

CREDO



EQUITY SOLUTIONS

FOR PRIVATE CLIENTS

A photograph of a man and a young boy sitting on a grassy hill. The boy is standing and holding a wooden airplane made of blocks, showing it to the man who is sitting on the grass. They are both looking at each other. In the background, there is a large body of water and mountains under a soft, hazy sky. The text "Every investment decision counts" is overlaid on the left side of the image.

Every investment
decision counts



Long-term Capital Growth

Credo is in the business of creating lasting and meaningful relationships. We do this by providing top-quality financial services and dedicated customer care. We see each client relationship as an expression of trust.

Evidence indicates that equities are the best creators of long-term wealth. They are capable of generating both capital gains and dividend payments across multiple or even unlimited time periods. In addition, companies can re-invest their earnings to grow in new directions, paving the way for future profit streams.

Equities are therefore an essential part of any portfolio with a medium to long-term investment strategy.



About Credo

Credo is a global independent wealth management business that has been in existence since 1998.

The principles underpinning Credo's business are to provide our clients with personal service; focus on long-term success; and to build relationships based on trust. This results in meaningful and lasting partnerships with both Private Clients and Financial Intermediary Clients.

Credo is majority owned by senior management, many of whom have been with the group for more than 20 years. Because Credo is independent, we are able to create successful partnerships and a business approach that best suits Credo clients.

Credo has offices in the United Kingdom and South Africa.



Investing is having a long-term horizon

Having a short-term time frame is speculation

Credo's investment philosophy includes the following tenets:

- Wealth is best created through patient, disciplined investing
- We follow a value-based approach to investing
- We invest in high-quality companies that are attractively priced
- Concentrating on underlying business performance – instead of short-term market noise – creates investment opportunities
- Risk is the permanent loss of capital and not short-term price volatility

Credo selects stocks from a pool of listed equities housed on major exchanges within developed markets. From this universe of 7,000+ stocks, Credo chooses only those which meet our stringent investment criteria.

Credo's Funds and Managed Portfolios provide investors with a diversified exposure to global equities.

Providing a helping hand

Investing in global equities has become easier over time. Credo helps you achieve your goals by offering a range of equity solutions spanning managed portfolios and funds.





Different options for different investors

Managed Portfolios

Each investor in a managed portfolio actually holds the underlying stocks directly in his or her own name and account. This means there is a direct connection between the investor and the companies in question. When Credo makes a change to the managed portfolio, these changes are replicated in each investor's individual account. This means investors are the beneficial owners, resulting in dividends received, voting on any corporate actions and liability for capital gains tax when any trades are made.

Funds

Alternatively called Unit Trusts, Mutual Funds or Collective Investment Schemes, investors here buy units in an investment company, specifically set up for this purpose, which in turn buys the selected stocks. Investors are therefore not direct beneficial owners and, consequently, avoid capital gains tax when trades are made by the fund. Capital gains are only realised when an investor sells units at a profit. Each fund has specific guidelines about its investment style, approach and consideration of risk. Funds are typically highly regulated and provide daily liquidity.



Credo's range of equity solutions

Managed Portfolios

BEST IDEAS PORTFOLIOS

This portfolio contains a maximum of 20 stocks, each equally weighted, with a bias towards large-capitalisation, developed-market companies. There is no specific allocation to a particular geography, industrial segment or currency. The portfolio targets undervalued, quality companies likely to show outperformance against the broader market over a 3-5 year horizon.

DIVIDEND GROWTH PORTFOLIOS

This portfolio also contains a maximum of 20, equally weighted global equities. Its objective is to provide investors with a sustainable and growing income stream through dividends and share buybacks. The focus is on companies that pay attractive dividend yields and have an ability to sustain and grow these over the long term.

Each of these equity portfolios is available in USD \$ and GBP £, subject to minimum investment sizes. Investors have the option whether to tailor the portfolio by adjusting individual holdings. Credo's management fee is 0.80%. Other fees, such as trading costs and custody, will apply.

Funds

GLOBAL EQUITY FUND

The Fund incorporates the best of Credo's equity ideas within a tax-efficient UCITS vehicle, effectively combining the Best Ideas and Dividend Growth Portfolios with additional positions. The Fund follows Credo's broad Value philosophy and seeks a diversified base of global large-cap stocks, primarily drawn from developed markets. The Fund is highly regulated, offers investors daily liquidity and is available on many global investment platforms. The Fund has share classes available in USD \$ and GBP £.

BCI Credo Global Equity Feeder Fund

Launched within South Africa to provide domestic South African investors with ZAR-denominated access, this Fund invests solely in the Credo Global Equity Fund. Investors benefit from investing locally within ZAR, avoiding the need to send funds overseas, whilst deriving performance from an underlying global portfolio.

Funds are available with low minimum investment sizes and offer daily liquidity. Credo's management fee is 0.75%. Other fees, such as trading costs and custody, will apply.



Sample equity holdings

Credo's investment philosophy is to target cash-generative, quality companies whose current valuations do not accurately reflect their long-term prospects. The following provide an example of what Credo looks for when investing:



This is the most widely-known, Western social media company. Targeted digital advertising, where Meta is king, has emerged as a robust and resilient industry segment. Although buoyed by covid-led digital transformations and already-existent plans to enter e-commerce, Meta still trades at levels which give plenty of room for valuation growth.



Always a powerhouse in production, Disney has recently entered distribution through its Disney+ platform. The market originally discounted Disney over fears surrounding Disney+ but, when covid closed theme parks and drove huge demand for online services, the company's diversification became even more attractive.



As a dominant payments platform, Visa benefits from macro-economic factors and secular market changes such as online digital market transformation. Fluctuations caused by covid proved to be temporary and have not impacted longer-term share price expectations.



One of the world's largest e-commerce companies, Alibaba provides B2B, B2C and C2C online marketplaces, as well as internet infrastructure and financial services. Ali Baba's share price suffered from US-China trade tensions and the 2022 Chinese crackdown on tech, but its underlying business case did not.



As the largest private hospital owner in the US, HCA has a leading position in emergency and elective procedures. The company demonstrates defensive characteristics, long-term sustainable demand and solid growth prospects within an ageing and health-conscious demographic.



A leading personal car insurance provider in North America, Progressive has consistently generated best-in-class returns, mostly because of its leading data analytics capabilities, superior digital platform and low distribution costs, all supporting a long-term investment case.



As a US defense and aerospace giant, Raytheon benefits from both commercial and government revenues, with the latter providing an effective floor to the stock, representing good future market value prospects.

Flutter Formed through the combination of several online betting firms, market consensus was that Flutter would struggle to integrate different operations while remaining competitive with top class customer service. Credo felt differently and the investment thesis has proven itself through time.

OTIS One of the leading five global elevator companies, Otis has a significant installed base of equipment already on site. Otis derives a large proportion of its revenues from servicing rather than new sales. Following a spin-off from its parent corporate in 2019, Otis was trading at a 30% discount to peers despite its good performance, triggering Credo to see a profitable value discrepancy.

How can I invest?

Credo offers its own technology-led investment platform which investors (and advisors) use to directly buy private share portfolios, Credo managed portfolios or Credo funds. Alternatively, Credo's managed portfolios and funds are also available across a variety of world-leading investment platforms.



credogroup.com

This document has been created for information purposes only and has been compiled from sources believed to be reliable. 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. This document does not constitute an offer or solicitation to invest, it is not advice or a personal recommendation nor does it take into account the particular investment objectives, financial situation or needs of individual clients and if you are interested in any of the information contained herein, it is recommended that you seek advice concerning suitability from your investment advisor. 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 Capital Limited is authorised and regulated by the Financial Conduct Authority in the United Kingdom, FRN 192204; is an Authorised Financial Services Provider in South Africa; FSP No: 9757 and is a member of the London Stock Exchange. Boutique Collective Investments (RF) (Pty) Ltd ("BCI") is a registered Manager of the Boutique Collective Investments Scheme, approved in terms of the Collective Investments Schemes Control Act of South Africa, No 45 of 2002 and is a full member of the Association for Savings and Investment SA. Collective Investment Schemes in securities are generally medium to long term investments. Collective Investments are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees, charges and maximum commissions is available on request. 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.