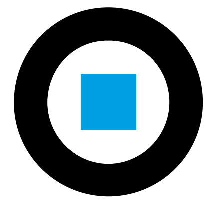


CREDO 20 YEARS

20 years of evolution

Some of the numerous highlights since the group was founded back in 1998

(and how the firm's assets under administration have grown over the period)

- 1998: CREDO GROUP founded
- 1999: Johannesburg office opened — £60m
- 2000: Guardian Trust founded
- 2001: 1st financial intermediary client
- 2002: MYCREDO launched
- 2005: Roy Ettlinger appointed CEO; Kirsh Family Office becomes a shareholder — £250m; 1000 client accounts
- 2006: CREDONEWS 1st issue released
- 2007: £500m
- 2008: Move to Pall Mall; Credo turns 10
- 2009: Cape Town office opened
- 2010: 50 staff — £1bn; 2500 client accounts
- 2011: Launch of Best Ideas Portfolio
- 2012: Launch of Dividend Growth Portfolio
- 2013: CREDO Wealth Outsourcing Solutions established
- 2014: Move to York Gate; Johannesburg Bryanston office opened; Launch of Multi Asset Portfolios
- 2015: Portfolio Pulse released — £1.5bn; 5000 client accounts
- 2016: Global Equity Fund launched — £2bn
- 2017: Dynamic Fund & Growth Fund launched — £2.5bn
- 2018: 90 staff — £2.9bn; 6900 client accounts

1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

Click here to continue to CredoNews

CREDO

YEARS

The folly of market timing
Deon Gouws

In our nature
Ainsley To

Just a little misfortune
Trevor Black

The implementation of MiFID II
Alex de la Harpe

...and more

Time flies when you are having fun

It is hard to believe that it has been 20 years since Credo was started

Upon reaching any significant anniversary, it is often tempting to look back and reflect and I think we can all be proud of what we have built and what Credo has achieved. The graphic illustration earlier in this publication reflects only some of the numerous highlights since I founded the group back in 1998, together with Mark, Gavin, Greg and Jacques.

Soon thereafter Alan, Rupert, Gary and Jarrod joined us, and since then many others have joined the Credo family.

In 2005, when I became CEO, we were fortunate enough to bring the Kirsh family on board as shareholders, and ever since then they have consistently proved to be value added and supportive partners, and I look forward to further developing and strengthening our relationship.

Over the last two decades, there have been countless people who have contributed to the growth and success of Credo, many of whom are still with Credo, whilst there are others who despite having left the group continue to support us as partners or referrers of clients.

We have created a fantastic corporate culture and probably my proudest achievement has been to watch countless of our young people grow, develop and succeed, and fortunately many of them are still with Credo today.

It has been wonderful to have built numerous long-standing client relationships, many of which have over the years developed into personal friendships as well.

My hope for the next 20 years is that Credo continues to grow and go from strength to strength. Given the amazing team of people working at Credo, the platform and infrastructure we have developed, and continue investing in, as well as the loyal clients we have, I am absolutely confident that Credo and its clients will continue to prosper.

It is often said that success is all due to a mixture of hard work, timing and luck, and whilst that is not something I would wish to dispute, my philosophy has always been to back good people, and inevitably that will bring about success – I have been lucky in my partners, clients and the people who make up the Credo family.

How time flies when you are having fun. ■

Deon Gouws - *CIO* | @DeonGouws_Credo

The folly of market timing

As one reflects on Credo's growth as a business over the past 20 years, it seems appropriate to bear in mind that all of this has been playing out against the backdrop of financial markets which have been particularly strong over the same two decades (even allowing for a couple of major crashes, several other hiccups and a number of scares along the way).

Accordingly, whilst Credo celebrates this landmark, practically every financial market in the world finds itself at a rather elevated level; at the time of writing (i.e. early March 2018), the S&P500, for example, is trading within 5% of its all-time high reached just a few weeks before.

So, what should an investor's allocation to risk assets be in a high conviction portfolio, given that "everyone" seems to agree about markets being expensive and that a sizeable drawdown may be around the corner? To be sure, large parts of the financial press has been awash with some very bearish pronouncements by global asset allocation experts for some time now. When global equity indices declined by some 10% towards the end of January 2018, many of these people were yelling "Told you so!" and "This is the beginning of the end!"; when markets started to recover slowly but surely a few days later, most of them were quieter, for obvious reasons…

Whilst I would never claim to know any better than this army of acclaimed investment strategists, my personal answer to the asset allocation question tends to be pretty consistent over time: I believe it is always advisable to take as much risk as makes sense in your own individual circumstances. For myself, that means a full allocation to equities; for others, it may be a variety of other risk assets, based on their individual background, circumstances, knowledge and experience, e.g. commercial property, farmland or direct business interests.

Even though it seems fashionable to describe yourself as a bearish investor these days (judging by how many respected market participants have joined those ranks), I take inspiration for my more sanguine view from a number of other investors in history. Peter Lynch, for example, had this to say after his retirement from a very successful career as manager of the Fidelity Magellan Fund more than two decades ago:

"Far more money has been lost by investors preparing for corrections, or trying to anticipate corrections, than has been lost in corrections themselves."

What does a "full allocation" to risk assets mean? The response won't be the same for everyone, and it will depend on one's risk profile as well as investment horizon.

There are many people who are able to afford a fair amount of risk (i.e. they may be relatively well-off, in good health, not have too many dependents, lead a modest lifestyle, etc.), but their personality traits could be such that they simply have a very low tolerance for risk. In other cases, the exact opposite may be true: some people are active risk seekers (think of those in your network who enjoy a bit of sports betting), but they may in fact have a fairly low risk capacity (as they may simply not be able to afford any substantial losses, given their needs).

There is nothing inherently wrong with falling into either of these camps: every one of us is different.

These two sets of clients would however need to be classified as lower risk investors, given that both the capacity for risk as well as the attitude to risk (viewed independently) serve as constraints as far as a client's risk profile is concerned. No full allocation to risk assets in this instance, therefore…

As far as time perspective is concerned, it is common cause that investors are best placed if they are willing and able to take a long-term view: this allows for the mathematics of compounding to work its magic, and it also helps smooth out the impact of short-term market fluctuations.

The problem is that everyone has a different view of what the long-term entails: some think that it's five years, others might say ten… however neither of these really boil down to the long term, in my view. To illustrate: it has been a full decade since the start of the infamous global financial crisis of 2007/2008, and we have not even had a full economic or market cycle since then. For the vast majority of the period, we have seen interest rates in developed markets at or near zero, for example.

Having turned fifty only a few years ago and being in relatively good health (at least as far as I know today, thankfully), I personally view the long term as a minimum of twenty years or more. I am fortunate that I have a job which I enjoy, and I hope to be able to earn an income from it for many years to come. Add to this the fact that I have trained myself to be a "glass half full" person, and all of this adds up to having practically all of my and my family's nest egg in the form of equities – even though I fully realise that the market is not cheap.

I am prepared to stomach the drawdowns when they come, given that the actual timing of the next possible market correction is essentially unforecastable (not even those renowned global asset allocation experts can foresee this kind of event with any consistency, much as I admire some of them).

In fact, I don't even see a possible correction as the biggest risk to the ultimate financial wellbeing of an investor: what one should be much more worried about in my view, is your own behaviour when eventually it happens (as no doubt it will, sooner or later). Will you blink at the bottom, sell out of equities and lock in your losses for evermore? And before you say no, bear in mind that it's simply natural to experience the same fear as those around you when there's "blood in the streets"…

I will go one step further: say you are lucky enough to get your timing right, and you raise a substantial portion of cash just before the market actually crashes: do you really believe you will have the wherewithal to put most of that money at work later on, when everyone else appears to be a seller?

Assuming you've been a market participant for a while, you may find a clue to answering this last question in how you felt and behaved in the first quarter of 2009 (i.e. when markets eventually bottomed out and traded at multi-decades lows in the wake of the global financial crisis). Were you actively topping up and piling into equities at basement bargain prices? You may be the exception, but most investors were not high conviction buyers at the time: the very reason why market bottoms are formed, is that the vast majority of market participants end up being bearish at the same time.

The best defence that an investor has against the vagaries of financial markets, is to acquire a basket of quality assets (that he or she understands), taking care not to overpay for them, and holding on for the longer term. The specific basket will of course differ based on preference and risk profile, but it is the principle that matters. And don't lose too much sleep over the fact that you will get some individual exposures wrong: as long as you make diversification your friend, it should not matter that much in the end.

More than anything, don't get too perturbed by the forecasts of all those experts. As the same Peter Lynch referred to earlier once said:

"I can't recall ever once having seen the name of a market timer on Forbes' annual list of the richest people in the world. If it were truly possible to predict corrections, you'd think somebody would have made billions by doing it." ■

Trevor Black | @trevorblack

Just a little misfortune

"Past performance is not indicative of future results" is the ubiquitous disclaimer that goes on all financial products. Looking into the future is like staring into a crystal ball: there are an infinite number of paths on which we may travel, and the crystal ball shows just one fuzzy possibility. As it happens, the past is deceptively similar: **there are an infinite number of alternative histories that could have happened, and what actually happened, is just one of these.**

Our memory of the past is also fuzzy. We forget uncertainty, avoid ambiguity, overestimate the probability of vivid things that are easy to understand, and reinforce whatever beliefs we already have. The challenge is sifting through those visions to find what is replicable, and what good questions can be asked.

There are some standard good questions. Learning more about the people involved. Attempting to understand the processes that have been put in place. Looking for consistency in general philosophy. Although past performance doesn't typically repeat, it gives clues as to what the constraints may be.

The past is one version of a "stress test". Stress tests gained notoriety after the global financial crisis as financial institutions had to create simulations of the future to test whether or not they would have sufficient capital under different scenarios… What happens if interest rates rise? What happens if the market crashes? What happens if oil prices go up? Stress tests are a form of risk management.

The objective is to identify, evaluate and prioritise the risks to focus on. There are things we know, things we know we don't know, and things we don't know we don't know. The most dangerous elements are things we think we know for certain, that are wrong. That is where the 'past performance' disclaimer comes in: buying an investment product thinking that you are buying a known return without any variation.

The longer the history, the more 'extreme events' you are able to test. Investment tends to have a 'fat tailed' shape. This means the

"the best I can wish you is a little misfortune… just a little"

average performance is just one thing you need to look at. What is just as important, is looking at the tails, the rare events. What could go really wrong? What could go really well? That is where history becomes more useful the more of it you have. Lessons learnt become known unknowns. The truly rare events, the unknown unknowns won't be in the history. Nassim Taleb calls these black swans. Another white swan (i.e. another year of investment performance) doesn't prove that black swans don't exist (e.g. a fund going bust).

Modelling the future, by definition, can't include all the things we don't know. It takes a set of assumptions and performs a series of what ifs. So, with all the uncertainty, why even bother?

Fundamental investors believe that when you are buying a share, you are buying something real. You aren't just speculating on a price. You aren't just hoping someone else will buy whatever it is (you don't care) for more later. As such, fundamental investors ask very practical questions.

What is being made? Who are the customers? Who are the competitors?

The present is a product of the past, and history gives an indication of how we got to where we are. Less about cause and effect, and more about the characteristics of the game. This means that performance becomes just one of many very tangible bits of information on which decisions can be based.

Long-term investors know that, while what happens in the next few quarters or years is important, those returns are (hopefully) just a small fraction of the full extent of the earning capacity of a business. Performance tends to be much more volatile than the underlying fundamentals. This means underperformance can be an opportunity, as expectations naively mimic history.

We believe that diligent analysis and patience should result in satisfactory long-term returns. We clearly also believe that a history of success isn't by chance; it shouldn't be ignored. We wouldn't be investing our own money if we weren't believers in this. It isn't blind belief; it is a considered approach to uncertainty.

Quoting the Fairy Blackstick in "Tender is the Night", F Scott Fitzgerald suggests "the best I can wish you is a little misfortune… just a little." Taleb would call this being 'antifragile'. If you have a perfect track record, there is little information about how you will handle difficult periods. That is the real challenge of a good investment philosophy. There will be periods of underperformance that highlight the resilience of the people and process. That test if they are able to stick together and keep on keeping on.

Credo have stuck together for 20 years. Here is to 20 more… with just a little misfortune. ■

Kathryn Linde - *Relationship Manager*

Diversified equity portfolios

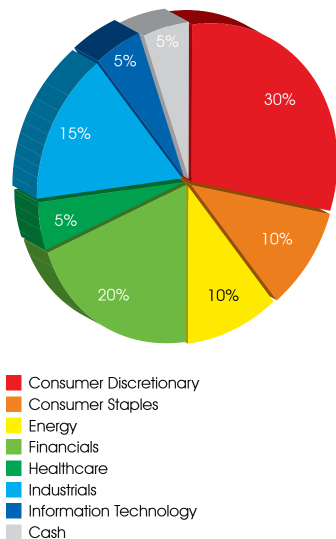
The Best Ideas and Dividend Growth portfolios are diversified global equity portfolios, which we believe to be well positioned to outperform the wider equity market over the longer term. The portfolios have biases towards developed-market, large-capitalisation stocks.

BEST IDEAS PORTFOLIO

Performance

Return (%)	
YTD	1.2
1 Month	1.2
3 Months	7.2
1 Year	12.8
Annualised Return (%)	
3 Years	14.0
5 Years	13.4
Since Inception	12.9

Sector Allocation

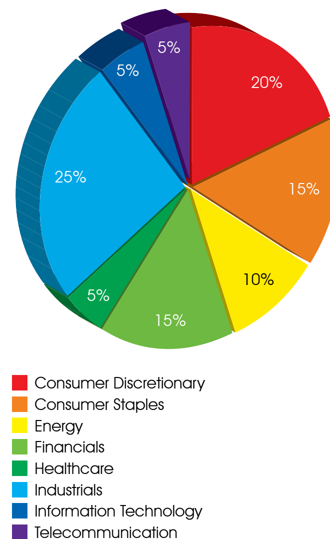


DIVIDEND GROWTH PORTFOLIO

Performance

Return (%)	
YTD	-0.3
1 Month	-0.3
3 Months	3.0
1 Year	7.4
Annualised Return (%)	
3 Years	15.0
5 Years	14.1
Since Inception	15.1

Sector Allocation

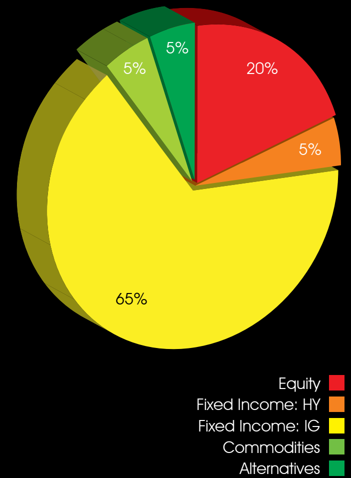


MULTI-ASSET PORTFOLIO 20/80

Performance

Return (%)	
YTD	-1.8
1 Month	-1.8
3 Months	0.2
1 Year	5.2
Annualised Return (%)	
3 Years	5.0
Since Inception	6.4

Strategic Asset Allocation



Value orientated investment philosophy

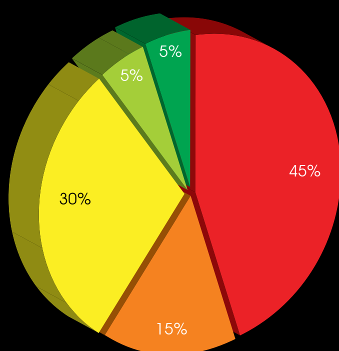
The Credo Multi-Asset Portfolios follow an evidence based approach to investing, providing investors with diversified exposure to global assets through a selection of funds and ETFs. Funds are selected using Credo's in-house selection process and offered as four solutions targeting various levels of equity exposure. Portfolios are available in both GBP and USD.

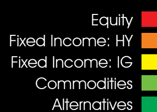
MULTI-ASSET PORTFOLIO 45/55

Performance

Return (%)	
YTD	-1.5
1 Month	-1.5
3 Months	0.4
1 Year	7.2
Annualised Return (%)	
3 Years	7.6
Since Inception	8.5

Strategic Asset Allocation



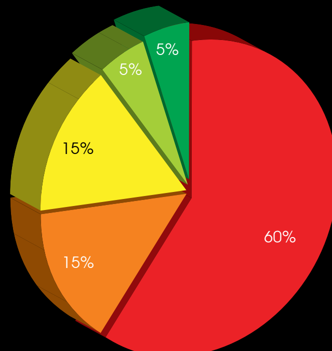


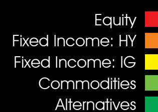
MULTI-ASSET PORTFOLIO 60/40

Performance

Return (%)	
YTD	-1.4
1 Month	-1.4
3 Months	0.6
1 Year	8.4
Annualised Return (%)	
3 Years	9.0
Since Inception	9.4

Strategic Asset Allocation



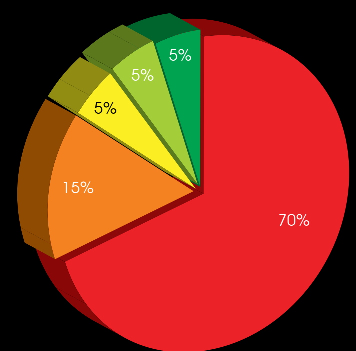


MULTI-ASSET PORTFOLIO 70/30

Performance

Return (%)	
YTD	-1.2
1 Month	-1.2
3 Months	0.8
1 Year	9.1
Annualised Return (%)	
3 Years	9.9
Since Inception	10.4

Strategic Asset Allocation



Performance figures are based on a notional portfolio, denominated in pound sterling, designed to track the holdings of the Credo Best Ideas, Dividend Growth and Multi-Asset portfolios. Portfolios incorporate all additions and removals. Portfolios may not be fully invested at a point in time and therefore can hold a portion of assets in cash. Performance is calculated before any fees (which can vary depending on the level of service) but includes gross dividends, reinvested. Following additions or removals, each holding is rebalanced to the model weighting. Source: Bloomberg pricing as of 31/01/2018 close. All portfolio performance is calculated using Bloomberg PORT, rounded to 1 decimal place. Inception dates: Best Ideas Portfolio 14/11/2011, Dividend Growth Portfolio 28/12/2012 and Multi-Asset Portfolios 02/07/2014.

Ainsley To - *Research Analyst* | @AinsleyTo_Credo

In our nature

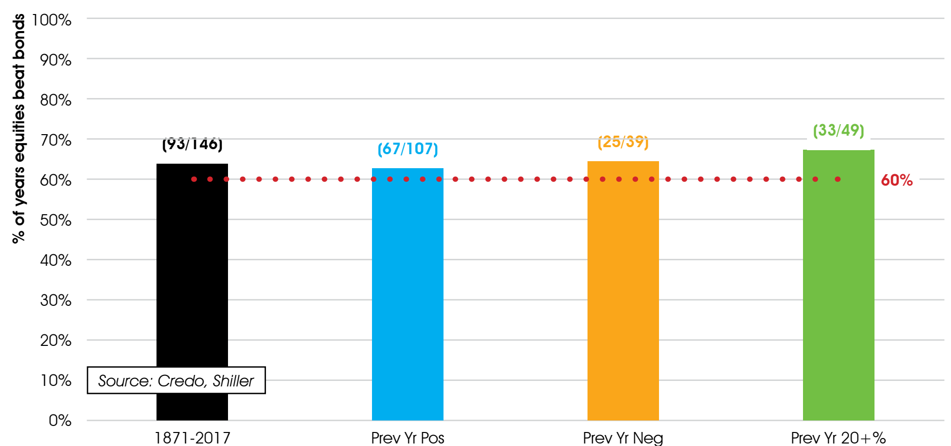
The proverbial 60/40

Walter Morgan was an outlier when he founded one of the first US open ended "balanced funds, the "Industrial and Power Securities Company", in 1928 (most were closed end funds in those days). His principle of "investment balance: stocks and bonds, working together" seemed somewhat conservative at the end of the "roaring 20s", a particularly bullish time during which many investors were borrowing through margin accounts to buy stocks. Though there were some extreme periods during its history (including a change in structure), the fund maintained its balanced philosophy, with equity exposure rarely moving outside a range of 60% to 65% over its 90 years of history (the average life of a mutual fund is closer to 12 years). Today, the fund exists as the Vanguard Wellington Fund, managing $110bn in assets with the same investment philosophy: ***"approximately 65% of assets invested in equities and 35% of assets invested in fixed income securities"***.

From Risk Parity to Black Litterman, there are a plethora of asset allocation approaches for investors today to choose from – constructing multi-asset portfolios seems to have evolved far beyond the sliding scale between equities and bonds that it might once have been (for better or for worse). But a closer look at the traditional binary choice of "Equities vs Bonds" can provide some interesting insights into the genesis of portfolio diversification and human decision making in the face of uncertainty.

For illustrative purposes, we use the US stock market to represent equities and we refer to an investment in a constant maturity 10 year US government bond for bonds. In Chart 1 below, the black bar shows that **the long term win rate** for equities over bonds has been 64% over time (i.e. 93 out of 146 years). The additional bars show the win rate for the same data broken down for other scenarios: when the year before was positive for stocks (**blue**), when the year before was negative (**yellow**), and when stocks were up 20% or more in the previous year – as they were in 2017 (**green**).

Chart 1: Win Rate of Equities vs Bonds based on previous year's outcome



A timely observation (on the back of a return in excess of 20% for the US market in 2017) is that a 20+% return in the previous calendar year doesn't seem to be useful information for determining your choice between equities and bonds for the year ahead. In fact 2017 may not be significantly different in the context of history (as you can also see from the numbers above the bars, **equities have had more 20+% years [33] than down years [25] over the long term)**.

A second and perhaps more interesting observation is that the win rate seems to be anchored between 60 to 65%. A rational economist would suggest the simple answer to the binary choice posed at the beginning of every year is to always put all your money in stocks, and you will be right more years than you are wrong - when playing heads or tails with a coin that is biased to come up as heads 6 times out of 10, the "rational" decision is to bet on heads every time.

This "rational" approach to binary choices is unsatisfactory for most players. The partisan debates between so called "Bulls" and "Bears" persist in investing because human beings aren't satisfied with being right most of the time, they simply don't want to be wrong at all. In the presence of randomness, a plethora of studies in psychology document a behaviour called Probability Matching – when faced with a coin biased to heads 6 out of 10 times, people would rather pick heads (H) 6 times, and tails (T) 4 times in an effort to get them all correct (*Profit Maximising Strategy:* HHHHHHHHHH vs *Actual Behaviour:* HHTHHTHTHT). Remarkably, Probability Matching also describes the behaviour of fish, pigeons, ants, and primates. When a behaviour is so widespread across multiple species, one might theorise that perhaps there was some ***evolutionary advantage*** to making decisions this way, or the trait would not have survived so pervasively through many generations of natural selection.

Homo Economicus vs Homo Sapien

In their fascinating 2011 paper *The Origins of Behavior*, Thomas Brennan and Andrew Lo explore how a sub optimal behaviour for an individual can actually turn out to be the optimal behaviour for a species as a whole. Below is a simplified version of their illustration on how the Probability Matching bias aids survival:

Consider the following two species: Homo Sapiens (who we will refer to as the Kirks) and Homo Economicus (who we will refer to as the Spocks). Spocks are the rational, utility maximising individuals that neo-classical economists choose to model – they always make the optimal choice and act in their self-interest. Kirks are the irrational, probability matching individuals observed in the real world. Both face a binary choice decision that will determine their survival… ***Where do they choose to build their homes: in the Valley or on the Plateau?*** The main consideration for the two species is the weather: if it rains then the Valley will flood, and if it is sunny, the Plateau will be too dry and have no shade. Suppose we say that every year the probability it will be sunny is 60%, and the probability that it will rain is 40%.

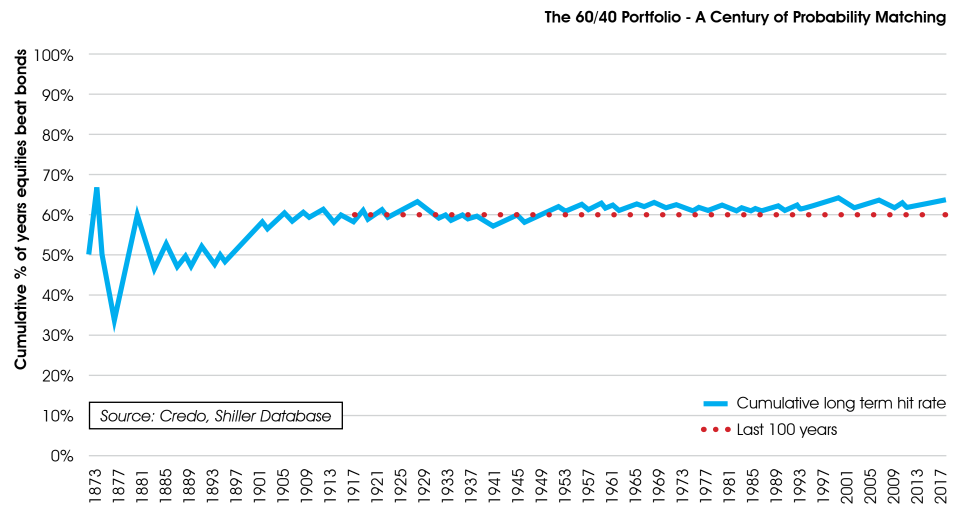
	Sun (60%)	**Rain** (40%)
Valley	Survive	Drown from flooding
Plateau	Die of thirst	Survive

The Spocks, being hyper logical, all choose to build their homes in the Valley as this gives the best probability of survival (it is sunny more often than it rains). The Kirks, being probability matching individuals, have more random

behaviour; they choose to build their homes in the valley 60% of the time and on the plateau 40% of the time.

For any one individual Kirk choosing to nest on the plateau, the decision looks illogical. The most likely scenario is that they will die and not live on to pass on their DNA. However **if it rains during any year, the entire Spock species goes extinct**. Whilst they all made the optimal choice at the individual level, the Spocks' behaviour is not sustainable for the species as a whole… and their genetic trait for logical decision making dies with them.

Never tear down a fence until you know why it was put there



It turns out the behaviour that comes to dominate the population over time is the more random, probability matching behaviour of the Kirks. **Nature abhors an undiversified bet.** Rational, utility maximising individuals who all choose the same optimal solution are all running the same concentrated bet, and as a group are most exposed to systemic risk. The majority of the species that have survived to this day are those with biases such as probability matching, who exhibit more diversified behaviour through randomness.

One often wonders how the proverbial 60/40 stock&bond portfolio became the 'de facto' or typical allocation that the industry refers to. Equities have outperformed bonds around 60% of years for the last century. Is it a coincidence that given the long term hit rate of equities vs bonds we defined earlier, the 60/40 heuristic is almost entirely consistent with probability matching behaviour?

Walter Morgan may not have been aware of the evolutionary roots behind his balanced fund approach. Yet it was these survival instincts that preserved the fund through the 1929 crash and the consistency of the philosophy (maintained by John Bogle and his subsequent successors) that enabled the fund to thrive until now. You won't find many academic papers today that would support this heuristic approach for asset allocation, but 60/40 is written in our DNA.

Alan Noik - *MD* | @AlanNoik_Credo

CREDO FUNDS

Irish registered UCITS funds

Launched in July 2017

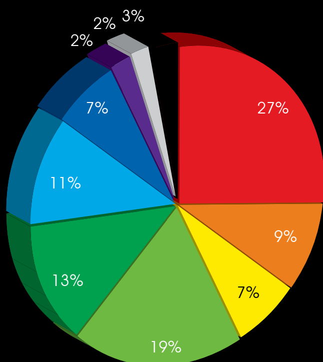
GLOBAL EQUITY FUND

Credo has a strong track record of managing long-only, value-based, direct equity portfolios with a bias towards developed market, large capitalisation stocks. The Fund provides an actively managed, unitised structure through which to gain exposure to this philosophy. Our aim is to generate sustainable excess returns versus global market indices.

Currency Allocation *(%)*

AUD	4
GBP	41
USD	52
Other (SGD, EUR)	3

Sector Allocation



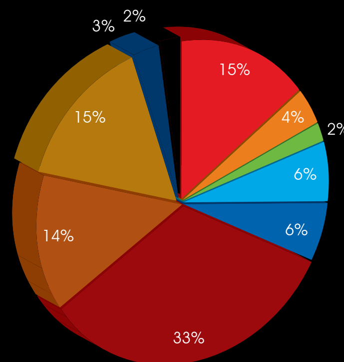
DYNAMIC FUND

Utilises the long-term and successful investment strategy that has historically been employed within the traditional stockbroking arm of Credo, and aims to achieve a balance of income and capital growth over the longer term. The Fund has flexibility to invest across asset classes depending on prevailing market conditions.

Currency Allocation *(%)*

GBP	90
USD	8
CAD	2

Sector Allocation



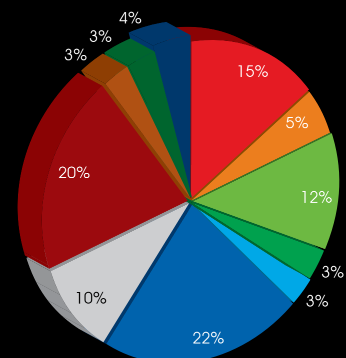
GROWTH FUND

A reflection of the Fund Manager's (Roy Ettlinger) personal investment style and strategy which he has successfully adopted for clients in past years. The Credo Growth Fund aims to provide attractive risk-adjusted returns and also has the flexibility to invest across asset classes.

Currency Allocation *(%)*

GBP	66
HKD	2
USD	30
Other (AUD, EUR)	2

Sector Allocation



As the Credo Funds launched on 3 July 2017, there is insufficient data to provide a useful indication of performance. Source: Société Générale Securities Services (Ireland) Limited as at 31/01/2018.

Christelle Coetzee - *MyCredo Specialist*

MYCREDO

Past, present and future

MYCREDO
PERSONALISED WEALTH MANAGEMENT

MyDetails | MyPortfolio | MyReports | MyTrades

Account Name: Fund
Address: 3rd Floor
33 Margaret Street
London
United Kingdom
W1G 0JD
Account Executive: fortis
Account Number: 10000001
Classification: Intermediate
Dealing Type: Discretionary
Investment Objectives: Growth
Reporting Currency: USD
Risk Rating: Medium Volatility

Total Cash: USD 141,300.65
Total Market Value: USD 14,071,972.99

Log out disclaimer

Asset Allocation

58.68 %
19.02 %
0.41 %
1.00 %
21.00 %

Change Password

Early web-based MyCredo

Disclaimer | Change Password | Logout MYCREDO

Home | MyPortfolio | MyReports | MyReports | MyTrades

Account Name
00000003

Grouping | Excel | Layout: Currency | Ccy: GBP

Quantity	Security Description	Unit Cost	Local Cost	Price	Local MV	Report MV	Pct
Pound Sterling (FX Rate - 1.00)							
989	INSTITUTIONAL CASH SERIES PLC - INSTITUTIO	100.69	97,569	102.29	99,115	99,115	9.68 %
228,730	POUND STERLING - PERSHING UK NOMINEE	1.00	228,730	1.00	228,730	228,730	22.33 %
878.458	ARTEMIS CAPITAL FUND	8.14	7,150	8.46	7,434	7,434	0.73 %
13,745.036	BLACKROCK UK DYNAMIC FUND	1.55	21,289	1.63	22,404	22,404	2.19 %
26,652	DEXION ABSOLUTE LTD	1.62	43,132	1.56	41,457	41,457	4.05 %
448.254	GLG MULTI-STRATEGY FUND SICAV	158.76	71,164	152.00	68,135	68,135	6.65 %
1,065	ISHARES - ISHARES FTSE 250	9.84	10,479	9.99	10,634	10,634	1.04 %
1,435	ISHARES MSCI WORLD	15.68	22,506	16.41	23,548	23,548	2.30 %
5,350	ISHARES PLC- ISHARES FTSE 100	5.88	31,485	6.15	32,916	32,916	3.21 %
75.19	ASHTON SELECT GBP FUND	1,249.17	93,925	1,242.52	93,425	93,425	9.12 %
46,667	ASHTON SELECT GBP FUND (UNITS PENDING)	1.00	46,667	1.00	46,667	46,667	4.58 %
5,507.667	SARACEN INVESTMENT FUNDS ICVC - GROWTH FUN	3.87	21,289	3.93	21,620	21,620	2.11 %
629.92	SIGNET MULTI-MANAGER INC - SIGNET GLOBAL F	168.03	105,845	163.19	102,799	102,799	10.04 %
1,893	CREDO PROPERTIES II LTD	102.58	194,198	106.61	201,813	201,813	19.71 %
Sub Total GBP			995,403		1,000,090	1,000,090	97.71 %
US Dollar (FX Rate - 1.97)							
24	US DOLLAR - PERSHING UK NOMINEE	1.00	24	1.00	24	12	0.00 %
TOTAL MV						1,024,137	100.00 %

MyCredo SmartClient in 2008

The Old African proverb:

"The best time to plant a tree was 20 years ago. The second-best time is now" rings true when looking back at the birth of MyCredo, Credo's very own online reporting and trading platform. The first seed for the ever growing MyCredo, was planted in 2002 by our innovative in-house development team.

The early days of the web-based MyCredo boasted a graphic display of a client's portfolio valuation and a few basic PDF reports. This was developed over the years to improve the reporting repertoire. The functionality became invaluable and in 2007, Credo launched the internal SmartClient, which is till today used by our portfolio managers, relationship managers and client services staff to manage portfolios, payments and reporting.

In 2010 we launched MyCredo V3, using Silverlight technology, with a much richer interface. This soon became a sought-after tool for financial advisors, portfolio managers and clients alike.

The demand saw exciting new features being introduced over the years including online order entry, which revolutionised the client experience. Further enhancements included the paid research link to Morningstar, two factor authentication, which increased our security significantly, and the modelling functionality, allowing portfolio and wealth managers to balance portfolios according to their own models at the touch of a button.

Soon came white labelling, scheduling of automated reports, near real-time pricing and the ability to generate contract notes from the system.

The business realised that the system needed to be taken out to our clients and Christelle Coetzee, the first MyCredo Specialist, was appointed in 2014. This team has since grown and in 2016, we welcomed Driena Massyn to our dynamic team to extend the training and support we offer.

Our current developments include live data feeds from Bloomberg and an exciting new securities tab.

Without giving away too much, where to from here?

Technology is ever evolving and in the next 12 to 24 months the Silverlight technology will be replaced. We are planning an even more robust, user-friendly user interface to lead the market with a far wider business intelligence offering.

MyCredo has been a success story since the first seed was sown and we are excited to take you on our ever-evolving journey to maturity.

For more info or to get access to our system, please get in touch with the MyCredo Support team.

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Alex de la Harpe - *Legal and Compliance Counsel*

Investor protection

The implementation of MiFID II

The 3 January deadline for the implementation of the new EU regulation known as MiFID II has now come and gone. After years of work for the industry financial institutions should now be meeting their new obligations. MiFID II has involved a huge shift for many, the biggest since the coming into force of MiFID I back in 2007.

The implementation of MiFID II has brought its challenges; for us at Credo, across the wider industry and even for EU regulators. This was starkly illustrated when, by the fourth quarter of last year, over half of EU countries had still not finalised their internal regulations implementing MiFID II into local law. There is even rumour in the industry that the European Commission is considering bringing proceedings against a number of EU countries for not putting in place the necessary arrangements in time.

In many ways we here in the UK are actually in a very strong position. This is because much of what MiFID II requires is meant to bring those on the continent in line with rules the FCA has already had in place for years. Even within this context though there have been concerns that such wide ranging changes could have a negative impact on clients and investors, the very people the MiFID II rules are meant to be protecting.

It is because of this that we so welcomed when on 20 December last year the European Securities and Markets Association (**ESMA**; the EU body who has responsibility

for implementing EU wide financial services regulation) granted a temporary reprieve on the requirement for many investors to have a legal entity identifier number (**LEI**), without which they would have been prevented from trading. This recognized that it was the very investors who were meant to be protected by these new rules who would be most disadvantaged if they were not able to trade by not having an LEI in place.

We here at Credo have been helping clients to get ready for the new rules. For example, we have offered, and continue to offer, a service where we apply for an LEI on behalf of our clients. This has allowed clients to obtain the necessary registration while minimising disruption and inconvenience to them. It has also allowed us to leverage off our relationship with LEI issuing authorities to expedite the process to make sure that our clients have remained able to trade and have not been out of the market even with all the regulatory changes taking place.

Despite the challenges which the industry has faced with MiFID II, we have seen this as an opportunity to re-examine our processes and procedures and build on the service we provide to our clients. We have done this not only by complying with the new rules, but also by looking at any ways we can hone our systems to provide a better service to our clients throughout their life cycle with us.

Some of these improvements include:

- Increasing the information available on MyCredo;
- Providing greater detail and clarity, should a client require it, on exactly how we execute orders on our clients' behalf;
- Where we provide investment advice to clients we are going to provide more information on why we think a particular investment is suitable for that client;
- We have made a number of changes to our client on-boarding process so that it is easier and quicker for someone join, including us providing all information which may be of use at an early stage.

While many across our industry have viewed this as a challenge and another regulatory hurdle to overcome we have taken it as an opportunity to refine the services we offer. This approach reflects our core values, which are that we always look at everything we do from the perspective of our clients and are always considering how we can provide a better service. After all the client experience sits at the heart of what we do here at Credo.

CREDO
WEALTH

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