

FP Octopus UK Micro Cap Growth Fund

Data as at 31 May 2022

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.

Fund Managers



Richard Power



Chris McVey



Dominic Weller



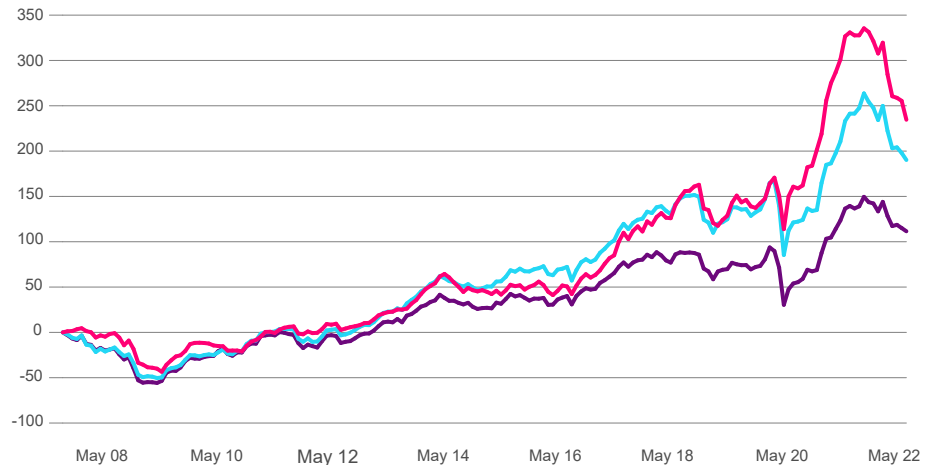
Supported by the Octopus Quoted Companies team; Edward Griffiths, Kate Tidbury, Mark Symington, Stephen Henderson, Jessica Sweeney, Freda Isingoma and Charles Lucas. The team manages over £2.6 billion in UK quoted companies.

Source and Copyright: Citywire. Richard Power, Chris McVey and Dominic Weller are AA rated by Citywire for their rolling 3 year risk-adjusted performance, for the period to 30/04/2022.



Performance Overview

Performance since launch (%)



Cumulative performance to 31 May 2022 (%)

	YTD	1 year	3 years	5 years	Inception
FP Octopus UK Micro Cap Growth - P Acc	-20.26	-22.36	33.35	59.38	234.58
Numis Smaller Companies plus AIM ex IT TR	-13.31	-11.67	20.80	19.41	111.53
IA UK Smaller Companies TR	-17.07	-14.92	21.70	31.69	189.38

Discrete yearly performance to quarter end (%)

Year to 31 March	2022	2021	2020	2019	2018
FP Octopus UK Micro Cap Growth - P Acc	-10.53	87.49	-6.47	1.21	22.10
Numis Smaller Companies plus AIM ex IT TR	-2.14	71.31	-23.18	-4.09	6.98
IA UK Smaller Companies TR	-2.13	67.22	-17.54	-2.52	14.40

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.

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.



Investment Enquiries

To speak to any of our fund managers, please call:
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info@octopusinvestments.com

Investor Services

For all administration enquiries such as account enquiries and valuations, please call Fund Partners:
0370 7070073

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	£238.0m
Number of Holdings	81
Benchmark	
Numis Smaller Companies plus AIM ex IT TR	

Current Fund Price

P Acc Share Class	335.48p
S Acc Share Class	344.16p

Fees & Codes

Minimum Investment	n/a
Minimum Top Up	n/a
Fund Initial Charge	0.00%
Ongoing Charge Figure (capped)*	1.10%

ISIN Code	GB00BYQ7HN43
Sedol Code	BYQ7HN4

*Calculated as at 9 May 2022

Monthly Commentary

We experienced another month of share prices not reflecting the progress being reported by portfolio companies. During May, the FP Octopus UK Micro Cap Growth Fund decreased by 5.87%. The benchmark Numis Smaller Companies plus AIM (excluding Investment Trusts) decreased by 1.66%. The FTSE AIM All-Share Index decreased by 4.42%, the FTSE SmallCap (excluding Investment Companies) Index fell by 1.92% and the FTSE All-Share Index proved the most resilient during the month, rising by 0.69%, all on a total return basis.

The main contributors to performance over the period included **HeiQ** (+31.8%), who responded well to the recent results roadshow, which highlighted the range of opportunities available to the company. **Advanced Medical Solutions Group** (+9.7%), announced it received FDA approval for LiquiBand XL, a new device for larger wounds. We anticipate this will have a positive impact on the sales of the wider LiquiBand product portfolio. **Marlowe** (+5.6%), saw its share price recover most of the ground lost in April and announced another earnings-enhancing bolt-on acquisition.

Further bid activity in the media sector has resulted in some short-term volatility across the portfolio. **M&C Saatchi** (+0.3%), announced a recommended cash and shares approach from **Next Fifteen Communications Group** (-18.3%). The bid valued M&C Saatchi at c245p per share, which was not reflected in the share price at the end of May. In addition, M&C Saatchi announced full year results which were materially ahead of analysts' forecasts, prompting substantial profit upgrades. Next Fifteen Communications also announced a trading update, confirming first quarter trading was up 68% on the previous year, prompting further earnings upgrades. We consider the share prices of both companies to be depressed at current levels considering the momentum across both businesses.

The main detractor to performance was **Next Fifteen Communications Group** (-18.2%), discussed above, however we remain confident in the operational progress being delivered. Other fallers included **eEnergy Group** (-25.7%), which downgraded its 2022 forecasts due to longer sales cycles running into its June year end. The company will still report a maiden profit this year, reported record contract signings in Q3, and continues to deliver very strong growth. **TPX Impact Holdings** (-22.2%), **Beeks Financial Cloud Group** (-18.3%), **Breedon Group** (-10.4%), **Midwich Group** (-9.2%) and **Sanderson Design Group** (-14.5%) were all names caught up in the general market malaise, the latter having delivered figures ahead of expectations.

Economists and strategists continue to grapple with the jigsaw puzzle of conflicting macro trends being experienced globally. The investee companies, on the coal face, are telling us they have seen no drop-off in demand and order books remain strong. In addition, profit forecasts for 2022 and 2023 have been set at levels to reflect the uncertainty created by the current inflationary environment. Valuations have pulled back substantially over the year to date providing a favourable environment for investors in smaller companies.

Portfolio Analysis

Top Ten Equity Holdings (%)

Next Fifteen Communications Grp plc	3.6
Brickability Group plc	3.0
Sureserve Group plc	2.5
Renew Holdings plc	2.5
RWS Holdings plc	2.4
M&C Saatchi plc	2.2
Keywords Studios plc	2.2
Bloomsbury Publishing plc	2.1
Marlowe plc	2.0
Hasgrove Ltd	2.0
Total	24.5

Top Ten Sectors (%)

Support Services	20.7
Media & Entertainment	14.7
Construction & Building	8.9
Software & Computer Services	8.2
Speciality & Other Finance	6.6
Health	4.6
Finance	4.2
General Retailers	4.0
Household Goods & Textiles	3.9
Pharmaceuticals & Biotech	3.6
Total	79.4

Asset Allocation

	Value	% of total assets
Equities	£228.14m	95.88%
Cash	£9.81m	4.12%
Fund Size	£237.95m	100.00%
No. of Holdings	81	

Important Information

Ratings and awards should not be relied upon for making an investment decision, nor are they an indication, promise or guarantee of future performance of a fund or fund manager. Personal opinions may change and should not be seen as advice or a recommendation. 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 Micro Cap Growth 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. CAM012110. Issued: June 2022.