

Macroeconomic Commentary¹

Equity markets delivered mixed returns in the fourth quarter of 2024 due to an end-of-year slump, primarily driven by large-cap technology stocks. Despite this, the S&P 500 and NASDAQ saw positive quarterly returns of 2.4% and 6.4%, respectively, while the FTSE 100 and Euro STOXX 50 finished the quarter down 1.7% and 0.2%, respectively, all measured in their local currencies. This capped off a tumultuous period for markets outside of the US with ongoing uncertainty surrounding the incoming Trump administration. In fixed income markets, yields rose, with US and UK 10-year bonds up 79 and 57 basis points, respectively. A major contributor was persistent inflationary concerns seen throughout the quarter and central banks adopting more cautious approaches to rate cuts. Brent Crude oil ended the year strong, posting a quarterly return of 6.4% due to continued supply constraints, with global oil inventories at their lowest level since the first quarter of 2017. The pound ended up 0.6% on the euro but down 6.4% on the US dollar, which saw a strong quarter buoyed by the incoming Trump administration.

Fund Commentary

The past twelve months have been marked by significant economic events. Global inflation rates have shown signs of stabilization, with central banks adjusting their monetary policies accordingly. The stock markets experienced notable volatility, driven by geopolitical tensions and shifts in energy prices. Additionally, technological advancements, particularly in artificial intelligence (AI), have continued to reshape various industries.

The Credo Growth Fund demonstrated robust performance in the final quarter of 2024, with a notable increase in value. The Fund achieved a quarterly return of 10.6%², bringing the year-to-date (YTD) return to 25.0%³. This performance reflects our commitment to investing in high-quality, fundamentally sound businesses.

As of the end of December 2024, the Fund size stood at £92.3 million. This represents a significant increase from the beginning of the year, when the Fund size was £82.5 million. This increase in size underscores the positive performance and investor confidence in the Fund investment strategy.

The top 10 holdings in the Fund, which represent 35.8% of the total value, as at the end of the period, included:

1. Amazon.com (Consumer Discretionary) – 5.0%
2. Palantir Technologies Inc (Information Technology) – 4.1%
3. BlackRock Inc (Financials) – 4.1%
4. Nvidia Corp (Information Technology) – 3.8%
5. CrowdStrike Holdings Inc (Information Technology) – 3.6%
6. Berkshire Hathaway Inc (Financials) – 3.5%
7. Uber Technologies Inc (Industrials) – 3.0%
8. Costco Wholesale Corp (Consumer Staples) – 3.0%
9. Palo Alto Networks Inc (Information Technology) – 2.9%
10. Broadcom Inc (Information Technology) – 2.8%

(1) Source: Bloomberg.

(2) Performance of the Credo Growth Fund A Retail GBP Share Class over the period 27/09/2024 to 31/12/2024.
Source: Bloomberg.

(3) Performance of the Credo Growth Fund A Retail GBP Share Class over the period 31/12/2023 to 31/12/2024.

The Fund follows a globally diversified and flexible investment strategy with a Growth bias. Our focus remains on developed capital markets, with no use of derivatives, gearing or hedging. We maintain a long-term investment view, targeting high-quality companies that are fundamentally sound and we believe are capable of delivering favourable returns over time.

Looking Forward

Looking ahead, we remain optimistic about the growth prospects of our portfolio companies. The investment climate over the next twelve months is expected to be influenced by ongoing technological advancements and geopolitical developments. While inflation and interest rates are likely to remain above pre-pandemic levels, we anticipate that the resilience of the global economy will provide opportunities for growth.

We will continue to actively manage the Fund, seeking opportunities to enhance returns while maintaining a disciplined approach to risk management. Your continued trust and investment in the Credo Growth Fund is greatly appreciated, and we look forward to navigating the future together.

Roy Ettlinger, Portfolio Manager

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