

Fund Manager: Richard Penny

TM CRUX UK Core Fund

“ During Q2 2022 the TM CRUX UK Fund returned -0.5% versus -8.1% for its performance comparator the IA UK All Companies Sector.

Fund Performance

During Q2 2022 the TM CRUX UK Fund returned -0.5% versus -8.1% for its performance comparator the IA UK All Companies Sector.* Against an economic backdrop of rising interest rates an increasing anticipation of a global recession the fund's positioning proved resilient when compared to other UK funds.

*Source: FE 31.03.22-30.06.22 Bid-Bid in GBP, TR, net income re-invested.

The overweight position in banks and relatively low exposure to domestic cyclicals and smaller capitalisation companies meant the fund fulfilled its objective of protecting capital under more difficult conditions.

Rising interest rates, are generally good for bank profitability. We believe that current corporate balance sheets and regulatory conditions make banks less exposed to bad loans than has historically the case. Bank shares are lowly priced against their book value and with an improving outlook for profitability continue to look well placed in current market conditions. Standard Chartered was a standout performer as the shares rose over 20% in the quarter.

Attribution Stock Level Q2 2022

Top 5 Contributors (%)	Bottom 5 Contributors (%)
Euromoney +1.44	Breedon -0.78
Serco +1.07	JD Sports -0.71
Standard Chartered +0.95	Grafton Group -0.66
Schroders +0.86	Glencore -0.48
FD Technologies +0.47	Sage -0.57

Source: Stat Pro

We were also the beneficiary of some stock specific positives. Euromoney, which at one point was a subsidiary of the Daily Mail and General Trust, itself taken over in January by the Rothermere Continuation Limited, received a takeover approach from private equity firm Astorg and Epiris at 1461p. The shares rose 38%, but are

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 Special Situations Fund (the 'Fund') is a sub-fund of TM CRUX OEIC (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 IC001022. The Company is regulated by the FCA and was authorised on 10 December 2014. The FP CRUX UK Fund was renamed the TM CRUX UK Special Situations Fund on 28 September 2019.

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.

still below the bid price, we retain the position as we believe there is a good likelihood of such a deal completing at the higher price.

There was also good news at Schroders where the non-voting shares were enfranchised, leading to a 28% increase in the shares. We sold the share for an aggregate price exceeding 2400p. Serco, a defensive name, was also a standout performer with an improvement of 21% after releasing strong results. The shares should continue to be resilient in difficult conditions and we continue to hold the shares, albeit we trimmed the position to below 5% following recent share price rises.

“ There was also good news at Schroders where the non-voting shares were enfranchised, leading to a 28% increase in the shares. ”

Transactions

During the period we sold Intertek, Experian and Schroders. The fund sold out of Experian on the back of disappointing numbers, and we used the raised cash to initiate a position in Aviva where we felt there was a better investment case and also provided a higher yield of c.6/7%. We added Inchcape to the portfolio. Inchcape has transformed from a forecourt retailer to a distributor of cars for global OEMS. The business will enjoy higher returns on capital, and mid to high single digit organic revenue growth. Inchcape has a strong balance sheet and modest valuation

Outlook

Global stock markets have started to discount a recession which will probably impact most fiercely when input inflation is at its most severe in Q4 2022. We think the Fund is currently well positioned for the uncertain conditions. As the year progresses we will look to add some quality cyclical growth companies to the portfolio as and when their prices reflect too much of the short term pressures and not enough of their long term prospects.

Important Information

Please note: Due to rounding the figures in the holdings breakdown may not add up to 100%. Unless otherwise indicated all figures are 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.

This document has been approved under Section 21 of the Financial Services and Markets Act 2000 by CRUX Asset Management Ltd. This document is issued by CRUX Asset Management Ltd which is registered in England and Wales (Company no. 08697189) and whose registered address is 48 Pall Mall, London, SW1Y 5JG. It is authorised and regulated by the Financial Conduct Authority (FRN 623757). These figures refer to the past and past performance is not a reliable indicator of future results. The Authorised Corporate Director is Thesis Unit Trust Management Limited, Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP. Authorised and regulated by the Financial Conduct Authority.

