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## TM CRUX UK Smaller Companies Fund

The TM CRUX UK Smaller Companies Fund (I Accumulation GBP) returned -0.7% against its performance comparator the IA UK Smaller Companies Sector return of -0.9% over the month of August 2024. 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.

At a stock level, Beeks Financial Cloud Group was the largest contributor to performance during the month, up c.18% and contributing c.0.7% 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.

Light Science Technologies also performed strongly during the month, up c.21% and contributing c.0.4% to Fund performance. The company announced contract wins in both the Controlled Environment Agriculture (CEA) and Contract Electronics Manufacturing (CEM) divisions. Although the contracts announced were relatively small in size, they reflect, in our opinion, ongoing momentum in the underlying businesses.

Ondine Biomedical was the largest detractor from performance during August, down c.15% and detracting c.0.5% from performance. The company is progressing its Steriwave product through clinical trials in the US with a goal of widespread commercialisation. Steriwave is a nasal decolonisation solution for hospital use, destroying nasal pathogens quickly and efficiently prior to surgery to reduce infections without increasing antimicrobial resistance.

The market is likely awaiting news around further funding however we believe Ondine's potential is noteworthy with clinical trials de-risked by historical data and commercialisation de-risked by a strong partnership with the US Healthcare leader HCA. During the month, the company also announced that Steriwave is now available through the NHS supply chain, making it significantly easier for NHS hospitals to purchase.

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 volatile month and the Fund performed broadly in-line with the performance comparator. 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

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