



# Where will we find opportunities in global markets?



**Deon Gouws**

Chief Investment Officer

**CREDO** 


Glacier  
Investment  
Summit Gauteng  
**2023**

glacier  
by Sanlam

# About Credo




Wealth & asset management business founded in **1998**

Offices in the United Kingdom and South Africa 

Assets under administration **£4.5bn**

The company employs **115** skilled professionals

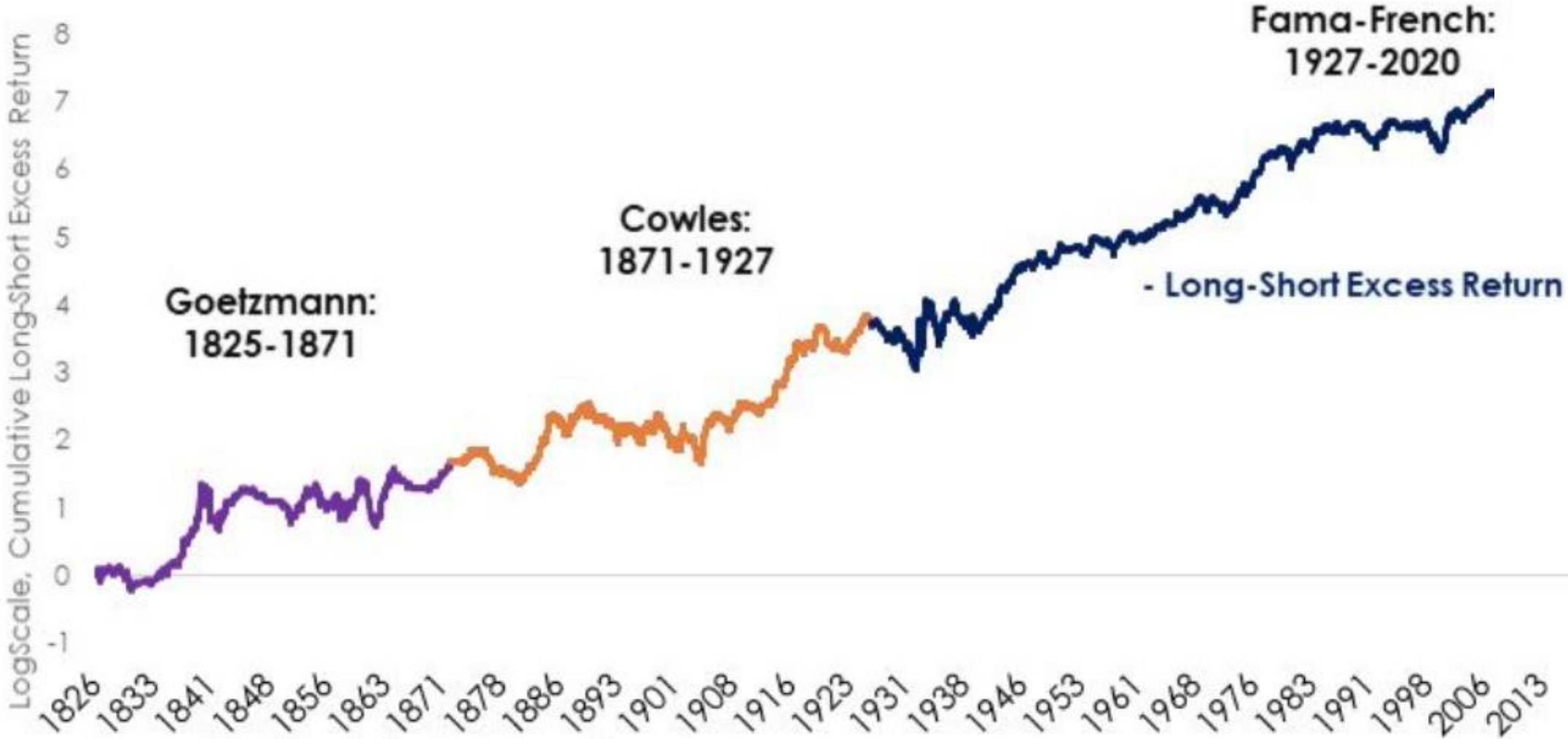
 **3** UCITS funds

Majority of the shareholders are senior management 



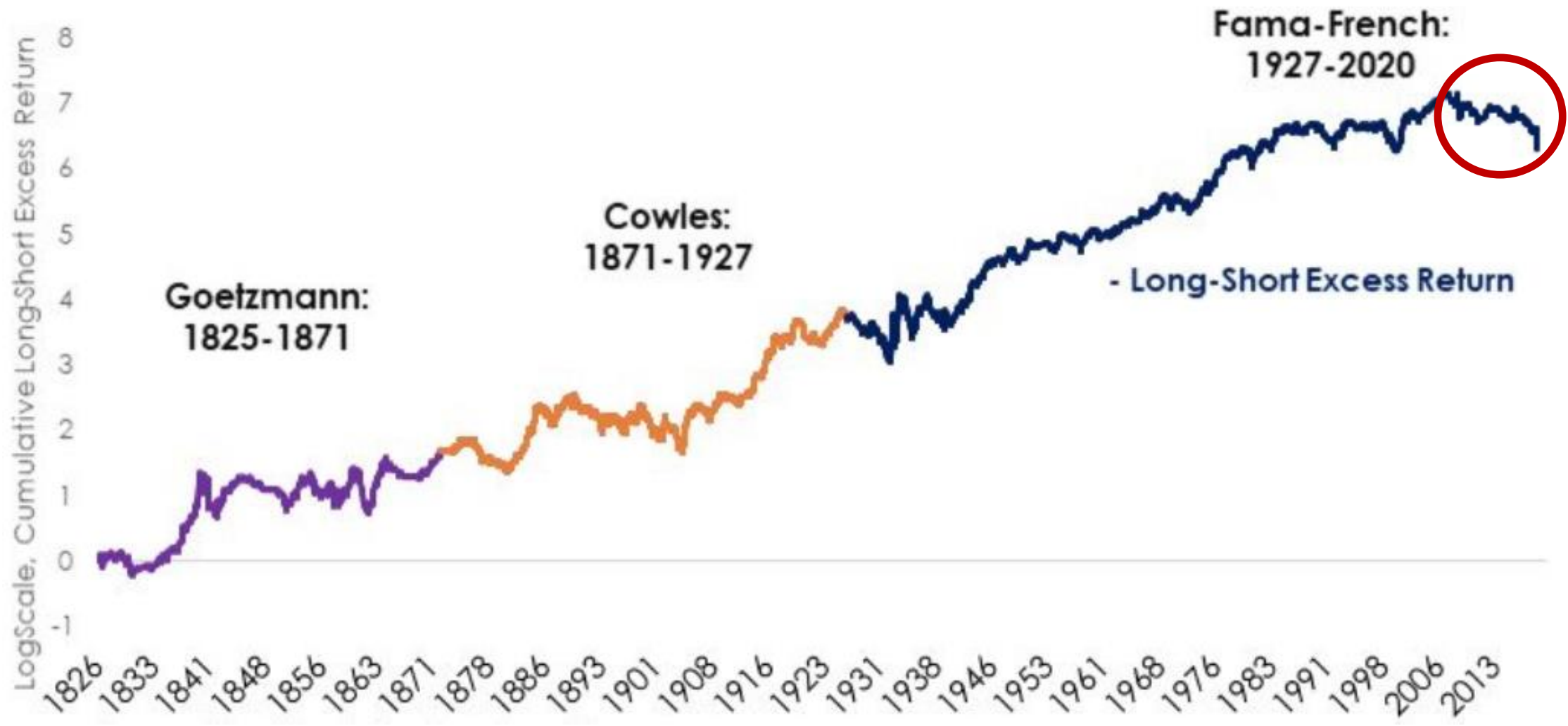
- We believe that wealth is best created and preserved through patient and **disciplined investing**, with a **focus on the long term**
- We follow a **value-based** approach to investing
- We seek to invest in **high quality** companies that are attractively priced relative to their future business prospects
- We believe that **the market's short-term focus creates opportunities** for those willing to concentrate on underlying business performance
- We view risk as permanent losses of capital and not in terms of short-term volatility

# Why value investing?



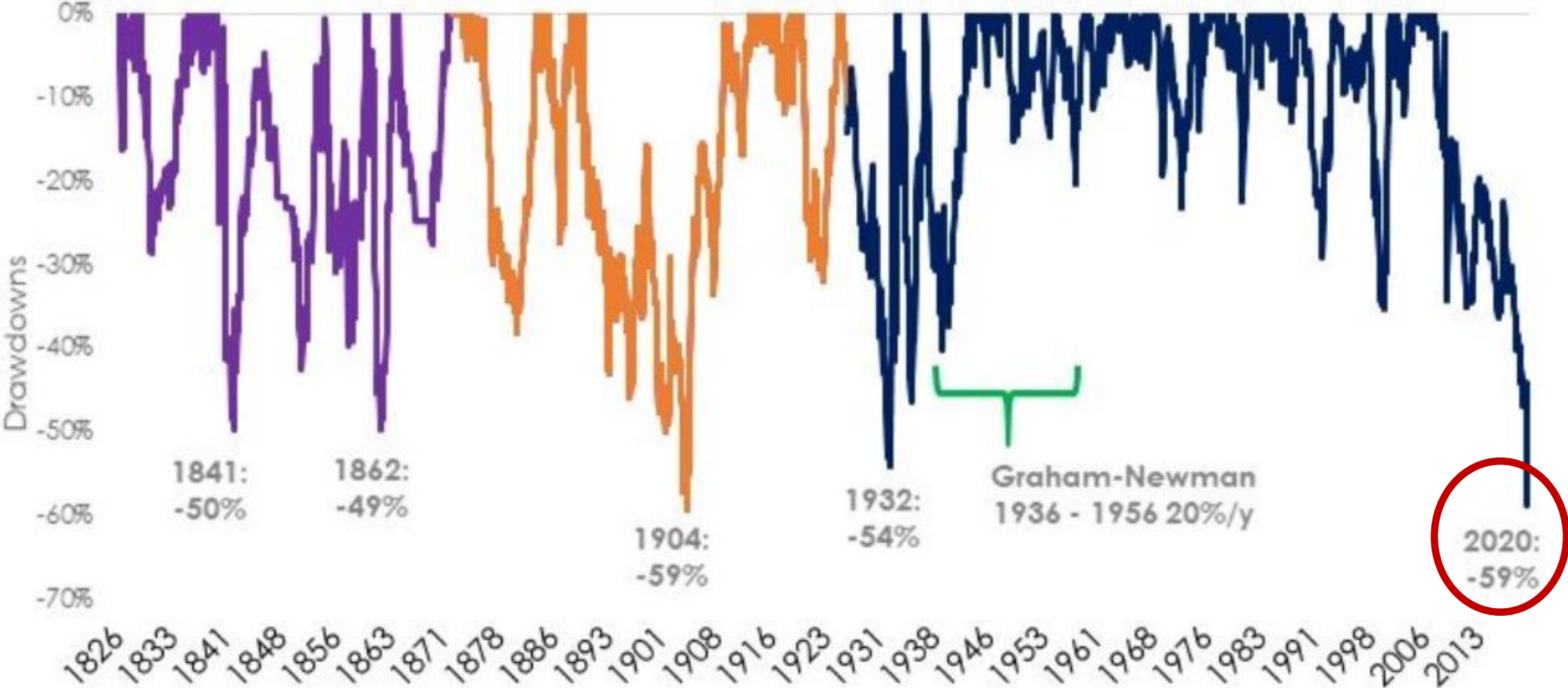
Source: Two Centuries Investments

# Why value investing?



Source: Two Centuries Investments

# Value factor drawdowns

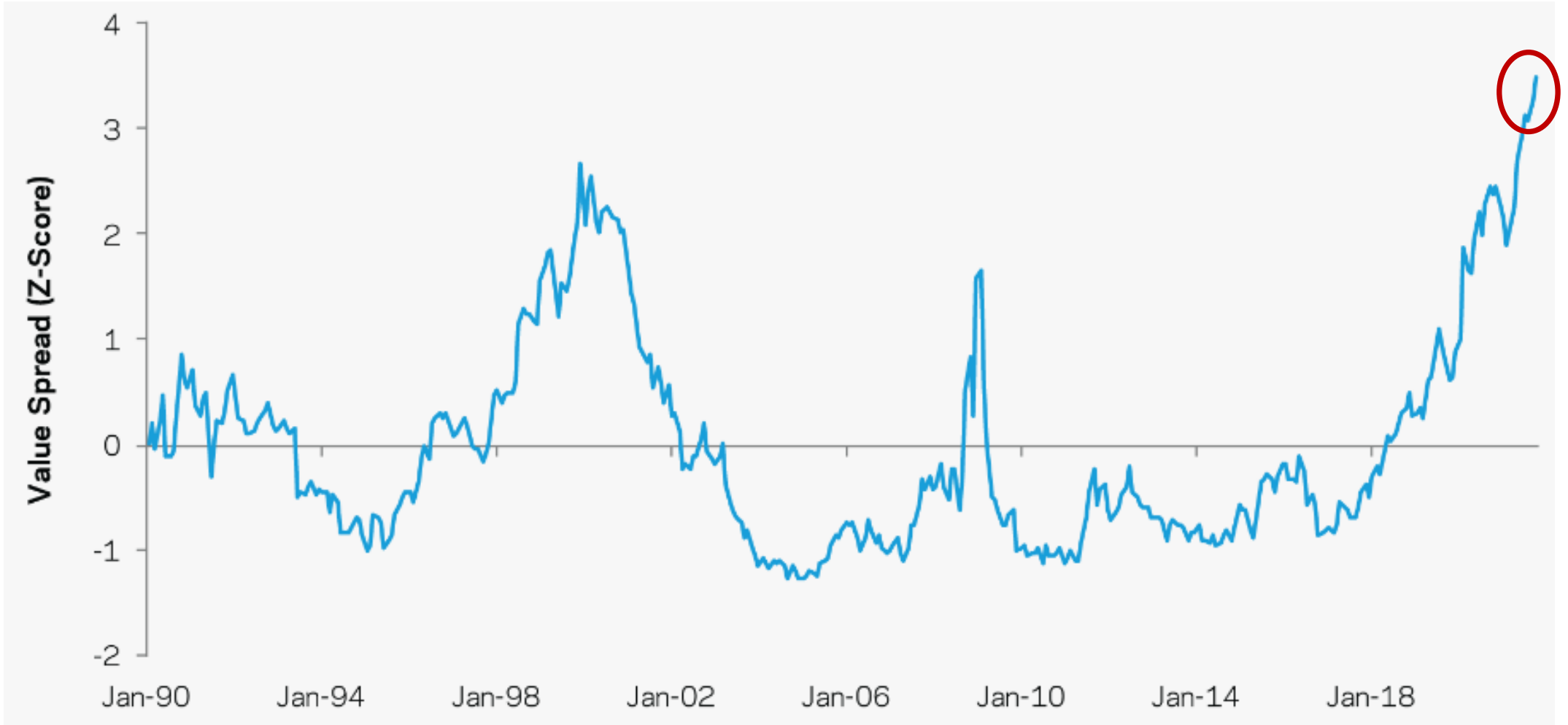


Source: Two Centuries Investments



# That's It, That's the Blog

December 16, 2021 - *Cliff Asness*

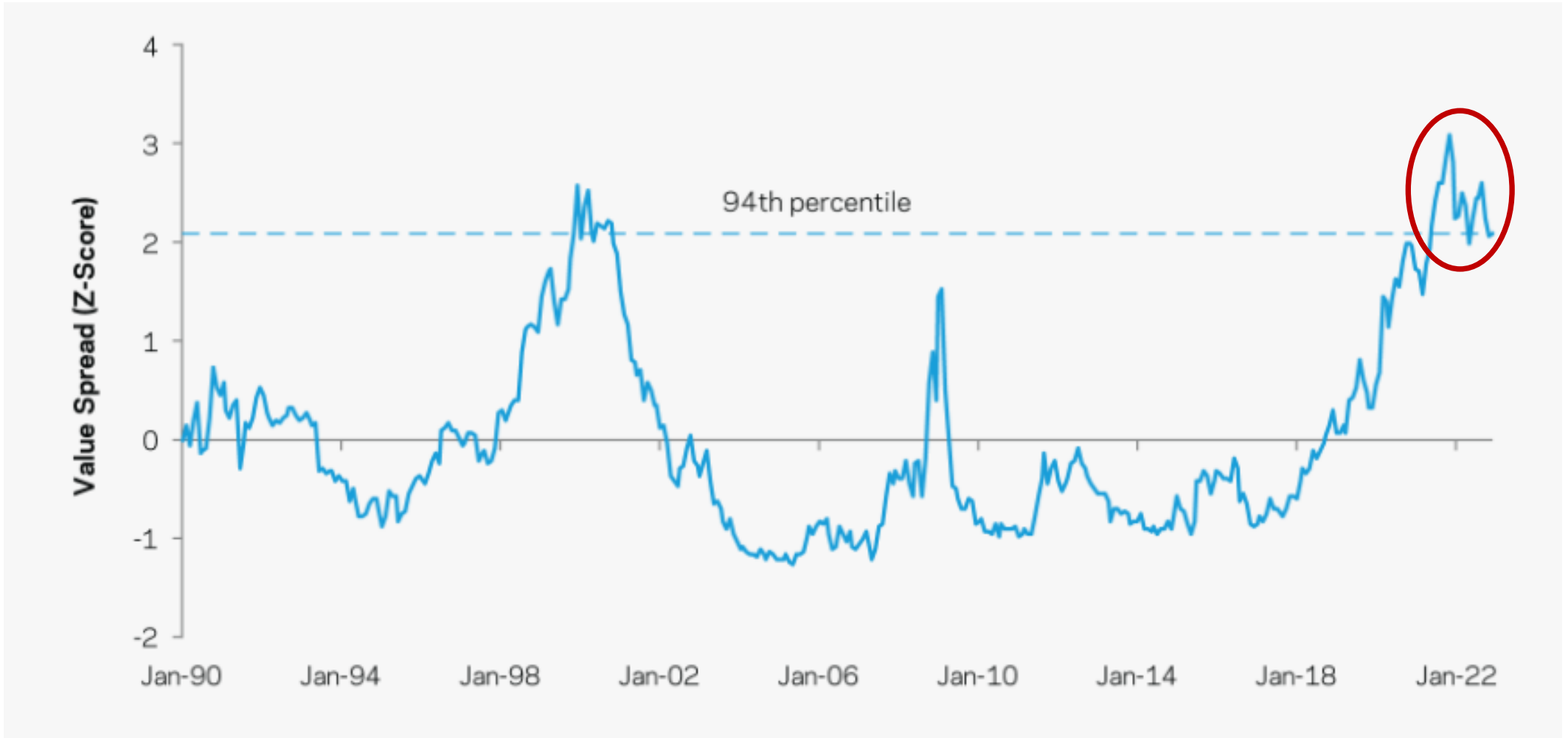




# The Bubble Has Not Popped

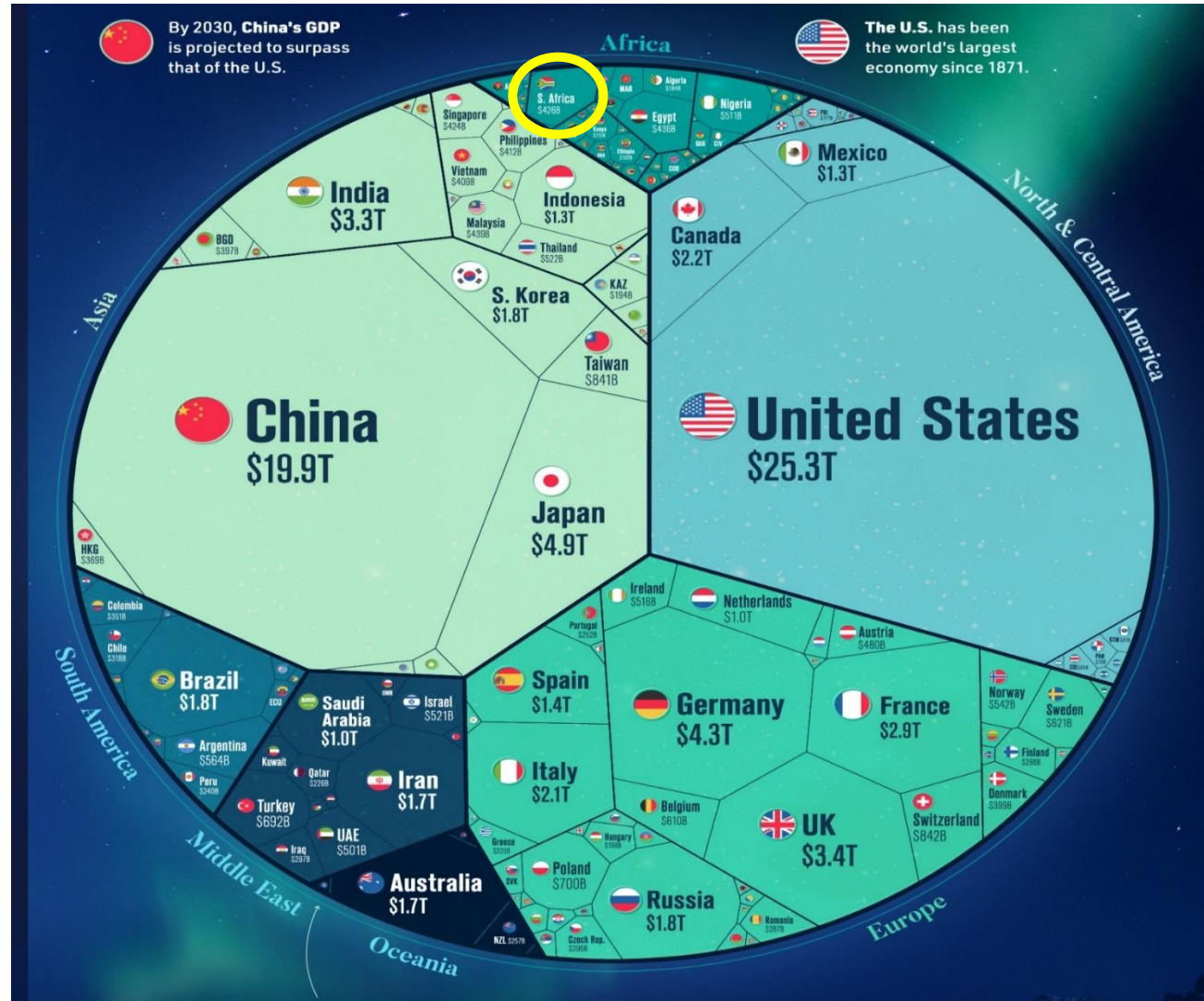
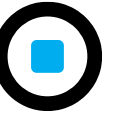


January 4, 2023 - *Cliff Asness*



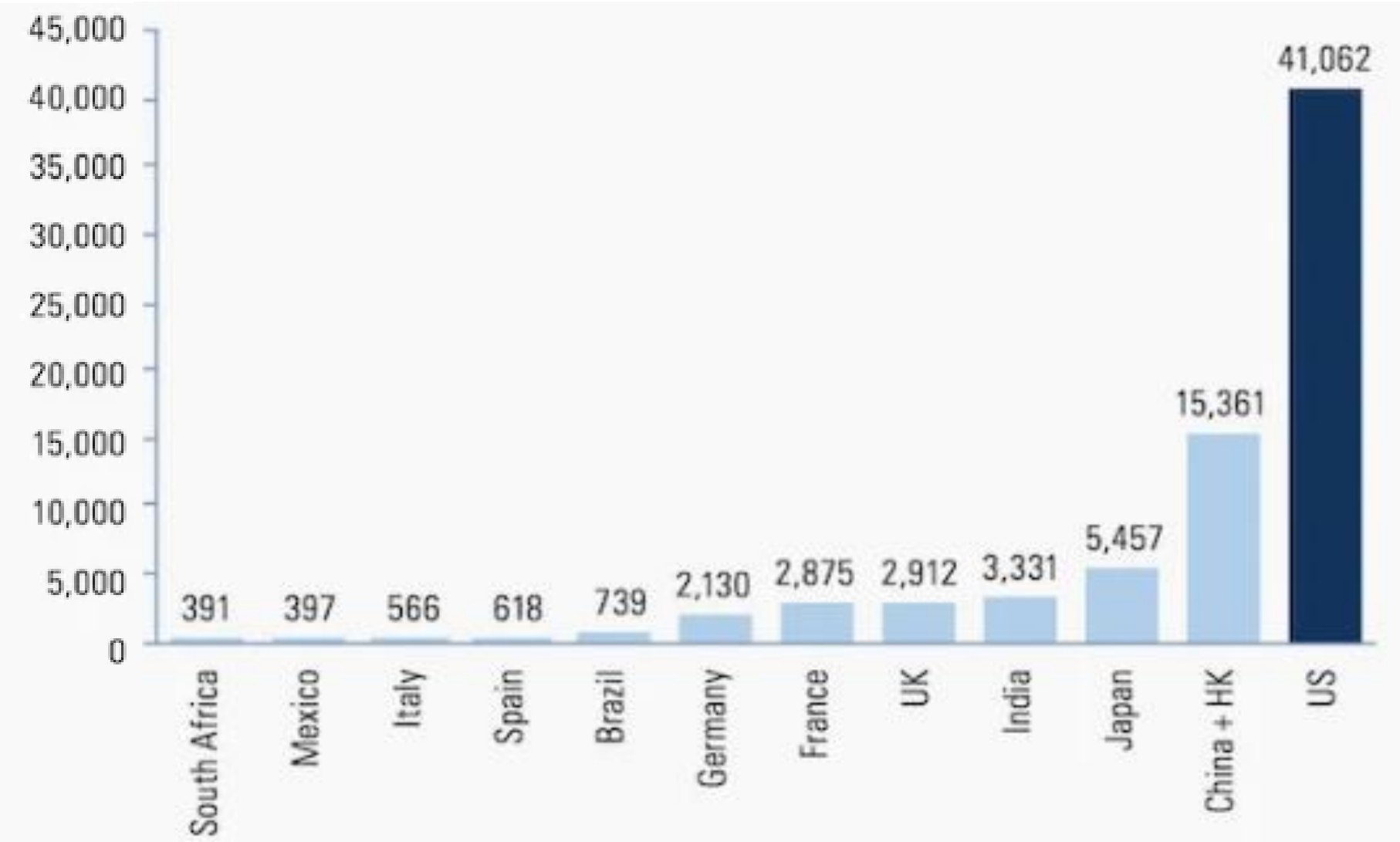


...and where will we find opportunities in global markets?



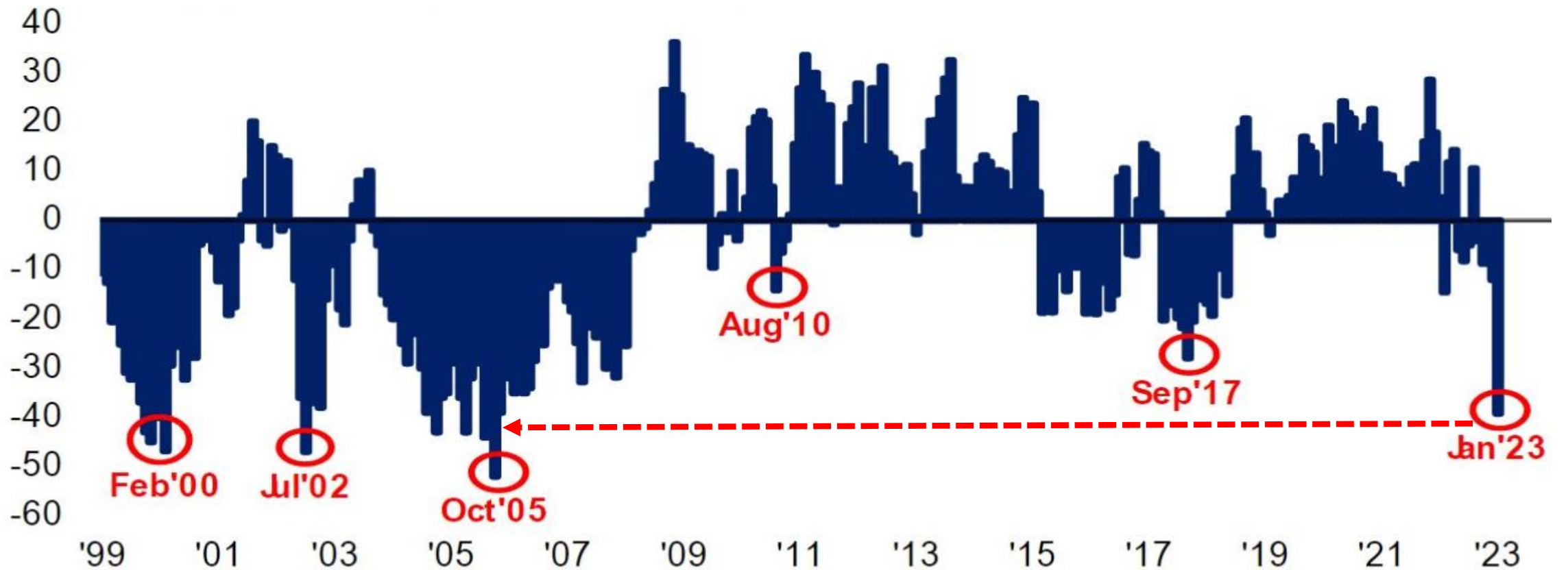
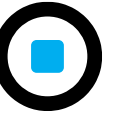
Source: Visual Capitalist

# Equity market capitalization by country (\$bn)

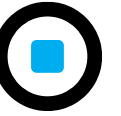
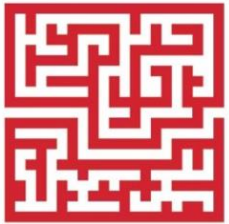


Source: Vestact

# Net % of investors overweight to US equities (%)



Source: BofA Global Fund Manager Survey



# Why I Remain Bullish on the United States of America

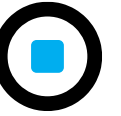
Posted September 11, 2022 by [Ben Carlson](#)

- No natural heirs to the throne
- Geography
- Domination of consumer technology
- People still want to live there
- It rules pop culture
- Energy independence
- Biggest, most dynamic economy in the world
- Biggest, most diverse stock market in the world
- Global reserve currency backed by most powerful military in the world

A large school of silver fish swimming in clear blue water. The fish are densely packed and moving in various directions, creating a sense of a vast, active population. The water is a vibrant turquoise color, and the fish have a metallic sheen.

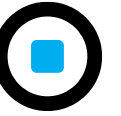
*There are more fish in the sea  
than have ever been caught...*

# Credo Global Equity Fund – top 10 holdings



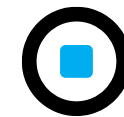
<b>HCA Healthcare Inc</b>	<b>5.1</b>
<b>Microsoft Corp</b>	<b>4.3</b>
<b>Visa Inc</b>	<b>3.9</b>
<b>Progressive Corp</b>	<b>3.8</b>
<b>Wells Fargo &amp; Co</b>	<b>3.4</b>
<b>TOTAL:</b>	<b>40.5</b>

# Credo Global Equity Fund – top 10 holdings



<b>HCA Healthcare Inc</b>	<b>5.1</b>
<b>Microsoft Corp</b>	<b>4.3</b>
<b>Flutter Entertainment plc</b>	<b>4.2</b>
<b>Visa Inc</b>	<b>3.9</b>
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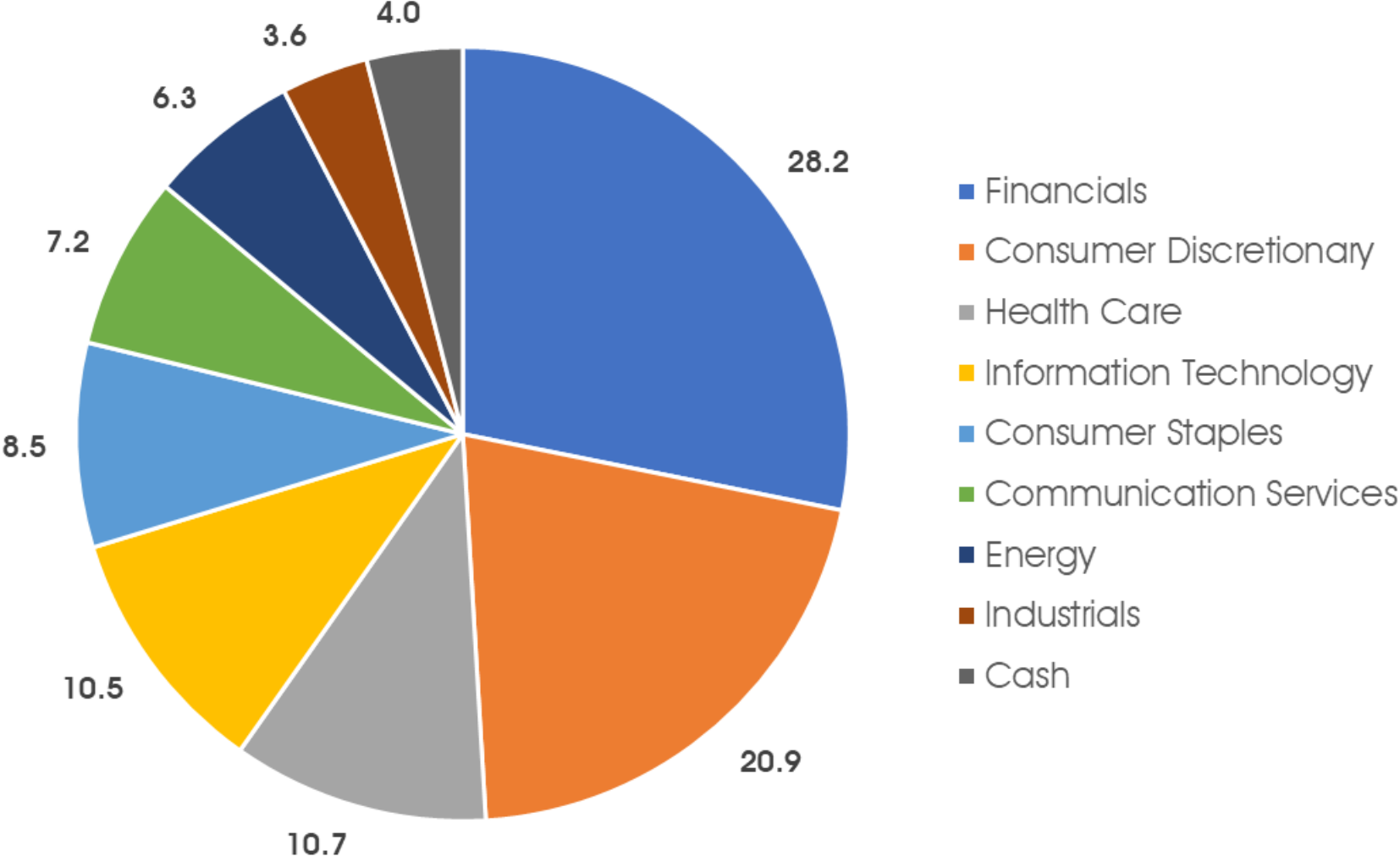
## Credo Global Equity Fund – top 10 holdings



<b>HCA Healthcare Inc</b>	<b>5.1</b>
<b>Microsoft Corp</b>	<b>4.3</b>
<b>Flutter Entertainment plc</b>	<b>4.2</b>
<b>Admiral Group plc</b>	<b>4.1</b>
<b>Shell plc</b>	<b>4.0</b>
<b>Prudential plc</b>	<b>4.0</b>
<b>Visa Inc</b>	<b>3.9</b>
<b>Progressive Corp</b>	<b>3.8</b>
<b>British American Tobacco plc</b>	<b>3.7</b>
<b>Wells Fargo &amp; Co</b>	<b>3.4</b>
<b>TOTAL:</b>	<b>40.5</b>



# Credo Global Equity Fund – sector allocation



Source: Credo, as at 31 December 2022



Trustnet

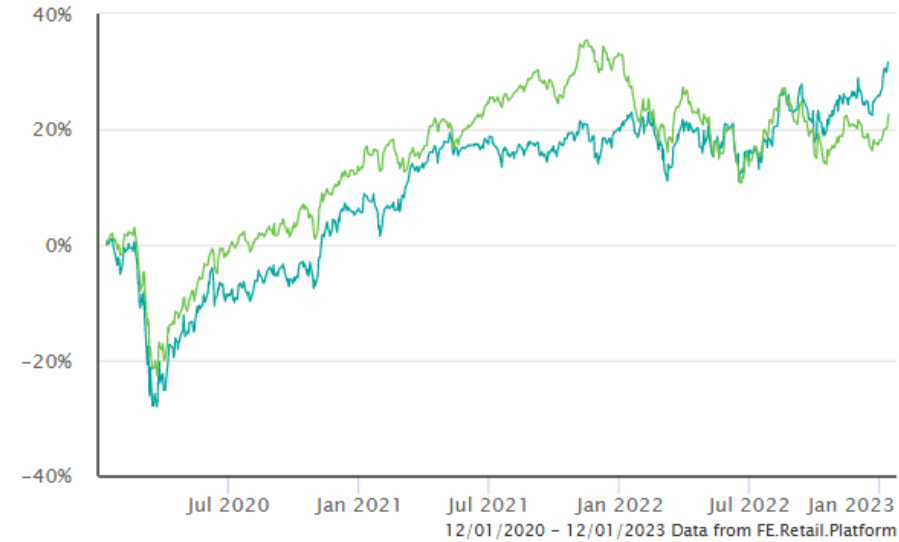
Powered by FE fundinfo

# Credo Global Equity A Retail Acc GBP

## Fund Information

<b>Fund Type:</b>	ICVC
<b>Group Name:</b>	Credo Capital Limited
<b>Sector:</b>	IA Global (View more)
<b>Asset Class:</b>	Equity
<b>Fund Launch:</b>	03/07/2017
<b>Fund Size:</b>	£120.31m (11/01/2023)
<b>Multi-Manager:</b>	No
<b>Own ISA Wrapper:</b>	Yes
<b>Trustee / Depository:</b>	SOCIETE GENERALE SECURITIES SERVICES
<b>ISIN:</b>	IE00BDFZR877

## Cumulative Performance



Time Period 3 m 6 m 1 y 3 y 5 y

■ Credo Global Equity A Retail Acc GBP ■ IA Global

Key	3 m	6 m	1 y	3 y	5 y
<span style="color: red;">■</span>	10.5	13.9	7.6	31.6	57.1
<span style="color: green;">■</span>	6.2	5.3	-5.2	22.4	40.5
Quartile Ranking	1	1	1	1	1

Performance of Credo Global Equity Fund, GBP Institutional class. Source: FE Analytics and Bloomberg.

Actual annual figures are available to the investor on request. Annualised performance is the weighted average compound growth rate over the period measured.

# Important Notice



Credo Capital Limited is authorised and regulated by the FCA in the UK (**Credo**) and the FSCA in South Africa (FSP 9757). The Credo Global Equity Fund, the Credo Dynamic Fund and the BCI Credo Global Equity Feeder Fund are regarded as Collective Investment Schemes in Securities (**CIS**) and should be considered as medium to long-term investments. CISs are traded at the ruling price and can engage in scrip lending and borrowing although none of the Funds do so. The value of participatory interests may go up or down and past performance is not necessarily an indication of future performance. A feeder fund is an investment vehicle that invests in a single portfolio of a CIS schemes and levies its own charges, which could result in a higher fee structure for investors in the feeder fund.

Boutique Collective Investments (RF) (Pty) Ltd (“BCI”) is the Representative Office in South Africa for the Credo Global Equity Fund and the Credo Dynamic Fund, as well as the registered Management of the Boutique Collective Scheme, approved in terms of the Collective Investments Scheme Control Act, No 45 of 2002, and is a full member of the Association for Savings and Investments South Africa. The Manager does not guarantee the capital or the return of any portfolio. A schedule of fees, charges and maximum commissions for the Funds is available on request from the Manager. Additional information, including application forms, annual or quarterly reports can be obtained from BCI, free of charge. BCI reserves the right to close the portfolio to new investors and reopen certain portfolios from time to time in order to manage them more efficiently. Boutique Collective Investments (RF) Pty Ltd retains full legal responsibility for the third party named portfolio.

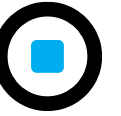
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Performance for the Funds is calculated using net NAV to NAV numbers with income reinvested. Further information may be available from Credo at [www.credogroup.com](http://www.credogroup.com). None of Credo, its directors, officers or employees accepts liability for any loss arising from the use hereof or reliance hereon or for any act or omission by any such person or makes any representations as to its accuracy and completeness. Any opinions, forecasts or estimates herein constitute a judgement as at the date of this presentation. There can be no assurance that the future results or events will be consistent with any such opinions, forecasts or estimates. Investors are warned that past performance is not necessarily a guide to future performance, income is not guaranteed, share prices may go up or down and you may not get back the original capital invested. The value of your investment may also rise or fall due to changes in tax rates and rates of exchange if different to the currency in which you measure your wealth.

CREDO

[credogroup.com](https://credogroup.com)

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## Covid condemns value investing to worst run in two centuries

Sought-after but expensive tech stocks have extended their lead during the pandemic



The floor of the New York Stock Exchange in September 1963 © Library of Congress

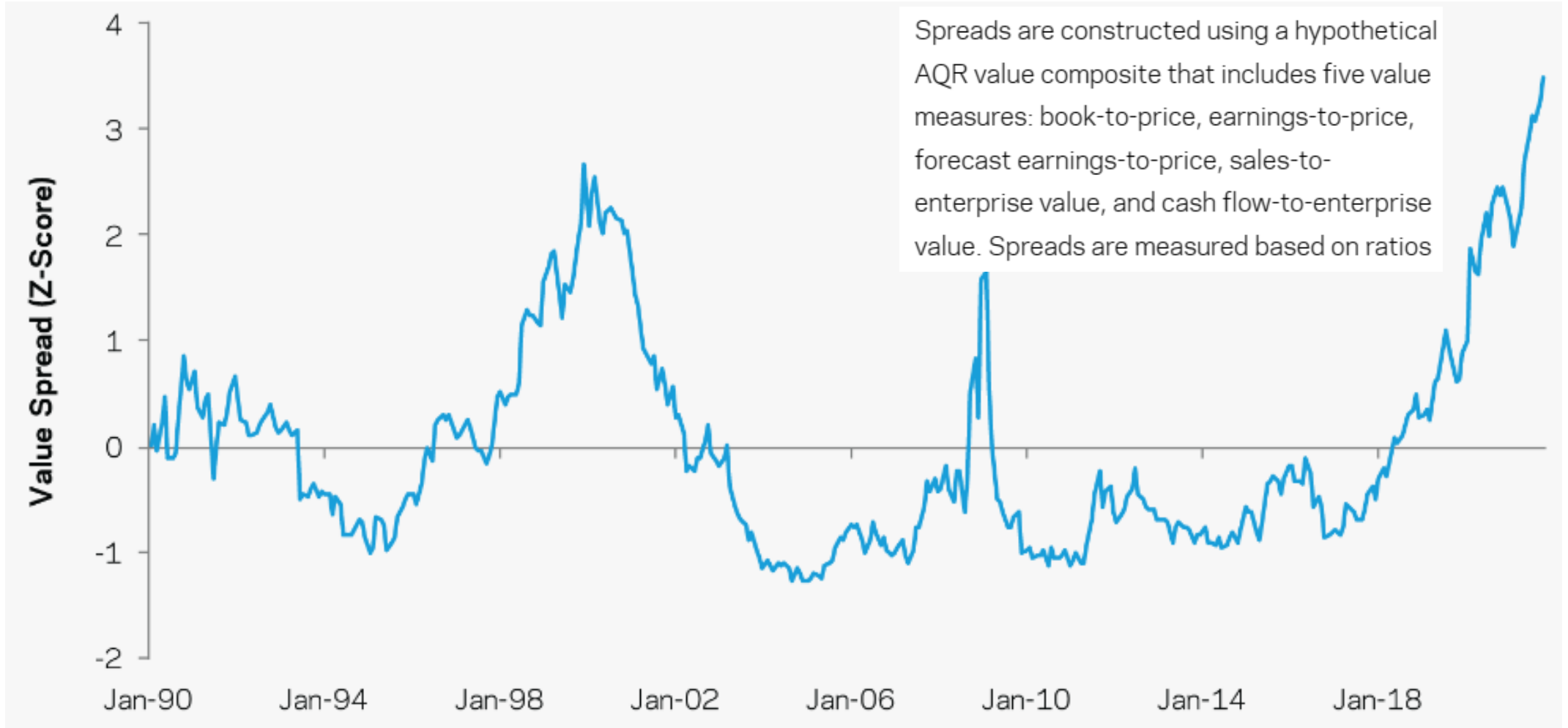
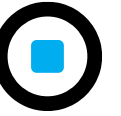
Robin Wigglesworth in Oslo and Naomi Rovnick in London OCTOBER 26 2020

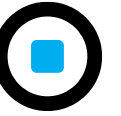




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December 16, 2021 - *Cliff Asness*





## GLOBAL EQUITY FUND



## BCI Credo Global Equity Feeder Fund

### Launched July 2017

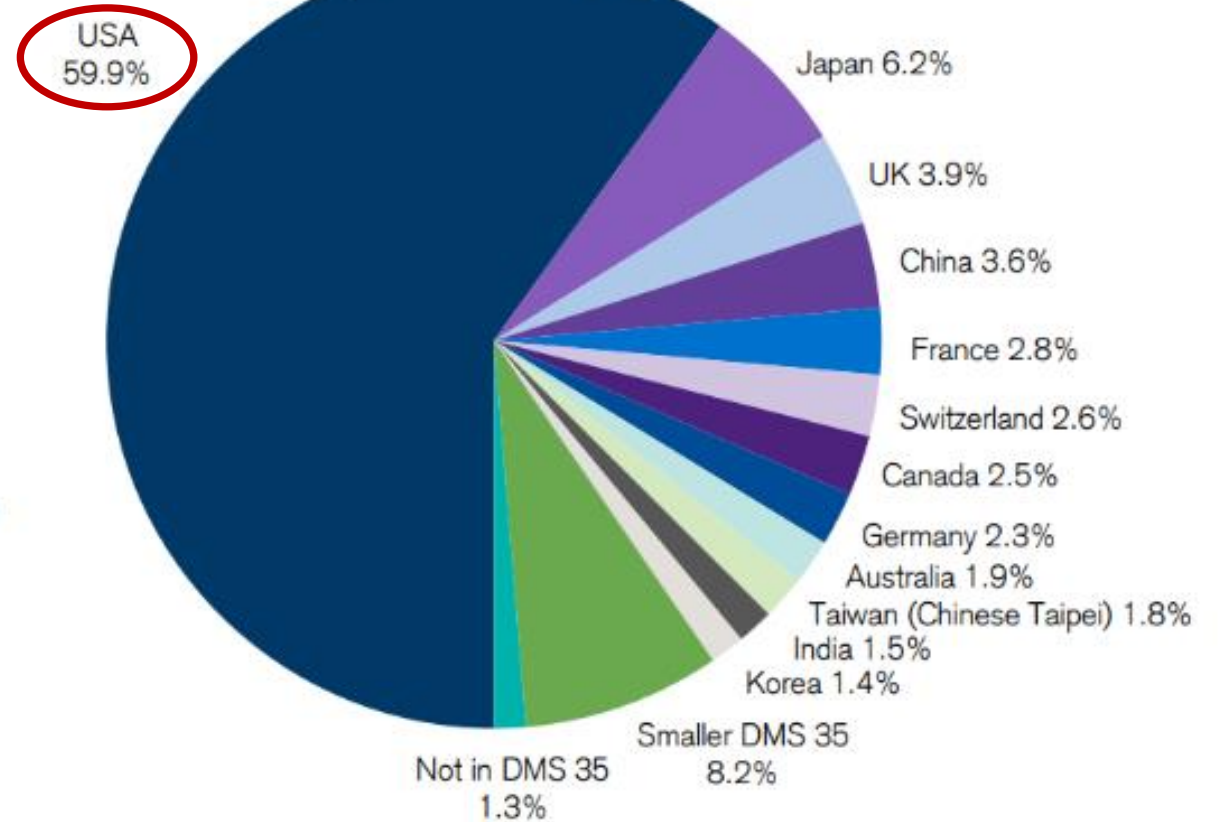
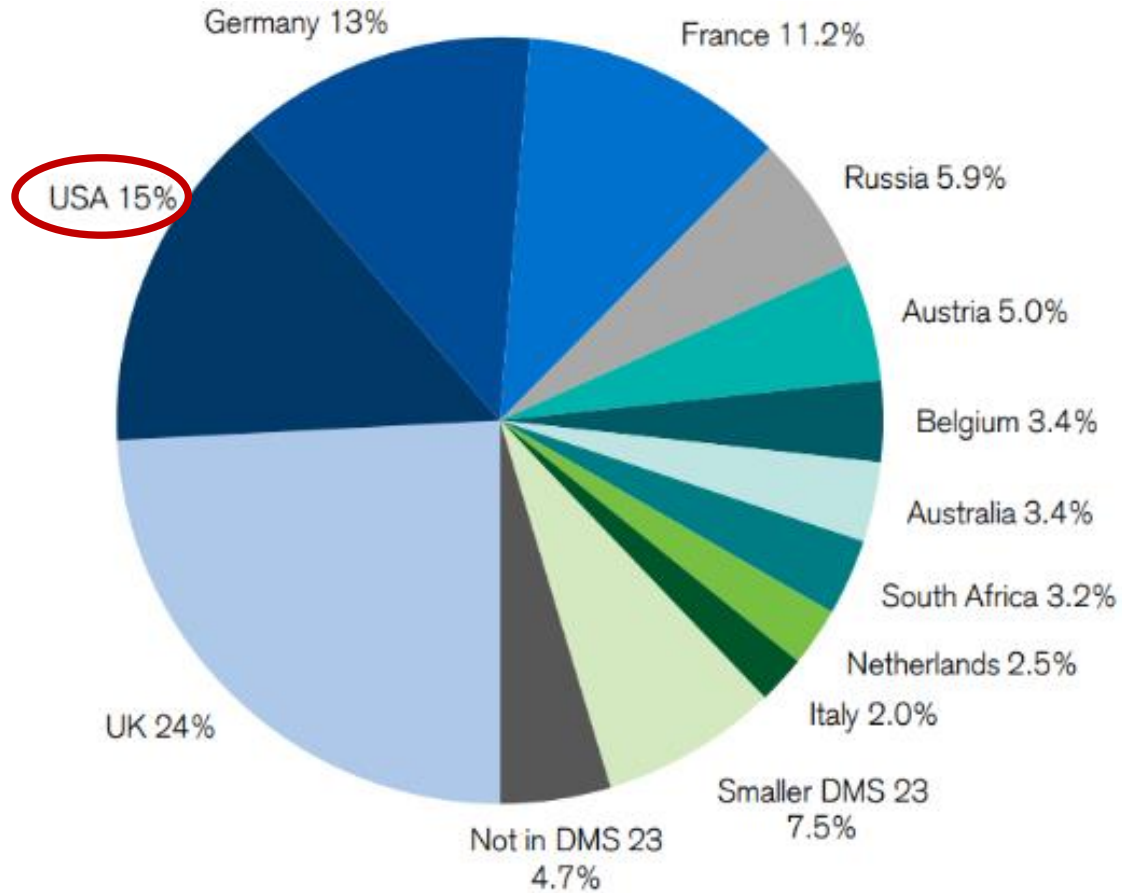
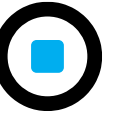
- “Offshore”
- Available in USD \$ and GBP £
- Excellent performance since inception
- On several international platforms

### Launched February 2020

- “Onshore” within South Africa
- Available in ZAR
- Primary distribution through Boutique Collective Investments (as Manco)
- Available on several local platforms

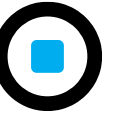


# Relative sizes of world stock markets (1899 vs 2022)

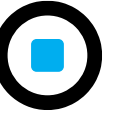


Source: Dimson, Marsh & Staunton, Morningstar





- Largest “for-profit” hospital operator in US
- Highly profitable, cash generative, strong balance sheet
- Cheap valuation ~11x P/E
- Excellent management, consistent track record, founding shareholder still has large stake
- Strategy to achieve local scale in growing urban markets
- Benefits from structural tailwinds:
  - ageing population
  - exposure to urban, suburban areas in Southern states (Texas, Florida) benefiting from migration

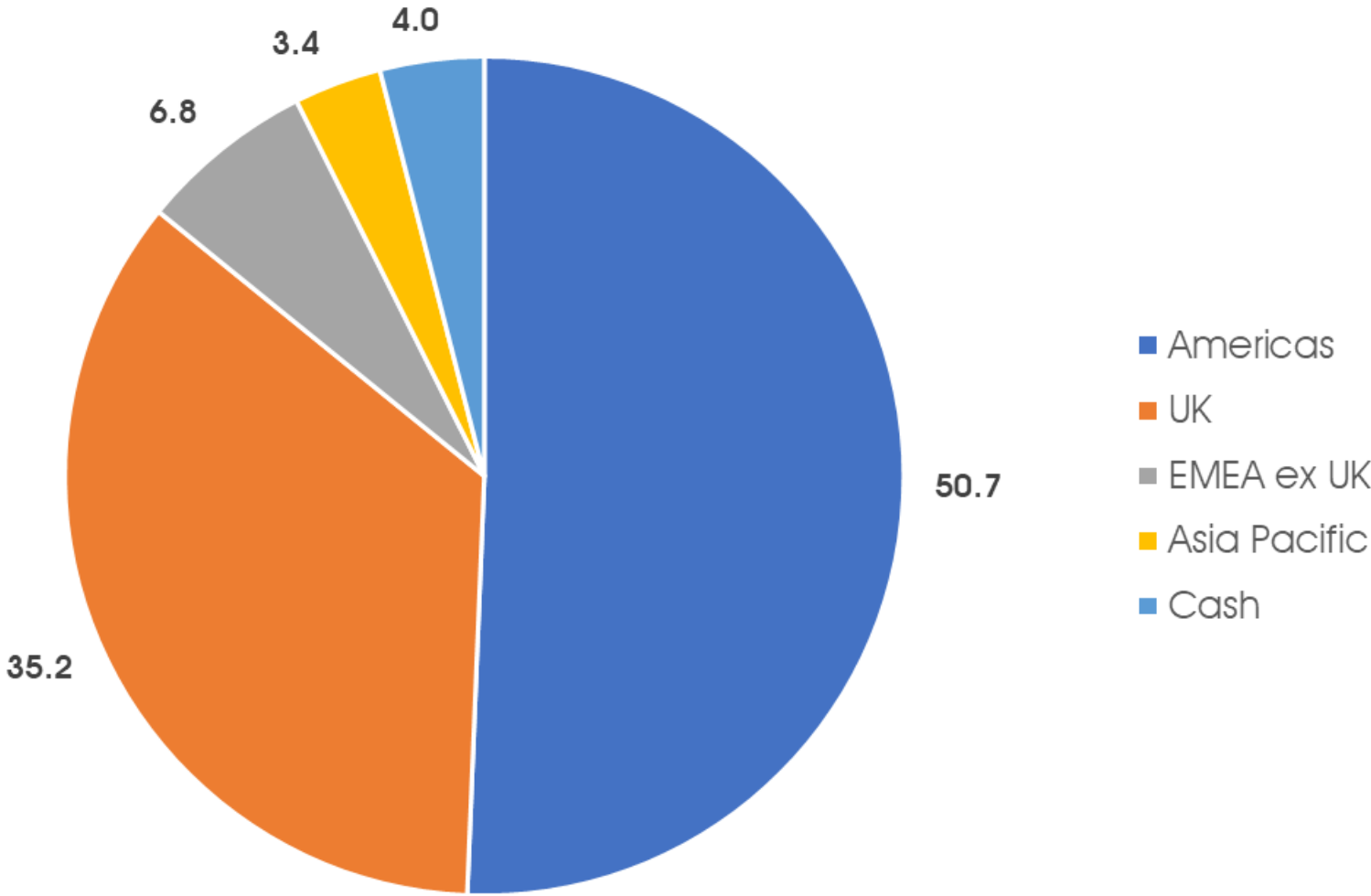


- Global leader in mission critical enterprise software, database & cloud infrastructure as a service
- Major beneficiary of shift to cloud as companies upgrade legacy IT systems
- Highly profitable, long-term growth runway in cloud infrastructure & software as a service
- High proportion of recurring revenue streams makes it more resilient than peers in volatile macroeconomic environment
- Core L/T holding, valued at a premium, which we believe is deserved based on faster organic revenue growth, exposure to sticky enterprise software sales & robust FCF generation



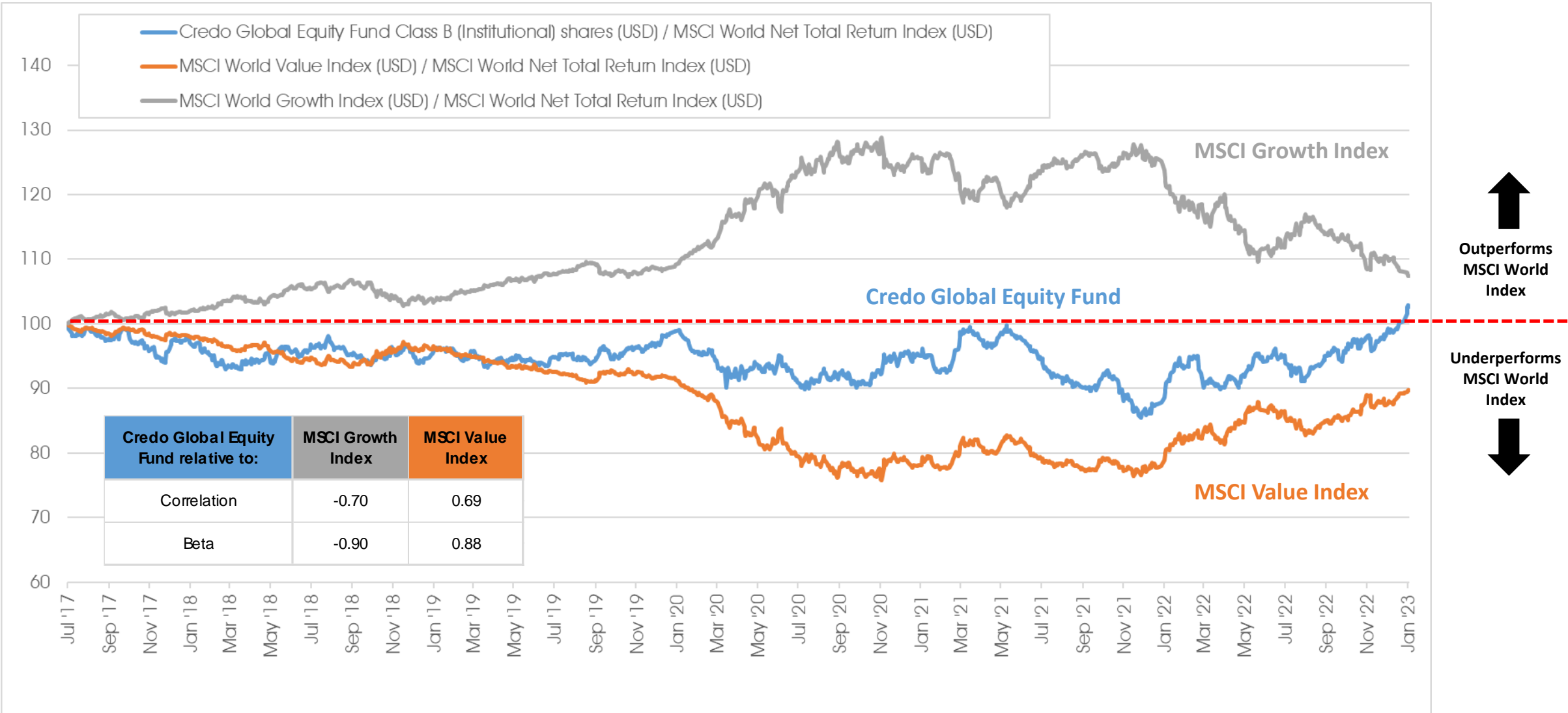
- Global market leader in online sports betting & gaming
- Legalization of US sports betting created an opportunity much larger than hitherto regulated markets
- High barriers to entry (licencing requirements, KYC) – each US state is unique / like separate country
- Incumbents in large regulated markets are best positioned given 2 decade head start, existing technology stack, risk & trading, marketing knowhow
- FanDuel has existing customer base, brand recognition with Fantasy sports being legal in most states
- Highly profitable & cash generative
- Long-term earnings potential is significantly underestimated in our view

# Credo Global Equity Fund – geographic breakdown



Source: Credo, as at 31 December 2022

# CGEF profile against Value and Growth (since inception)

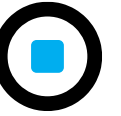


↑  
Outperforms  
MSCI World  
Index

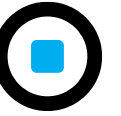
↓  
Underperforms  
MSCI World  
Index

Note: Correlation and Beta are based on 5 years of monthly data, ending 30 Dec 2022. Chart Source: Bloomberg for the period 07 Jul 2017 to 30 Dec 2022

Time to put a toe in the water?



# How to Invest



CREDO

7iM

allfunds

AVIVA

BNY MELLON | PERSHING

Discovery

embark  
platform

glacier  
by Sanlam

HARGREAVES  
LANSDOWN

M&G wealth

momentum  
investments

novia

nucleus

OLDMUTUAL  
INTERNATIONAL

Quilter

RAYMOND JAMES®

Standard Life

Standard Life | Elevate

transact