

# FP Octopus UK Multi Cap Income Fund

Data as at 31 May 2022

## Fund Managers



**Chris McVey**

CITYWIRE / AA



**Richard Power**

CITYWIRE / AA



**Dominic Weller**

CITYWIRE / AA



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.

## Key Facts

IA Sector	UK Equity Income
Fund Launch Date	10 December 2018
Fund Domicile	United Kingdom
Dealing Frequency	Daily
Number of Holdings	72

## Benchmark

FTSE All-Share Index

## Yields

	Running Yield
I Acc	4.92%
I Inc	4.75%

## Dividends

### XD Dates

1 March, 1 June, 1 September, 1 December

### Payment Dates

30 April, 31 July, 31 October, 31 January



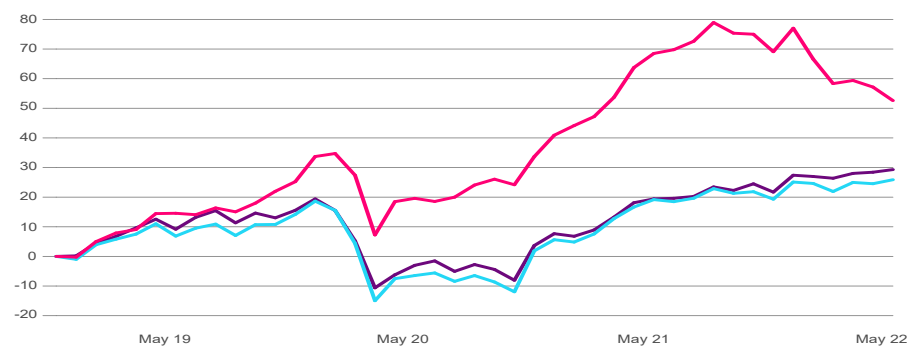
## Fund Objective

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 31 May 2022 (%)

	YTD	1 year	3 years	5 years	Inception
UK Multi Cap Income - S Acc	-13.80	-9.44	33.21	n/a	52.60
FTSE All-Share TR	1.50	8.27	18.44	22.17	29.30
IA UK Equity Income TR	0.69	5.70	18.17	16.26	26.26

## Discrete yearly performance to quarter end (%)

Year to 31 March	2022	2021	2020	2019	2018
UK Multi Cap Income - S Acc	3.70	43.32	-1.67	n/a	n/a
FTSE All-Share TR	13.03	26.71	-18.45	6.36	1.25
IA UK Equity Income TR	10.89	32.67	-20.75	3.45	0.38

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.
- 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.

### Investment Enquiries

To speak to any of our fund managers, please call:

0800 316 2394

info@octopusinvestments.com

### Investor Services

For all administration enquiries such as account enquiries and valuations, please call FundRock Partners:

0370 7070073

## Top Ten Equity Holdings (%)

Next Fifteen Communications Grp plc	2.4
Galliford Try Holdings plc	2.1
Renew Holdings plc	2.1
Gateley Holdings plc	2.0
STV Group plc	2.0
Watkin Jones plc	1.9
FRP Advisory Group plc	1.9
Brickability Group plc	1.9
DWF Group plc	1.9
Supermarket Income REIT plc	1.8
<b>Total</b>	<b>20.0</b>

## Top Ten Sectors (%)

Construction & Building	13.7
Media & Entertainment	12.1
Support Services	11.6
Speciality & Other Finance	8.8
Finance	6.3
Real Estate	4.7
Software & Computer Services	3.2
General Retailers	2.5
Oil & Gas	2.4
Insurance	1.9
<b>Total</b>	<b>67.2</b>

## Market Cap Weighting (%)

Over £10bn	6.0
£3bn-£5bn	5.7
£1-£3bn	16.9
£500-£1bn	19.9
£250-£500m	17.8
£100-£250m	17.3
Sub £100	6.0
Cash	10.4

## Asset Allocation

	Value	% of total assets
Equities	£67.64m	89.62%
Cash	£7.83m	10.38%
Fund Size	£75.47m	100.00%
No. of Holdings	72	

## Monthly Commentary

May 2022 saw volatility in global equity markets once again. Issues which have weighed on the wider markets over the last three quarters continued with sentiment impacted by concerns around economic growth and fiscal tightening, as well as the ongoing conflict in Ukraine, and China's further struggles to contain Covid-19. Commodities continued to perform well over the month, with the large weighting to the energy sector continuing to benefit the FTSE 100. During the month, the FP Octopus UK Multi Cap Income Fund returned -2.91%. This performance was against a rise of +0.69% in the benchmark FTSE All Share index, with the FTSE 100 Index increasing by +1.13%. The more domestically focussed FTSE 250 (excluding Investment Companies) Index decreased by -0.72%, whilst the FTSE SmallCap (excluding Investment Companies) Index declined by -1.92%, all on a total return basis. Positive share price momentum remains difficult to come by in the current market, however the fund's holdings have largely continued to report reassuring trading momentum.

During the month, key contributors to performance included **FRP Advisory** (+25.48%), the leading UK based business advisory firm. Its shares progressed following a positive trading update and a positive outlook. Elsewhere, **FirstGroup** (+21.01%), the leading transport operator in the UK, saw a positive share price reaction following the announcement of a series of unsolicited takeover approaches from I Squared, an infrastructure investment manager. The board is currently evaluating the latest approach and has strongly advised shareholders to take no action. **K3 Capital Group** (+16.33%), the SME focussed professional services group, delivered a positive performance following publication of a solid set of interims with management confident in a positive outlook for the remainder of the year. **Marlowe** (+11.46%), the UK leader in business-critical software and services focussed on safety and regulatory compliance, was another solid performer as the shares recovered some of their recent unwarranted softness. It also announced news of another earnings enhancing bolt-on acquisition. **Gulf Keystone** (+18.92%), the Kurdistan focussed oil and gas producer, had another strong month buoyed by oil price strength, and confirmation of the upcoming \$50m special dividend underpinned by the fantastic current cash flow. For the current financial year ended December 2022, the group is expected to generate a dividend yield in excess of 18%.

The main detractor to performance in the month was largest holding **Next Fifteen** (-17.92%), the global specialist communications group media platform. There were several factors impacting the performance over the period, including the news of inclusion into the global MSCI Small Cap Index, which caused some of the share price volatility. This was further exacerbated by news that the board of M&C Saatchi had recommended a cash and shares offer from Next Fifteen. Whilst there is no certainty that the deal will conclude, we highlight the recent trading update confirming that the first quarter was up 68% on the previous year, and suggest that the share price at current levels is not fully reflecting the significant underlying business momentum. Elsewhere, we also saw negative share performances from **Serica Energy** (-25.75%), one of the UK's leading mid-tier natural gas suppliers. This share price weakness is likely to have been in part due to the government's windfall tax on UK producing assets. **B&M Value Retail** (-20.50%), the UK's leading variety good retailer, also saw its shares pull back following publication of an in-line update, although it alluded to slightly weaker than expected near term like-for-like sales growth. Despite this, we feel the business remains well placed should the general consumer environment deteriorate and that its shares are trading at an unwarranted discount. The stock is delivering significant free cash flow and paying in excess of a 4% dividend yield, while currently trading on a significant discount to its long term and the wider general retail sector's earnings multiple.

The market remains volatile and the mid-term prospects for economic growth remain uncertain given the macro-economic and geo-political concerns. Despite this, we remain focussed on investing in businesses which we believe can grow earnings and dividends ahead of the market through the cycle and provide investors with a progressive and growing dividend. Whilst we expect ongoing market volatility to continue as we head into the traditionally quieter summer, we continue to expect the vast majority of our investee companies, within our quality growth biased portfolio, to outperform the wider market through the cycle, and for share prices to rally ahead of larger peers when the markets look toward growth once again, likely later in the financial year.

## Fees & Codes

	ISIN	Sedol	Initial charge	Ongoing Charge Figure
S Acc*	GB00BG47Q333	BG47Q33	0.00%	0.45%
S Inc	GB00BG47Q440	BG47Q44	0.00%	0.45%
I Acc	GB00BG47Q556	BG47Q55	0.00%	0.90%
I Inc	GB00BG47Q663	BG47Q66	0.00%	0.90%

Minimum Investment is £1,000 or £100 regular monthly savings.

\*Please be advised that the S share classes are now soft-closed and are closed for investment.

## 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. 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. CAM012111. Issued: June 2022.