

CREDO

Credo Capital Limited

Consumer Duty – Price and Value Assessment

Equity Portfolios

30 April 2024



Background

This document describes and presents the price and value assessments for Credo's managed equity portfolios, namely the Best Ideas Portfolio and Dividend Growth Portfolio, as required by the FCA's Consumer Duty, when these are invested in and held via Credo's platform. The assessment includes a 3-stage process to determine the relative value of each of the portfolios, and which is presented separately in the appendices.

- **Stage 1: Costs**
Consider all costs associated with the portfolio.
- **Stage 2: Benefits**
Consider all benefits associated with the portfolio.
- **Stage 3: Benchmarking**
Comparison against similar products.

Stage 1: Costs

This section considers the costs of the portfolios when an investor buys units via Credo's platform. This represents the following costs:

- **Management fees**, which are Credo's fees for managing an investment portfolio on a discretionary basis.
- **Platform fees**, which are the platform fees charged for:
 - Arranging the safe custody of assets (i.e., the global custody fee);
 - Technology solutions:
 - Access to MyCredo Invest – our state of the art online reporting tool;
 - Access to MyCredo Invest trading capability for the entry of trades;
 - Customer support:
 - Access to a Relationship Manager and an Account Manager;
 - Access to a highly experienced Client Services team that can assist with any queries;
 - Overall provision of outstanding customer service via the Credo platform and related ecosystem; and
 - Processing of all corporate actions and other transactional events.
- **Trading Services**, which are the transaction costs for buying and selling securities on the Credo platform.
- **Foreign Exchange Services**, which relate to transactions taking place in a different currency from that of the existing cash balance within the account in question.
- **Service Charges**, which is an additional flat fee charged on each transaction.



Stage 2: Benefits

In this section, we will note the investment objectives of the portfolios and consider the benefits from investing in the portfolios. Various factors will be considered including the **quality of service**, **portfolio performance**, and **economies of scale**.

Additionally, we will note the benefits of investing via the Credo platform, including the services provided.

Stage 3: Benchmarking

The portfolios can be compared against similar portfolios or indices to provide comparable charges and performance returns. We will also compare Credo's platform to similar, comparable, wealth management providers in the UK and their platforms particularly with regards to costs.



Best Ideas Portfolio

1. Costs

The costs associated with investing in the Credo Best Ideas Portfolio (**BIP**) via Credo's platform are shown below.

Fee Type	Charge ¹
Management	0.80% p.a.
Platform (includes Global Custody)	0.20% (onshore), £250 minimum p.a. 0.30% (offshore), £500 minimum p.a.
Trading Services	0.35%, minimum per trade £35 ¹
Foreign Exchange Spread	0.35%
Service Charges	£20 (UK securities) £30 (US securities) £50 (all other markets)

(1) Source: Credo.

Note: The fees detailed above are in accordance with Credo's standard Schedule of Charges for Private Clients. In certain instances (specifically in relation to some larger clients), aspects of these charges may be negotiable, and clients may thus pay lower management fees, as well as lower/zero fees for trading services.

¹ We don't believe we will be able to obtain a large enough sample group to carry out a meaningful benchmarking exercise on this spread.



2. Benefits

The investment objective of BIP is to outperform the wider equity market over the long-term. The portfolio has a bias towards developed market, large-capitalisation stocks and its aim is to generate a total return in excess of the MSCI World Index through careful stock selection.

Measure	Description
Investment Team	<ul style="list-style-type: none"> ▪ Qualified, experienced investment team, consisting of four fulltime professionals. ▪ Bottom-up stock analysis with a long-term investment mindset. ▪ Culture that encourages individual ideas and independent thinking. ▪ Regular investment reporting (factsheet, commentary, spotlight).
Quality of service	<ul style="list-style-type: none"> ▪ Independence - Credo is independently owned and is thus not subject to any institutional bias. ▪ High staff retention with senior relationship managers rarely leaving the business. ▪ Dedicated relationship manager and account manager for each account. ▪ Complete transparency in terms of fees. ▪ Online client reporting and trade execution system, which can be accessed at any time.
Investment performance	<ul style="list-style-type: none"> ▪ Consistent long-term performance. ▪ Disciplined investment approach. ▪ Proven bottom-up stock picking methodology. ▪ Analytical research by in-house investment team and ongoing daily portfolio monitoring.
Other	<p><i>3rd Party Custodian – Safe Custody of Assets:</i></p> <p>Clients have a choice of appointing an onshore or offshore custodian of the assets. Credo uses Pershing Securities Limited, which is regulated by the Financial Conduct Authority (FCA) in the UK, and Pershing (Channel Islands) Limited, which is regulated by the Jersey Financial Services Commission in Jersey (both being wholly owned subsidiaries of BNY Mellon) as its primary onshore and offshore custodians respectively. In the unlikely event that Credo or its custodians are unable to meet their financial obligations, clients will benefit from extensive account protection for the net equity value of the securities positions and cash held in their account.</p> <p>In Compliance with FCA Client Asset Rules, investors’ assets are held in trust accounts segregated from the custodian’s own assets. Therefore, in the unlikely event of default by the custodian, investors’ assets will be allocated to the beneficial owner, will not be considered as belonging to the custodian, and will not be used to repay the custodian’s creditors in the event of liquidation.</p> <p>Pershing protects client assets in several ways:</p>



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- Asset registration: all client assets are registered in the name of a nominee company controlled by the custodian, with the client recorded as the beneficial owner of the assets.
 - Asset segregation: FCA Client Asset Rules require client assets to be held in trust in accounts segregated from Pershing's own assets and segregated from Credo's assets.
 - Asset reporting: regulation requires custodians to provide a quarterly (onshore) or semi-annual (offshore) custody statement in respect of client assets held.
 - Verification of asset records and instructions: Pershing is required to perform regular checks that client assets are accurately recorded and specific agreements are in place as to who can issue instructions in respect of client assets.
 - Assessments of custodians: the FCA undertakes regular assessments of custodians to ensure consistent application for the FCA's asset protection rules.
 - Internal reviews: an annual independent review performed by Pershing's external auditors of its control environment.

Compensation Scheme:

Credo is a participant in the Financial Services Compensation Scheme (**FSCS**). In the unlikely event of Credo's default, compensation may be available from the scheme in respect of our liabilities to Retail clients under the relevant Terms of Business. Clients may be able to benefit from the UK's FSCS or Jersey's Depositors Compensation Scheme (**DCS**). Further information is available from the FSCS: www.fscs.org.uk and the DCS: <https://www.gov.je/Pages/default.aspx>.

Technology Solutions:

Credo provides the following technology solutions to clients via its MyCredo platform:

- Secure, multi-browser portfolio online access;
- Configurable to specific requirements (on-line trading or view-only);
- Consolidated view of all accounts via a single login;
- On-line services, including:
 - access to MyCredo Invest for online and performance reporting; and
 - access to MyCredo Invest trading capability for the entry of trades.

Customer Support and Transactional Processing:

Credo provides customer support, corporate action and transactional services.

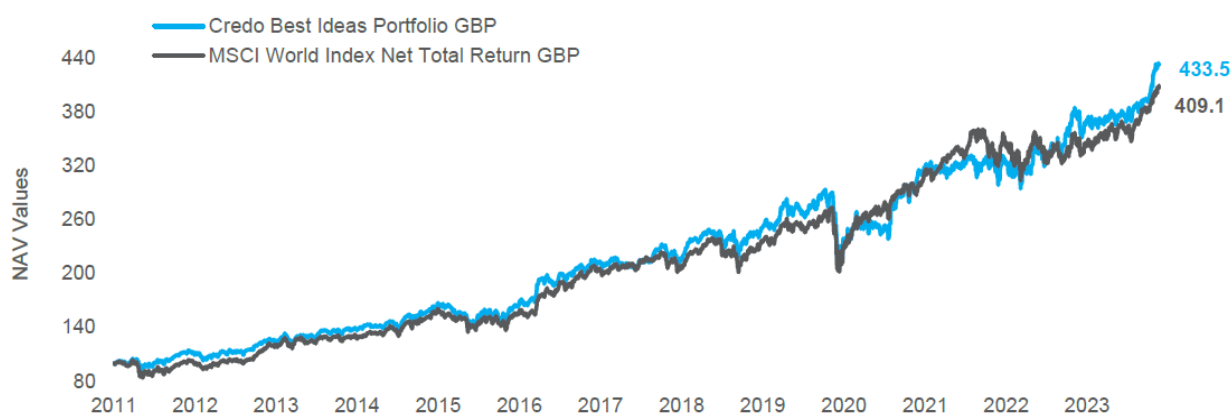


PORTFOLIO PERFORMANCE (GBP)^{1,2}

Return (%)	Annualised						
	S. Inception	5 Years	3 Years	1 Year	3 Months	1 Month	YTD
Best Ideas Portfolio	12.1	12.4	14.0	16.8	13.3	6.4	10.3
MSCI World	11.5	12.8	12.3	19.8	10.7	5.1	6.7
Relative	0.5	-0.4	1.6	-3.1	2.6	1.3	3.6

Risk (%)	Largest Drawdown	Volatility (Annualised)
Best Ideas Portfolio	30.4	14.8
MSCI World	26.2	15.1

PERFORMANCE SINCE INCEPTION (14/04/2011)²



(1) Performance figures are based on a notional portfolio, denominated in pound sterling, designed to track the holdings of the Credo Best Ideas Portfolio. Portfolio incorporates all additions and removals, rebalancing all holdings to a 5% weighting in the process. Portfolio may not be fully invested at a point in time and therefore can hold a portion of assets in cash, which is assumed to be held in the relevant reporting currency of the portfolio. Portfolio and Benchmark performance is calculated before any fees and includes reinvested dividends net of withholding tax.

(2) Source: Bloomberg pricing as of 29/02/2024 close. All portfolio performance is calculated using Bloomberg PORT, rounded to 1 decimal place.

3. Benchmarking

Measure	Assessment
Portfolio performance	Whilst BIP failed to match its benchmark over the past year, this should be seen in the context of exceptionally strong performance the year before when the same benchmark was beaten by more than 14%. Viewed together, this has resulted in outperformance of 1.6% p.a. when measured over the most recent rolling 3-year period. Since inception in 2011 (i.e. an overall track record of nearly 13years now), outperformance versus benchmark has also been achieved.



Comparable charges

Credo has undertaken a review of a UK peer group whereby we compared the combination of management and custody charges against that of 8 well-known wealth managers. Based on this, it can be illustrated that Credo's costs and charges are in line with the market; more specifically, for entry-level portfolios (generally defined as amounts up to £1m), Credo charges are in fact at the bottom end of the range.

Based on our analysis, it is not always clear/transparent how much peers charge for trading services, but even in the unlikely event that they do not charge for this at all, Credo's total charges would be approximately in line with the peer group over time (bearing in mind the low turnover approach followed in managing the Credo portfolios).

CONCLUSION

Considering the portfolio's costs and performance returns; we believe these to be fair, reasonable, and appropriate given the investment strategy and process. The portfolio has delivered consistent investment returns and continues to provide good value to investors.

Furthermore, Credo's costs and charges are comparable to peers and commensurate with the services we provide to clients.



Dividend Growth Portfolio

1. Costs

The costs associated with investing in the Credo Dividend Growth Portfolio (**DGP**) via Credo's platform are shown below.

Fee Type	Charge ¹
Management	0.80% p.a.
Platform (includes Global Custody)	0.20% (onshore), £250 minimum p.a. 0.30% (offshore), £500 minimum p.a.
Trading Services	0.35%, minimum per trade £35 ²
Foreign Exchange Spread	0.35%
Service Charges	£20 (UK securities) £30 (US securities) £50 (all other markets)

(2) Source: Credo.

Note: The fees detailed above are in accordance with Credo's standard Schedule of Charges for Private Clients. In certain instances (specifically in relation to some larger clients), aspects of these charges may be negotiable, and clients may thus pay lower management fees, as well as lower/zero fees for trading services.

² We don't believe we will be able to obtain a large enough sample group to carry out a meaningful benchmarking exercise on this spread.



2. Benefits

The investment objective of DGP is to provide investors with a sustainable and growing income stream through dividends and share buybacks. The portfolio has a bias towards developed market, large capitalisation stocks and it focuses on companies that pay attractive dividend yields, with an ability to sustain and grow these over the long-term.

Measure	Description
Investment Team	<ul style="list-style-type: none"> ▪ Qualified, experienced investment team, consisting of four fulltime professionals. ▪ Bottom-up stock analysis with a long-term investment mindset. ▪ Culture that encourages individual ideas and independent thinking. ▪ Regular investment reporting (factsheet, commentary, spotlight).
Quality of service	<ul style="list-style-type: none"> ▪ Independence - Credo is independently owned and is thus not subject to any institutional bias. ▪ High staff retention with senior relationship managers rarely leaving the business. ▪ Dedicated relationship manager and account managed for each account. ▪ Complete transparency in terms of fees. ▪ Online client reporting and trade execution system, which can be accessed at any time.
Investment performance	<ul style="list-style-type: none"> ▪ Consistent long-term performance. ▪ Steady income stream from dividends. ▪ Disciplined investment approach. ▪ Proven bottom-up stock picking methodology. ▪ Analytical research by in-house investment team and ongoing daily portfolio monitoring.
Other	<p><i>3rd Party Custodian – Safe Custody of Assets:</i></p> <p>Clients have a choice of appointing an onshore or offshore custodian of the assets. Credo uses Pershing Securities Limited, which is regulated by the Financial Conduct Authority (FCA) in the UK, and Pershing (Channel Islands) Limited, which is regulated by the Jersey Financial Services Commission in Jersey (both being wholly owned subsidiaries of BNY Mellon) as its primary onshore and offshore custodians respectively. In the unlikely event that Credo or its custodians are unable to meet their financial obligations, clients will benefit from extensive account protection for the net equity value of the securities positions and cash held in their account.</p> <p>In Compliance with FCA Client Asset Rules, investors’ assets are held in trust accounts segregated from the custodian’s own assets. Therefore, in the unlikely event of default by the custodian, investors’ assets will be allocated to the beneficial owner, will not be considered as belonging to the custodian, and will not be used to repay the custodian’s creditors in the event of liquidation.</p>



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- Asset segregation: FCA Client Asset Rules require client assets to be held in trust in accounts segregated from Pershing's own assets and segregated from Credo's assets.
- Asset reporting: regulation requires custodians to provide a quarterly (onshore) or semi-annual (offshore) custody statement in respect of client assets held.
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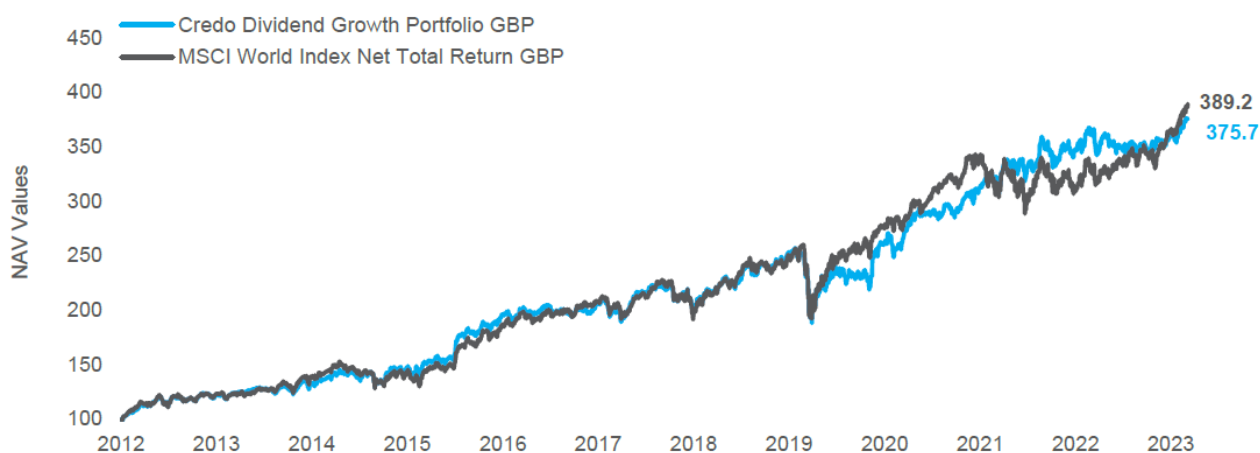


PORTFOLIO PERFORMANCE (GBP)^{1,2}

Return (%)	Annualised						
	S. Inception	5 Years	3 Years	1 Year	3 Months	1 Month	YTD
Dividend Growth Portfolio	12.6	11.7	13.7	4.3	6.7	3.6	4.4
MSCI World	12.9	12.8	12.3	19.8	10.7	5.1	6.7
Relative	-0.4	-1.1	1.4	-15.5	-4.0	-1.5	-2.3

Risk (%)	Largest Drawdown	Volatility (Annualised)
Dividend Growth Portfolio	26.8	13.7
MSCI World	26.2	15.1

PERFORMANCE SINCE INCEPTION (28/12/2012)²



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(2) Source: Bloomberg pricing as of 29/02/2024 close. All portfolio performance is calculated using Bloomberg PORT, rounded to 1 decimal place.

3. Benchmarking

Measure	Assessment
Portfolio performance	Whilst DGP failed to match its benchmark over the past year, this should be seen in the context of exceptionally strong performance the year before when the same benchmark was beaten by nearly 10%. Viewed together, this has resulted in outperformance of 1.4% p.a. when measured over the most recent rolling 3-year period.



Comparable charges

Credo has undertaken a review of a UK peer group whereby we compared the combination of management and custody charges against that of 8 well-known wealth managers. Based on this, it can be illustrated that Credo's costs and charges are in line with the market; more specifically, for entry-level portfolios (generally defined as amounts up to £1m), Credo charges are in fact at the bottom end of the range.

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