrete yearly performance to quarter end (%)

Year to 30 June	2023	2022	2021	2020	2019
UK Multi Cap Income - S Acc	-4.34	-15.90	43.21	3.92	n/a
FTSE All-Share TR	7.89	1.64	21.45	-12.99	0.57
IA UK Equity Income TR	3.98	-0.24	25.49	-13.58	-2.73

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

Minimum Investment	£1,000
Minimum Monthly Savings	£100
Fund Initial Charge	0.0%
Ongoing Charge Figure	0.90%

	ISIN
I Acc	GB00BG47Q556
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	£48.7m	91.7%
Cash	£4.4m	8.3%
Fund Size	£53.1m	100.0%

Top ten equity holdings (%)

Renew Holdings plc	3.7
Ricardo plc	3.6
H&T Group plc	3.3
Galliford Try plc	3.3
Mears Group PLC	3.0
XPS Pensions Group plc	2.8
Gateley Holdings plc	2.6
Next 15 Group plc	2.6
Oakley Capital Investments Ltd	2.5
Gamma Communications plc	2.5
Total	29.9

Top ten sectors (%)

Support Services	15.4
Specialty & Other Finance	11.9
Media & Entertainment	10.8
Construction & Building	10.7
Finance	7.7
Pharmaceuticals & Biotech	4.6
General Retailers	3.7
Engineering & Machinery	3.6
Telecommunication Services	2.5
Food & Drug Retailers	2.5
Total	73.4

Market cap weighting (%)

Over £10bn	5.0
£5bn-£10bn	3.1
£3bn-£5bn	2.2
£1bn-£3bn	11.3
£500m-£1bn	19.3
£250m-£500m	19.2
£100m-£250m	25.8
Sub £100m	5.8
Cash	8.3

Dividends & running yields

I Acc 4.2%	I Inc 4.0%
XD dates	1 Mar, 1 Jun, 1 Sep, 1 Dec.
Payment dates	30 Apr, 31 Jul, 31 Oct, 31 Jan.

Monthly commentary

June 2023 saw a similar pattern to the previous month. The period started with a steady recovery in UK equities, only for another higher-than-expected inflation print resulting in a significant market pull back. During the month, the FP Octopus UK Multi Cap Income Fund returned -0.2%. This performance was against a rise of +1.0% in the benchmark FTSE All Share index, with the IA UK Equity Income sector returning -0.7%.

Over the month, the largest contributor to performance once again was **Mears** (+20.8%), one of the UK's leading housing and care providers. Its shares continue to progress following a trading update which reported strong trading in the first five months of the year. The board now expects full year results to be materially ahead of market expectations. As we discussed in last month's update, the stock has been a solid performer for the fund over the last year, with the shares up more than 49%. Despite this strong performance, the stock remains attractively valued and is trading on a price to earnings multiple of only 11x, while generating a dividend yield of around 4.0%.

The fund also benefitted from another strong performance from **Kitwave** (+16.4%), the leading distributor into the convenience and food-service sectors. This momentum follows a strongly positive trading update in May, and ahead of an excellent set of interim results which have been published in early July. Despite another fantastic performance over the last year, with the shares up by almost 80%, the stock continues to look attractively valued. Its shares are trading on a price to earnings multiple of around 10x, with a prospective dividend yield of 4.4%. **Galliford Try** (+7.99%), the leading UK infrastructure-focused construction group, and another of the Fund's largest positions, also saw shares continue to progress. This was boosted by the announcement that a long-standing dispute had been settled, resulting in a significant cash inflow for the group, which underpinned the announcement of a 12p per share special dividend. This business also updated the market as to current trading in early July, with the news that it expects profit for the current financial year to be at the upper end of the current consensus range.

The largest negative contributor over the month was **Impax Asset Management** (-19.1%), the global specialist asset manager with a focus on a more sustainable economy. Its shares were under pressure following publication of first half results. It announced profits slightly below expectations, with the news of further cost increases to support future growth. We continue to believe this business is exceptionally well placed for an improvement in market sentiment and maintain our position. **STV Group** (-12.2%), the leading Glasgow based broadcaster, also saw shares under pressure despite limited news. We note the news in early July, however, of the £24 million acquisition of Greenbird Media, one of the largest independent production networks in the UK. This deal is a potential step change in scale for STV's fast growing production business. The group is trading on a prospective price to earnings multiple of 6.6x, with a dividend yield of almost 5%. **MJ Gleeson** (-11.6%), the leading housebuilder focused on areas of economic regeneration was another negative contributor to performance. This stock remains under pressure, largely because of concerns over further interest rate increases curtailing product demand. In June, however, the group announced the sale of a portfolio of homes to a third-party investor which boosted both the order book and balance sheet of the group. The business also hosted a successful capital markets day in early July, where it reassured the market that the full year estimates remain unchanged despite the market backdrop. Again, we think this is a business which is extremely well placed for when investor sentiment improves and interest rate concerns ease. We continue to maintain our position.

As we highlighted in previous updates, our portfolio takes a differentiated approach to UK equity income portfolio construction, with a focus on faster growth small and mid-cap companies. The UK equity market remains cheap, both relative to history and to other global developed markets. This is even more the case for UK small and mid-cap equities. Current price levels offer exceptional potential returns to investors who take a mid-term investment horizon. We continue to look to take advantage of the current volatility to deploy capital selectively where the current disconnect between share prices and underlying business performance presents a material opportunity. We remain excited regarding 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 + rated by Citywire for their rolling 3 year risk-adjusted performance, for the period to 30/06/2023. 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: July 2023. CAM013186.