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CRUX (Lux) European Special Situations Fund

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Equities lost ground in November. Initially markets were cheered by Pfizer announcing a new pill to reduce COVID-19 hospitalisations and the US unemployment rate dropped to 4.8%. US consumer price inflation rose to 6.2% in October versus a year ago and observers continued to fret about energy and food inflation spilling over into general inflation. Most central bankers, particularly in Europe, remain insistent that this is transitory and should fade in 2022. Share prices headed south towards the end of the month as many European countries re-introduced lockdowns or restrictions as COVID-19 cases jumped higher, and as South Africa reported a new omicron COVID-19 variant. The oil price fell sharply as a result, after a volatile month as many nations are desperate for a lower energy price whereas OPEC+ said they will counter with output reductions. However, European gas prices rallied with delays to turning on the new Nord Stream pipeline to Germany. Against this background, the CRUX (Lux) European Special Situations Fund lost 2.0% compared to its performance comparator IA Europe ex UK which lost 2.5%.*

Strong performance was seen at Wolters Kluwer which reported reassuring results. Aalberts surged as it announced its order book is 59% higher than 2019 and faces few supply chain issues. Trelleborg rose as it disposed of some non-core divisions and as raw material prices eased. Performance was held back by Just Eat as a US peer acquired German challenger Wolt which could stiffen competition. After performing very strongly, freight forwarders Kuehne + Nagel and DSV lost ground as the sea-freight rates dropped back from recent all-time highs. In terms of transactions, we trimmed Essilor and Givaudan on strong performance, and invested in Majorel, which provides customer experience and is expanding due to more outsourcing as it is getting more complex for brands to manage. After its recent listing, the share price had dropped sharply after a badly received results conference call, and we subsequently started our position, leaving it on an attractive valuation with growth of over 10% and no debt, compared to its

*Source: FE 31.10.21- 30.11.21 Bid-Bid, income re-invested EUR.

Important Information

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



main peer on nearly double the rating.

Stock markets have been volatile after being buffeted by jumps in inflation, uncertainty over interest rate rises, further covid restrictions and a new variant. As is often the case, this has uncovered plenty of new attractive opportunities for us where there has been unwarranted sell-offs in our view. As usual, we continue to focus on companies that earn a high return on invested capital, resulting in a much higher metric than the wider market, but yet this is not yet reflected in valuations. Another common theme is that we like resilient growth which is often augmented with bolt-on acquisitions. This growth, coupled with high returns on capital and incentivised management but on undemanding valuations, make for an attractive fund proposition in our view.

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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