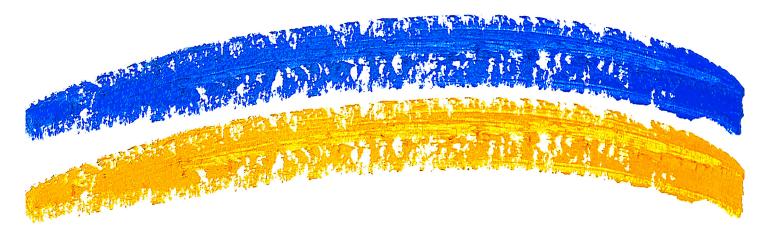


Taking stock

Andrew Cormack - Investment Solutions, Credo Wealth



Recent events in the Ukraine have been sudden and unsettling.

We would like to reassure our clients that Credo has very limited exposure to Russia or Russian interests.

This is the result of judicious investment selection, as well as managing positions in light of changing market conditions.

In terms of the Credo Global Equity Fund, there is a 1% position in Sberbank, a Russian bank. This risk exposure is minimal and has benefitted from pro-active risk management by the Credo investment team. Sberbank had always been an attractive investment opportunity, as the bank enjoyed solid fundamentals (at least prior to the conflict), a leading market position and, from a risk perspective, was 51% owned by the Russian reserve bank, which made failure unlikely. As the situation in the Ukraine developed, though, aggressive steps were

taken to reduce the Credo Global Equity Fund's stake in Sberbank and mitigate risk while leaving open the possibility that war might not materialize. As the conflict began, the Fund's return on Sberbank was broadly flat with the market. Potential direct loss is therefore limited to the current 1% position.

The Credo Dynamic Fund does not have any direct exposure to Russia. None of our discretionary equity share portfolios or income plus portfolios have any direct exposure to Russia. Our discretionary Multi-Asset Portfolios hold a small position in emerging markets ETFs (which themselves have small allocations to Russia), giving the Credo Multi-Asset Portfolios less than 20bps aggregate exposure.

From an indirect perspective, there may some investments which experience secondary effects. BP is an example of this: after deciding to jettison its 20% stake in Rosneft, a Russian oil company, BP's share price fell some 6%. However, against this, other oil companies have appreciated in line with increases in the global price of oil. The Credo Global Equity Fund shifted some of its former Sberbank position into Shell, whose share price has weathered the past two weeks more successfully despite Shell's involvement in the Nord Stream 2 pipeline project.

Credo's investment teams meet and discuss existing position and potential new opportunities on an ongoing basis. These opportunities will help diversify risk and provide future growth. We understand that we cannot stay still: the portfolios and funds must adapt to changing conditions in order to generate returns for our investors.

As we live through the coming weeks, ready yourself for continued uncertainty. The challenge is to keep a cool head and make longterm decisions. As your partners, we are confident that we will weather these challenges together. Please do not hesitate to contact us if you have any questions or would like to know more about what Credo is doing to protect your wealth.