New Capital
US Growth Fund

Monthly Commentary | As of 30 September 2024

Executive summary

Key events in market
After markets digested the long-awaited first rate cut by the FED and bucked historical negative September seasonality, we remain cautiously optimistic that market breadth will continue to improve as macroeconomic conditions support a soft-landing scenario.

Key performance & positioning updates
The US Growth Fund gained 2.7% in September, just shy of the Russell 1000 Growth Index's 2.8% return. Monthly performance was driven by positive contributions from Industrials, Financials, Communication Services, and Consumer Staples. Health Care, Technology, Consumer Discretionary, Cash, and our lack of exposure to Utilities detracted from performance, while our lack of exposure to Energy, Materials and Real Estate had a de minimis impact on performance.

House view

After another brief correction at the start of the month, global stock markets hit new all-time highs at the end of September. The MSCI All Countries Index rose 2.4% for the month, bringing its year-to-date gain to 19.1%. Government bond yields remained at their lowest levels in 15 months on the prospect of looser monetary policy.

Commodity prices, except for oil, rose on a mix of elevated geopolitical tensions – gold – and the announcement of measures to support the economy in China – industrial metals. Finally, the currency market saw the yen, sterling and yuan renminbi lead the recovery of major exchange rates against the US dollar.

In September, several important economic policy steps were taken. First, the Federal Reserve began easing interest rates with a 0.50% cut, higher than market expectations, signalling a shift in focus from fighting inflation to supporting the labour market and economic growth. In addition, Chinese authorities announced a broad package of fiscal and monetary measures aimed at supporting the real estate market and domestic demand.

Another factor that supported markets is the decline in oil prices. Despite the worsening crises in the Middle East and Ukraine, crude oil supply remains more than sufficient to meet demand, which remains moderate, also by virtue of the growing availability of energy from renewable sources. The prospect of lower inflation, in the absence of new shocks, fuels the hope of a prolonged period of interest rate cuts and moderate bond yields.

Fund performance and positioning

The US Growth Fund gained 2.7% in September, just shy of the Russell 1000 Growth Index' 2.8% return. Monthly performance was driven by positive contributions from Industrials, Financials, Communication Services, and Consumer Staples. Health Care, Technology, Consumer Discretionary, Cash, and our lack of exposure to Utilities detracted from performance, while our lack of exposure to Energy, Materials and Real Estate had a de minimis impact on performance.

The top contributors were:
- Eli Lilly & Co: Shares contributed as we did not own this large index weight that underperformed in the period
- Meta Platforms Inc.: shares of this social networking leader climbed as investors appear to starting to embrace the potential upside from AI
- Home Depot: shares rallied on renewed investor enthusiasm for rate-sensitive industries following the Fed rate-cut announcement

The top detractors were:
- BioMarin Pharmaceutical Inc.: shares declined in the wake of escalating competition for its flagship drug
- Oracle Corp: Shares detracted from performance as we did not own this large index weight that outperformed in the period
- Vertex Pharmaceuticals Inc.: shares drifted lower on "no news" amidst negative sentiment for biotechs

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	New Capital US Growth Fund	Russell 1000 Growth Total Return Index	Difference
1 Month	+2.66%	+2.83%	-0.17%
3 Months	+2.40%	+3.19%	-0.79%
6 Months	+10.50%	+11.79%	-1.29%
YTD	+24.82%	+24.55%	+0.27%
1 Year	+45.69%	+42.19%	+3.50%
3 Years	+36.73%	+40.58%	-3.85%
5 Years	+148.92%	+146.16%	+2.76%
10 Years	+299.09%	+361.45%	-62.36%
Since Inception Annualised	+16.13%	+17.01%	-0.88%
Since Inception (15/11/2011)	+585.99%	+655.73%	-69.74%

Past performance is not a guide to the future. The value of your investments and the income from them may fall as well as rise as a result of market as well as currency fluctuations and you may not get back the full amount invested. The Fund is actively managed and as such does not seek to replicate its benchmark index, but instead may differ from the performance benchmark in order to achieve its objective. Fund performance is net of fees and representative of the USD I Acc Share Class, OCF 0.99%, and shows a maximum of five previous calendar years and current year to date (computed on a NAV to NAV basis). Where share class inception begins prior to the five previous years the chart has been re based to 100. Where the Fund has fewer than five full years of performance, returns are shown from the inception date. Source: EFG Asset Management, Bloomberg. As at 30 September 2024.

Outlook

After markets digested – dare we say celebrated? – the long-awaited first rate cut by the FED and bucked historical negative September seasonality, we remain cautiously optimistic that market breadth will continue to improve as macroeconomic conditions support a soft-landing scenario. Further, many of the fundamental trends that supported equity valuations in the first half of the year – namely, Technology-oriented initiatives, stable manufacturing activity, streamlined supply chains, and decisive cost-control actions – will be drivers of positive sentiment in the upcoming earnings season. We are also encouraged by resilient investor sentiment despite an abundance of high-impact catalysts that remain on-hand for equity markets: the as-yet undecided US Presidential election, labour strife at domestic ports, escalating violence in the Middle East, historic central bank stimulus in China, and a stubbornly mixed domestic economy.

We continue to believe that the current market conditions afford a wealth of opportunities for active managers like ourselves, and that our portfolio constituents embody the same characteristics investors should seek to embrace at the early stages of a fledgling economic cycle: companies with best-in-class management teams with the vision and capacity to execute against long term plans; brands with differentiated products and services; and market-leading or share-gaining constituents of industries with secular growth opportunities.

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MARKETING COMMUNICATION

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All sources: EFG Asset Management (UK) Limited ("EFGAM"), Factset, Bloomberg, Morningstar as at end of the month. Any other sources as applicable.

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More complete information on the fund can be found in the relevant memorandum and articles of association, prospectus, key information document, the addenda, the supplements and the most recent audited annual report and the most recent semi-annual report. These documents constitute the sole binding basis for the purchase of fund units. Copies of these documents are available free of charge and may be obtained upon request from www.newcapital.com and also as follows:

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Italy: from the Italian paying agent, All funds Bank S.A.U., Milan Branch, Via Santa Margherita, 7 – 20121, Milan, Italy

Germany: from the German Facility Agent, FE fundinfo (Luxembourg) S.a.r.l. 6 Boulevard des Lumières, Belvaux 4369 Luxembourg

Austria, France, Luxembourg, the Netherlands, Portugal, Spain and Sweden: from the European Facility Service provider, FE fundinfo with registered address 6 Boulevard des Lumières, Belvaux, 4369 Luxembourg

Cyprus: from the Cypriot Paying Agent Eurobank Cyprus Ltd, 41 Makariou Avenue, 1065, Nicosia, Cyprus

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agree that we may cease providing financial services to you if you are no longer a wholesale client or do not provide us with information or evidence satisfactory to us to confirm your status as a wholesale client;

and agree to notify us in writing within 5 business days if you cease to be a 'wholesale client' for the purposes of the financial services that we provide to you.

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