

Fund Manager: Jamie Ward

## TM CRUX UK Core Fund

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*... for when you gaze long  
into the abyss. The abyss  
gazes also into you*

Friedrich W. Nietzsche

Performance was fair on an absolute basis, though we struggle to maintain parity with the peer group. This was due to not owning the rapidly rising miners and AstraZeneca which has been the biggest riser in the index this year. At month end, the TM CRUX UK Core Fund B Accumulation shares stood at 259.31p up 11.6% for the year against the IA UK All Companies, which rose 16.9%.\*

If a car is hurtling towards the edge of a cliff, it will stop - eventually. It matters a great deal to the occupants whether it brakes to a safe stop before the precipice or concludes in a fiery wreckage at the chasm's base. We, in the non-commodity producing, developed world, have been living with twin deficits and QE for over a decade now. Crisis solutions for plodding economic ennui. During one's darker moods (not uncommon even in the height of summer), one must wonder whether the salad days of Europe and the US are behind us, and we truly are in the Asian century. Japan aside, Asian demographics, monetary policy, fiscal position and trade position look enviable.

Historically, the role of central banks was to be the buyer of last resort - the ultimate backstop. We are so far removed from this principle, that in the case of Europe at least, the European Central Bank is the buyer of first resort. QE probably worked early on but what begins as a curative becomes malign with too much use; poison is determined by the dose. There must be a release mechanism, but with bond markets so corrupted by the wall of funny money, eventually it must fall to currencies. The fatal conceit of western elites is that it can abrogate the de facto with the de jure. Reality has a habit of reasserting itself

Central banks and governments continue to use their weapons to fight the grisly death spectre of deflation and economic irrelevance. At what point does the collateral damage begin to outweigh the benefits? What if the damage doesn't

\*Source: FE 31.12.20-31.08.21 Bid-Bid, net income re-invested GBP

### Important Information

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manifest until much later? If, Sterling (really bad), the Euro and the Dollar are all playing the same game, then they can't change materially compared to one another. The conclusion is that they fall collectively against Asian currencies and the currencies of commodity producers - a sort of reverse Asian crisis.

This is all a tail risk, and by their nature, tail risk outcomes are unpredictable. No economist could've foreseen the storming of the Bastille; profound outcomes have profound effects. For my own work, I will endeavour to continue to provide a portfolio that reflects a global outlook and we therefore continue to provide a material exposure to Asia through positions like Standard Chartered and Burberry. For those wishing to take a more direct investment to Asia, Crux is in the process of launching two Asian funds.

The ellipsis the quote, which heads this letter, implies an antecedent. Thus, in its entirety

'Beware that, when fighting monsters, you yourself do not become a monster. For when you gaze long into the abyss. The abyss gazes also into you.' - Friedrich W. Nietzsche

For a while, deflation was a monster of such malice that it took QE to fight it - quod erat demonstrandum.

### 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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