

Fund Manager: Jamie Ward

TM CRUX UK Core Fund

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Brevity is the soul of wit

Hamlet

Performance

A mixture of a strong pound and robust commodity markets make performance rather middling of late. Nevertheless, we remain pleased with the performance of the portfolio with notable positives from Euromoney and Barclays helping the overall picture. At month end, the TM CRUX UK Core Fund B Accumulation shares stood at 260.72, up 11.6% for the year against the IA UK All Companies, which rose 12.0%.*

Monthly changes

It was yet another very quiet month on the strategy with just a single trade. Having performed very well since the appointment of the current CEO, we felt our PZ Cussons holding had grown too big and thus we trimmed it back to a size that better reflects the risk/reward of owning the business. We still like the business however and think that the strategy will finally begin to yield real value.

It is undeniable that PZC's became a little baggy in the past with too many little segments yielding little but taking too much management attention. Whilst it is true that the previous management had gone some way to rationalise the group with exits from small markets like Greece, the current management appear to have a much more root and branch approach exiting large parts of the business and focussing very heavily on the largest, most profitable brands like St Tropez. PZC is priced as if it is a much lower quality business than we think it is. If management are wrong, it will be a rather boring business with a reasonable yield and a decent balance sheet, if they are right, we could well see its valuation move towards that of large cap FMCG stocks. The more optimistic outcome would see the share price considerably higher than here.

*Source: FE 31.12.20-31.05.21 Bid-Bid, net income re-invested GBP

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Important Information

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