



## **Ben Newton, Co-manager Credo Dynamic Fund**

2023 proved a rewarding year for investors with a long-term perspective, despite the initial market jitters. We made two key decisions that benefited both our fixed income portfolios and our multi-asset fund, Credo Dynamic.

First, we extended the duration of our corporate bond allocation by purchasing long-dated bonds that had fallen due to rising interest rates. For example, we acquired a 30-year British American Tobacco bond offering a 7% income stream. Our thesis was that we were being handsomely compensated for waiting for interest rates to eventually normalize and unlock capital gains, which started to materialize in the fourth quarter.

Second, and specifically within Credo Dynamic, we increased exposure to equity investment trusts at their widest discount since 2008. This presented a rare opportunity, as these trusts could potentially deliver leveraged returns on the market, benefiting from both narrowing discounts and rising asset values. Our purchases included Montanaro for smaller companies, Smithson for mid-caps and Pershing Square Holdings for larger caps.