

# Monthly Commentary

December 2021

Fund Manager: Richard Penny

## TM CRUX UK Core Fund

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The new Omicron variant of the COVID-19 virus raised all manner of uncertainty about vaccine efficacy and a possible requirement for further lockdowns. This backdrop saw a continuation of “risk-off” behaviour which tends to favour large cap companies over smaller and mid-sized companies and defensive businesses over more cyclical ones. These market moves were relatively helpful to the fund with exception of the overweight position in banks which tend to suffer during periods of economic uncertainty. During the month the TM CRUX UK Core Fund fell 2.1% versus a fall of 2.5% for its performance comparator, IA UK All Companies sector.\*

This month saw positive contribution from many including Sage, which had very good results where long-term growth expectations for the Software as a Service division rose, as did the share price. AB Foods updated the market and paved the way for returning capital to shareholders. The company is much stronger from a trading and balance sheet perspective than its share price would suggest, and such actions would we believe be very positive for the share price. Serco, the support services business, continued its history of exceeding expectations when it updated the market mid-month. DMGT had a good month after opposition grew to the bid, from 36% owner the Rothermere Trust, with expectations of an increased bid leading to a strong share price performance.

Standard Chartered had a difficult month, where recent results contained a narrative around supply chain disruption. We believe the somewhat unjustified share price fall may have been due to comments about acquiring Citibank's Asian Retail banking assets, which given a very low share price valuation, many would deem inferior to buying back shares. Elsewhere Barclays and HSBC were weak.

During the month the fund sold out of JP Morgan. The shares which had been bought at attractive prices some time ago now offer less upside than UK listed

\*Source: FE 30.10.21-31.11.21 Bid-Bid, net income re-invested GBP

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names such as Barclays and Standard Chartered. The UK stock market remains undervalued relative to global stock markets and the fund will use recent share price setbacks to invest in good quality businesses of all sizes at attractive prices.

Regular readers will note a change in the style of commentary this month. After 4 years as Lead Fund Manager of the fund Jamie Ward has decided to leave CRUX. Having worked with Jamie for the last 3 and a half years I'd like to say that Jamie will be a difficult act to follow and we wish him well in all his endeavours. I would expect the fund strategy to undergo an evolution not a revolution, and fully expect that a patient strategy of buying businesses we want to own for the indefinite future at attractive prices will continue.

#### 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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