

Fund Manager: Richard Penny

This is a Marketing Communication

## TM CRUX UK Special Situations Fund

The TM CRUX UK Special Situations Fund (I Accumulation GBP) returned -3.0% against its performance comparator the IA UK All Companies Sector return of 0.1% 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. With a significant allocation to mid and small-cap companies, the Fund is underweight large-cap defensives and therefore underperformed during the month.

Bellway was the largest contributor to performance during the month, up c.6% and contributing c.0.2% to Fund performance. A trading update at the beginning of the month was slightly better than consensus expectations with FY24 completions and average selling prices both ahead of previous guidance. Bellway also walked away from the deal to acquire Crest Nicholson during the month. Bellway remains very well placed without the deal given its good land bank and the positive tone around recent trading and outlook.

JD Sports Fashion also performed well during August, up c.5% and contributing c.0.2% to Fund performance. The company announced a positive trading update with improvements in all geographies and stating that they are 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.0.9% 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.

Ondine Biomedical was the second largest detractor from performance during August, down c.15% and detracting c.0.2% 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.

In summary, August was a weak month of performance for the Fund due to the outperformance of large-cap defensives amidst global market volatility. Despite the underperformance of mid and small-caps, we believe these segments of the market (small-

### 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.

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.

caps in particular) contain the greatest opportunity for investors. 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. Fund's managed by Richard Penny have historically outperformed the IA UK All Companies Sector during an economic recovery, with significant performance coming from small-caps.