CREDO NEWS

Issue 19

SPRING 2015

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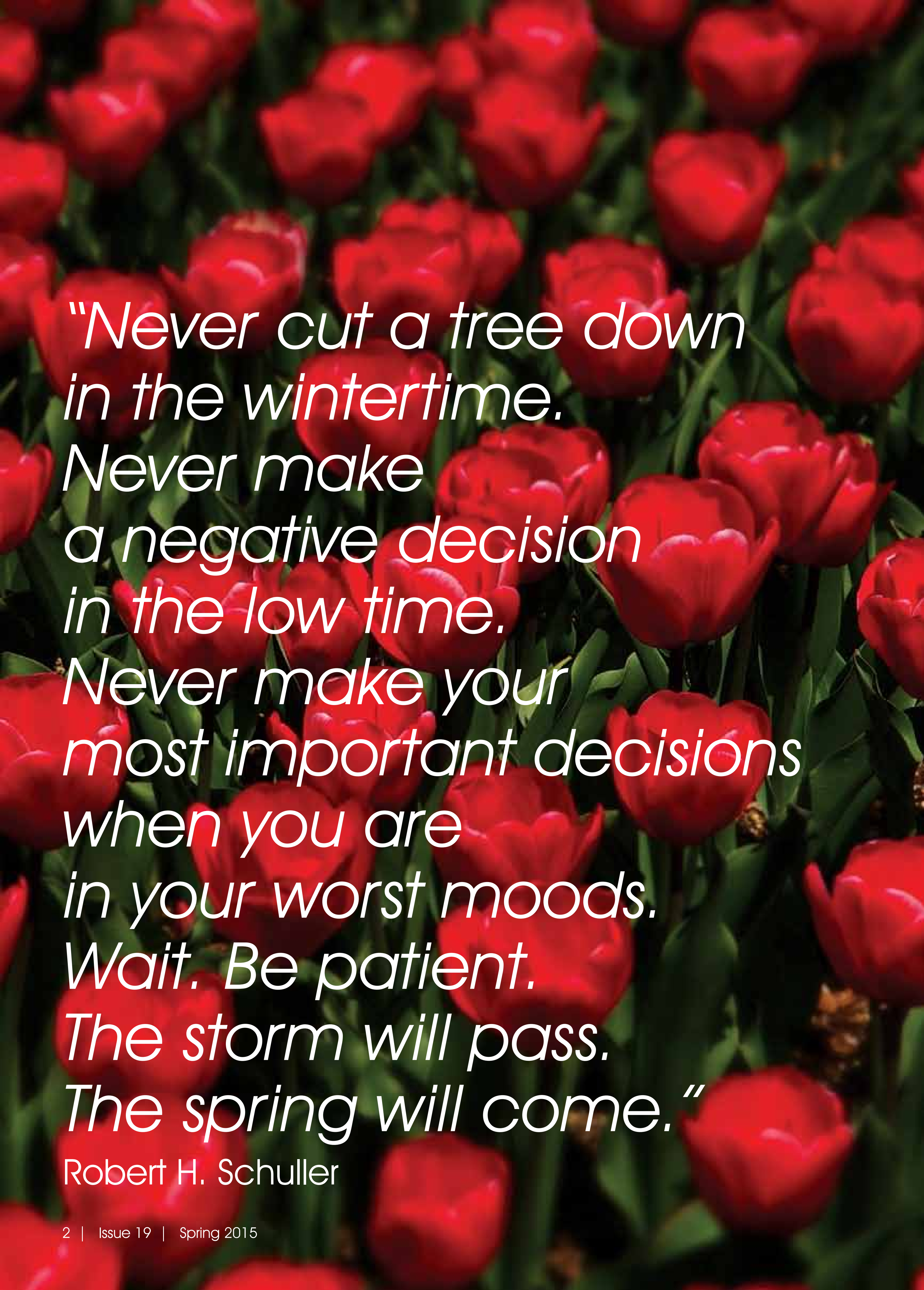


"Never cut a tree down
in the wintertime.
Never make
a negative decision
in the low time.
Never make your
most important decisions
when you are
in your worst moods.
Wait. Be patient.
The storm will pass.
The spring will come."

Robert H. Schuller

This time it's not different

The spring will come

We have had a very busy quarter since our last newsletter, and in this edition we detail some of our activities and our progress since then.

Our South Africa conference was a great success. Our 4 South African colleagues were joined by 5 members of our London team for a whirlwind 5-day, 5-city tour. The Oscar-worthy performances are reported by SJ on page 16. Following this success, we will now be hosting a London presentation in late April. For further details, please contact your relationship manager.

We continue to invest in our people as illustrated on page 19, where 5 new joiners tell us a little bit about themselves.

March 2015 marks the 15th anniversary of the dot com boom, the historic speculative bubble which was created by a combination of rapidly increasing stock prices, market over-confidence in the future profitability of companies, individual speculation in stocks, and readily available venture capital. This fostered an environment where traditional metrics such as P/E ratios were overlooked and instead investors placed their trust in the relentless march of technology.

The inevitable collapse came in 1999. Some companies failed completely; others survived but at great cost to their market capitalisation – for instance Cisco, whose stock declined by some 85%; while some later recovered to surpass their bubble peaks, such as Amazon, whose stock went from $107 to $7, only to recover to around $370 today. Looking back, I am reminded of legendary investor and philanthropist Sir John Templeton's words: *"the four most dangerous words in investing are: 'this time it's different'"*.

Yet once again we are witness to technology companies raising ever-increasing amounts of capital at staggering valuations. Uber recently raised $1.2bn at a $40bn valuation, while Chinese e-commerce giant Alibaba, itself a poster child of the current technological era, is reportedly planning to invest $200m in Snapchat, valuing the photo-messaging service at about $15bn.

The current bull market has now entered its 7th year, yet many of our individual clients have remained un-invested or, at the very least, underinvested in equities. Given that it is highly unlikely that *"this time it's different"*, perhaps now would be a wise time to consider a thorough spring clean of one's finances along with an annual assessment of one's investment portfolio.

I trust that you will enjoy this spring edition and, in the spirit of Shuller's quote, spring is coming. That means:

It's a good time to make some important decisions.

At Credo, as always we look forward to assisting you in making these decisions, and in continuing to grow our relationship with you.

Alan Noik - *MD* | @AlanNoik_Credo

Planting for the future

"The best time to plant a tree was 20 years ago. The second best time is now."

Ancient African Proverb

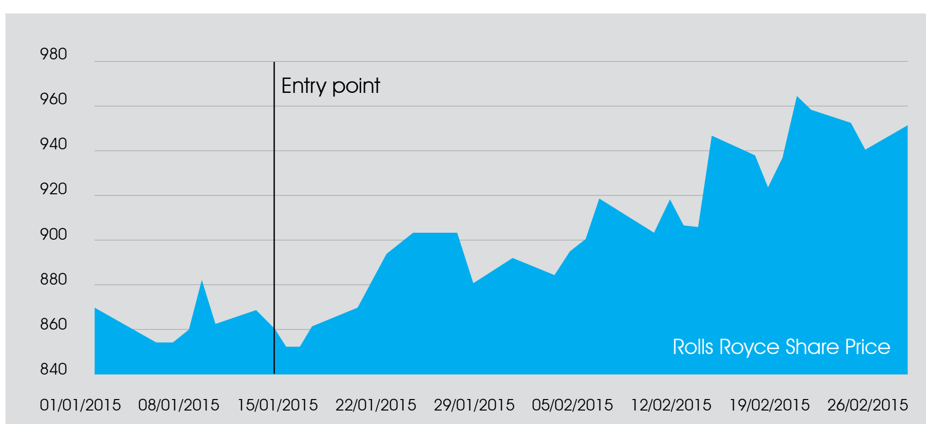
The Best Ideas Portfolio and the Dividend Growth Portfolio lie at the core of Credo's actively managed investments. Underlying each investment decision is a long-term mind-set with an emphasis on value.

Our two portfolios are designed specifically to serve the different needs of clients. The Best Ideas Portfolio invests directly in approximately 20 blue chip global companies, with a focus on capital growth. The Dividend Growth Portfolio, by contrast, was initiated against a backdrop of historic low interest rates across much of the OECD and suppressed bond yields, with the stated intention of investing in high quality global companies with attractive dividend yields. For each portfolio, our approach is relatively conservative, with the primary focus being capital preservation. Accordingly, while our portfolios may underperform during an up-market, they are intended to outperform in a down-market.

Our investment rationale is expressed by two approaches: a strategic and a tactical approach. Our strategy is simple: we seek high quality companies trading at attractive valuations to hold for the long-term. Because of this, our investment analysis typically filters out short-term noise from the markets, unless we deem developments to be of strategic importance.

The other facet of our approach is tactical. We aspire to be tactical over our entry and exit. Where possible, we exploit short-term market fluctuations to secure even more attractive valuations for our long-term investments. Our recent acquisition of Rolls-Royce reflects this. We invest for the long-term, and thus short-term downward price movements leave us unfazed.

Frank Lloyd Wright, the famous American architect, wrote that "*a doctor can bury his mistakes, but an architect can only advise his clients to plant vines*". At Credo we do no such thing: our performance figures openly document the entire history of our portfolios, and are updated monthly in our **Portfolio Pulse** factsheets, which are available at credogroup.com.



Having decided to purchase Rolls Royce earlier in the month, we bided our time, waiting for an attractive buying opportunity. Source: Bloomberg, Credo Capital plc

BESTIDEASPORTFOLIO | DIVIDENDGROWTHPORTFOLIO

If by spring…

In 1952, Noah S. Sweat, a member of the Mississippi House of Representatives, was asked about his position on whiskey.

"If when you say whiskey you mean the Devil's brew, the poison scourge, the bloody monster, that defiles innocence, dethrones reason, destroys the home, creates misery and poverty, yea, literally takes the bread from the mouths of little children; if you mean the evil drink that topples the Christian man and woman from the pinnacle of righteous, gracious living into the bottomless pit of degradation, and despair, and shame and helplessness, and hopelessness, then certainly I am against it.

But, if when you say whiskey you mean the oil of conversation, the philosophic wine, the ale that is consumed when good fellows get together, that puts a song in their hearts and laughter on their lips, and the warm glow of contentment in their eyes; if you mean Christmas cheer; if you mean the stimulating drink that puts a little spring in the old gentleman's step on a frosty, crispy morning; if you mean the drink which enables a man to magnify his joy, and his happiness, and to forget, if only for a little while, life's great tragedies, and heartaches, and sorrows; if you mean that drink, the sale of which pours into our treasuries untold millions of dollars, which are used to provide tender care for our little crippled children, our blind, our deaf, our dumb, our pitiful aged and infirm; to build highways and hospitals and schools, then certainly I am for it.

This is my stand. I will not retreat from it. I will not compromise."

Spring is a time of growth and new beginnings, where we look ahead with a new perspective.

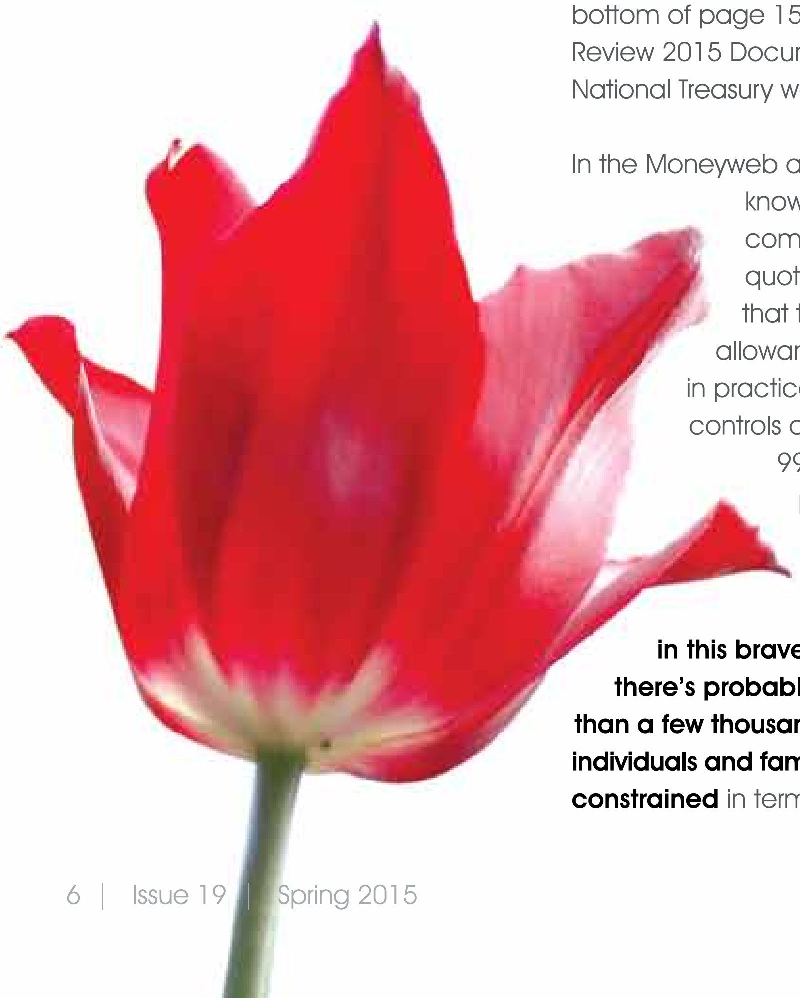
Sweat's quote demonstrates how differently the same tale can be spun. As ever, the New Year has begun with countless financial forecasts: from Federal Reserve rate hikes to Chinese deflation. Met with prophets of doom and eternal optimists, the typical investor could be forgiven for wondering: is it the best of times or the worst of times? At Credo, we believe the soundest advice lies in a new idea as old as investment itself: make a plan, and stick to it. Amidst the noise of the market, this insight is all too often forgotten. As they say, don't sweat it!

Deon Gouws - *CIO* | @DeonGouws_Credo

There's a big world

Like every other investor with an interest in the South African market, I followed Finance Minister Nhlanhla Nene's budget speech at the end of February with great interest. I did this as one does in this day and age: by flicking through my timeline on Twitter as he was speaking, reading comments from a number of "friends" on this social media platform, following links and studying websites.

By the time I woke up the following morning, the tweets were emanating from a variety of breakfast debates in Johannesburg and Cape Town, prompting me to send my own tweet, as follows:



"Judging from my SA timeline, it seems that Budget Breakfast is the next culinary fad after The Tim Noakes Diet… everybody's at one".

Having digested what I thought the main points were overnight, I was thus somewhat surprised when I only picked up the announcement of the increase in the annual foreign exchange allowance for individuals from R4 million to R10 million later that same day on Moneyweb.

It seems like most commentators initially missed it, and you can hardly blame them: the announcement was not part of the minister's speech, and you had to go all the way to the bottom of page 154 of the Budget Review 2015 Document on the National Treasury website to find it.

In the Moneyweb article, a well-known market commentator was quoted as saying that the increased allowance ensures that in practice exchange controls do not affect 99% of the population. I would go further and suggest that **in this brave new world, there's probably not more than a few thousand South African individuals and families that are still constrained** in terms of repatriating investable funds… perhaps as little as 0.01% of the population?

Having said that, the announcement is a very significant one for some of these ultra-high net worth investors and one can expect an acceleration of transfers into major international markets – and one can hardly blame them.

I would suggest that there are at least two reasons why any South African investor with surplus funds should prioritise spreading his or her wings into the global markets at present.

Firstly, it is well documented that after a tremendous run over the last few years, the JSE is now one of the more expensive stock markets in the world. To illustrate, the Cyclically Adjusted PE (CAPE) ratio may have its opponents - given that it's not a great tool for timing markets - but most commentators still agree that it's a decent measure in terms of forecasting future returns (i.e. the more expensive your entry price as measured by CAPE, the lower your future returns are likely to be over multi-year periods). And **in terms of CAPE, the JSE is now one of the most expensive stock markets in the world**, as illustrated in the diagram overleaf:

Of course you can argue that the US market is even more expensive than South Africa, but the justification for this can probably be

out there...

found in terms of arguments such as the underlying strength of the American economy, productivity, and business friendly labour laws as well as a strong compliance culture at all levels of society. I will leave it to the reader to decide how South Africa fares on these fronts.

The bottom-line is that there are many markets (including the UK) that offer opportunities to South African investors at multiples a lot more attractive than the JSE today.

The second reason why a South African investor should prioritise international exposure, simply relates to the opportunity set. The JSE may be one of the best regulated stock exchanges in the world (as confirmed year by year by the World Economic Forum), but the country's total market capitalisation still adds up to less than 1% of the MSCI All Country World Index (ACWI) (0.78% to be exact). This can be compared to individual companies such as Apple (more than twice SA's market capitalisation in the ACWI), as well as Exxon Mobil and Microsoft (which are both bigger on an individual basis than the whole SA market).

When one drills down by industry, the diversification benefits of investing offshore become even more compelling.

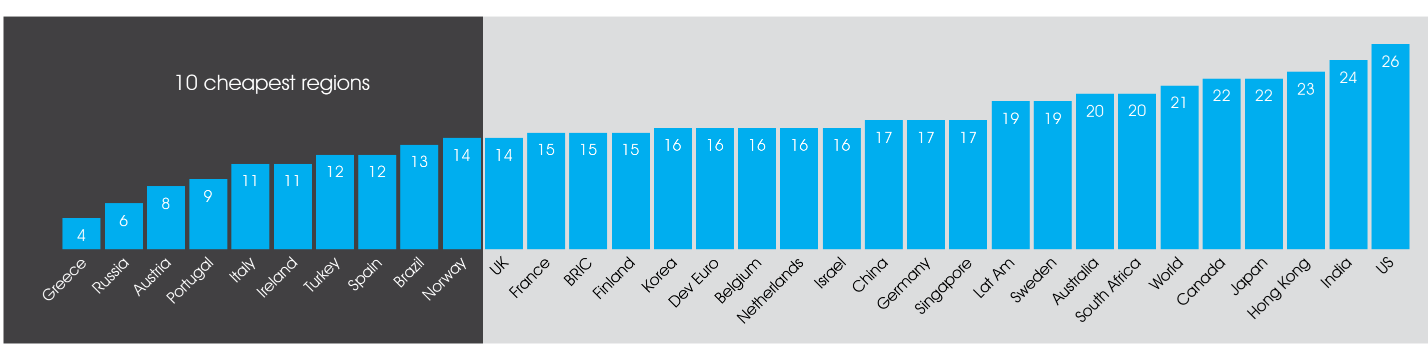
South Africa has some very good pharmaceutical companies, for example, but none that currently offer any meaningful exposure to some of the more exciting areas such as biotech (this, compared to Roche – nearly 8 times the size of the whole SA pharmaceutical industry, as measured by market capitalisation, more than half of which is represented by its biotech interests today).

One possible counter-argument to the suggestion that exchange control relaxation will lead to money flooding offshore, relates to the currency. Will investors wait for their rands to strengthen before turning them into dollars and pounds? Only a few weeks ago, the Economist updated their famous Big Mac Index, suggesting that the rand is undervalued by some 54% at present. Personally, I would point out that this index is a pretty blunt instrument which never really seems to work: in the last 15 years, the "best" level reached by the currency equated to an undervaluation of approximately 25%.

It is therefore up to each and every investor to decide how long it may take for the rand to appreciate significantly from current levels. In the meantime, they should be weighing up the possible benefits of successfully timing their currency conversions (assuming they're one of the lucky ones who may get it right!) against the opportunity cost of not pursuing attractive opportunities elsewhere.

There's a big world out there.

This article was published first at Moneyweb.co.za on 26th February



Source: Credit Lyonnais Securities Asia, FactSet Franklin Templeton Investments, Dec. 2014

Rupert Silver - *Director*

The hunt for yield continues

It's almost 6 years since the Bank of England reduced its benchmark rate to 0.5% and any pressure to raise rates has recently dissipated, given the sharp decline in the inflation rate. Inflation fell to the lowest level on record (since 1989) at the beginning of the year, as consumers continued to reap the benefits of falling oil prices and a supermarket price war.

On a global perspective, there is a continued divergence: given the ongoing strength of the US – the world's largest economy – the Federal Reserve is looking to be the first to raise interest rates. On the other hand, the European Union has embarked on **quantitative easing which in turn has pushed the prospective return on European corporate yields to record lows**. For example, Nestlé euro-denominated corporate bonds have recently traded at negative yields, meaning investors pay Nestlé for the privilege to hold their bonds!

Within our client portfolios, we continue to look for alternative ways to generate returns in excess of those available in government bonds. We have been a long-term holder of corporate bonds and financials in particular, believing that by making banks more stable institutions, **continued changes in regulation can only be a positive for bond holders**. Within measure, we also seek alternative means of generating healthy income streams and returns across the broader fixed income sector. For instance, we have previously highlighted investments such as Investec preference shares, which are highly leveraged to a rise in interest rates, and air leasing company Doric Nimrod, which owns state of the art Airbus A380 planes and leases them to Emirates for an attractive 8% cash flow.

Most recently, we participated in the listing of P2P Global Investments PLC, the first UK listed company dedicated to investing in credit assets originated via online lending platforms globally and more recently in secondary issuance. This industry is referred to as peer-to-peer lending, whereby companies facilitate the lending of money between individuals or between individuals and businesses, without a banking intermediary. **By cutting out the middleman, the platform is able to offer advantageous rates for both the borrower and investor.** The fund's manager, Marshall Wace, cherry picks high quality loans by using proprietary algorithms to build a diversified portfolio of over 10,000 loans. In addition to the strict criteria applied by the various lending platforms, they even consider the implications of spelling mistakes or the day of the week the application was made on potential default rates. When fully invested, **the fund aims to generate an attractive yield of between 6-8%**, as well as further potential upside from equity stakes in the underlying platforms which, as the floatation of Lending club has illustrated, can attract pretty racy valuations. We purchased this fund for a broad array of clients and the secondary issue (or "C" share) has already traded up to a 9% premium over a few weeks from our initial purchase price. In addition, the earlier issue (the "A" share) trades at a 17% premium in its first year as a listed company. In the short-term, we don't envisage much capital upside from here but are happy holders ahead of the future

"...it is still possible to find attractive ideas with high absolute returns for those prepared to think outside the box..."

dividend stream and would also consider adding to our position if the company decided to raise new funds to deploy.

There is no doubt it is getting harder to produce the sort of income streams we have been able to offer in abundance over recent years, but as inflation falls and in some areas deflation sets in, it is still possible to find attractive ideas with high absolute returns for those prepared to think outside the box. We realise this may involve an element of extra credit risk, but remain comfortable with this strategy in an environment where "risk-free" investments guarantee negative real returns.

Ainsley To - *Research Analyst* | @AinsleyTo_Credo

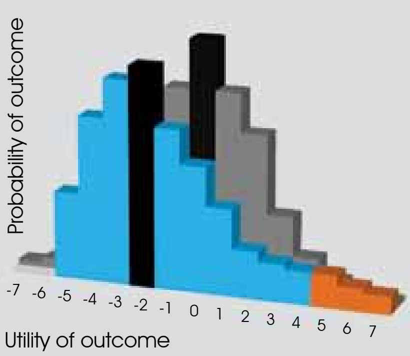
Bad behaviour

Why we should all learn to love losses

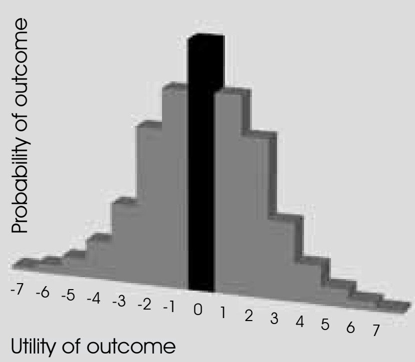
An economist will say that equity markets go up in the long-term because of technology and productivity growth. A central banker might tell you it's because global money supply increases faster than global equity issuance. But if you asked a behavioural psychologist, their explanation of the equity risk premium would be much simpler – we are irrationally loss averse as opposed to risk averse. And **whether you believe in behavioural investing or not, you're probably already doing it** without realising. In this article I'm hoping to help you determine whether or not the fool at the poker table is in fact you.

One of the most robust and predictable behavioural biases in finance is Prospect Theory (Tversky & Kahneman 1979) – we feel more pain from losses than we get pleasure from equivalent gains. The second element of their research, which gets less press, is their proposed probability weighting function - we irrationally perceive small probabilities to be more likely that they truly are. There are many examples of this in everyday life: people buy lottery tickets because the size of the potential gain clouds their perception of the miniscule probability they will actually realise it; people pay life insurance premiums because they perceive the tail risk to be higher than it truly is (hence why insurance has been a profitable business). Our bias in overestimating the likelihood of extreme outcomes then compounds our bias to loss aversion - **we tend to avoid return profiles with large but unlikely losses**, regardless of how unlikely they are. In the illustrations below I've highlighted the types of return profiles investors prefer, with unlikely outcomes in red and the most likely expected outcome in black. We are more willing to take "lottery ticket" like bets with positive skewness, causing them to be overvalued. Similarly we tend to avoid negatively skewed investments even if, over the long-term, returns are positive – this is what creates investment opportunity.

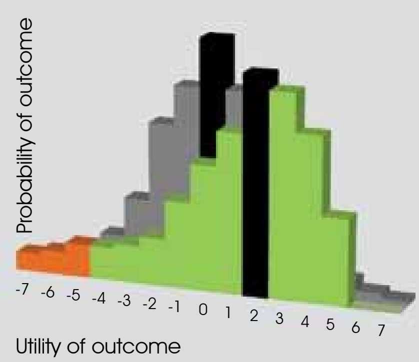
Investors prefer lottery tickets
(positive skewness)



Rational
(indifferent between gains & losses)



Investors avoid large potential losses
(negative skewness)



"...whether you believe in behavioural investing or not, you're probably already doing it..."

Profiting from loss aversion

In bull markets, equities grind up slowly but in bear markets they drop very quickly – the investor experiences mostly small and steady gains but occasional large losses. Our inherent dislike for this type of return profile (despite long-term positive returns on average) causes the vast majority of individuals not to participate in capital markets at all and store their savings in cash deposits. This chronic underweighting to the broad equity market provides the risk premium that equity investors have been harvesting – asset price inflation is a wealth transfer from holders of cash to holders of risk assets.

This behaviour can be seen across other traditional asset classes. Corporate bonds, loans, and any form of lending display negative skewness (small coupons on average with the left tail being large default losses). Investment strategies used by many hedge funds utilise negative skewness: carry trades, merger arbitrage, and selling volatility to name but a few. Investment styles such as value and momentum also take advantage of others' irrational loss aversion. Value investing is underwriting the risk that *"this time it's different"*. Because the probabilities of paradigm shifts are usually overstated, value earns a risk premium over the long-term.

Avoiding being the victim

Understanding where and how behavioural biases create opportunities is only the first step. The hard part is to actually take advantage of these opportunities without succumbing to your own loss aversion. Whilst most investors trust they will have the fortitude to continue holding on after a large loss, a recent paper from Research Affiliates suggests many don't[1]. They estimated that individual investors in equity funds from 1991-2013 on average gave up a quarter of the return from trading in and out of those funds (6.87% for the investors vs 8.81% for the funds they invested in). The 6.87% these equity investors took home was lower than a passive 60/40 mix of both stocks and bonds over the same period - a smaller allocation to stocks can actually lead to higher realised returns if the lower volatility helps you to stay the course.

In a previous article *"I know, I don't know"*, we wrote at length about the behavioural bias of overconfidence. Overconfidence about your own skill is dangerous, but overconfidence about your own risk tolerance can be just as bad. **2008 was a great case study for whether your risk tolerance is what you originally thought** when you set your asset allocation – if you sold equities at multi-decade lows due to loss aversion, I'd suggest you probably have a lower risk tolerance than you think, regardless of how confident you feel today.

Asset allocation is a behavioural decision not an investment decision

Just as recessions are necessary for an economy to progress, losses are a cost of participating in financial assets that few can actually afford when the "invoice" arrives. Add strategic tilts in your portfolio that exploit others' loss aversion and use diversification to protect you from your own.

Financial markets are a wealth transfer from those who are victims of their own bad behaviour to those who can control it. Success depends not on what you think, but how you think.

(1) "Timing Poorly: A Guide to Generating Poor Returns While Investing in Successful Strategies." Hsu, Myers & Whitby 2014.

Ed Fincham - *Investment Analyst*

The steering wheel

A new framework for monetary policy

As the Greek sovereign-debt crisis deepens and fears of contagion abound, the obdurate question of why we value government-issued debt and, by extension, money, has once again arisen. While economists from Aristotle to Walras have opined over what bestows value on money, a recent school of thought deep in the realms of heterodox economics offers a new approach. What follows is a primer of Modern Monetary Theory which, if we lend it any credence, has profound implications for the conduct of political economy.

The basic intuition of Modern Monetary Theory (or MMT) is that under a fiat currency, the government (here, the US) neither has nor doesn't have any dollars. While this seems wildly counterintuitive and appears to leave us on the horns of a dilemma, this needn't be the case. Consider the Cricket World Cup: when a team scores a six, does the scorer rush to the lock-box to get six runs to put on the scoreboard? Of course not. He simply changes numbers on a computer. Likewise, when it comes to the dollar, the Federal government is the scorekeeper: taxation and spending amounts to no more than changing numbers on spreadsheets. Bernanke himself has affirmed this: *"to lend to a bank, we simply use the computer to mark up the size of the account that they have with the Fed"*.

The insight here is that as the sole issuer of a currency, **there is simply no such thing as solvency risk** for governments. It is akin to worrying that the scorer will run out of runs. Yet this conjecture is no panacea. It is not to say that governments may spend frivolously and without consequence: excessive spending fuels inflation. Rather, it asserts that when taxation and spending amounts to no more than changing numbers on spreadsheets, there can be no question of solvency.

At this stage the obvious retort is why tax, if the government can create currency at their whim to cover spending commitments? The modern monetary theorist's response is two-fold: tax functions to make the currency scarce and thereby valuable (after all, if we must pay taxes, this fosters economic activity to earn the currency in the first place), while also dampening the inflationary effects of government spending. Taxes are not to accumulate funding for government spending. To restate the original premise: under a fiat currency, the government neither has nor doesn't have any dollars.

The MMT School draws its inspiration from an operational understanding of reserve

attached to nothing

accounting at the Fed. In brief, there are two types of bank account at the Fed: reserve accounts and securities accounts. These function as current accounts and savings accounts, respectively. If one holds a US Treasury, this is documented on the Fed's securities account spreadsheet. When the Treasury matures, the dollar balance is debited from the holder's securities account to the holder's reserve account, along with interest. So, when the government spends $100bn, it issues this amount in US Treasuries which are bought by investors, moving $100bn in funds from their current accounts to their savings accounts. The government then spends this $100bn, by crediting the benefactors of its spending current accounts. The private sector thus has the $100bn back in its current accounts, and the $100bn of new Treasury securities. This is to say, **government spending creates savings for the private sector**. From this perspective, Ricardian Equivalence – that budget deficits serve only to increase savings in anticipation of future taxes to fund the deficit – is fundamentally misguided.

Returning to the real world, the ECB has recently joined the ranks of central banks around the world by embarking on a programme of Quantitative Easing (QE). Within the orthodoxy of economic thought, this is sometimes colloquially referred to as 'printing money' leading investors to fret over how inevitably inflationary this is. For MMT, this misnomer is merely a vestige of the Gold Standard. The only reason QE is called 'printing money' is because, unlike reserve accounts, securities accounts are not considered money. This harks back to the days of 1933 where the reserve account was convertible to gold and the securities account was not. Under a fiat currency, however, there is no functional difference between the two, and the purchasing of Treasuries under a QE programme consists of debiting securities accounts and crediting reserve accounts at the Fed. **Such transfers are non-events for the real economy**. In this sense, monetary policy is currently a steering wheel attached to nothing.

The logic of MMT is both elegant and cogent, but we must remember it is a theory. As the saying goes: in theory, theory and practice are the same. In practice, they are not. Nevertheless, considering the legacy of QE, it may serve policymakers well to consider the buds of new ideas. In the words of Milton Friedman, *"money is far too serious to be left to central bankers"*.

Charles van der Merwe - *MD, Wealth Outsourcing Solutions*

Supporting our environmental responsibility

Going paperless for contract notes

Credo has always taken its environmental responsibility seriously, and we are constantly exploring ways in which we can make a positive contribution in this regard. This responsibility includes minimising the use of paper, and using electronic communication whenever possible.

Consistent with our approach to Investor Reporting, we have enhanced our technology to support paperless contract notes or, as we like to call it, 'Electronic Contract Notes' or 'ECNs'.

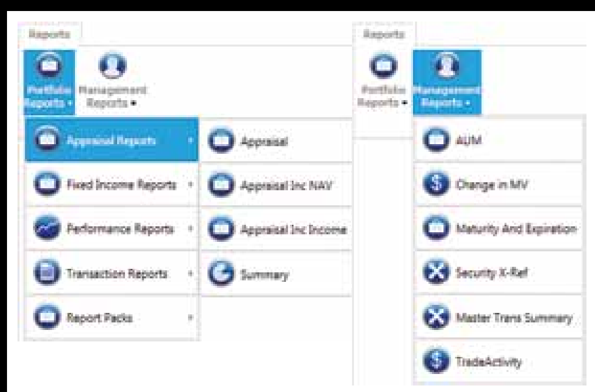
In the very near future contract notes will be accessible to investors via MyCredo Client, our online white-labelled investor portal. Additionally, contract notes will be distributed electronically via email with the following key features:

- Email distribution can be either directly to the investor, or to the financial intermediary for onward distribution to their clients.
- Email distribution can include multiple recipients, including related third parties (tax advisors, accountants, etc.) that need to be informed of all trading activity.
- ECNs will cover all the asset classes that can normally be traded at Credo, including Foreign Exchange, Futures and Options.
- ECNs will also be available for Credo's multi-custody solutions covering both UK and Offshore custodians.

A record of all contract notes will also be available within MyCredo under the Trades tab, where a new 'Contract Notes' icon will allow for easy search and retrieval of previously issued contract notes.

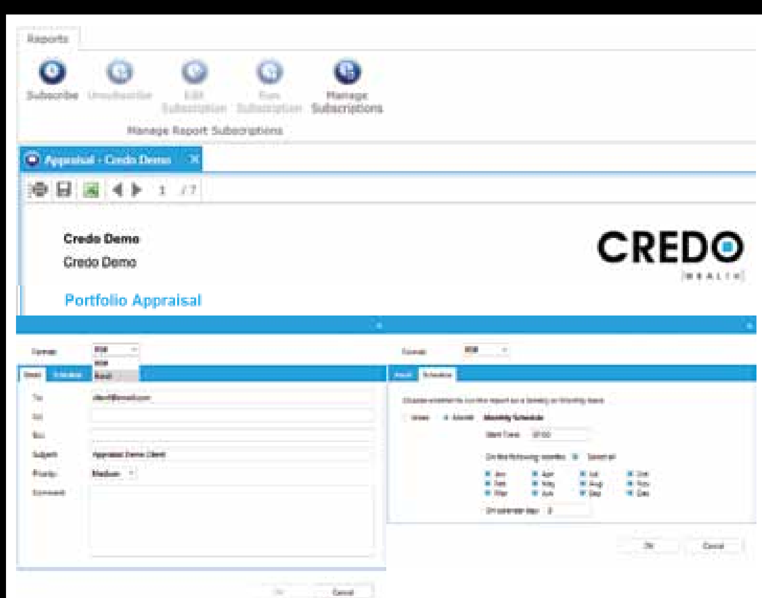
MYCREDO subscribed...

It was Sir William Thomson who said ***"If you cannot measure it, you cannot improve it"*** and so, combined with a strict regulatory environment, reports in our industry have become a necessary evil. MyCredo simplifies your reporting by offering subscriptions to automated reports on a weekly, monthly, quarterly, and half yearly or annual basis.



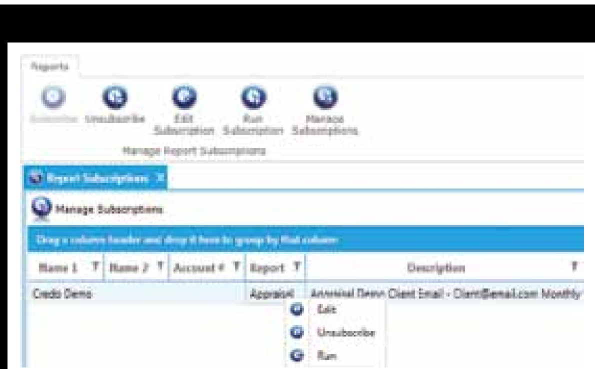
Variety of reports

A variety of Portfolio
and Management reports
are available on the Reports tab.



Subscribing

Once you have run any report – on portfolio, account, or practice level – you then have the option of subscribing to it. It will then be e-mailed to you in either PDF or Excel format. Monthly portfolio appraisal reports and quarterly report packs for review purposes are amongst the most popular reports utilised by Credo clients. For our Financial Intermediary clients, the AUM report proves to be most useful.



Managing subscriptions

All subscriptions can be edited, unsubscribed, or run at any time.

For assistance or training on MyCredo, please contact Christelle Coetzee.
T: *+27 (0)11 463 6312* | ***M:*** *+27 (0)82 493 5589* | ***E:*** *ccoetzee@credogroup.com*

SJ du Preez - *Senior Relationship Manager*

Credo goes to Hollywood

The 2015 Credo International Conference

The 87th Academy Awards ceremony (the Oscars) took place on the evening of Sunday 22nd February and, according to ABC, was watched by some 36.6 million viewers worldwide. Funnily enough, that is exactly equal to the number of people who attended the annual Credo International Conference hosted in South Africa from 26th – 30th January 2015. Now when I say "exactly", I mean you just have to drop the "point" and the "million"!

Credo hosted its International Conference in five cities over five days, with 366 people (not million!) in attendance, including existing and future private clients, financial advisers, other financial service providers, and representatives from the media. South Africa remains a key area for Credo's existing and future business and, as such, we were very pleased to have our executive team presenting at the conference. Our Chief Executive Officer, Roy Ettlinger, was joined on stage by our Managing Director, Alan Noik, our Chief Investment Officer, Deon Gouws and Director, Jarrod Cahn.

I took the role played by Neil Patrick Harris (the MC for the Oscars) as conference MC and I had the privilege of introducing several of the nominees in an award ceremony after the conference.

After an extensive voting process by the conference participants (oh, okay! They didn't really vote!), we are ecstatic to share the award winners with you in this article:

1. The award for the Best Short Film goes to CEO, Roy Ettlinger

Roy provided a short overview of Credo's business. Credo has recently turned 16 and we have assets under management and administration of £1.525 billion (approximately ZAR27 billion). We have experienced rapid growth in the first 16 years of our existence and we look forward to sharing the next 16 years (and beyond) with you, our clients.

2. The award for Best Supporting Actor goes to MD, Alan Noik

Alan learned a very valuable lesson early in his career: don't stand between hungry people and the "after conference snacks" too long! Alan presented a concise overview of Credo's product range and services, as well as the exciting developments taking place in our online access tool, MyCredo. Clients and/or their advisers have free access to MyCredo, which serves as both a reporting tool where clients/advisers can see their portfolios, and also as an online trading portal for clients who input their own orders. Please see the MyCredo article elsewhere in this publication by Christelle Coetzee (her article is part of an ongoing series that will be published with each release of CREDONEWS, and it is there to assist you in fully utilising the MyCredo system).

If we are all honest we really watch the Oscars to see who wins the "Best actor / actress in a Leading Role" award, but movies wouldn't be awesome if it weren't for some of the other very important awards…

3. The award for Visual Effects goes to Lucas de Almeida, our Brand Manager

Lucas worked tirelessly to prepare each presenter's slides. The award is well deserved because he has to work with people who also refer to themselves as "investment professionals". Anyone who has had the privilege to work with investment professionals will know it sometimes requires a degree in "herding cats" to keep everything together.
Well done Lucas!

P.S. if our investment professionals weren't somewhat difficult they wouldn't have the right qualities to pick stocks and manage portfolios well, so we actually love them for that!

4. The award for Sound Editing and Sound Mixing goes to the team from Multi Media

They travelled with us to each venue and ensured that everything was actually working when the presentation started. Couldn't have done it without them!

5. The award for Cinematography goes to the friendly people in Port Elizabeth

The event was hosted at the Radisson Blu and, because we hosted the event there and stayed the night before, they surprised us by upgrading our rooms. The "Cinematography" over the bay was spectacular and we thoroughly enjoyed our evening at the De Kelder restaurant. Well done P.E.!

Onto the final awards for the year! Who will walk away with the coveted prize!?

6. The award for Best Directing goes to Christelle Coetzee and Natalie Ledwick in the Johannesburg (Bryanston) office

If it weren't for these two ladies it is possible that our clients could have arrived at the venue alone…staring at an empty stage! Well done on organising a professional conference!

7. The award for Best Actor goes to... Deon Gouws and Jarrod Cahn!

Yes ladies and gentlemen! For the first time ever the prize is shared! The voting ended in a dead heat! Although the two presenters have different styles and presented on different topics, it was just impossible to break the tie!

Jarrod's presentation, titled "A Perspective on Oil", covered the recent drop in the oil price, and gave our audience a thorough understanding of the reasons behind the more than 50% decline (from top to bottom) in the price of Brent Crude.

Deon encouraged clients to "Keep Calm and Carry On" in the current volatile investment environment, and he brilliantly illustrated how we are all susceptible to being overwhelmed by the noise of the market, while instead we should be focused on building a diversified portfolio for the long-term.

I would encourage anyone who couldn't attend the conference to visit credogroup.com. You can find the conference presentation under the "News" tab, but there is also a host of other valuable information to be found.

We are already looking forward to the 2016 Credo International Conference, and we hope to see you there.

Debra Chalmers - *Legal and Compliance Director*

Saving more lives

Magen David Adom

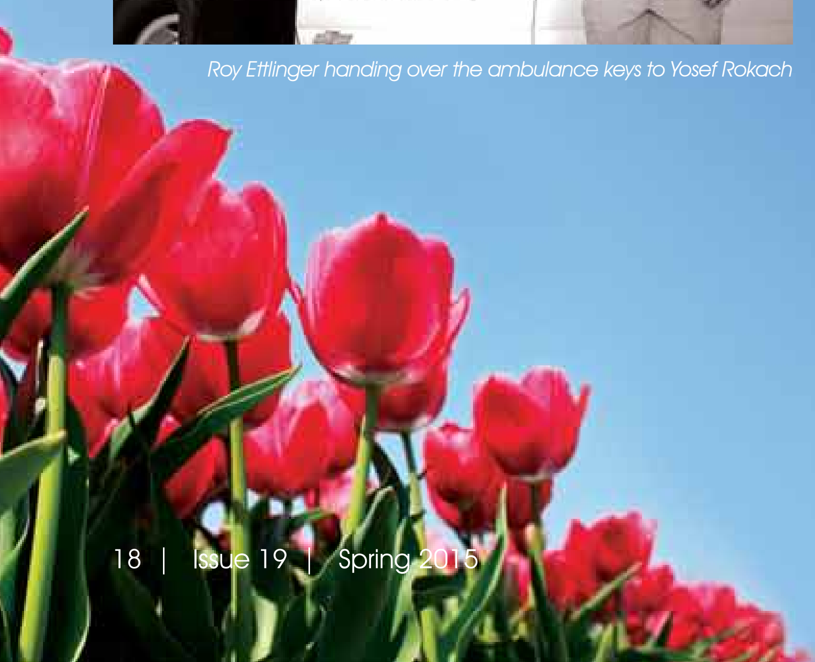
In 2007, Credo donated an ambulance to Magen David Adom (MDA), a medical emergency NGO based in Israel. MDA is a not-for-profit organisation and depends on donations to continue supporting the lifesaving work of thousands of volunteers and paramedics across Israel.

Over the past 8 years, the ambulance has provided emergency medical assistance to:

7,027 adults,
185 children,
1,404 people in car accidents,
362 victims of violence, and
3,593 other incidents.

We are thankful that our contribution has aided the lifesaving work of this worthy charity.

Roy Ettlinger handing over the ambulance keys to Yosef Rokach



New year, new offices

Johannesburg and Cape Town

As an Authorised Financial Services Provider in South Africa, Credo has two representative offices to service our South African clients. Our Cape Town office moved to a new location in Somerset Road about a year ago.

Cape Town office

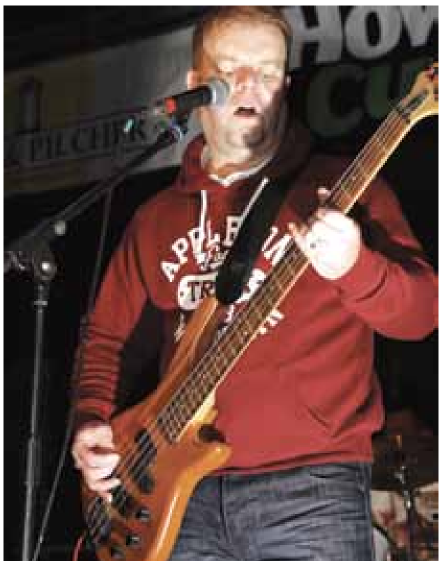
Credo's Johannesburg office has now followed suit, having moved in December 2014 to our new offices in Bryanston.

Johannesburg office

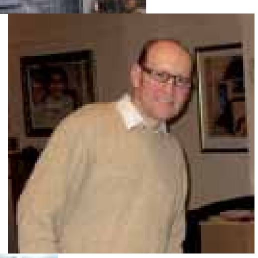
Contact details and a map can be found under the "Contact" tab at credogroup.com.

We look forward to welcoming you to our new offices.

Spring brings new beginnings
... and with it, a crop of new faces at Credo:

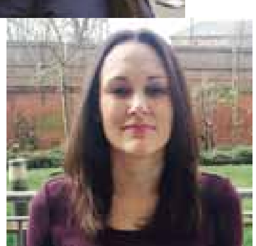


David Wilkinson - *Head of Operations*
David has nearly 30 years of experience in financial services operations, predominantly in the private wealth sector, but also with some experience at institutional custodians and a retail online stockbroker. Prior to joining Credo, David was head of Investment Operations at C. Hoare & Co, where he worked for 13 years. David enjoys property development, gardening, photography and spending time with his young family, but is also an avid music fan and can regularly be seen playing bass guitar with his band.



Neil Aremband - *Business Analyst*
Neil's background is in project management and business analysis, and he has worked on numerous projects in Financial Services and Telecommunications. He has also spent a short time working in the public sector. Neil enjoys tennis and cricket and has a keen interest in different musical genres and musical theatre.

Angeline Scorgie - *Client Services*
Angie is from Holland. She holds a degree in Biological Sciences from Warwick University. Having previously worked in a toxicology lab, she is very excited to be making the transition into the world of financial services. She is a keen reader and also enjoys baking and cross-country running.



Rafaela Prata - *Client services*
Rafaela grew up in Brazil and read HR and Business Administration at the City Hall of Hortolândia in Brazil. Prior to joining Credo, Rafaela spent three years working for Vivo Transfer as a compliance assistant and as part of their client services team. She enjoys travelling, and is an avid chef.

Natalie Ledwick - *Executive Assistant*
Based in Johannesburg, Natalie joined Credo in January of this year. She has a degree in Corporate Communications from the University of Johannesburg, and plans to continue her studies in the field of finance. Natalie is an adventurer at heart and loves travelling to 'off the beaten track' destinations.

credogroup.com

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