

Monthly Commentary

December 2021

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CRUX (Lux) Pan-European Growth Fund

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The CRUX (Lux) Pan-European Growth Fund fell 6.1% for the month. The Offshore Mutual Europe inc UK Sector fell 2.3%.*

Equities fell in November on the emergence of a new variant of COVID-19 and continued concerns regarding the persistence of current high inflation levels. The Fund underperformed its peer group over the month with a number of holdings seeing selling pressure, potentially on window-dressing into year end.

Key positive performance drivers included: Vivo Energy (+24%) which was bid for by existing shareholder Vitol. We exited the position on the news. Cargurus (+15%) which rose on strong result despite limited availability of used cars. Software Ag (+6%) which recovered some lost ground on rumours of a bid from private equity.

Key detractors included: Swedish Match (-15%) which fell on concerns around taxation of its nicotine pouch products in the US. We see these concerns as misplaced and have added to the position. Auto1 (-26%) which fell despite strong results and raised guidance. House of Control (-38%) which fell on a modest ARR miss (LSD). We have substantially increased our position at a valuation of ~3x EV/ARR. We disposed of Telecom Plus on strength.

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 (~15x normalised earnings) as highly attractive, complemented by a ~2.5% prospective dividend yield.

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

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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.



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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