

Fund Manager: Richard Penny

## TM CRUX UK Special Situations Fund

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The TM CRUX UK Special Situations Fund rose 5.0% during the month, whilst its performance comparator the IA UK All Companies which rose 3.2%\*. August saw cyclical sectors performing strongly with the exception of mining, and to a lesser extent oil and gas. The overall make-up of the fund was well positioned for the market trends with there being few outstanding specific stock performers over the month.

This month saw mid-caps perform strongly for the fund taking the spot of four of the five top contributors. Infrastructure company Hill and Smith, gained 14% on the back of positive results and buoyant US infrastructure spend. Grafton Group, a European Builders merchant, also had a positive trading update and share were up 9% during the month. Large cap, Prudential rose 10% in anticipation of the demerger of its Jackson Life subsidiary and hopes of a narrowing of its valuation against AIA a pure play South Asian Life insurer. Chemring was also strong as investors reflected the bids for UK defence suppliers Ultra Electronics and Meggitt.

There were strong price gains from small caps including Cyanconnode, an IoT technology play, which rose 47% on new orders for its smart metering products and software company Microlise (+31%) rose on a well received new issue on the stock market. Long standing holding Likewise moved from TISE in Guernsey to a UK listing on AIM. The company raised more money to expand in the UK floor coverings market. We added to our holding at 25p (first purchased at 10p) and the shares finished the month at 33p.

Weaker performers were Rio Tinto (-12%) against a backdrop of falling metals prices and Mercantile Ports (-16%). Mercantile Ports raised funds to expand its port in Mumbai with this occurring at a discount.

During the month we continued to add to AB Foods where we feel the recovery

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

### Important Information

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potential of the Primark subsidiary, and the financial strength and trading resilience of the rest of the group is being seriously overlooked. We also topped up Mercantile Ports, Likewise and Atalaya Mining. We sold out holding in Allergy Therapeutics and Fire Angel to make room for new holdings. Allergy which we first bought for 12p was sold for prices north of 30p. Fire Angel saw a small profit received over and above our purchase price.

As the UK stock market returns from its summer holiday, we would expect to see companies putting active capital to use as they seek to raise capital to acquire weaker competitors, strengthen weakened balance sheets or for new stock market listings. We see the general UK economic backdrop as helpful to corporate prospects, and we believe there remains good scope for the UK stock market to narrow its discount against global competitors.

#### Important Information

Please note: Due to rounding the figures in the holdings breakdown may not add up to 100%. Unless otherwise indicated all figures are 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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