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Issue 34 | December 2020

WEDO

A special journey

…the Credo bus has gone from strength to strength

I am writing this piece from my home office as we approach the end of the United Kingdom's second period of lockdown this year. Practically all of the last ten months in London were spent working from home and interacting with both colleagues and clients using any one of the myriad technologies that have emerged as the de facto standard communication tools. Whilst useful, this has certainly not been an ideal scenario for any of us or the businesses we run.

With the first vaccine recently approved in the UK, there now seems to be a glimmer of light at the end of the tunnel at last. 2020 has certainly been a challenging year and whilst I remain confident that 2021 should prove to be a better one for most people, there is little doubt we will have to face and overcome some major challenges and obstacles as a consequence of the Covid pandemic.

We are indeed fortunate that the financial services industry has proven to be very resilient and that in the main, Credo was able to operate remotely and fairly efficiently from circa 100 home offices. For that, I want to thank all of the Credo family, wherever in the world they are based. Despite the obvious and numerous challenges of working from home, the members of our staff were nonetheless able to keep the business going and to do so very successfully during periods of extreme volatility and abnormally high volumes.

Personally, I am very much looking forward to being back in the Credo office environment, hopefully during the first quarter of 2021. I cannot wait to meet up with those of you who, like me, prefer face to face interaction to Zoom calls!

Once again, that old Credo adage of staying invested, has proven its worth this year. We would continue to advise all to heed this principle.

In this first newsletter since standing down as CEO, I want to extend my sincere thanks to all of you who have joined me in the Credo journey and assisted me in building Credo to what it is today.

A number of you were there right at the beginning, and boarded the bus whilst it was new, shiny, untested and still in the terminal, whilst others alighted the bus along the way. As the bus started to prove its resilience and reliability, more and more of you hopped onboard.

As with all journeys, it hasn't always been smooth riding. We have had some small bumps as well as a number of bigger ones, some easy downhills and a few pretty major uphills. But the Credo bus has gone from strength to strength regardless. The journey is continuing and hopefully you will all remain aboard as we keep picking up new clients who also want to join us for the Credo journey.

Finally, I want to wish you all a healthy and happy Christmas and new year, and I look forward to catching up with as many of you as possible in 2021. ■

"The journey is continuing and hopefully you will all remain aboard as we keep picking up new clients who also want to join us for the Credo journey."

View from the Thames

"…the stock market is but a narrow representation of the real economy."

In February this year, my colleagues in Johannesburg managed to secure a slot for us to publish a monthly column focusing on the global investment landscape in Financial Mail (FM), the pre-eminent business publication in South Africa.

At first, this seemed like a daunting prospect. Where would one find material to come up with 800 fresh words, every four weeks of the year? But 2020 did not disappoint, of course.

I was still wondering what to focus on in my maiden piece towards the end of March when the world suddenly went into lockdown in response to the coronavirus, causing international stock markets to experience their steepest and quickest drawdown in history. Fear was most definitely getting the upper hand over greed by the time that my first deadline arrived.

For someone with a bias to equity investing and an approach which generally boils down to the glass being half full, this presented serious complications.

What to say whilst practically every investor in the world seemed to be dumping stocks?

In response, I mustered all the optimism that I could find within myself in spite of the adverse headlines, and put forward the bull case for equities. I did this not because I had any inkling that stock prices were about to bottom, but simply because I will always believe in human endeavour and animal spirits (which underpin stock market gains), even in the face of the greatest adversity.

As I said in that first FM piece: **the biggest danger to investors' wealth is never the next correction or bear market, but their own behaviour when one of these events inevitably happens** – will they blink at the bottom, sell out at what proves to be exactly the wrong time, and end up suffering the inevitable opportunity cost as a consequence?

As it happens, the publication of the March column practically coincided with this year's stock market bottom. Barely a month later, I had the opposite problem to deal with: the recovery in stock prices was so quick that few commentators believed it was sustainable. People found the market strength incredulous, given that the news flow related to Covid-19 cases and deaths was still getting worse, unemployment was about to peak at unprecedented levels around the world, and the global economy was practically at a standstill.

As mentioned in my April column: the contradiction was captured succinctly in a screenshot from CNBC's Mad Money show with Jim Cramer on the eve of the Easter weekend which has since gone viral, juxtaposing the following two bylines: "The Dow's best week since 1938", and "More than 16m Americans have lost jobs in 3 weeks".

In response, I pointed out that the correlation between the economy and the stock market is tenuous at best, especially when measured over months or quarters rather than years and decades. Financial markets are discounting mechanisms after all, looking far into the future. Share prices today are already taking into account consensus estimates of a potential recovery in 2021 and beyond.

Moreover, the stock market is but a narrow representation of the real economy. It's really only the largest and strongest businesses in the world that are members of stock exchanges, and whilst some of them may suffer for an extended period in a post-coronavirus world, the lockdown economy proved to be a boon for many of the biggest technology companies in the world, for example.

The resulting strength in the prices of technology shares led to the next misconception, namely that the stock market as a whole was suddenly overheating. For much of the year, overall equity performance was driven by a small handful of (mostly technology) companies which dominated indices, given that they were already the largest companies with the biggest market capitalisations.

Put differently: until recently, the vast majority of the companies in, for example, the S&P 500 were in fact no more expensive than they were towards the beginning of the year, setting them up nicely for a period of relative outperformance to follow.

Going back to my first FM column in March: something else I said at the time, was that **stock markets enable you to invest alongside the founders of the greatest businesses in the world.** Buying into their companies means that one stands to benefit from all their creativity and foresight and hunger and drive and long hours and business acumen and management skills.

I added that none of this changed with a pandemic on the loose. On the contrary: entrepreneurs would have already started thinking of prospective solutions and how they could benefit from it. And I concluded with the rhetorical question: Just imagine the riches that will accrue to those who manage to roll out the first coronavirus vaccine?

Nine months later, we're practically there. A number of different vaccines have been developed and tested within record time, and roll-out is about to take place around the world.

The news not only gave stock prices across the board a fillip, it also led to a strong reversal in market leadership: all of a sudden the momentum in shares of technology companies and other "stay-at-home" businesses ground to a halt, and many of the companies that had been unloved for most of the year came back into favour.

This rotation trade was a welcome development from the perspective of Credo's active equity products, as discussed in more detail by my colleague Alison Norbury elsewhere in this newsletter. Long may it last…

And so we reach the end of a year which has been pretty eventful, to say the least. One can only hope that there will be less to write about in 2021, and that the year will not be quite as tumultuous. Only time will tell, of course.

But in the meantime, I'm personally happy to stay fully invested, as always. ■

Alison Norbury - *Equity Analyst*

> *Whilst it may be tempting to pile into the "recovery" trade sentiment, we remain mindful of both the opportunities and risks.*

The recovery trade

As news broke of an initial positive result in the Pfizer/BioNTech vaccine trial last month, the stock market soared. But not all share prices rose in unison: in general, companies and sectors which have been negatively affected by Covid-19 gained significantly. Conversely, those stocks which have benefited during lockdown, such as Zoom and Peloton, started to decline. As we write this, further positive news from the Moderna trial has just been announced.

One of the most striking aspects of the market in recent months has been the massive disparity in performance between the so-called "stay-at-home" stocks and those businesses which have been negatively affected by Covid-19. Many of the beneficiaries were technology companies which, even before the pandemic, were trading on lofty valuations. As investors rotated into the "stay-at-home" trade, valuations expanded even further. Both the scale and speed of the rotation between value and growth stocks has been the most violent on record, surpassing both the dot-com bubble and 2008 financial crisis.

Other beneficiaries included those benefitting from changing consumer behaviour. Holdings such as IG Group, a spread betting operator, benefited from heightened volatility and increased trading volumes from retail customers working from home. Progressive profited from a reduction in claims due to customers travelling less and from higher customer churn in the industry as financially strained consumers, with more time on their hands, compared prices. Progressive is a low cost, direct to customer insurer, which offers industry leading pricing.

Defensive companies held up well too, especially during the initial market turmoil. This included sectors such as telecoms, utilities and consumer staples. We would include holdings such as Verizon and Imperial Brands in this bucket.

> Although the outlook has been bleak in recent months, we were convinced that there was a path back to "normality", whether that be through a vaccine or naturally occurring herd immunity.

As we looked forward, we were conscious that we needed to balance exposure and position ourselves for the inevitable rotation into "recovery" stocks, where we saw considerably more upside potential over the long term. Whilst this year has been a tough one for our value strategy, we have been rewarded for our patience with some pleasing performance more recently, especially in the past few weeks.

The "short-sightedness" of the market offered longer term opportunities in many sectors. Indeed, we increased exposure to healthcare (hospitals) and property and casualty insurers, both typically defensive sectors which were trading at severely depressed valuations.

Hospitals have a high fixed cost, thus profits were severely impacted by the forced cancellation of elective procedures. However, the United States congress stepped in to guarantee compensation and to keep many of the weaker operators afloat which limited the downside for HCA. In our view it was most likely that the majority of elective procedures would be delayed rather than cancelled.

Property and casualty insurers were impacted by fears of business interruption claims. Our view was that the vast majority of these claims in the United States were explicitly excluded. Meanwhile, we believed that the hardening rates cycle, which started last year, would likely accelerate, benefiting countercyclical underwriters, such as Chubb and Arch.

Other examples where we see long term value include traditionally cyclical sectors such as the travel and leisure sectors. Companies such as Disney and Crown Resorts have high quality, long lived fixed assets (theme parks, casinos and hotels) which have been required to close for long periods of time. Management have worked hard to reduce cash burn during these periods where no or reduced revenue has been generated.

However, as conditions begin to normalise and customers return, we see no reason for earnings to not rebound. Ultimately, the loss of a year's earnings does not impact the ability of the asset to generate earnings in the future. Moreover, we believe there will be strong pent up demand. For example, when Crown Perth opened in July, year over year gaming revenue was up strongly, despite the Covid-19 restrictions still being in place. In the case of Disney, we believe that many people will delay their once in a lifetime Disney experience, rather than cancel it altogether. Despite this, the valuations of these companies implied a significantly more pessimistic outlook, which, in our view, presented an opportunity.

Despite believing in a path back to normality, we recognise that the timing is uncertain, and likely to be rocky. The vaccine news is extremely positive, but challenges remain. Albeit regulatory approval seems a forgone conclusion, manufacturing sufficient vaccine and distributing it globally will be a challenge, especially in developing economies which lack the necessary cold storage facilities. The market will probably swing between optimism and pessimism as investors weigh positive vaccine developments against current case numbers. Whilst it may be tempting to pile into the "recovery" trade sentiment, we remain mindful of both the opportunities and risks. Therefore, we remain balanced in our exposure overall and disciplined in taking opportunities where we see them. ■

Kathryn Linde - *Relationship Manager, Director Credo ICAV*

The Credo Funds

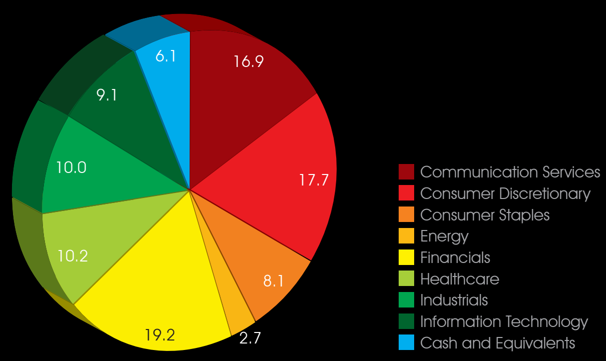
Credo Global Equity Fund

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 Credo Global Equity Fund (UCITS) is actively managed and follows this same investment philosophy. Our aim is to generate sustainable excess returns versus global market indices through careful stock selection.

On 3 February 2020, Credo launched the **BCI Credo Global Equity Feeder Fund**, giving South African investors direct access (in ZAR) to Credo's global equity investment offering.

Sector Allocation (%)



Currency Allocation (%)

GBP	21.4
USD	68.5
Other (AUD, EUR, HKD, MXN)	10.1

Past Performance (%)

	Fund	Benchmark
1 Month*	10.0	9.3
3 Months*	6.3	5.8
1 Year*	6.6	10.9
3 Years*	28.8	32.9
S. Inception *(Cumulative)*	28.0	38.8
S. Inception *(Annualised)*	7.5	10.1

Top 10 Holdings (%)

Raytheon Technologies Corp	Industrials	5.2
The Walt Disney Co	Communication Services	5.0
Alibaba Group Holding Ltd	Consumer Discretionary	4.5
HCA Healthcare Inc	Healthcare	4.4
Becle SAB de CV	Consumer Staples	4.1
Crown Resorts Ltd	Consumer Discretionary	3.9
Facebook Inc	Communication Services	3.7
Cigna Corp	Healthcare	3.7
Visa Inc	Information Technology	3.7
Microsoft Corp	Information Technology	3.5

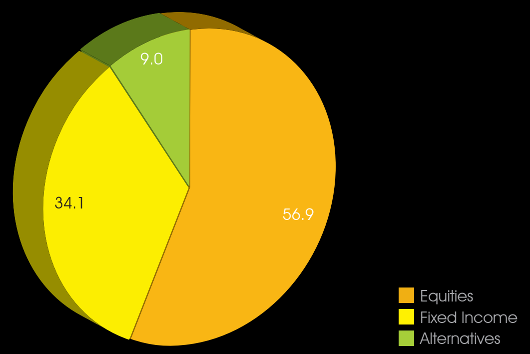
(*) Actual performance of the Credo Global Equity Fund (UCITS) A GBP retail Inception: 03/07/2017. Benchmark: MSCI World Index Net Total Return (in GBP) Highest: 27.0%, lowest: -6.1%

Credo Dynamic Fund

DYNAMIC FUND

The Credo Dynamic Fund (UCITS) 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 and has a bias to UK markets.

Asset Allocation (%)



Currency Allocation (%)

GBP	83.3
USD	14.5
EUR	2.2

Past Performance (%)

	Fund	Benchmark
1 Month*	5.8	7.3
3 Months*	5.9	5.6
1 Year*	5.3	6.1
3 Years*	15.1	13.5
S. Inception *(Cumulative)*	20.1	17.8
S. Inception *(Annualised)*	5.5	4.9

Top 10 Holdings (%)

Allianz Technology Trust plc	Closed-End Fund	4.3
Co-operative Group Ltd 11 12/18/25	Corporate Bond	3.8
Xtrackers S&P 500 Equal Weight	Exchange Traded Product	3.5
Veritas Funds plc – Asian Fund	Open-End Fund	3.5
Team17 Group plc	Communication Services	3.2
Invesco EQQQ Nasdaq 100 UCITS	Exchange Traded Product	2.8
SPDR MSCI World UCITS	Exchange Traded Product	2.5
BB Healthcare Trust plc	Closed-End Fund	2.4
Stichting Ak Rabobank 6 ½ Perpetual	Corporate Bond	2.3
Alibaba Group Holding Ltd	Consumer Discretionary	2.2

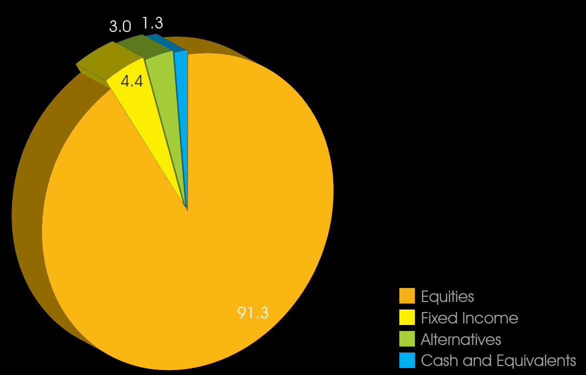
(*) Actual performance of the Credo Dynamic Fund A GBP retail Inception: 03/07/2017. Benchmark: IA Flexible Investment Sector Highest: 15.5%, lowest: -4.9%

Credo Growth Fund

GROWTH FUND

The Credo Growth Fund (UCITS) is 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 fund is globally diversified and follows a flexible investment strategy with a growth bias. It aims to provide attractive risk-adjusted returns to investors and has flexibility to invest across asset classes.

Asset Allocation (%)



Currency Allocation (%)

GBP	35.7
USD	59.7
Other (CHF, EUR, DKK, AUD)	4.6

Past Performance (%)

	Fund	Benchmark
1 Month*	5.0	7.3
3 Months*	2.3	5.5
1 Year*	15.0	6.0
3 Years*	26.1	13.1
S. Inception *(Cumulative)*	31.3	17.8
S. Inception *(Annualised)*	8.3	4.2

Top 10 Holdings (%)

Scottish Mortgage Investment Trust	Investment Trust	4.8
Microsoft Corp	Information Technology	4.5
Costco Wholesale Corp	Consumer Staples	4.3
Alibaba Group Holding Ltd	Consumer Discretionary	4.2
PayPal Holdings Inc	Information Technology	3.9
Amazon.com	Consumer Discretionary	3.6
Alphabet Inc	Communication Services	3.3
Apple Inc	Information Technology	2.6
VanEck Vectors Video Gaming & eSports	Exchange Traded Product	2.2
Segro plc	Real Estate	2.1

(*) Actual performance of the Credo Growth Fund A GBP retail Inception: 03/07/2017. Benchmark: IA Flexible Investment Sector Highest: 20.7%, lowest: -8.4%

Source: Société Générale Securities Services (Ireland) Limited, Bloomberg and FE Analytics. As at 30/11/2020. Performance is of the Class A (GBP) Retail share class for all UCITS funds and is measured using NAV to NAV dates, net of fees and with income reinvested. Individual investor performance may differ as a result of initial fees (if any), the actual investment date, the date of reinvestment and dividend withholding tax. Annualised performance shows longer term performance rescaled to a 1-year period. Annualised performance is the average return per year over the period. Actual annual figures are available to the investor on request. Highest and lowest are calendar year returns which are the actual annual figures. NAV is the net asset value and represents the assets of a fund less its liabilities.

A schedule of fees, charges and maximum commissions are available on request. Credo Growth Fund is weekly dealing. Credo Global Equity Fund and Credo Dynamic Fund are daily dealing. Full performance calculations are available from the Manager on request. The Manager of the UCITS funds is FundRock Management Company S.A. and is Boutique Collective Investments (RF) (Pty) Ltd for the Feeder Fund. Prescient Management Company (RF) (Pty) Ltd is the Representative Office in South Africa for the UCITS funds and is registered and approved under the Collective Investment Schemes Control Act (No.45 of 2002). For any additional information such as MDDs, prospectus and supplements, please visit www.credogroup.com.

Ainsley To - *Head of Multi-Asset*

History has a sample size of 1

...when looking forward, understanding history is only useful if you also understand its limitations

Frederick Smith was born in Mississippi in 1944. He graduated from Yale with an economics degree and having served two tours in Vietnam with the U.S. Marine Corps, he founded a package delivery company with $4million he received in inheritance - in 1973, his company had 14 aircraft delivering packages to 25 cities across the country. But this was an era of stagflation in the U.S. and as fuel prices continued rising, his company was suffering crippling losses and was on the brink of bankruptcy – pilots were asked to use personal credit cards to pay for fuel and employees were asked not to cash their pay checks. Sitting in the airport waiting for his flight home after a failed pitch to raise money, Frederick knew that the $5,000 they had remaining in the bank was not enough to cover fuel costs for his planes for the next week. In one final act of desperation, he cancelled his flight and instead flew to Las Vegas.

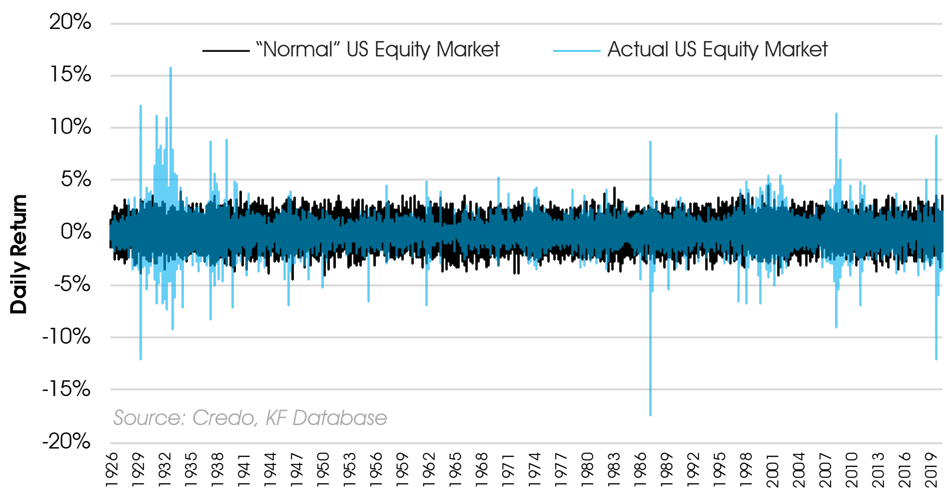
There **he spent the night playing Blackjack with the company's last $5,000** and by the morning had miraculously turned it into $27,000, which was enough to pay for fuel and keep the company afloat. Today, Smith is worth over $6 billion and his company, FedEx, made $69 billion in revenue in 2019.

We often shape our expectations of the future from the lessons of history. But the problem with history is that it is written by the victors and doesn't tell you what could have happened but didn't.

The unlikely survival and subsequent success of FedEx may speak louder than the silent majority of possible outcomes in which Smith didn't beat the dealer. History in this instance, was far from a good model for future behaviour.

For most of the 20th century, the worst day recorded in the US equity market was in October 1929 (-12%). Investors who had used this experience as their forward looking maximum expected daily loss would have had no surprises for almost 60 years. There is a fine line between using history as a guide (often a useful exercise) and becoming over-reliant on the future turning out exactly like the past (something many investors often embed into their investment process unknowingly). The latter approach dramatically underestimated the -17% loss in the broad US market[1] on Black Monday in 1987, and was order of magnitudes off the -46% drop in Hong Kong (the worst affected equity market that day). Of course, since then, many investors have "solved" the oversight just by replacing the last worst case scenario with the new one – not recognising that the problem is not what they think but how they think.

History rarely rhymes as well as we all pretend



"Whenever we are surprised by something, even if we admit that we made a mistake, we say, 'Oh I'll never make that mistake again.' But, in fact, what you should learn when you make a mistake because you did not anticipate something is that the world is difficult to anticipate. That's the correct lesson to learn from surprises: that the world is surprising." – Daniel Kahneman

"Naïve empiricism", or the blind and uncritical acceptance of historical data, can be a useful approach in some domains. But investing is not one of them. Making inferences about future returns using historical statistics relies on an assumption of stationarity – namely that the average and the volatility of historical returns does not change over time. Yet as we can see from the chart, the actual returns realised by the US market (in blue) look dramatically different to a distribution with a constant average and volatility (black) – what history is trying to tell us is that she is unreliable.

Conclusion

Time is a man stumbling through fog trying to find the path. In the future when we look back, we see the man, and we see the path, but we don't see the fog. We view history with the certainty of hindsight - yet real time decisions (when made responsibly) require a margin of safety to account for the uncertainty of the future. Behaving sensibly will always appear suboptimal when comparing to someone who you already know ex post is going to leave the casino with a profit. But more things could have happened than did happen and more things can happen than will happen. And when looking forward, understanding history is only useful if you also understand its limitations. ■

(1) You may have previously heard of a larger loss associated with Black Monday – other narrower measures of the US market did see sharper declines, such as the Dow which fell 22% that day.

Jack Carbutt - *Relationship Manager*

MAP Select Portfolios

The Credo Multi-Asset Portfolios (MAP) provide investors with diversified exposure to global assets. The portfolios, which now have a 6 year track record, apply Credo's value orientated investment philosophy across asset classes and follow a long-term and evidence-based approach to investing. Investment decisions are made based on rigorous research, with a focus on diversification and minimising costs.

The recently launched MAP Select adaptations of the Credo MAP are an ideal means to enable the next generation to start investing in an efficient manner.

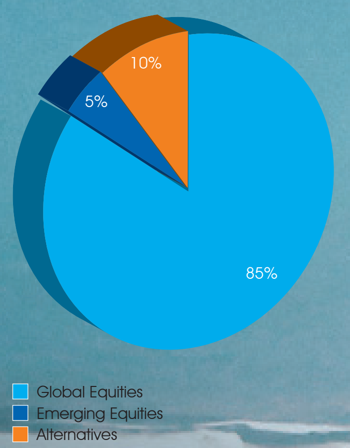
Whether setting up a Junior Individual Savings Account (JISA) for your children or grandchildren, or whether you wish to start contributing to your own ISA on a regular basis, the MAP Select portfolios are a great offering for those wishing to start their investment journey.

Strategic Asset Allocation

Asset allocation is usually the biggest factor in determining the overall risk of a portfolio. With MAP Select, there are two portfolios, Growth and Balanced, each with different asset allocations and suitable for individuals depending on their individual circumstances and tolerance and capacity for risk.

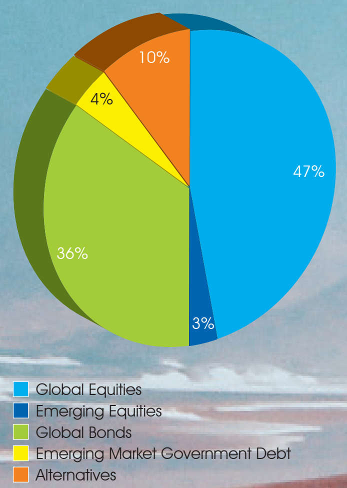
Growth

- The **Growth** Portfolio has a strategic asset allocation consisting of 90% in equities and 10% in alternatives. This portfolio is more suited to those who may have a longer time horizon and can take on more risk and as a result are seeking higher potential returns.



Balanced

- The **Balanced** Portfolio has a strategic asset allocation consisting of 50% in equities, 40% in fixed income and 10% in alternatives. The allocation to fixed income makes this portfolio more suited to those individuals who are seeking to take on less risk and in return more modest potential returns compared to the Growth Portfolio.



Sample Holdings

	TER (%)	Growth Portfolio Weight (%)	Balanced Portfolio Weight (%)
AQR Delphi Global Equities Fund	0.52	10.00	5.60
Dimensional Global Targeted Value Fund	0.56	10.00	18.00
Vanguard FTSE Global All Cap Index Fund	0.24	13.80	13.20
AQR Managed Futures Fund	1.15	5.00	5.00
Weighted Average / Total	0.43[1] / 0.38[2]	48.80	41.80

(1) Weighted average TER of the Growth Portfolio. (2) Weighted average TER of the Balanced Portfolio.

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Jack Carbutt - *Relationship Manager*

Diversified equity portfolios

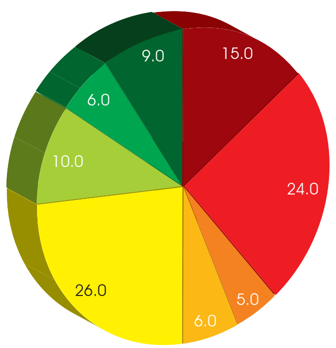
The Credo Best Ideas and Dividend Growth portfolios are diversified global equity portfolios, which we believe to be well positioned to outperform the wider equity market over the longer term. The portfolios have a bias towards developed market, large capitalisation stocks.

BEST IDEAS PORTFOLIO

Performance (%)

Return	
YTD	-3.7
1 Month	13.7
3 Months	7.3
1 Year	-2.5
Annualised Return	
3 Years	7.8
5 Years	11.4
Since Inception	10.9

Sector Allocation (%)

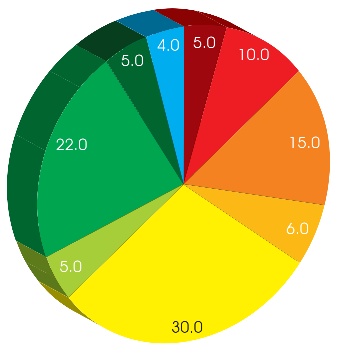


DIVIDEND GROWTH PORTFOLIO

Performance (%)

Return	
YTD	-0.6
1 Month	12.8
3 Months	7.7
1 Year	0.7
Annualised Return	
3 Years	7.9
5 Years	11.2
Since Inception	12.2

Sector Allocation (%)



Value orientated investment philosophy

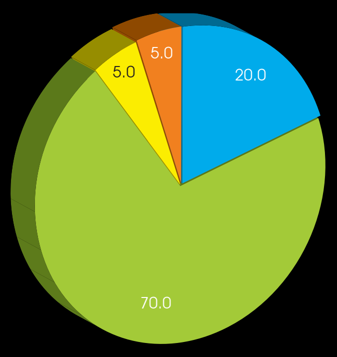
The Credo Multi-Asset Portfolios (MAPs) invest in regulated funds and exchange traded funds (ETFs) on a global basis, with a focus on diversification across a broad range of asset classes using liquid securities. The funds and ETFs are selected using Credo's in-house selection process. The MAPs are offered as four solutions targeting varying levels of equity exposure and are available in both GBP and USD.

MULTI-ASSET PORTFOLIO 20/80

Performance (%)

Return	
YTD	2.7
1 Month	2.3
3 Months	1.9
1 Year	3.0
Annualised Return	
3 Years	4.4
5 Years	5.9
Since Inception	5.6

Strategic Asset Allocation (%)

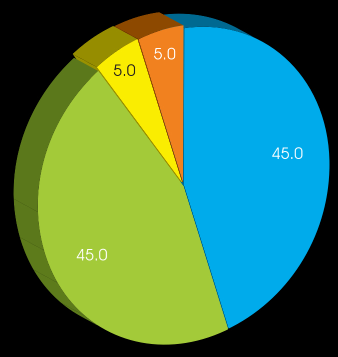


MULTI-ASSET PORTFOLIO 45/55

Performance (%)

Return	
YTD	2.9
1 Month	4.7
3 Months	3.4
1 Year	3.4
Annualised Return	
3 Years	4.9
5 Years	7.5
Since Inception	6.9

Strategic Asset Allocation (%)

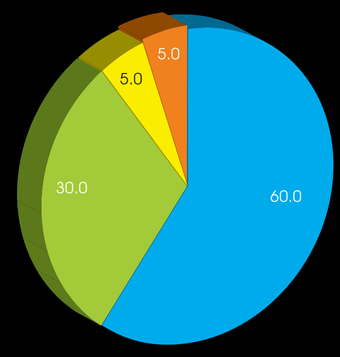


MULTI-ASSET PORTFOLIO 60/40

Performance (%)

Return	
YTD	2.9
1 Month	6.1
3 Months	4.3
1 Year	3.6
Annualised Return	
3 Years	5.3
5 Years	8.4
Since Inception	7.7

Strategic Asset Allocation (%)

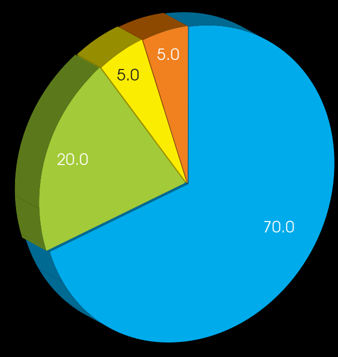


MULTI-ASSET PORTFOLIO 70/30

Performance (%)

Return	
YTD	3.0
1 Month	7.0
3 Months	4.9
1 Year	3.8
Annualised Return	
3 Years	5.6
5 Years	8.9
Since Inception	8.1

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 net dividends, reinvested. Following additions or removals, each holding is rebalanced to the model weighting. Source: Bloomberg pricing as of 30/11/2020 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.

Q&A with new CEO

Charles van der Merwe assumes CEO role at Credo

"...my vision is to leverage Credo's strengths and continue the growth trajectory that we have been fortunate to experience over the last few years..."

How did you get involved in financial services? Was it something you always wanted to do?

As a boy growing up in Upington, my earliest ambition was to grow grapes along the Orange river. Obviously, that changed when I was a student at Stellenbosch, where my interest in numbers led me down the accountancy route. It was when I was doing my articles with PWC in Johannesburg that I was really exposed to banking and investments. Deciding that this was my chosen direction, I later joined Standard Bank and this is where I cut my teeth in financial services.

What was your first investment? Do you still have it?

I made an investment in a property in Johannesburg as I liked the idea of an asset backed security, with regular income and a decent return. I later sold the property to make my best investment: a career move to London and the beginning of a career at J.P. Morgan. I wanted to work with and learn from some of the best people in financial services, and London provides that opportunity to this day. Nothing beats an early morning coffee in historic London, feeling the buzz of the city coming to life.

What have been your best (and worst) financial moments?

The worst moment was being a DIY trader during the dotcom period and not investing in those tech companies that managed to survive. What did I learn? Running a financial business is different from being an investment guru. I realised that I needed to play to my strengths and delegate investment decisions to the experts. I have had no regrets since learning this life lesson back in 2000.

Tell us about your professional journey before joining Credo.

Looking back, I don't think any of us plan our career path, but we rather make decisions based on opportunities as they emerge over our professional careers. I was fortunate that whilst at J.P. Morgan I started working on a joint venture business opportunity with BNY Mellon, the world's largest custodian. Whilst the JV did not proceed, I subsequently joined BNY Mellon to build their business focused on the European wealth management segment, ultimately becoming CEO of Pershing (a BNY Mellon company). It was during this time that Credo appointed Pershing as their custodian, and I met my colleagues of today. I was always impressed with the entrepreneurial nature of Credo and their management team, which led to me joining Credo in 2013.

What is your vision for Credo over the next few years?

The Credo team have done an excellent job in looking after our clients, where today we support some 7,000 investors and over £4bn of assets, in both the United Kingdom and South Africa. My vision is to leverage Credo's strengths and continue the growth trajectory that we have been fortunate to experience over the last few years. Over the medium term, the target is to reach £5bn by continuing our focus on delivering superior investment solutions that ensure that our clients' wealth is preserved and grown, whilst also providing Financial Planning to service our clients more holistically. We will also accelerate our investing in technology to respond to the digitalisation trends accelerated by Covid-19, and to ensure that we are ready to support the next generation as intergenerational wealth transfer continues apace.

Fireside chats

Over the past months, Credo arranged several live events consisting of question and answer sessions with special guests. The chats were hosted by Chief Investment Officer, Deon Gouws and Head of Multi-Asset, Ainsley To. Here are the latest ones. The recordings are available on credogroup.com/news.

On Wednesday, the 8th of July 2020, Deon Gouws chatted to **Dawid Krige**, manager of the top-performing Cederberg Greater China Equity Fund, about Chinese investment opportunities.

On Wednesday, the 2nd of September 2020, Ainsley To chatted to **Anatole Kaletsky**, economist and journalist based in the UK, several times awarded for his work with media channels such as The Economist, The Financial Times, The Times of London, Reuters and The International Herald Tribune.

On Wednesday, the 11th of November 2020, Ainsley To had an insightful conversation with **Antti Ilmanen** about quantitative finance, risk premia, value investing, tail risk, and many other topics. A must watch for those interested in asset allocation and long term expected returns.

FIRESIDE CHAT

Time to give back

Credo Relationship Managers packed around 1,000 bags for learners who will start schooling in 2021

In light of the current pandemic, we felt it important to consider those who are less fortunate around us and have chosen to donate to a charity which is close to our hearts. We have chosen Shelter, a charity focused on ending homelessness in England and Scotland. We hope this small gesture will bring some festive season joy to those who have greater needs than our own.

Similarly, in South Africa, Credo Relationship Managers took some time out to give back by volunteering at the Pebbles Project. The Western Cape charity supports over 1300 children and their families through education, health, nutrition, community and protection programmes. Thank you Pebbles Project for the opportunity.

Shelter

Pebbles Project

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