

Fund Managers: Roland Grender, Richard Pease

CRUX (Lux) Pan-European Growth Fund

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The CRUX (Lux) Pan-European Growth Fund rose 1.0% for the month. The Offshore Mutual Europe inc UK Sector rose 2.4%.*

Equities rose in August on continued cyclical optimism and earnings momentum. Chinese technology stocks continued their decline on a slew of regulatory newsflow. The fund slightly underperformed its peer group over the month despite generally positive earnings results across the portfolio.

Key positive performance drivers included: Vivendi (+13%) which rose on optimism around the UMG asset which will be spun out in September. SoftwareONE (+11%) which rose on in-line H1 results. Opap (+9%) where investors may be beginning to appreciate the strong capital return story.

Key detractors included: BFF Bank (-12%) which had been very strong into in-line results. GoDaddy (-13%) which fell on earnings that the market believes reflect 'inlock' pressures. We do not agree and added to our position. Alibaba (-14%) continued to fall on regulatory fears. We added modestly to our position and re-entered peer Pinduoduo (see below).

We started new positions in: British American Tobacco where we see multiple ways to win including RRP (Reduced Risk Products) growth, improved capital allocation and the presence of major shareholder Kenneth Dart. Bolloré and Compagnie Odet which are controlled by Vincent Bolloré and own a large stake in Vivendi. We see the possibility of the UMG spin catalysing a restructuring of the 'Bolloré galaxy' and hence have switched some of our Vivendi exposure into these names. Pinduoduo which had fallen ~40% since our exit in March despite strong operating momentum. We made no disposals.

*Source: FE 31.07.21-31.08.21 Bid-Bid, EUR, net income re-invested

Important Information

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On 8th March 2019 CRUX Pan-European Growth Fund was renamed CRUX (Lux) Pan-European Growth Fund. For more information please follow the link www.cruxam.com.



On a look-through basis the portfolio combines low-double digit revenue growth and proven profitability (~20% average EBIT margins) or, in the case of our holdings that are reinvesting earnings for growth, a clear path to profitability (~60% average gross margins). This growth is achieved with low capex (~5% of sales) and limited financial leverage (net debt/EBITDA is <1x). Given these characteristics we see the portfolio's valuation (~16x normalised earnings) as highly attractive, complemented by a ~2% prospective dividend yield.

Important Information

Please note: Due to rounding the figures in the holdings breakdown may not add up to 100%. 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.

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