

Fund Managers: Richard Pease, James Milne

TM CRUX European Special Situations Fund

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Equity markets continued their upward path in August with a weaker sterling benefitting UK investors. The main news came from China, where the government continued to announce heightened regulations on a slew of sectors including restricting computer gaming use by children. This led to a setback in Chinese stocks whereas US and European stock markets were, on the whole, unaffected. However, investors were briefly jittery in the middle of the month after Chinese officials repeated phrases of “common prosperity” and “wealth redistribution” which knocked luxury goods share prices in particular. At the month end, observers were comforted by remarks from the US Federal Reserve on a gradual tapering of stimulus with no rush for interest rate increases. Against this background, the TM CRUX European Special Situations Fund rose 4.3% compared to the IA Europe ex UK sector which rose 3.6%.*

The fund outperformed due to strong performance from a variety of holdings. Vivendi gained as it released more details about the forthcoming spin off of Universal Music. Novo Nordisk rose on strong results and on optimism over its obesity drug Wegovy. Van Lanschot advanced on solid results including good inflows in its private bank. SoftwareOne bounced as management reiterated full-year guidance. Performance was held back by Porsche which slipped back as VW announced some production stoppages caused by the global microchip shortage and LVMH lost ground with luxury goods peers. In terms of transactions, we trimmed Bureau Veritas and SGS after good performance and Aroundtown on concerns over future office demand.

Over the summer, investors have started to appreciate that governments will have to manage rather than eliminate covid, and that habits disrupted by the pandemic are unlikely to snap back soon; on top of this, inflation and interest rate expectations have also cooled. This has led to a rotation out of cyclical stocks as well as pandemic-affected companies and into businesses that enjoy

*Source: FE 31.07.21 - 31.08.21 Bid-Bid, income re-invested GBP

Important Information

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secular growth whatever the weather. This has benefitted the fund, as we focus on the latter, with niches such as technology, testing, food ingredients, sustainable packaging, energy efficiency and software. This growth, coupled with high returns on capital and incentivised management but on undemanding valuations, make for an attractive fund proposition in our view.

Important Information

Please note: Due to rounding the figures in the holdings breakdown may not add up to 100%. Unless otherwise indicated all figures are sourced from Financial Express, Datastream, State Street and CRUX Asset Management Ltd. Third party data is believed to be reliable, but its completeness and accuracy is not guaranteed.

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