

Fund Manager: Richard Penny

This is a Marketing Communication

TM CRUX UK Core Fund

The TM CRUX UK Core Fund (B Inc GBP) returned -1.0% against its performance comparator the IA UK All Companies Sector return of 0.1% over the month of August. August was a volatile month for global equity markets driven largely by weaker than expected US jobs data and the Bank of Japan unexpectedly raising interest rates, prompting an unwinding of the infamous Yen carry trade. The Fund is underweight large-cap defensives and therefore underperformed during the month.

At a stock level, Beeks Financial Cloud Group was the largest contributor to performance during the month, up c.18% and contributing c.0.4% to Fund performance. The shares moved higher following a strong trading update in the month prior which pointed to c.30% organic growth in H2, representing an acceleration from the first half, and a higher cash balance than expected. During August, the company also announced that the contract secured with one of the largest exchange groups globally had now received regulatory approval.

JD Sports Fashion also performed well during August, up c.5% and contributing c.0.3% to Fund performance. The company announced a positive trading update with improvements in all geographies and winning market share. Although trading conditions remain difficult, JD Sports is performing better than the competition and, we believe, the valuation does not reflect the medium-term potential of the business.

One Savings Bank was the largest detractor from performance during the month, down c.27% and detracting c.1.0% from Fund performance. A disappointing half-year update led to noticeable downgrades to expectations for the full year. The statement cited increased competition in the subdued mortgage market leading to maturing fixed-term mortgages redeeming or switching onto lower prevailing spreads more quickly. The shares trade on a very low multiple and carry a high dividend yield, alongside a share buyback programme, but improved momentum in the business is necessary.

IQE was the second largest detractor from performance during the month, down c.11% and detracting c.0.4% from Fund performance. The shares were caught up in the semiconductor sell-off at the beginning of August amidst concerns that returns on recent AI investments by US tech giants would be slower than previously anticipated. IQE could stand to benefit greatly from the proliferation of AI but the investment case is not dependent on it.

In summary, August was a weaker month of performance for the Fund due to the outperformance of large-cap defensives amidst global market volatility. The Fund is well positioned for an economic recovery and falling UK interest rates which should lead to a positive backdrop of attractive valuations and momentum and a reversal of the outperformance of large-cap defensives experienced over the past 2-3 years.

Important Information

Please note the views, opinions and forecasts expressed in this document are based on CRUX's research and analysis at the time of publication. Before entering into an investment agreement in respect of an investment referred to in this document, you should consult your own professional and/or investment adviser. TM CRUX UK Core Fund (the 'Fund') is a sub-fund of TM CRUX ICVC (the 'Company'). The Company is an investment company with variable capital and is a UCITS Scheme. It is incorporated under the Open-Ended Investment Companies Regulations 2001 ('OEIC Regulations') in England and Wales under registry number IC000065. The Company is regulated by the FCA and was authorised on 13 May 2000.

This information is only directed at persons residing in jurisdictions where the Company and its shares are authorised for distribution or where no such authorisation is required. Please read all scheme documents prior to investing. The KIID and Fund Prospectus and other documentation related to the Scheme, are available from the CRUX website. The value of an investment and the income from it can fall as well as rise and you may not get back the amount originally invested. If you invest through a third party provider you are advised to consult them directly as charges, performance and terms and conditions may differ materially than those shown on this document

clientservices@cruxam.com | 020 7499 4454 | www.cruxam.com

© Copyright 2024 CRUX Asset Management, all rights reserved.