

Credo enhances MPS Service with launch of ESG models

Credo is pleased to announce the launch of the Credo Multi-Asset ESG Portfolios (MAP ESG).

The MAP ESG portfolios will consist of four risk-rated models of low-cost Funds and ETFs, with ESG considerations. The portfolios are backed by long-term evidence, rather than current market trends, conditions or sentiment. They are based on rigorous research, intellectual honesty, and use long-term historical data to guide the decision-making process.

Ainsley To, Head of Multi-Asset at Credo, said: "Given the inherent subjectivity in ESG, Credo has taken a broad approach. These portfolios are for investors who are keen to incorporate ESG considerations into their portfolio but who do not necessarily have specific ESG convictions or goals."

Since there can be disparities between the classifications and/or ratings given by different ESG assessors for the same investment, Credo's approach is to diversify exposure to different providers and data sets. This avoids over-reliance on any one source of subjectivity in ESG assessment.

The securities included in the four portfolios go through a robust selection process and are centred on the following tenets:

- **Rule 1:**
Gross return minus costs equals net return. Cost is one of the few constants in investing. Cost reduction throughout the investment process, from strategy selection to portfolio construction, is a primary enabler of better returns.
- **Rule 2:**
Diversification is the only 'free lunch' in investing. A portfolio of assets which are not completely correlated will produce a better risk-adjusted result than the individual assets alone. This is a mathematical truth.
- **Rule 3:**
Alpha is uncertain but diversification and cost are not. Thus, we need 'a lot' of potential alpha to give up on some diversification and/or cost considerations (as per rules 1 and 2).

The long-term objective of the MAP ESG portfolios is to provide a diversified source of long-term real returns for given levels of risk. Consequently, Credo will be tracking the MAP ESG portfolios using a CPI+ benchmark.

The four MAP ESG portfolios (20/80, 45/55, 60/40, 70/30) will be re-balanced in line with fund manager discretion and are risk rated by Defaqto. ▶▶

Credo has recently removed VAT from its MAP portfolio's for UK Financial Intermediaries. The portfolios are available on the Credo platform and a broad range of external platforms including Quilter, Embark and Standard Life WRAP. The portfolio charge (OCF) are between 0.28% to 0.35%.

Charles van der Merwe, CEO of Credo, said: "Advisors' and investors' needs are always evolving; they require a wide range of investment solutions that cater to a broad range of requirements – this is exactly why we are pleased to be enhancing our MPS service with MAP ESG. The ESG portfolios are managed by the existing multi-asset portfolio team, run by Ainsley To, who has been managing the Credo MAP portfolios since 2014. The team's evidence-based approach and rigorous selection process has seen excellent results through various market cycles. We are confident the MAP ESG portfolios, which are competitively priced, will also offer attractive returns for advisors and their investors."

Credo is an independently owned wealth management services business established in the UK in 1998. Credo provides a wealth platform and investment solutions to Financial Intermediaries, and has more than £4,6bn assets under custody and £1.2bn assets under management. Credo has offices in the United Kingdom and South Africa. ■

For more information, please contact:

Richard Pinder
Business Development Manager

T +44 (0)20 7968 8332

M +44 (0)7501 516864

E rpinder@credogroup.com