

Fund Manager: Richard Penny

## FP CRUX UK Special Situations Fund

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August was a volatile month for global markets, with prospects for trade talks between the US and China deteriorating. There was continuing political uncertainty in the UK, however the Pound stabilised after a decline that had seen a near 10% fall against the Dollar since mid-March. With this backdrop, domestic companies fared better when compared with larger, more internationally focussed businesses.

During the month, FP CRUX UK Special Situations Fund fell by 2.6%, beating its performance comparator, the IA UK All Companies by 1.5%.\* Savannah Petroleum, was the fund's best performer, rebounding 71% following an operating approval in Nigeria where it gained presidential approval for the transfer of the Seven Energy assets. We had bought into Savannah Petroleum as it had found c.75million barrels of oil at a cost of less than 1\$ per barrel and we believe the prospective resource to be estimated at c.2.8billion barrels of oil. August saw poor performance from the 'big oil' stocks such as BP and Royal Dutch Shell yet against this backdrop oil was the funds best performing sector. Positive performance also came from Convatec, which rose 17% on a good trading update.

Prudential and Inchcape shares were down 19% and 7% respectively on the negative perception of the civil unrest in Hong Kong. Both operations are widely diversified beyond Hong Kong and we saw the share price impact as a buying opportunity and increased our positions in both stocks. Staying in Asia, IWG sold its South Korean operation for similar terms to the sale of its Japanese business. We attended a company meeting and now believe that it is management's ambition and objective to sell the remaining parts of the business over the next couple of years. The shares rose 10% throughout August.

We continue to believe that the majority of the UK Stock Market is driven more by macro economic factors than individual company fundamentals. The uncertainty surrounding Brexit has endured for such a length of time that it now appears that

\*Source: FE 31.07.19-31.08.19 Bid-Bid, net income re-invested.

### Important Information

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in many domestic stocks the bad news is already factored in. The reality is probably that sentiment now dictates share prices more than long-term fundamentals. This is a background which we are convinced will reward the selective, courageous and patient investor.

Please be aware on the 28th September 2019 the fund's ACD is changing from FundRock Partners to Thesis Unit Trust Management Limited ('TUTMAN') as a result the fund name will change to TM CRUX UK Special Situations Fund. No other service providers to the fund are affected. Please contact us if you require further information.

#### Important Information

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