

CREDO



Purpose

This document outlines how each fee type is processed, and which fees are included / excluded from performance calculations

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Introduction

Credo offers two different processing methods to assist the Financial Intermediary (FI) in defining their Pricing Model i.e. Investor to pay Credo Fees or the FI to pay the Credo Fees.

General

Currency

All fees deducted and paid will be in one currency e.g. pound sterling (GBP), US dollar (USD) - this election will be made at the beginning of the relationship, and all fees will be applied in this currency.

Taxation

The FI is to confirm whether VAT is to be charged on the Management/Adviser Fee. Credo will include the VAT element within the relevant charge to the investor and Credo will pay this amount to the FI. The FI is responsible for reporting VAT to appropriate tax authority.

Fee Payment

The FI is to instruct Client Services to setup a standing order from FI House income account on the 25th of each month to the FI bank account.

Management Information

The following report(s) / screen(s) are available for Fee Management purposes:

- Fee Statement – shows each fee processed at portfolio level
- Master Client Trades – shows all costs incurred on a Trade
- Debit Cash Balances - shows which accounts have overdrawn balances

Model: Investor to Pay

Summary

Fee Type	Included in Performance Calculation	Earning Entity		Narration
		FI	Credo	
Management	✓	✓	✓*	Mgmt Fee [incl VAT] Qn YY 100xxxxx
Adviser		✓		Adviser Fee [incl VAT] Qn YY 100xxxxx
Custody	✓		✓	Custody Fee Qn YY
Trading	✓	✓	✓	Commission / External Brokerage**
Setup / Initial		✓		Initial Fee 100xxxxx
Admin Fee		✓		Admin Fee [incl VAT] Qn YY 100xxxxx



- * Credo Managed Portfolio solution
- ** If the FI charges commission, Credo's charge will appear on a contract note as 'External Brokerage'.

Management Fee

Management charges to be taken from an Investor's portfolio:

- calculated at the portfolio level i.e. 100xxxxxx
- rates to be communicated to Credo as part of the conversion / account opening
- calculated by Credo per calendar quarter, either in arrears or advance
- calculated using the market value of the portfolio at the end of each quarter
 - the portfolio value is determined on the fourth business day following quarter-end
- calculated for an existing account by applying a simple calculation (annual rate divide by 4)
 - for a new account opened within the quarter, it is apportioned by the number of days from initial asset transfer / cash receipt on a Trade Date basis
- the charge will be deducted from the GIA
 - if the GIA has insufficient cash to pay the fees due, the fee will still be deducted resulting in an overdrawn GIA.
 - if the charge is to be applied against a different account, the FI is to communicate to the RM/AM which account is to be charged for the relevant portfolio fee.
- note if the ISA is elected and there is insufficient cash in the ISA, the full fee will be processed against the GIA (resulting in an overdrawn cash balance).
 - it is the responsibility of the FI to resolve any overdrawn cash balances
- fees will be credited to the FI House income account

Any changes to fee structures during the quarter:

- FI to inform Credo Client Services of any changes to Investor charges
- fees will be calculated by Credo at quarter end as if the change applied with effect from the beginning of the quarter
- should the FI require the change to be prorated over the quarter, the FI should calculate the charges and communicate this to the Credo Payment Team for processing by the 5th working day following calendar quarter end

Adviser(s) / Third Party Introducers Fee

Consistent with Management Fee:

- FI to provide the following information
 - the third-party name(s)
 - the percentage charge to be applied to each third party
- to adhere to regulatory requirements, a separate entry will be reflected within the Investors account to disclose such fee
- the fee will be credited to the FI House income account
- the total amount collected will be paid to the FI as part of the quarterly fee run
- the FI will be responsible for paying the third party from the FI's bank account
- a third-party statement will be produced and sent to the FI showing the breakdown of the fees

Custody Fee

Consistent with Management Fee, except for:



- calculated at the Account level i.e. CCxxxxxx
- a separate charge is billed against the Investor

Trading Services Fee

Any trading / commission related fees charged to an Investor by the FI:

- are added to the acquisition cost / deducted from sale proceeds
- commission schedules supported include flat, tiered and banded charges (including minimums)
- disclosed as 'Commission' on the contract note
- Commission can be charged for all asset classes, including standalone FX.
- Note that for FX you are able to charge a percentage fee only (not a fixed monetary amount or minimum amount)

Credo's trading service fee will be reflected on the contract note as 'External Brokerage'

Set-up / Initial / Regular Contributions Fee

Any set-up / initial / regular contributions fee to be taken from an Investor's account:

- calculated by FI and communicated to Credo Client Services as an authorised instruction
- processed by Credo as a journal against the Investor account
- fee will be credited to the FI House income account
- once the fee is deducted by Credo, it will leave a 'net investment amount' available for FI to invest

Admin Fee

Any portfolio which incurs charges outside the above-described fees. Examples include, but not limited to:

- a FI Mandate of Execution-Only and a charged is levied against this portfolio.
 - process is identical to Management Fee
 - fees will be deducted from the GIA
 - fees will be credited to the FI House income account
- any wrapper fee (e.g. SIPP fee)



Model: FI to Pay

Summary

Fee Type	Included in Performance Calculation	Earning Entity		Narration
		FI	Credo	
Management	✓	✓	✓*	Mgmt Fee [incl VAT] Qn YY 100xxxxx
Adviser		✓		Adviser Fee [incl VAT] Qn YY 100xxxxx
Custody			✓**	Custody Fee Qn YY
Trading	✓	✓	✓	Commission***
Setup / Initial		✓		Initial Fee 100xxxxx
Admin Fee		✓		Admin Fee [incl VAT] Qn YY 100xxxxx

* Credo Managed Portfolio solution

** The Custody Fee is included in either the Management or Adviser Fee (refer to Management & Custody Fee)

*** If the FI charges commission, then refer to Trading Service Fee.

Management Fee

Management charges to be taken from an Investor's portfolio:

- calculated at the Account level i.e. CCxxxxxx
- rates to be communicated to Credo as part of the conversion / account opening
- calculated by Credo per calendar quarter, either in arrears or advance
- calculated using the market value of the account at the end of each quarter
 - the account value is determined on the fourth business day following quarter-end
 - any asset exclusion will be in accordance that defined in Schedule Two of the signed agreement
- calculated for an existing account by applying a simple calculation (annual rate divide by 4)
 - for a new account opened within the quarter, it is apportioned by the number of days from initial asset transfer / cash receipt on a Trade Date basis
- the charge will be credited to the FI house income account

Any changes to fee structures during the quarter:

- FI to inform Credo Client Services of any changes to Investor charges
- fees will be calculated by Credo at quarter end as if the change applied with effect from the beginning of the quarter
- should the FI require the change to be prorated over the quarter, the FI should calculate the charges and communicate this to the Credo Payment Team for processing by the 5th working day following calendar quarter end

Adviser(s) / Third Party Introducers Fee

Consistent with Management Fee and:

- the FI to provide
 - the third-party name(s)
 - the percentage charge to be applied to each third party
- to adhere to regulatory requirements, a separate entry will be reflected within the Investors account to disclose such fee (if applicable)



- the fee will be credited to the FI House income account
- the total amount collected will be paid to the FI as part of the quarterly fee run
- the FI will be responsible for paying the third party from the FI's bank account
- a third-party statement will be produced and sent to the FI showing the breakdown of the fees

Custody Fee

Consistent with Management Fee, except for:

- no entry will be processed against the Investor
- the charge will be calculated and applied against the FI House income account
 - note a separate charge will be billed for every Account

Trading Services Fee

Any trading / commission related fees charged to an Investor by the FI:

- are added to the acquisition cost / deducted from sale proceeds
- commission schedules supported include flat, tiered and banded charges (including minimums)
- disclosed as 'Commission' on the contract note
- Commission can be charged for all asset classes, including FX
- Note that for FX you are able to charge a percentage fee only (not a fixed monetary amount or minimum amount)

'Implied Commission' is where, due to the FI charging an 'all-in' basis point fee structure, an Investor is charged either no commission (including Credo's trading fees) or the FI's commission only. Credo supports this by not disclosing the External Brokerage on the contract note and any trading / commission related fees due to Credo will be deducted against the FI house income account.

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