CREDO

FIXED INCOME PORTFOLIOS

Every investment decision counts

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 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.

Income Solutions

Are you looking for income higher than that available at the bank?

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

Credo can offer attractive investment options for investors who are looking for a higher rate of return compared to what is currently available at the bank, and who are willing and able to have some increased risk but more certainty than what is available from equities. Bond portfolios provide clients with a regular income stream and are structured to have regular maturities to either meet one's life goals or to reinvest at the prevailing interest rate.

Investment Philosophy

- We believe that wealth is best created and preserved through patient and disciplined investing, with a focus on the long term
- We view risk as permanent losses of capital and not in terms of short-term volatility
- We prioritise the avoidance of defaults in fixed income investing, given the asymmetric pay-off profile pertaining to the asset class
- When adding to portfolio risk in the pursuit of enhancing the overall yield, we prioritise financial strength of each counterparty over the seniority of the debt instruction in question

Introduction

The Credo Income Portfolios (CIPs) are high conviction portfolios containing a select number of corporate and government bonds across two currencies (GBP & USD) and different risk profiles (Conservative & Enhanced Yield).

The portfolio will be set in line with an investor's investment objectives with the consideration of any broader, associated portfolios.

These actively managed portfolios are an excellent way for investors to gain exposure to corporate bonds. These solutions can be utilised as a stand-alone portfolio or as part of a broader asset allocation strategy.

Credo's fixed income team has delivered a superior long-term track record through rigorous credit analysis.

Investment Options

Conservative Yield

The objective of this portfolio is to outperform bank rates over the time horizon and reduce the volatility of a broader investment portfolio.

This investment portfolio may experience certain fluctuations influenced by market conditions and the prevailing interest rate environment, it inherently carries a higher level of risk compared to keeping funds in a traditional bank account. As such, it aligns with the risk tolerance recommended for investors with a Credo risk rating of Moderate or higher.

Characteristics:

- Invests in a diversified portfolio of high quality corporates and government bonds.
- Relatively short timeframe until the bonds' respective maturities with an average of 2-3 years.
- The bonds at the time of investment will have an investment grade credit rating by an external rating agency.
- A significant majority of the portfolio will consist of a senior ranking securities.
- The portfolio aims to take on lower risk in terms of credit and sensitivity to interest rates.

Enhanced Yield

The objective of this portfolio is to generate a higher return than the Conservative Yield portfolio.

This portfolio adopts a risk level that is higher than that of the Conservative Yield portfolio. It presents a balanced risk profile, positioned between the stability of government bonds and the dynamic nature of equity risk. This makes it an ideal choice for investors with a Credo risk rating of 'Growth' or higher.

Characteristics:

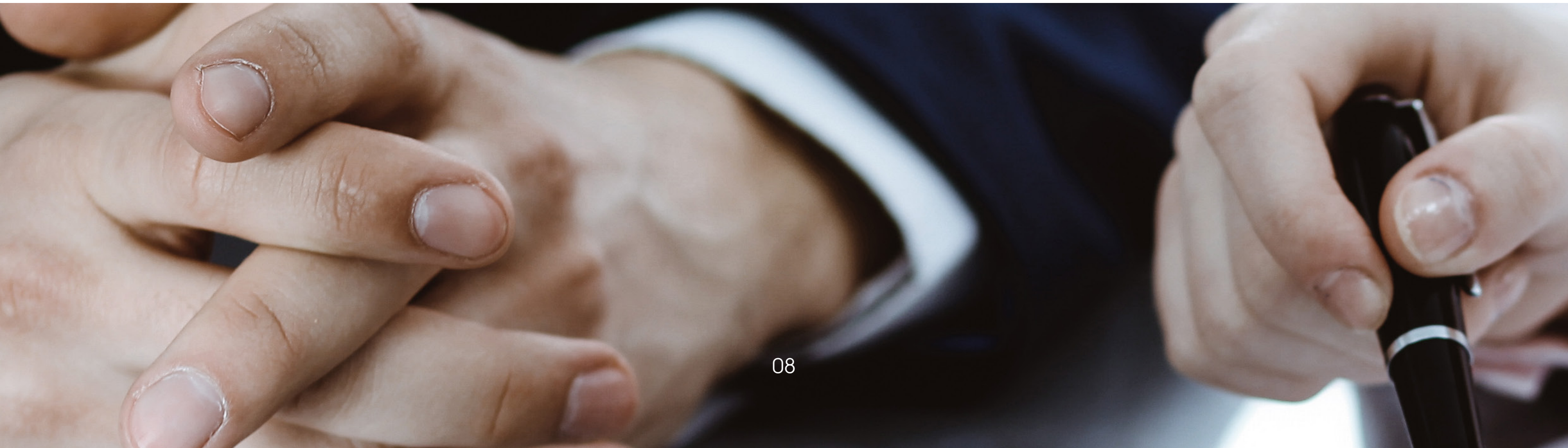
- Invests in a diversified portfolio of corporates bonds.
- A medium timeframe until the bonds' respective maturities with an average of 3-5 years.
- The portfolio is likely to include some exposure to high yield bonds.
- The portfolio is likely to contain a substantial weighting to the financial sector (i.e. banks and insurers).
- To increase the yield, the portfolio will have a higher weighting to subordinated debt and can include callable bonds.

Investment Strategy

Credo aims to deliver superior returns through rigorous credit analysis. Credo has a strong long- term track record of doing this by buying corporate debt in high-quality companies. While mindful of client requirements and mandates, Credo portfolios are primarily focused on delivering the optimal risk- adjusted returns, supported by empirical research. This sweet spot lies between low-quality credits with the highest risk and top-rated bonds with lower returns (typically categorized with a BBB credit rating).

The portfolio is expected to have a low turnover to minimise trading costs. Credo will only advocate switches during the term of a particular bond if investors will be compensated for all related costs and obtain a better risk-adjusted return profile from the proposed alternative - or where there is a material change in the underlying credit fundamentals of a particular bond."

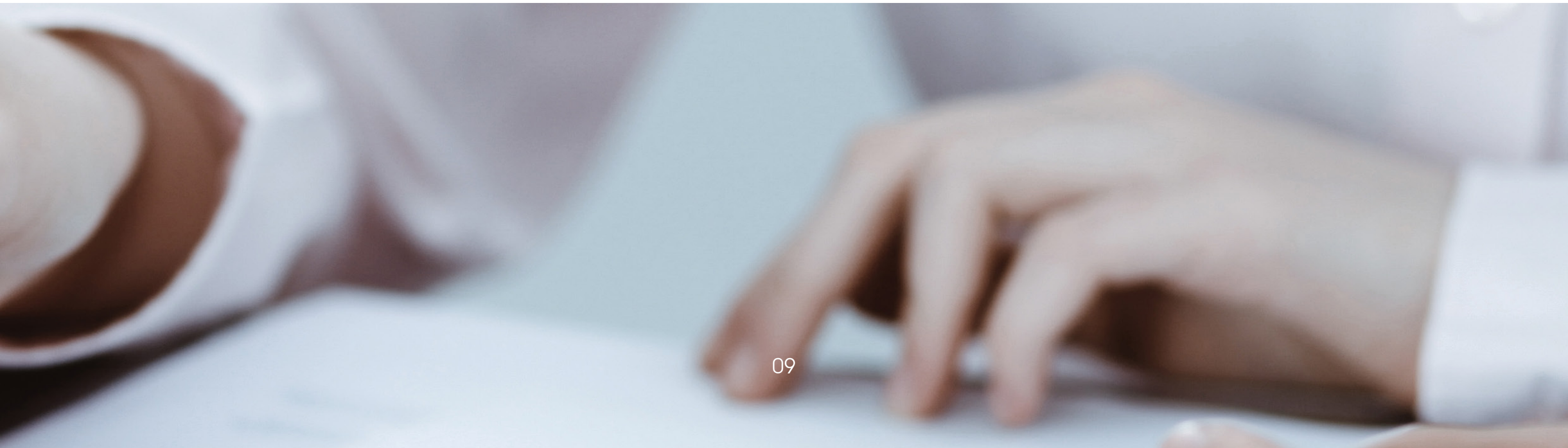
To increase the yield, mainly in the enhanced yield portfolios, our preference is to move down the capital structure (buying a subordinated bond) in a stronger company as opposed to taking a senior risk in a weaker company.



While rating agencies provide valuable insights, their responsiveness to market shifts can sometimes lag. At Credo, our investment approach incorporates a thorough analysis, leveraging both internal expertise and diverse external data sources to stay ahead. Furthermore, numerous small companies, often unrated and thus overlooked by certain investors, present a unique opportunity. Credo's capability to independently assess these unrated bonds allows us to potentially uncover and offer access to appealing investment options through our internal research.

In the aftermath of the global financial crisis, corporate bonds issued by financial institutions have consistently offered higher yields compared to those from other sectors. We specialize in navigating the complex landscape of financial sector bonds, with a keen focus on the specific challenges and opportunities presented by insurance companies and banks.

Credo Income Portfolios are structured to have a laddered maturity schedule over the investment horizon, minimising the impact of market timing. This also enables the portfolios to regularly re-invest at prevailing interest rates, as well as facilitating liquidity for potential client redemptions.



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