

Fund Managers: Richard Pease, James Milne

FP CRUX European Fund

“ The fund slightly outperformed its IA peer group due to defensive names in which investors took refuge, such as Nestle, Kone, Sanofi and Safran. ”

Equity markets were volatile during August with an initial sell-off subsequently nearly offset by a month-end rally. At the beginning of the month, markets roiled as President Trump suddenly escalated the US-China trade war with a 10% tariff on \$300bn of imports from China, adding that the rate could increase to 25%. In response, China let their currency weaken slightly, which triggered the US president to accuse them of currency manipulation. However, some of the tariffs were subsequently delayed so as not to affect US Christmas present prices. Along with comments that exchanges with China had been productive, stocks began to rally. In Europe, the industrial production malaise has resulted in near-recessions for many countries, resulting in Germany, for example, to consider fresh stimulus plans. Against this background, the CRUX European Fund lost 1.8% compared to the IA Europe ex UK which fell 2.0%.*

The fund slightly outperformed its IA peer group due to defensive names in which investors took refuge, such as Nestle, Kone, Sanofi and Safran. Strong second quarter results boosted share prices in healthcare supplier Convatec (+12%) and Eurofins Scientific (+8%). Elsewhere, Bayer gained on news of a potential lump-sum settlement for their outstanding lawsuits related to glyphosate. Regarding detractors, the US-China trade conflict weighed on some of our medium-sized companies with manufacturing exposure such as Kion and Aalberts. B&S disappointed the market with lower-than-expected profits in the first half, which management explained as a seasonal effect and the second half should rebound strongly. In terms of transactions, we trimmed Convatec after a strong second quarter result and also Elis.

Despite the negative headlines, particularly regarding weak European manufacturing output, many of our holdings still report solid sales growth in their respective niches, for example testing companies Bureau Veritas and SGS reported roughly 4% sales growth in the second quarter. We take comfort from shares like these which have global sales exposure (but happen to be listed in Europe), have low capital requirements, solid balance sheets and attractive

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

Important Information

Please note the views, opinions and forecasts expressed in this document are based on CRUX's research and analysis at the time of publication. Before entering into an investment agreement in respect of an investment referred to in this document, you should consult your own professional and/or investment adviser. FP CRUX European Fund (the 'Fund') is a sub-fund of FP CRUX UCITS OEIC (the 'Company'). The Company is an investment company with variable capital and is a UCITS Scheme. It is incorporated under the Open-Ended Investment Companies Regulations 2001 ('OEIC Regulations') in England and Wales under registry number IC001022. The Company is regulated by the FCA and was authorised on 10 December 2014. This information is only directed at persons residing in jurisdictions where the Company and its shares are authorised for distribution or where no such authorisation is required. Please read all scheme documents prior to investing. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. Tax assumptions and reliefs depend upon an investor's particular circumstances and may change if those circumstances of the law change. If you invest through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially than those shown on this document.



dividend yields. Outside of the fund, we continue to look for companies with similar characteristics but which have been overly punished after a minor mishap.

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

Important Information

Please note: Unless otherwise indicated all figures 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. This document is issued by CRUX Asset Management Ltd which is registered in England and Wales (Company no. 08697189) and whose registered address is 48 Pall Mall, London, SW1Y 5JG. It is authorised and regulated by the Financial Conduct Authority (FRN 623757).

Past performance is not a guide to future performance.