

Fund Manager: Jamie Ward

CRUX UK Fund

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As at midday on Thursday 31st May 2018, the NAV of the B Accumulation shares stood at 234.30p, up 3.1% for the year. Thus far in 2018 the FTSE All Share has risen 1.9%, whilst the FTSE 100 is up 1.9% - both on a total return basis. This puts the fund ahead of both indices by 1.2%.* Markets moved higher in May, albeit the gusto with which equities began the month was modestly modulated by misadventures all over the map, later in the month. We're no better qualified to provide reportage than the various and sundry news services and thus will not; nevertheless, we may return to the #quilty fiasco, the latest manifestation of Europe's chronic illness in a later month, since events are unfolding at the time of writing.

The performance of the fund was very satisfactory, both absolutely and relatively. As always, you can dissect performance many ways but certainly dollar strength helped, as did decent moves in Burberry, Experian, Next and Intertek. Also, we must not forget the impact from recently passed US bank deregulation, which quintuples the asset threshold before banks require certain onerous supervisions.

In terms of portfolio changes, we eliminated our holding in Sky. At the point of disposal, the shares were trading 9% above the already sweetened bid. The market is clearly hoping that the bid price moves higher and is placing some considerable weight on this eventuality. We are unable to ascertain whether this will happen and thus felt there was insufficient remaining upside relative to our assessment of fair value for the potential risk we were taking. No doubt we'll encounter criticisms here, for lack of conviction, just as we were questioned frequently last year when fading takeover expectations dragged the shares down below £9 and we held on (note, we like criticism; it helps us).

By the beginning of the month, Sky was already a small holding, which necessitated only a modest reinvestment. This was done through a small increase in our holding in PZ Cussons where we feel, following a period of poor performance, the shares represent good value. As an aside, a rising oil price will tend to stimulate the important, for PZ Cussons, Nigerian economy.

*Source: FE 31.12.17 - 31.05.18 Bid-Bid, net income re-invested. Benchmark: FTSE All Share GBP.

Sector: IA UK All Companies

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