

Fides Capital

Fides Capital fund report December 2024

“Compound interest is the eighth wonder of the world. He who understands it is enriched; whoever does not understand it, pays for it »
Albert Einstein

“Success in investing takes time, discipline and patience. No matter how hard you try and how talented you are, you have to accept that some things just take time. »
Warren Buffett

Introduction

The Fides fund is an independent asset investment fund with a dynamic strategy.

It is therefore intended for anyone wishing to grow their financial assets over the long term without delegating this responsibility to a bank.

Our investment philosophy comes from the teachings of one of the greatest investors of all time: Warren Buffett, nicknamed the Oracle of Omaha.

It is based on three cardinal values: humility, discipline and patience.

Strict investment criteria

- Exclusive investment in American and European companies
- The constant search for leading companies with a sound balance sheet, low debt, a significant capacity for innovation and high barriers to entry

A traditional view of investing

- A financial analysis attached exclusively to the quality of the company, independently of the upheavals of the financial markets
- A long-term approach based on the creation of heritage value

Clear goals and ambitions

- The objective of an average net annual return of at least 5% but also that of creating more value than the best banking institutions
- The ambition to double the capital every decade but also that of creating more value than Warren Buffett

Alignment of interests at the heart of our approach

- The absence of hidden costs by investing only in direct stakes in companies
- The fixed part of the fixed costs reduced to the strict minimum and the major part linked to the performance generated
- The strong involvement of the Fides Capital team, a substantial part of whose assets is invested in the fund

Market analysis

As a whole, the financial markets marked a pause during the fourth quarter of 2024, like the MSCI World having experienced a very slight drop of 0.40%. However, this did not prevent Fides from moving forward since it experienced an increase of 4.28% over the same period.

These last three months of the year have seen the divergence between the United States and the rest of the world increase, an economic reality now called "American exceptionalism" by the financial media and a phenomenon amplified by the re-election of Donald Trump for a second mandate. Indeed, the latter suggests a new cycle of economic expansion across the Atlantic due to tax and regulatory policies more favorable to the business world.

On the monetary front, the various central banks around the world continued their easing cycles. Inflation continues to decelerate almost everywhere, with the exception of the United States where questions still remain alive on this subject. Especially since the economic policies of the Trump administration could revive certain inflationary tensions. In this context, long rates rose sharply in the United States, fueling a correction on American stock markets in December.

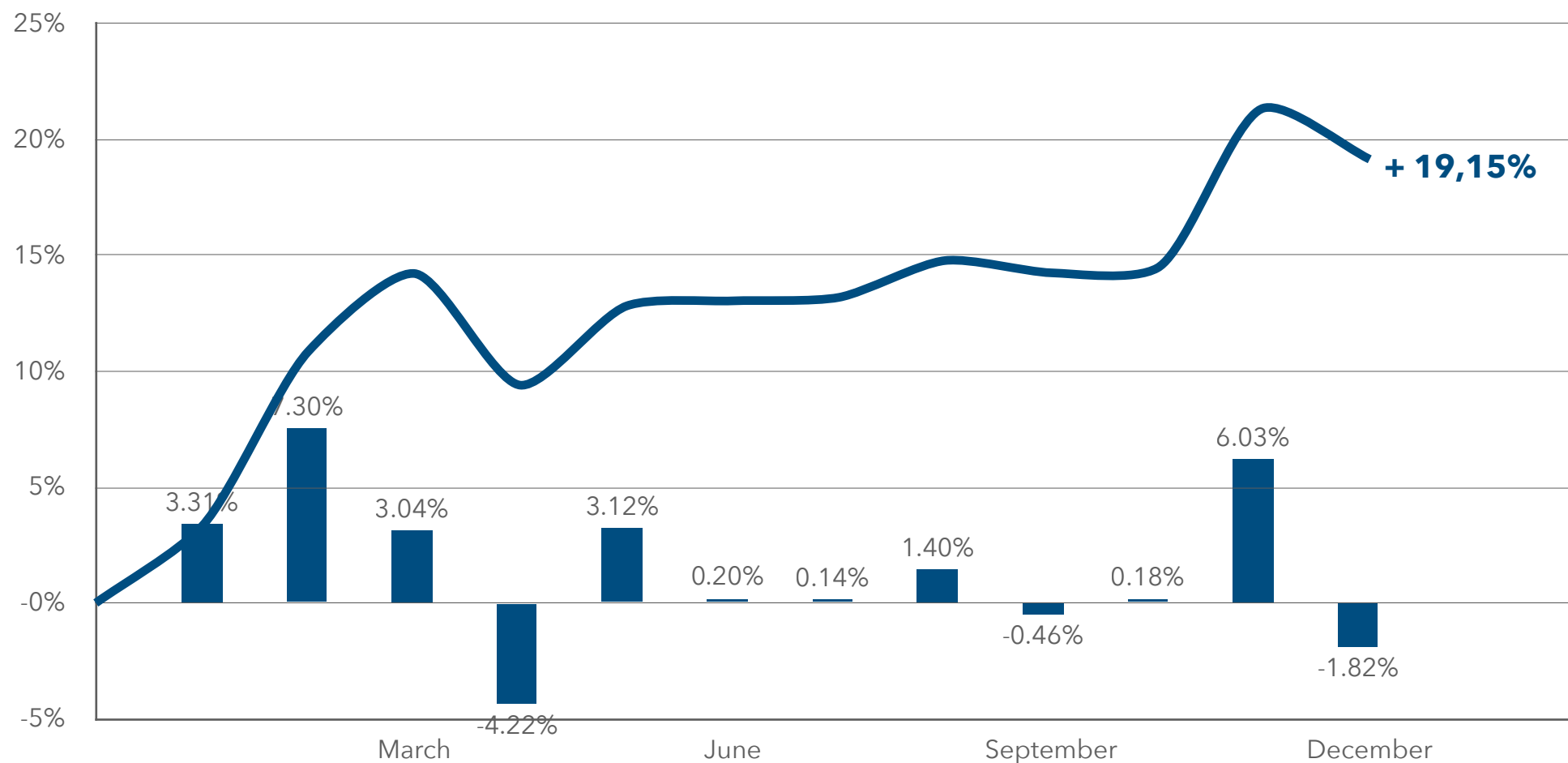
Concerning the outlook for the financial markets over the coming months, we continue to favor a positive scenario.

In our opinion, the equity markets still contain some upward potential. First, in the United States, the resilience of economic growth should make it possible to see continued solid business results. Then, in Europe, the historic discount should allow a gradual return to the mean. However, for this to happen, a particular event such as a ceasefire in Ukraine will need to serve as a catalyst to begin this catch-up movement.

However, although we maintain a positive bias on the future development of the financial markets, at Fides we believe that this will continue to be accompanied by a certain volatility. We will have to get used to President Trump's unwanted communications on social media again. It will also be necessary to carefully analyze the impact of the first decisions taken by his administration in the coming days.

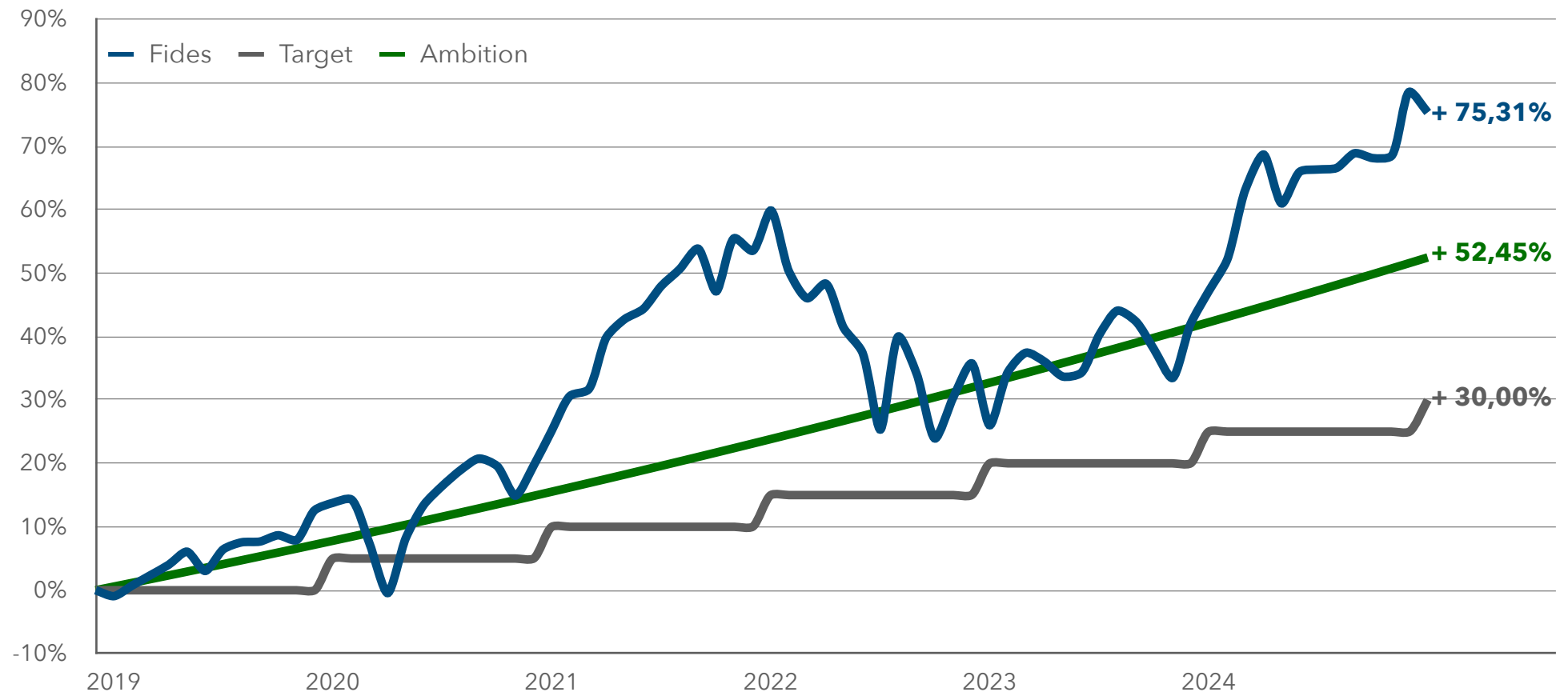
As we have always done until now, we will have to demonstrate discipline, responsiveness and common sense in the coming months in order to be able to continue to create asset value for our investors.

Performance 2024



We close the year with significant asset growth of **+19.15%**. Our flexible and convincing management allows us once again to fully meet our objective of annual asset growth of 5% and our ambition of annual asset growth of 10%. Furthermore, we have a significant lead compared to our benchmark indices, the Dow Jones **(+12.88%)** or the Eurostoxx 50 **(+8.28%)** and even more significant to the with regard to the French CAC40 **(-2.15%)** and the Swiss SMI **(+4.16%)**, two indices that our investors are particularly fond of.

Cumulated performance since inception



Following a positive fourth quarter, Fides now displays long-term asset growth of **+75.31%**. 2024 will also be a particularly prosperous year. Indeed, many steps have been taken: we have reconquered our former historic high (marked before the outbreak of the war in Ukraine) as well as conquered for the first time the thresholds of 60% then 70% of asset growth since the creation from the Fides fund.

Fides performance analysis

In a constant search for high standards, we wish to compare ourselves to the best in order to assess the quality of the Fides heritage fund.

We selected the UBS SAP Dynamic fund (ISIN: LU1599188403). This banking reference has a similar investment strategy, namely dynamic but flexible. It reflects the know-how in terms of asset management of UBS, which is the world leader in wealth management (in terms of assets under management) and which has been awarded, on numerous occasions, best wealth management bank in the world by Euromoney.

During this fourth quarter our lead with regard to this high-quality banking benchmark increased significantly. We closed this year 2024 with a higher performance of **6.10%**.

In the long term, this leading banking benchmark now displays a positive performance of **+15.29%**. It has somewhat exceeded its high points marked at the start of 2020 before the Covid crisis but it has still not returned to its high points marked before the war in Ukraine. Conversely, the Fides fund, with a long-term performance of **+75.31%**, is now well beyond its historical high points marked before these two major crises.

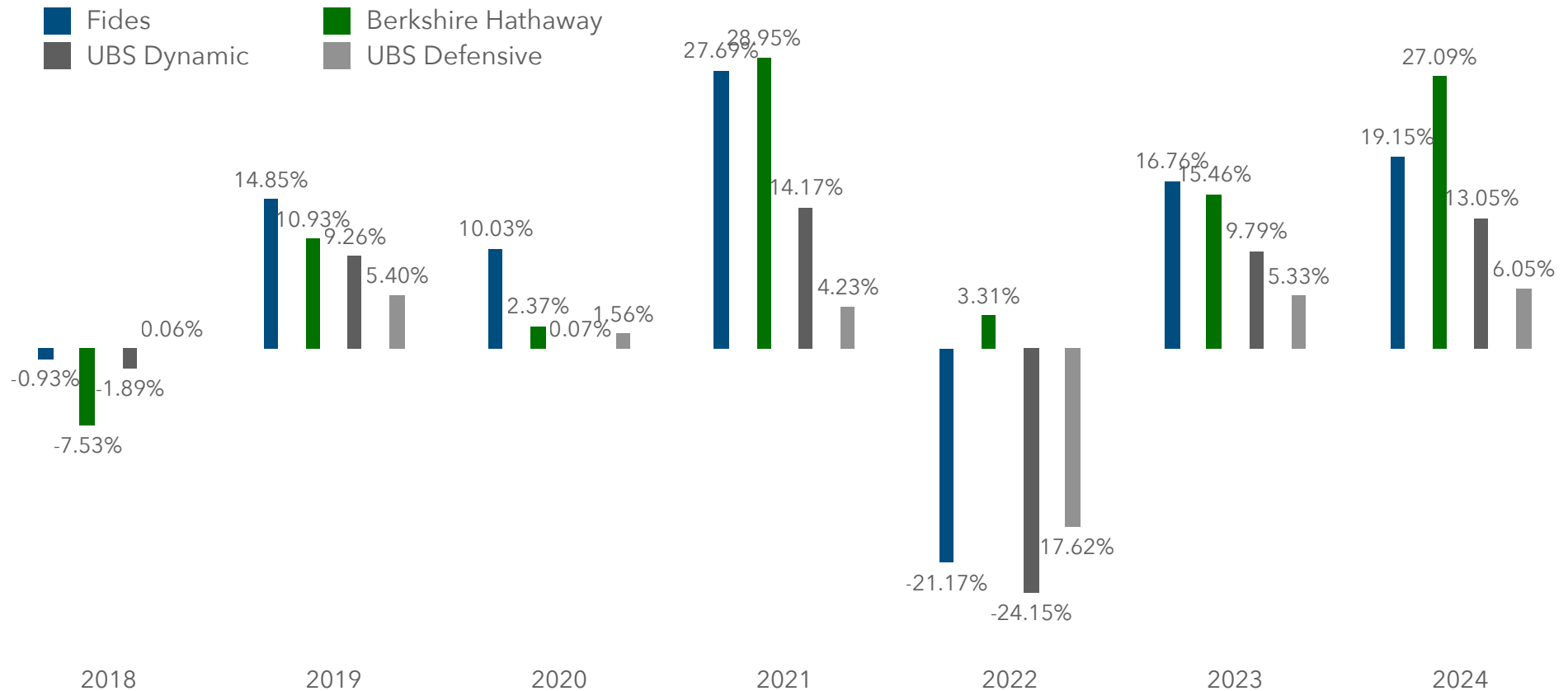
This once again demonstrates the relevance of our traditional and independent investment philosophy as well as the quality of our investment decisions.

In this extremely complicated long-term context for six years, even UBS's defensive strategy only shows a very modest increase of **2.72%**.

Considering Warren Buffett as the greatest investor of all time and fully sharing his investment philosophy, we believe that it is necessary, in order to one day touch excellence, to compare the performance of the Fides fund to that of its listed holding company, Berkshire Hathaway.

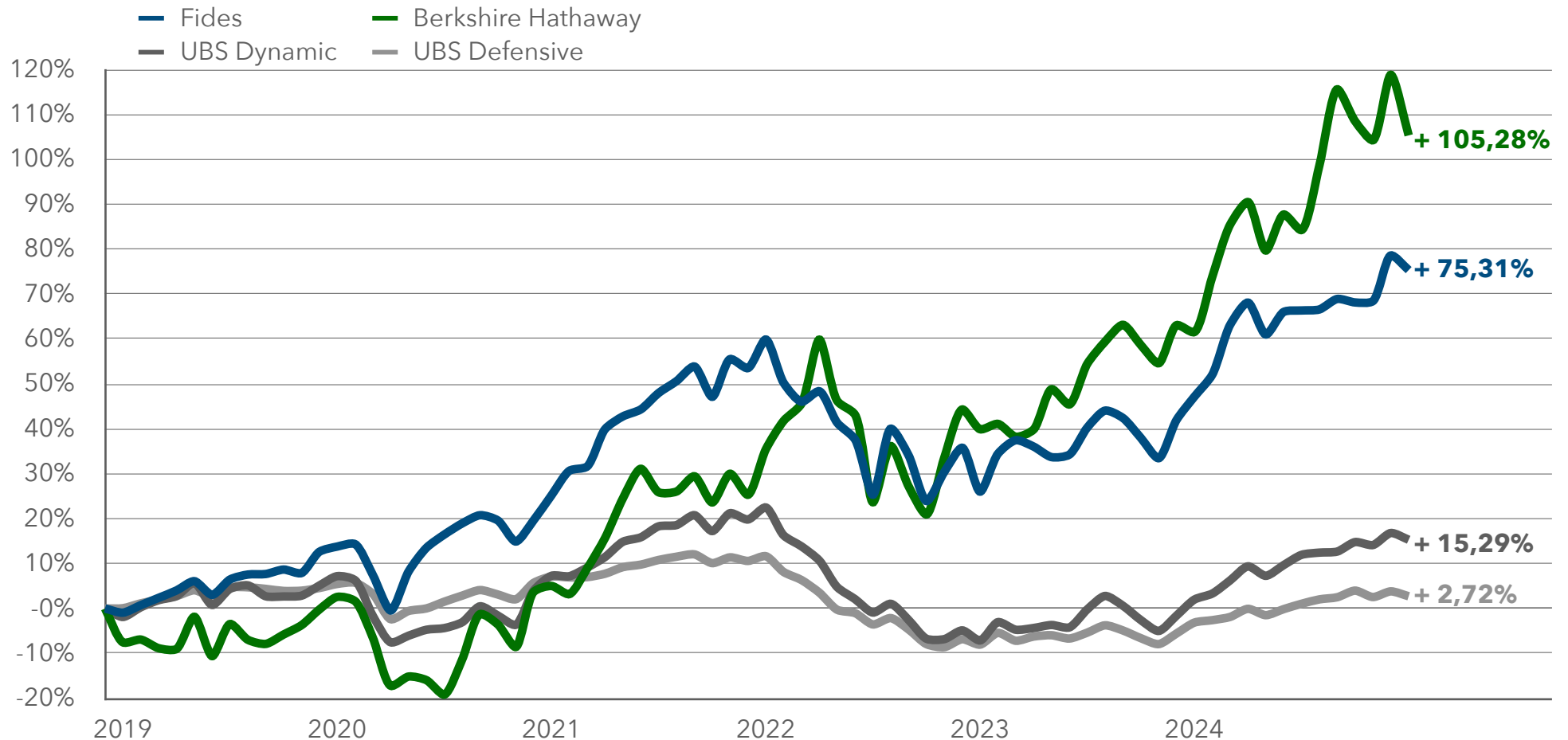
While the Fides fund had always been in the lead until then, the year 2022 broke with this trend. Indeed, this event has since marked a strong divergence in performance between the United States and the rest of the world. Still behind due to our significant allocation to Europe (unlike him), we are still striving to catch up with the Oracle of Omaha.

Yearly performances comparison



Fides concludes the year 2024 with an advance of **6.10%** over its prestigious banking equivalent. We have thus fulfilled our objective of surpassing the best banking establishments and our ambition to surpass them by 5% over the calendar year. Conversely, we were once again left behind by Berkshire Hathaway. Its exclusively American investment portfolio allows it to take full advantage of American exceptionalism on the economic level.

Cumulative performance compared



In accordance with our primary ambition, the Fides fund delivers long-term performance well above that of its prestigious banking references. We now have a significant lead of **60.02%** over our banking equivalent, a record gap further accentuated this year.

Targets & Ambitions

Targets

In absolute terms: generate an average net annual performance of at least 5%.

Despite the significant number of crises experienced since its launch six years ago, the Fides fund has a solid cumulative performance of **75.31%**, well beyond our return objective.

At this stage, we are responding to this first ambition.

In relative terms: obtain a performance superior to that of the best banking establishments.

With a performance well above its banking benchmark, the Fides fund continues to further increase its lead and now has a considerable performance gap, namely **60.02%** in just six years.

At this stage, we are responding to this first ambition.

Ambitions

In absolute terms: double the capital every decade.

Thanks to judicious positioning at the start of the year, Fides is increasingly ahead of the curve that represents this ambition.

At this stage, we are responding to this first ambition.

In relative terms: obtain superior performance to that of Berkshire Hathaway.

Despite an extremely solid performance at the start of the year, the performance of the Fides fund still remains lower than that delivered by Warren Buffett.

We are not responding at this stage to this second ambition.

In 2025, the global geopolitical and macroeconomic issues will undoubtedly be numerous and difficult to understand.

Nevertheless, we will try to face them with calm and common sense, always driven by the same ambition to generate double-digit annual asset growth.

In 2024 we reconquered our old peaks dating from before the outbreak of the war in Ukraine (59%) then crossed for the first time in our history the levels of 60% then 70%. As in 2023, we benefited very strongly from our holdings in American companies in the technology sector driven by artificial intelligence but also from European companies in the defense and arms sector.

In 2025, we will try to reach new heights beyond 80%, 90% and perhaps even 100%.

Whatever happens, we will continue steadfastly to climb our Everest. As a reminder, when Fides was launched, we set ourselves the goal of doubling our assets in a decade, while very strongly limiting financial risk-taking.

During these first six years of existence, we had to face numerous exogenous shocks. To name only the main ones: American commercial isolationism under the Trump administration not seen since the 1920s, a global pandemic never experienced like this in human history, the return of an armed conflict on European soil not seen since 1945 and finally the biggest financial crisis since the 1930s.

Despite this and even if we have not always acted perfectly, we have been able to generate significant asset value creation for the entire Fides investor community.

In the future, we will continue, as in the past, to be at your side. We will remain driven by the trust that you increasingly place in us, day after day. And this, while never deviating from the founding principles of Fides: developing your assets in the long term and in concert alongside ours, within the framework of a pure alignment of interests and within human, accessible portfolio management. and aimed at investing in the real economy.

We can never repeat the words of the Master enough on this subject. Success comes through discipline and patience. We have discipline, you have to have patience. This is how we will achieve success together, and climb our financial Everest together.

Contact

For any questions relating to our company or our investment fund, we invite you to contact us directly.

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