

Fund Manager: Jamie Ward

## CRUX UK Fund

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*A sunset is a lazy man's  
sunrise.*  
Norm MacDonald

As at midday on Thursday 28th February 2019, NAV of the B Accumulation shares stood at 223.82p, up 5.87% for the year. Thus far in 2019, the FTSE All Share has risen 6.57%, whilst the FTSE 100 is up 6.01% - both on a total return basis.\*

February felt much like a continuation of January. Equity markets were an improbable mix of gentle yet sharply positive. Most of the Q4 declines have been erased. Meanwhile, it is feasible that the late '18 correction presaged a coming economic malaise, of which we are beginning to perceive evidence. Parts of the Eurozone core are now clearly flirting with recession; most investors are largely accustomed to a stagnant periphery, but it is rare that Germany - the undeniable victor of the project - sees a slowdown let alone a reversal. Elsewhere, even if we mute the on-again/off-again Sino-Yankee trade relationship music, the hard data is turning decidedly stale in the US, notably certain employment data. We would argue that risk mitigation should be at the forefront for every part of the cycle but sense, as this year progresses, it is growing in importance.

Relative performance thus far is middling. Particularly at this very early stage of the year, this does not concern us. For the most part, our investee businesses have reported admirably positive updates. In some cases, the share price performances have reflected this positivity; Serco for example, which returned 17% in the month - this necessitated a trimming of the position size to keep within our risk-tolerances. In others (AB Foods and Bunzl), quality updates were met with ennui, such are the vicissitudes of markets. Aside from Serco, we made a few small sales where valuations were beginning to appear somewhat stretched, most notably in Experian where we sold one percentage point to lower the position to <3.5% of the fund. The only purchase we made was in Barclays after what we believe to be an absurdly muted reaction to a decent update, from very cheap stock. We closed the month with just over 7% cash.

Questions, criticisms and other comments always gratefully received.

\*Source: FE 31.12.18-28.2.19 Bid-Bid, net income re-invested. Sector: IA UK All Companies

### Important Information

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