



Richard Penny – Fund Manager

Growth and Innovation
Forum
29 January 2019

CRUX[★]
ASSET MANAGEMENT

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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.

Market Summary

A year in review and outlook for 2019

UK/Small Cap market

- ★ UK Equities cheap long term
- ★ Brexit tail risk
- ★ Low growth, low inflation world
- ★ Sub £200m stressed
- ★ Government help needed

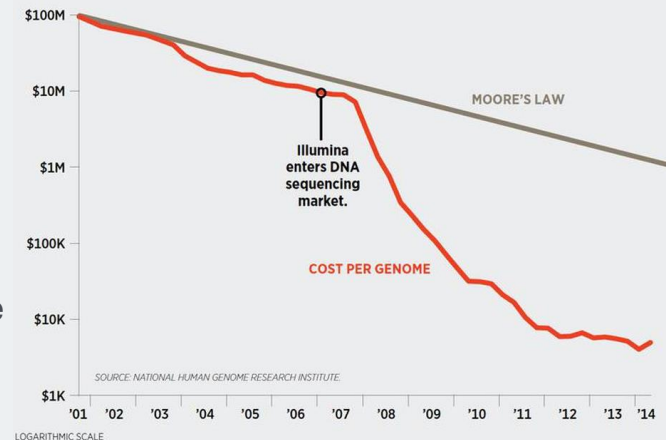
State of UK Technology

- ★ World leading universities/IP
- ★ Technology trends remain on track
- ★ US valuations hit
- ★ Good technology can take time to reach investable stage
- ★ Government initiatives underway



FLATLEY'S LAW

SINCE ILLUMINA CAME ON THE SCENE, THE COST OF SEQUENCING GENES HAS DROPPED FAR FASTER THAN PRICES PREDICTED BY MOORE'S LAW.



Source Chart: Forbes August 2014

Healthcare

Biotech: Clinical stage drug discovery (phase III late stage) and development companies:

- ★ Syncona
- ★ Midatech
- ★ Shield Therapeutics
- ★ Amryt
- ★ Scancell
- ★ Evgen
- ★ Mereo
- ★ C4X

Gene Therapy: Distinct area driven by genetics

- ★ Oxford BioMedica
- ★ Genedrive

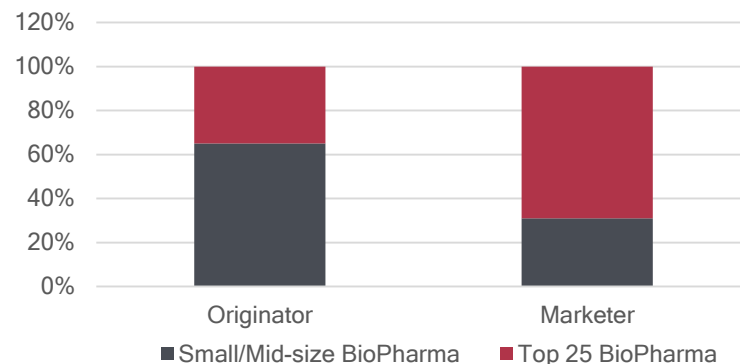
Medtech / Medical Devices / Platforms:

Manufacturer of minimally invasive products

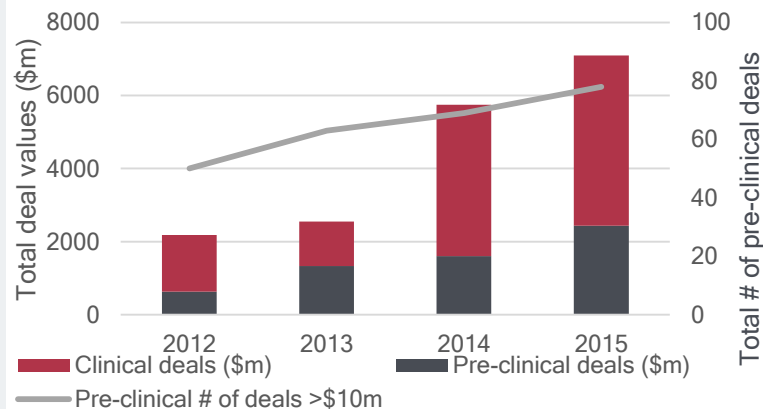
- ★ Creo Medical
- ★ Collagen Solutions
- ★ Angle
- ★ Avacta
- ★ Omega Diagnostics
- ★ Polarean

The portfolio may or may not hold any of these positions. Past Performance is not an indicator of future results. 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.

65% of marketed pharma NMEs were originated by small-mid size BioPharma



Global licensing of R&D stage assets



Source: Chart 1 - BIO Industry Analysis 25 May 2016

Source: Chart 2 - Forbes 16 October 2016

Digital Disruption

Consumer electronics show key theme 2019

Autonomous
Vehicles

AI

5G

Intelligent
Devices

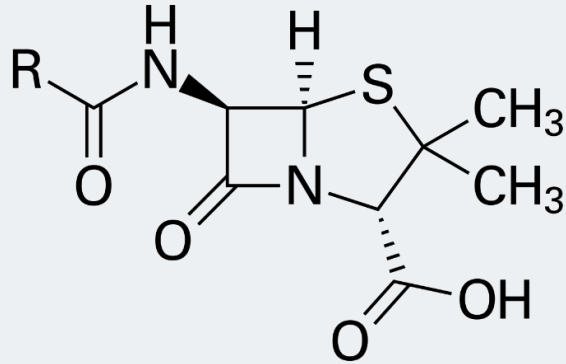
Foldable
devices

Other Themes & Stocks

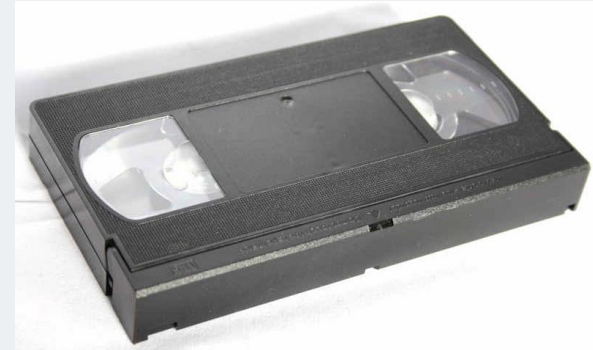
★ UK SAAS:	Loopup, Dot Digital, Statpro, Maestrano, Cloudcall, Smartspace
★ Autonomous Vehicles:	Seeing Machines, 1 Spatial, AB Dynamics
★ Big Data:	First Derivatives
★ Games:	Frontier Developments, Codemasters, Sumo Group, Team 17
★ Security:	BATM, NCC, Shearwater Group
★ 3D Printing:	Xaar, Renishaw

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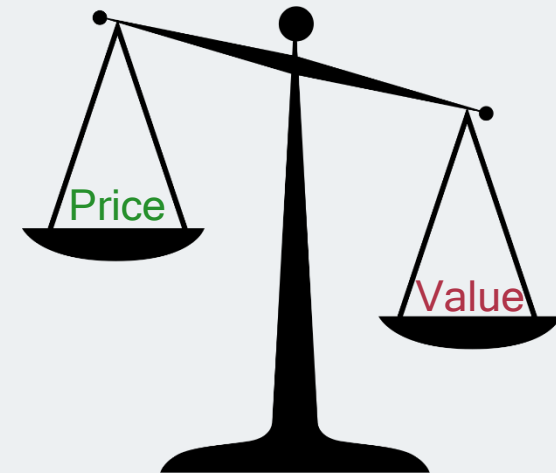
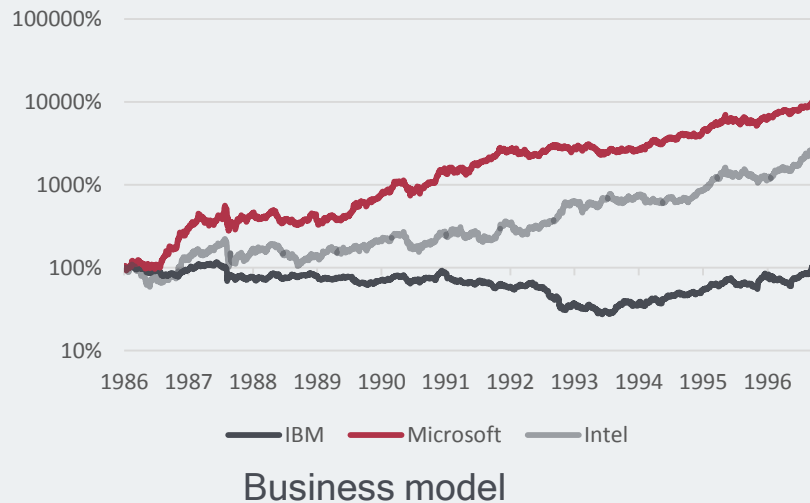
Turning innovation into profitable stock picking



Penicillin, discovered in 1928...but was not adopted as an antibiotic until the 1940's



Product relevance and adoption



Right price!

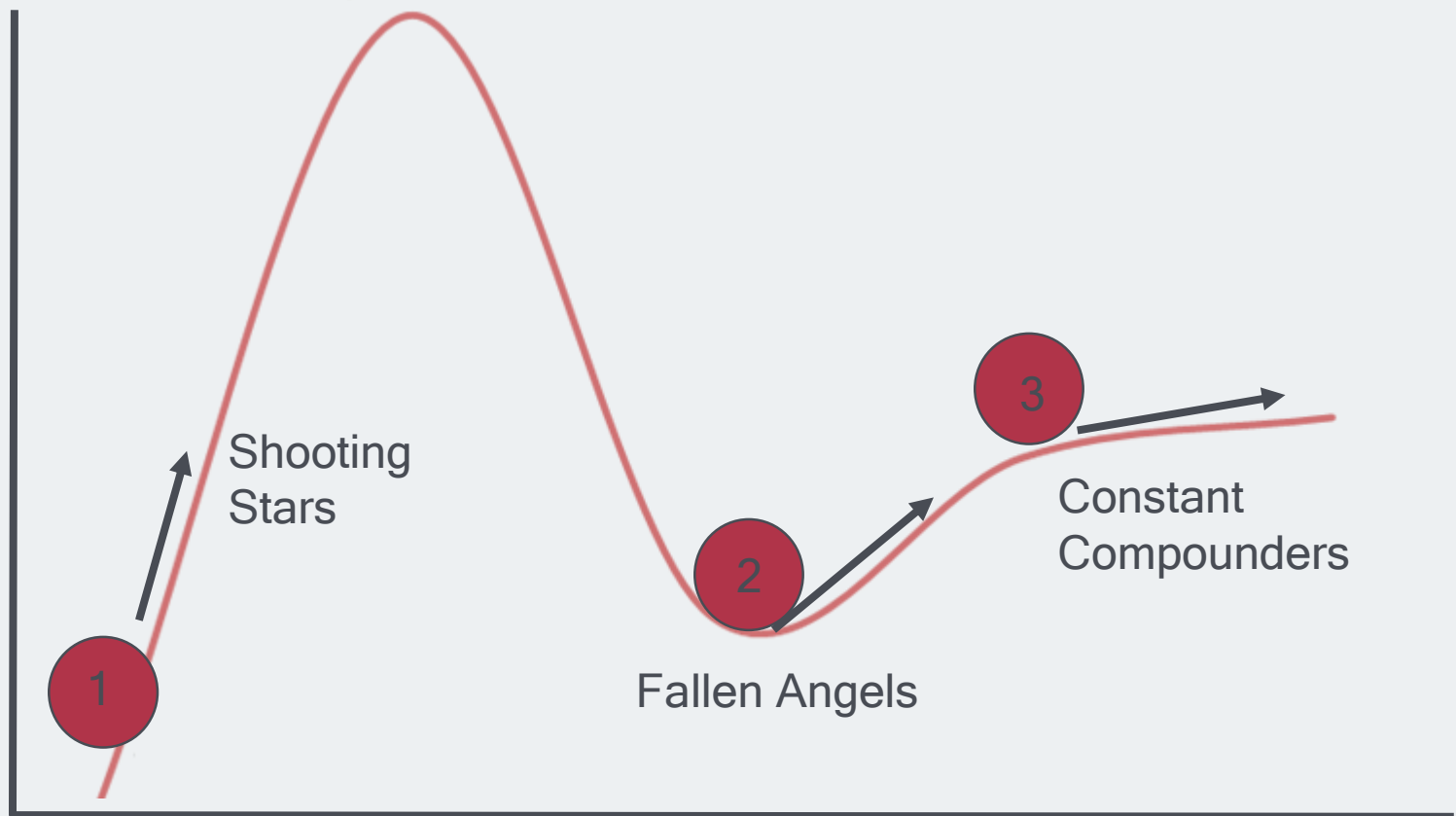
Source Chart: Bloomberg, performance relative to S&P 500 index

Amara's Law

‘We tend to over-estimate the effect of
technology in the short run and under-estimate
the effect in the long run’

The Hype Cycle

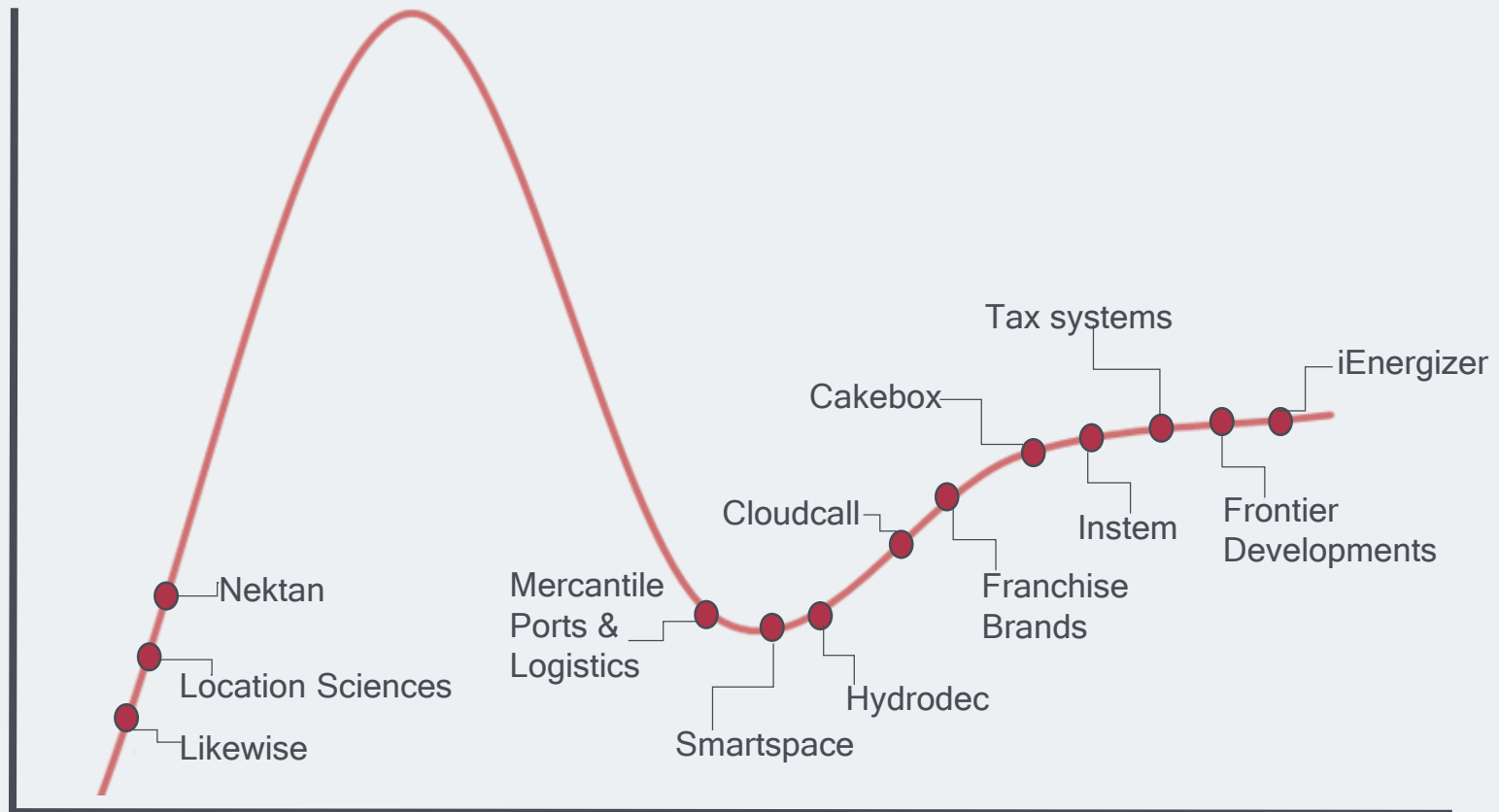
Timeline Indicators



Source: Gartner Hype Cycle

The Hype Cycle

CRUX UK Special Situations Fund



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Source: Gartner Hype Cycle

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