

**CREDO**   
**CLIENT**  
**SEMINAR**

**INVESTING IN TURBULENT TIMES**  
21 MAY 2019

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<b>Breakfast</b>	08h30 - 09h00
<b>Presentations</b>	09h00
Introduction	Charles van der Merwe
Market Update	Deon Gouws
Credo Investment Solutions Overview	Damian Yeomans
Global Equity Fund	Jarrod Cahn
Dynamic Fund	Ben Newton
Credo Wealth Platform Overview	Richard Pinder
<b>Events Concludes</b>	10h30

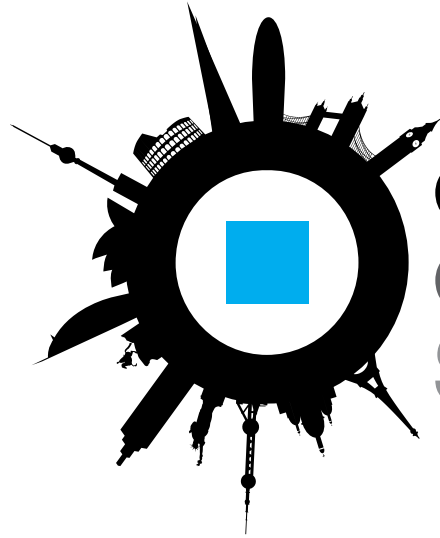
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Never work before breakfast; if you have to work before breakfast, eat your breakfast first.

~ Josh Billings

AZ QUOTES



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**INTRODUCTION**  
CHARLES VAN DER MERWE

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- Credo is a Wealth Management services business founded in the UK in 1998
- Majority shareholders are the senior management team
- Employ over 90 people with offices in the UK (London) and South Africa (Johannesburg and Cape Town)
- Assets under Custody of £3.2 billion representing over 6,500 investors
- Operate 2 distinct business units with the following target markets:

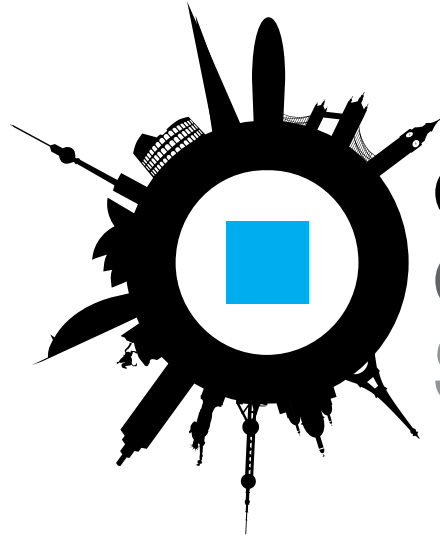
## Financial Intermediaries

20+ Financial Intermediaries, with Assets under Custody of £1.6bn, representing over 4,500 Investors

## Private Clients

Assets under Management of £1.6bn, representing over 2,000 Investors

- Discretionary Assets under Management in excess of £1 billion:
  - provide access to Managed Portfolio Service and Credo Funds
  - both Financial Intermediary & Private Client market segments



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**MARKET UPDATE**  
DEON GOUWS

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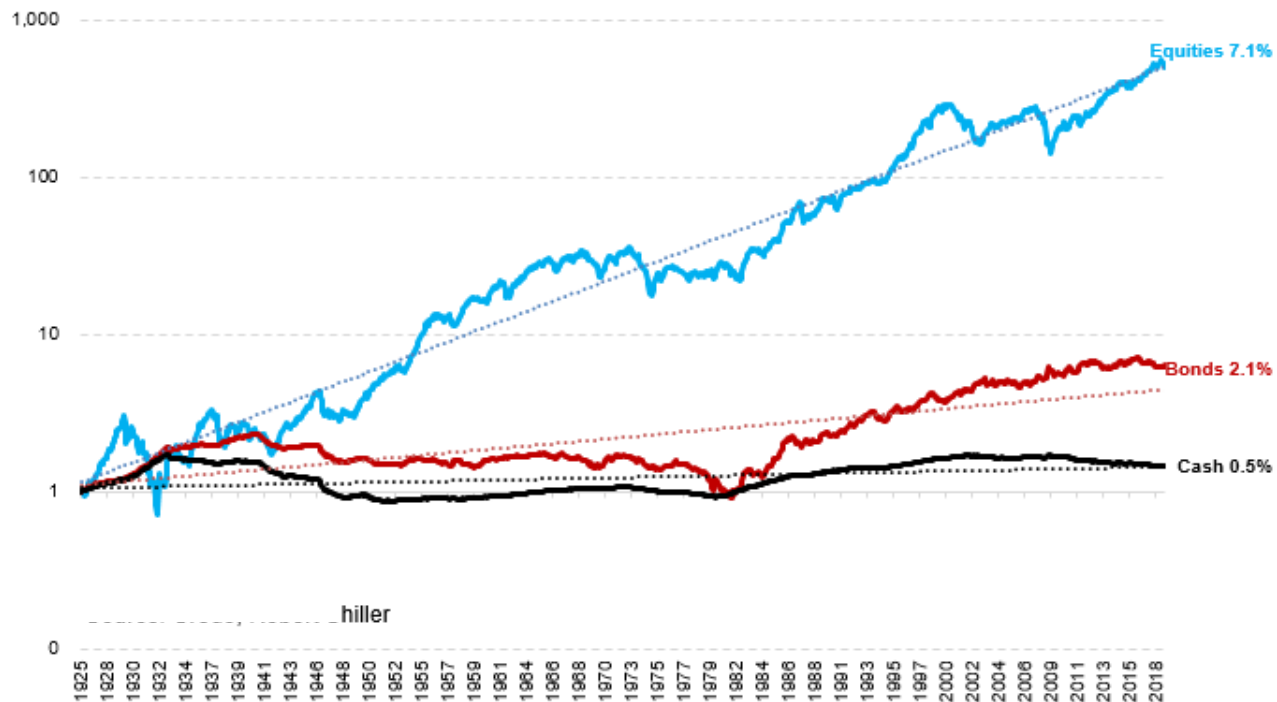
## A glass half full?



Deon Gouws - CIO Credo Wealth - May 2019

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# Why be an optimist?



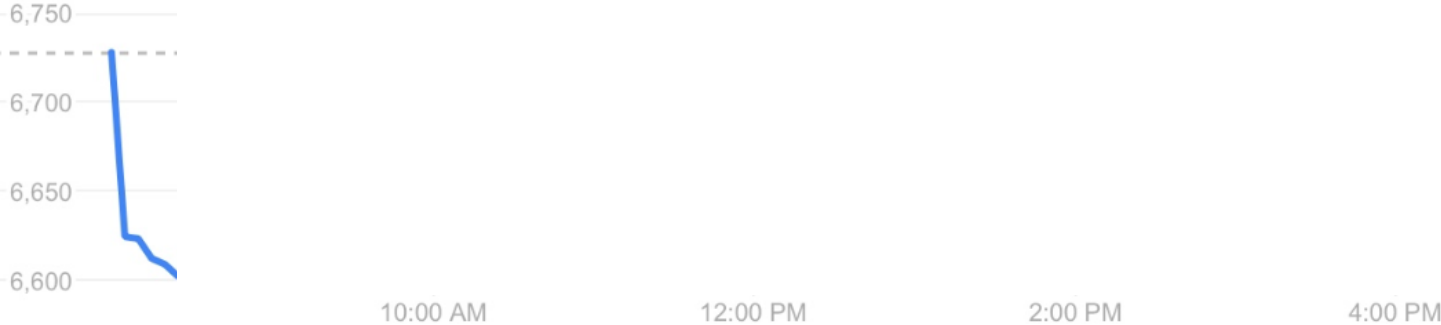
Source: R Shiller, Credo



# FTSE 100 Index: Sep-Dec 2018



# FTSE 100 Index: 2 January 2019



continued, plentiful cap  
most lines at January 1

# Unhappy new year: UK shares plunge as growth fears weigh

**SHARES**  
**Simon English**

STOCK markets gave little sign of a happy new year today as the first trading session of 2019 saw further market turmoil amid growing economic fears.

Last year was the worst in a decade for equities across the globe, and the early signs are that the next 12 months are unlikely to be much better. As traders returned to dealing screens in earnest, the FTSE-100 Index fell almost 2%, off 101.99 points at 6262.14.

Only two shares from the premier index — retailer Next and tobacco firm Imperial Brands — were in positive territory. Overnight, shares fell across the board. The Shanghai Composite was down more than 1%, Hong Kong's Hang Seng fell 2.4%, and Australia's ASX 200 lost 1.6%.

Poor economic news against the backdrop of continuing trade tensions spooked investors as Germany's powerhouse manufacturing sector slowed again in December, according to financial data firm IHS Markit. Its purchasing managers' index fell from 51.8 to 51.5, a near three-year low.

More worryingly still, China suffered its first outright decline in manufacturing for 19 months, the index falling from 50.2 to 49.7. Any number below 50 shows a fall in factory activity.

Economists forecast that UK growth this year will hold steady at 1.5% but are nervous over Brexit as a potential no-deal looms.

While Markit's data on UK manufacturers showed activity at a six-month high, it was put down to companies stockpiling in December in readiness for border delays when Britain leaves the EU.

**-1.6%**  
FTSE 100 goes down to 6262.14

**-1.3%**  
Brent crude slips to \$53.12

**+0.7%**  
Gold rises to \$1288

The IHS Markit/CIPS activity index rose to 54.2 last month from 53.6 in November. IHS Markit director Rob Dobson said: "Any positive impact on the PMI is likely to be short-lived, however, as any gains in the near-term are reversed later in 2019 when safety stocks are eroded or become obsolete."

With bank shares wobbling almost everywhere, the European Central Bank appointed administrators to oversee Italy's Carige. The chief executive of the bank, whose roots go back to 1483, quit today after the firm failed to shore up its financial position. The ECB said it would "take charge" of the lender.

On the FTSE-100 today, miners and banks were hit hardest. Antofagasta was the biggest faller, down 6% at 739p. Royal Bank of Scotland fell 3% to 210p, putting taxpayers further into the red on the Government's majority stake.

@SimonEngStand

up \$111  
City Editor Jim Armitage  
standard.co.uk/business

# Bust

**Don't believe the bulls... 2019 looks lethal for investors**

**Jim Armitage**  
City Editor



**COMMENT**

IN comes the New Year, much like the old year. For those returning to the markets today it was as if the festive holidays had never happened. Asia was still falling, retailers still going bust, China's dominance of global telecoms still terrifying everyone. Oh yes, and rail fares still



48 Business

Michael Bow

FOCUS



**Forget the bulls and fear the 'rolling bear' in 2019**

Investors around 100 of its members gathered in an auditorium in New York for an investor forum but the outcome was a conference, subsequently the annual Global Investors' conference, struck a more downbeat tone, saying there were only "modest" returns on offer.

In London, most of the stock market buzz are coming from thousands of miles away across the Atlantic. American economic growth is expected to slow this year and some are even predicting a recession. With inflation also rising, that leaves the Federal Reserve with a conundrum about how many times to hike US rates, with analysts pencilling anything from none to four rate hikes. The Fed (and the European Central Bank) are also ending a decade-long jumbo bond buying programme, killing off much of the momentum which has driven stock markets to record highs.

According to John Chatfield-Roberts, @jchat

Running scared: one of the longer markets in history is at the end of road and fund bosses are worried about pickings on the way

Jupiter's head of strategy, this balancing act of raising interest and reducing the money supply hurting markets will frame 2019. The final months of 2018, these factors converged gloomily to drive down the stock market veered danger towards bear territory in underscoring that the decade market, which had driven the index to a record high of 10,000 was finally ending. Stock prices fell a wide ride over the break, with the FTSE 100 up to 6,500 on 27 December losses on Wall Street today since April a day later.

Wall Street analysts neologism to describe the drop, the "rolling bear" asset prices swing in range. The Footsie, for one, is within a 10% price range. Some see opportunity bears. Invesco fund manager said volatile market "momentum-style" fund managers buy falling stocks, may more funds buying their fundamentals.

And what of the last month from UK stocks were 2 any time, with 85% for the liquidity has open pickers to pick as foreign investment at UK domestic.

"We are confident more of when sentiment is high," said Alastair Murray as you start empty and worry your Bruce your bumpy tide

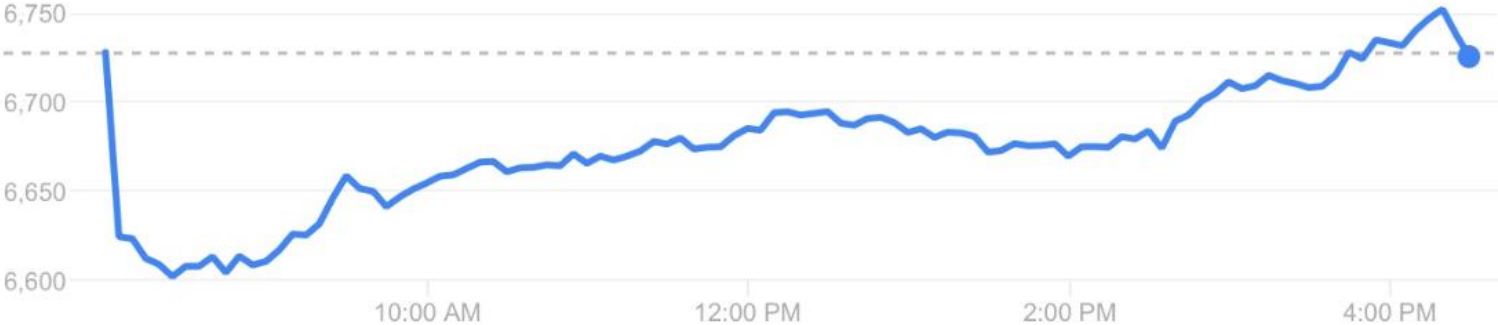
Business

Hold on tight for the ride: our tips for a turbulent 2019



Any port in a storm: HSBC didn't blow out clothes off last year and is unlikely to this time — but it's safe, as are Thomas Cook, left, Melrose, right, and 3i, below

# FTSE 100 Index: 2 January 2019





**The Earnings Scout**

@EarningsScout

Following

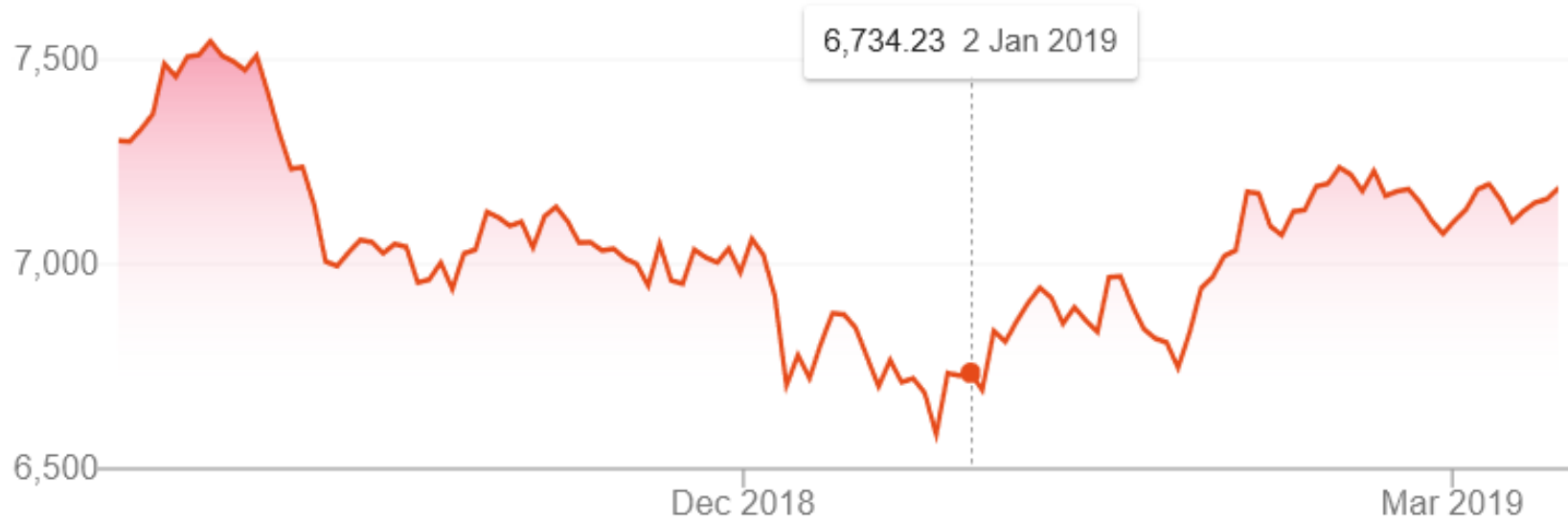
One year ago today, the **\$SPY** forward 12-month PE multiple was 18.39x. Today, it is 14.21x.

7:57 PM - 5 Jan 2019

# FTSE 100 Index



# FTSE 100 Index





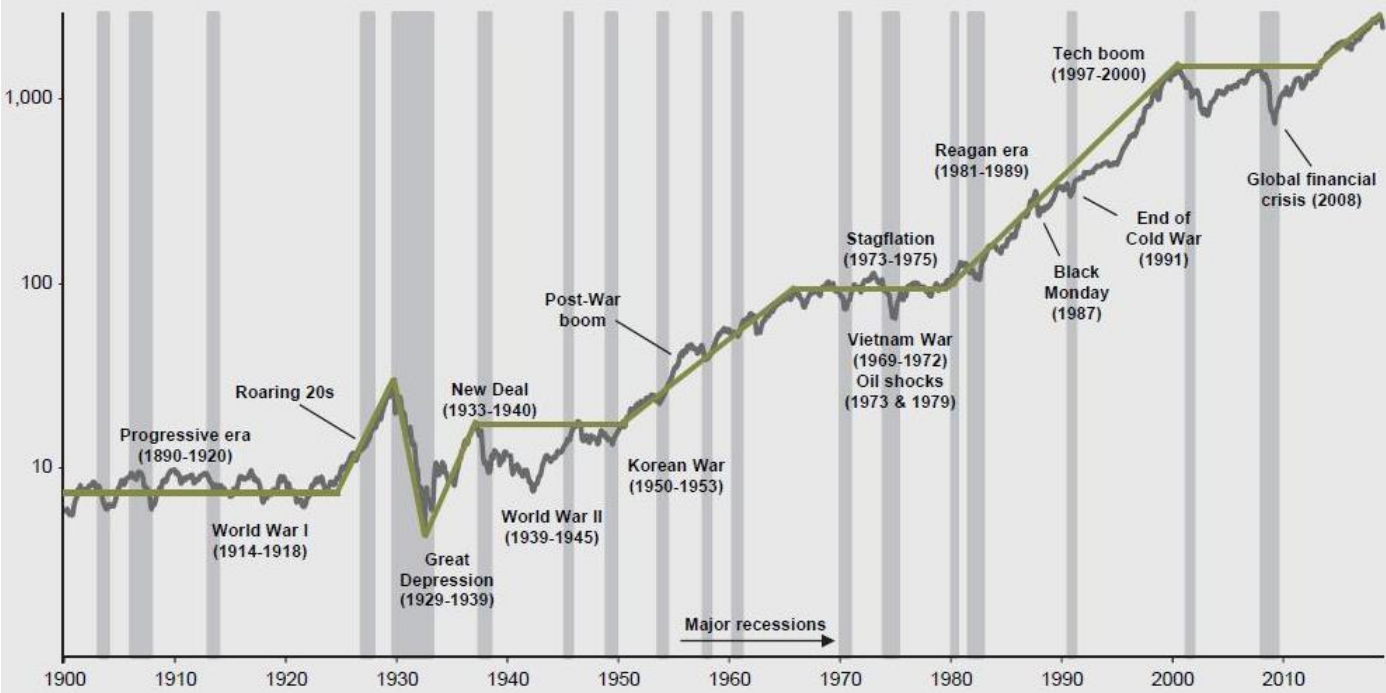
# S&P 500 Performance: first 4 months of calendar year (since 1928)



Rank	Year	Price Return Through 83 Trading Days	Price Return: Day 83 to Year-End
1	1933	31.1%	9.9%
2	1975	27.3%	2.8%
3	1943	21.0%	-1.3%
4	1987	19.1%	-14.0%
5	1983	16.9%	0.3%
6	1967	16.8%	2.8%
7	2019	16.6%	?
8	1930	16.1%	-38.4%
9	1998	15.5%	9.7%
10	1954	13.9%	26.5%
11	1991	13.7%	10.6%
12	1976	13.2%	4.7%
13	1971	12.8%	-2.1%
14	1961	12.4%	9.6%
15	1928	12.0%	23.1%

Source: Charlie Bilello

# S&P Composite Index



Source: FactSet, NBER, Robert Shiller, JPMAM (data to 31/12/2018)

# S&P earnings scorecard – Q4, 2018 (as of 30 April 2019)



**The Earnings Scout**

@EarningsScout

269 or 56% of **\$SPY** co's have reported 1Q19.

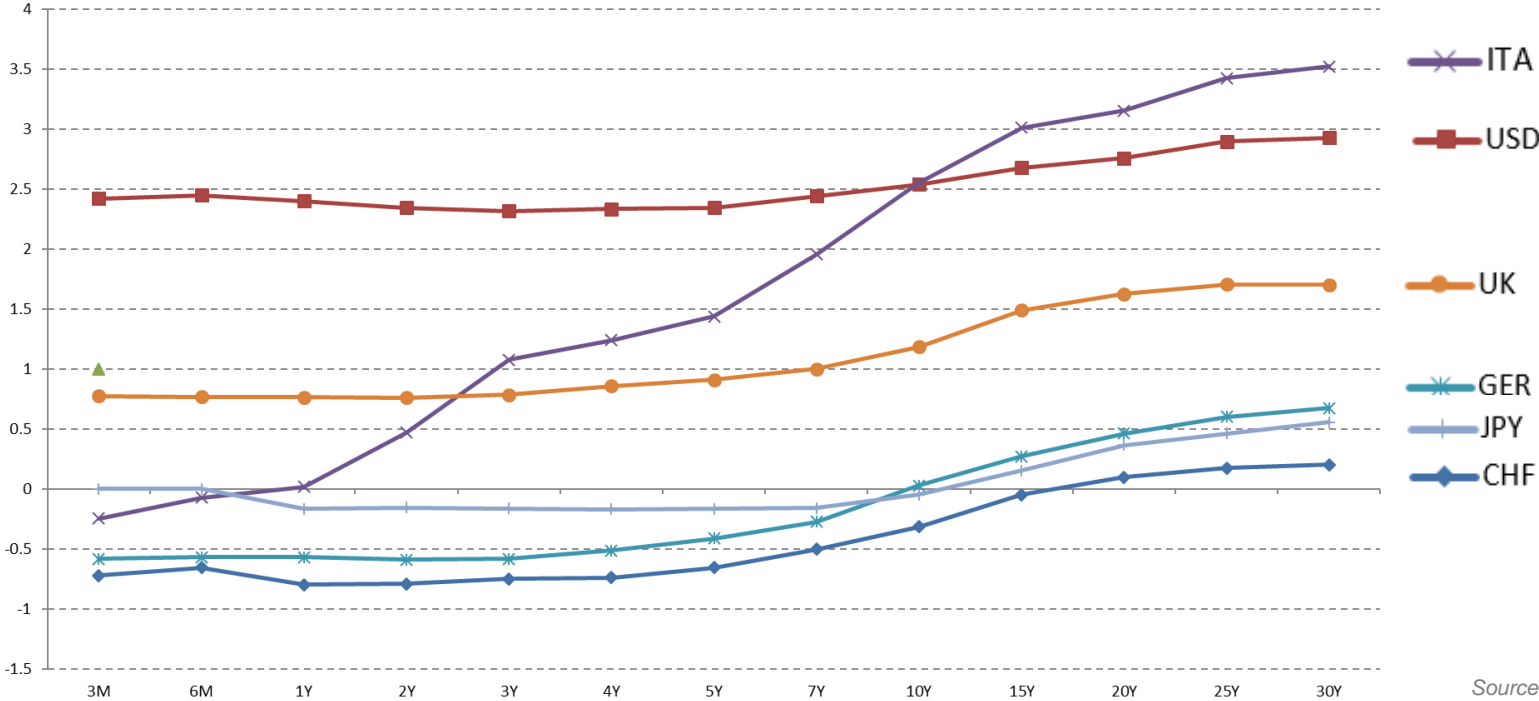
78% beating EPS ests & by the widest margin (+7.1%) we have measured in any Q in nearly 10 yrs.

1Q 2019 Earnings Scorecard, as of 9:30 AM ET on April 30, 2019

Sector	EPS Growth	Avg EPS Surprise	Exceeded	Matched	Missed	Reported	% Reported
Communication Services	19.04%	10.67%	90%	0%	10%	10	45%
Consumer Discretionary	16.70%	13.60%	78%	4%	19%	27	43%
Health Care	13.51%	5.27%	82%	3%	15%	33	53%
Industrials	11.99%	7.74%	76%	4%	20%	51	73%
Utilities	7.84%	6.28%	71%	14%	14%	7	25%
Financials	6.76%	6.66%	78%	12%	10%	49	72%
Real Estate	2.17%	1.50%	67%	13%	20%	15	47%
Consumer Staples	0.75%	4.65%	75%	0%	25%	16	48%
Materials	-0.04%	4.98%	73%	7%	20%	15	60%
Information Technology	-9.69%	5.96%	87%	0%	13%	31	46%
Energy	-17.52%	10.63%	73%	13%	13%	15	52%
<b>S&amp;P 500</b>	<b>7.07%</b>	<b>7.10%</b>	<b>78%</b>	<b>6%</b>	<b>16%</b>	<b>269</b>	<b>54%</b>

Source: The Earnings Scout

# International yield curves (2/5/2019)



Source: Credo, Bloomberg

# Global GDP growth rates (real)



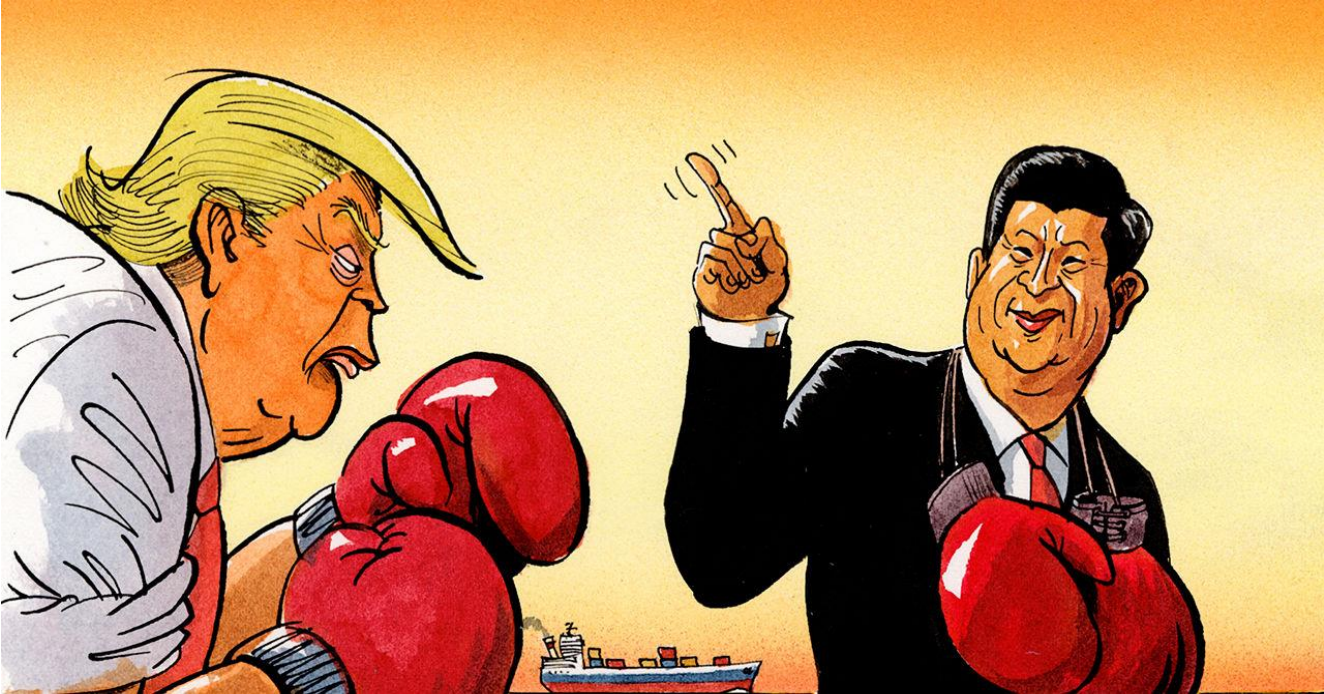
VENEZUELA	-16.6%
ARGENTINA	-6.2%
TURKEY	-3.0%
ITALY	0.1%
HONG KONG	0.5%
RUSSIA	0.6%
GERMANY	0.9%
FRANCE	1.1%
SOUTH AFRICA	1.1%
BRAZIL	1.1%

CANADA	1.1%
SINGAPORE	1.3%
MEXICO	1.3%
SWITZERLAND	1.4%
PORTUGAL	1.7%
SOUTH KOREA	1.8%
JAPAN	1.9%
UK	2.0%
NEW ZEALAND	2.3%
AUSTRALIA	2.3%

SPAIN	2.4%
SWEDEN	2.4%
IRELAND	3.0%
US	3.2%
SAUDI ARABIA	3.6%
POLAND	4.9%
INDONESIA	5.2%
PHILIPPINES	6.1%
CHINA	6.4%
INDIA	6.6%

Source: Charlie Bilello (3 May 2019)

# Trade war?



The Reformed

# BROKER

Posted May 12, 2019 by [Joshua M Brown](#)

## Trade War Fears Prolong the Bull Market

If the trade wars and tariffs don't drive us into recession (fingers crossed), then there is a bright side to consider – the fear of Trump's next tweet or China's next response is what's keeping us from seeing an overenthusiastic investor class driving asset prices up at an unsustainable pace.

The stock market is more constructive for long term investors when there is something to be worried about than it is at moments where all potential problems appear to have been vanquished.

At my shop, we ignore forecasts about trade disputes and, instead, we focus on building durable portfolios that are meant to withstand all possibilities.



# China Manufacturing PMI - Trade Orders (export/import average)

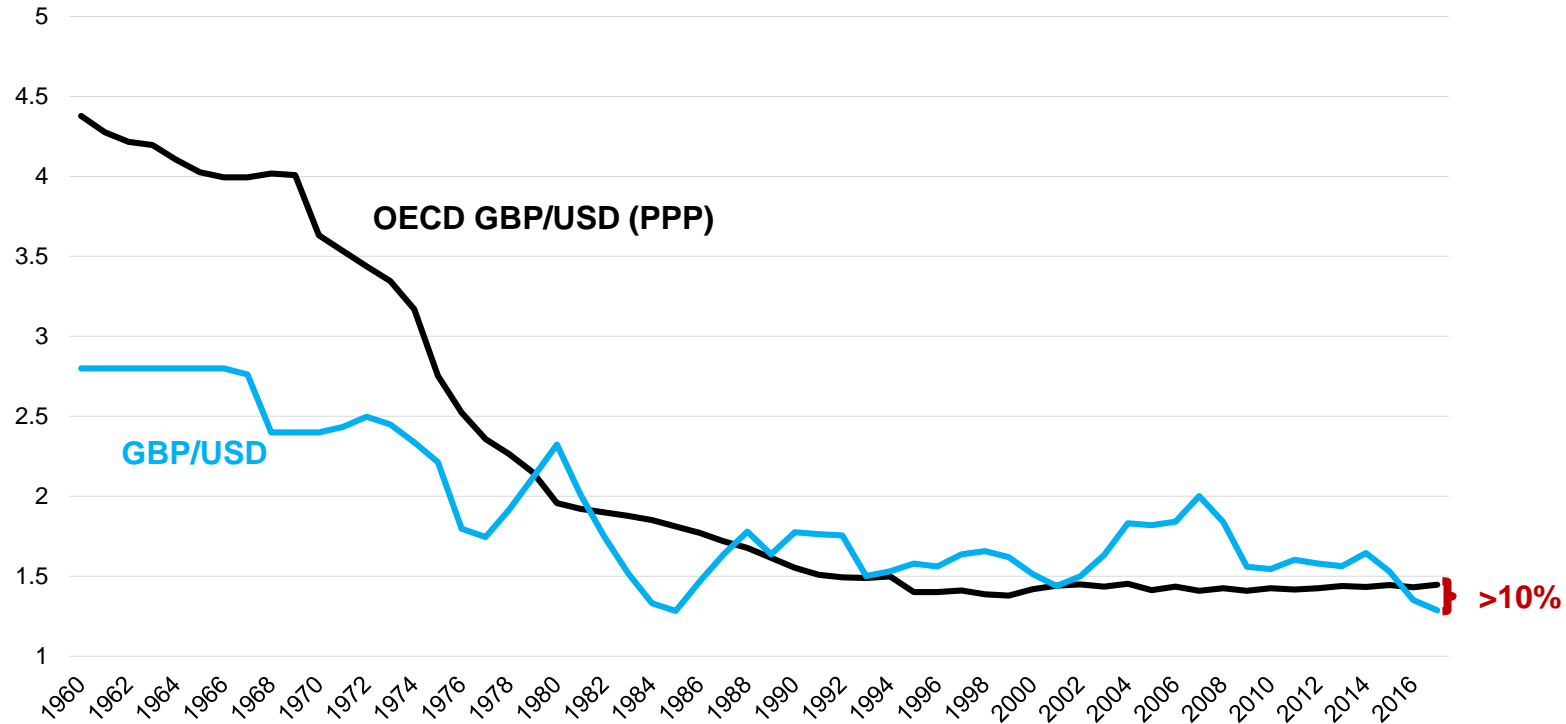


Source: National Bureau of Statistics of China,  
Topdown Charts, Datastream





# Pound: undervalued?



Source: OECD, Thomson Reuters, Credo

We remain optimistic about the long term...



# We remain optimistic about the long term...



"Optimistic people play a disproportionate role in shaping our lives.

Their decisions **make a difference**;

They are inventors, entrepreneurs, political and military leaders – not average people.

They got to where they are **by** seeking challenges and **taking risks.**"

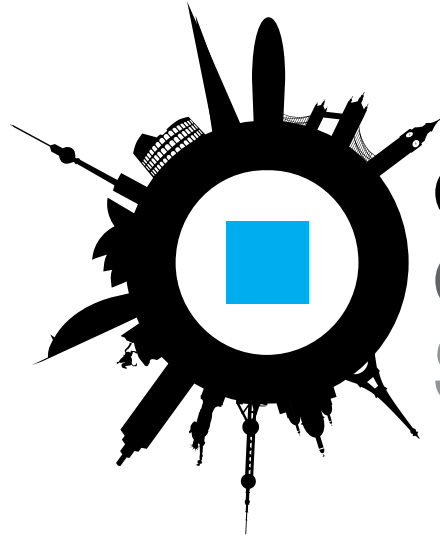
Daniel Kahneman



Thank you



 [@DeonGouws\\_Credo](https://twitter.com/DeonGouws_Credo)



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**SEMINAR**

**CREDO INVESTMENT**  
**SOLUTIONS OVERVIEW**  
DAMIAN YEOMANS

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# Investment Solutions: Overview



	Equities	Fixed Income	Multi-Asset
Managed Portfolio Solutions	BEST IDEAS PORTFOLIO	INCOME PLUS PORTFOLIOS	MULTI ASSET PORTFOLIOS
	DIVIDEND GROWTH PORTFOLIO	Low Volatility	MAP 20/80
	SPECIAL OPPORTUNITIES PORTFOLIO	Medium Volatility	MAP 45/55
		High Volatility	MAP 60/40
			MAP 70/30
Funds	GLOBAL EQUITY FUND		DYNAMIC FUND

# Platform availability







cutting costs and reaching new customers in non-overlapping areas. Barclays estimated a share valuation of 385p per share, assuming the deal went through, and only 250p if the deal was scuppered.

However, we were of the view that the prospective deal would face significant antitrust scrutiny. If the regulators felt that customers would suffer because of reduced competition more than they would benefit from the improved efficiencies, they could stand in the way of the deal. Tesco, the market leader, had a market share of about 28%. The combined market share of Asda and Sainsbury's would be around 31%.

As such, we believed that there was a significant risk that the deal would be prevented by the authorities.

**Market confidence**

This scepticism was not a view shared by the market. Barclays, for example, estimated an 80% likelihood of the merger proceeding. As recently as 18 February, they noted:

'Sainsbury's has already hired management consultants to advise on the integration plan, underscoring their confidence in the deal.'

We felt that brokers

increased competition.

Even if the deal went ahead, our view was that it could take a considerable amount of time. There was a risk that Sainsbury's management could lose focus on the integration and synergy targets they were already working on. The Argos acquisition was still a fresh challenge.

As history had shown with the Morrison's deal, bringing companies with different cultures together does not always happen smoothly. Balancing the risk and reward, we sold our Sainsbury's holding shortly after the announcement, choosing to look elsewhere for further investments.

**The deal falters**

On 20 February, the UK's Competition and Markets Authority (CMA) released its provisional findings into the merger.

The conditions which they placed on the companies in order to maintain competition significantly reduces the commercial value of the deal. The CMA identified a substantial lessening of competition in areas that would require the sale of about 300 stores to a single purchaser. It added a condition that all the stores sold would need to be either

As the domestic market opportunities have saturated, the big UK retailers like Tesco and Sainsbury's have had to get creative to maintain their long-term growth stories in the face of challenges from their competitors.

Waitrose has provided a strong offering for wealthier shoppers, while the US giant, Walmart, moved into the market by buying Asda. The German discount stores Aldi and Lidl cater for those seeking a bargain alternative, which became particularly attractive post the 2008 financial crisis.

Sainsbury's, which has a 17% share of the UK grocery market, bought Argos in 2016. The supermarket's management later announced a proposed merger with Asda in April last year.

At the time, we held Sainsbury's in our portfolios. The share price reaction was extremely positive, rallying to over 315p on the day compared to less than 230p a month earlier. The optimism was due to expectations of significantly improved earnings (>50%) that the deal could unlock. This would be due to synergies both from

were simply mirroring Sainsbury's management's overconfident tone in their communication.

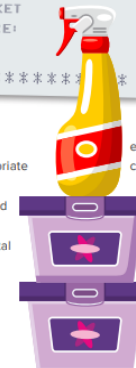
We also felt that any comparison of Tesco's buying Booker, the food wholesaler, was a mischaracterisation. That was vertical integration, which did not increase Tesco's retail market share.

They simply cut out a step in the supply chain.

Our view was that a more appropriate precedent was when Morrison's (sixth largest market share) acquired Safeway (fourth largest market share) in 2004. That was a horizontal merger which faced a lot of regulatory scrutiny at the time.

All the big players – Tesco, Sainsbury's and Asda – tried to bid for Safeway, but the regulator blocked those efforts in favour of

<b>SAINSBURY'S</b>	
MARKET SHARE:	17%
-----	
<b>TESCO</b>	
MARKET SHARE:	28%
-----	
<b>ESTIMATED COMBINED</b>	
<b>ASDA / SAINSBURY'S</b>	
MARKET SHARE:	31%
*****	



Sainsbury's or Asda. They could not be cherry-picked.

Although not blocking the deal explicitly, these provisional restrictions effectively stops the merger in its tracks. As a result, Sainsbury's share price collapsed and it is currently trading at around 230p.

Contrarian opportunities typically present themselves with excess pessimism on companies we are looking to buy. Rather than its opposite, excess optimism is a sibling. We do not explicitly make money by being cautious, but sometimes the best

decisions are when to step away. As Warren Buffett says: 'Rule number one: never lose money. Rule number two: don't forget rule number one'.

*The Credo Global Equity fund is up 6% over one year to the end of February versus a sector average return of 2.2%.*

# Hidden gems: Three of the best off-the-radar IPOs to look out for



*Rupert Silver is senior portfolio manager at Credo Funds*

Global capital markets have had a strong run since the global financial crisis and, along with the changing trajectory in global monetary policy, investors must be wary of the risks on the horizon.

In the UK, there are also the added concerns of Brexit and Labour leader Jeremy Corbyn taking power.

But there is still substantial value in under-researched companies within small- to

medium-capitalised UK equities. Within the IPO market in particular, investors need to be very discerning and it is important to be selective as some high-

profile IPOs can come to the market with unrealistic expectations.

Here are three off-the-radar IPOs that have worked well for us.



## **Arena Events Group: £102m market cap**

Arena, the fund's largest holding within this category, is a global events solution

company implementing a high-quality service that has earned the trademark of 'Arena' standard within the industry.

Arena's contracts include many globally renowned events – for example, providing temporary seating and corporate tents to Wimbledon and the PGA Championships. These events should prove resilient regardless of the economic climate.

The growth comes through a combination of contract wins, margin enhancement and bolt-on acquisitions in a highly fragmented market. This includes reducing seasonality through the acquisition of an ice rink business, which has contracts at some familiar attractions, such as Hyde Park Winter Wonderland and the Natural History Museum.

# Credo Funds - Summary



- Platform access to Credo Funds growing rapidly
- Stability of fund management team and senior staff
- Funds already rated by Defaqto
- Credo Global Equity now over £55m AUM
- Increasing visibility and information
- Strong performance

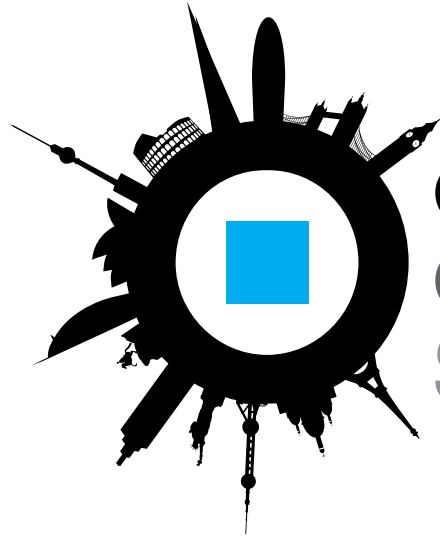


**GLOBAL**  
EQUITY FUND

[www.credogroup.com/credofunds/cgefucits.html](http://www.credogroup.com/credofunds/cgefucits.html)

**DYNAMIC**  
F U N D

[www.credogroup.com/credofunds/dynamic.html](http://www.credogroup.com/credofunds/dynamic.html)



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**GLOBAL EQUITY FUND**  
JARROD CAHN

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- We believe wealth is created and preserved by following a patient and disciplined investment strategy that is focused on the **long-term**
- We follow a **value-based** approach to investing
- We aim to identify matters of **strategic** importance and focus on methodologies that have proven to be robust through a variety of market cycles, rather than fixating on short-term news-flow and forecasts
- We strive to minimise turnover in our portfolios and apply our minds when considering transaction size in an attempt to **limit transaction costs**
- We view **risk** as permanent losses of capital and not in terms of short-term volatility

# Google

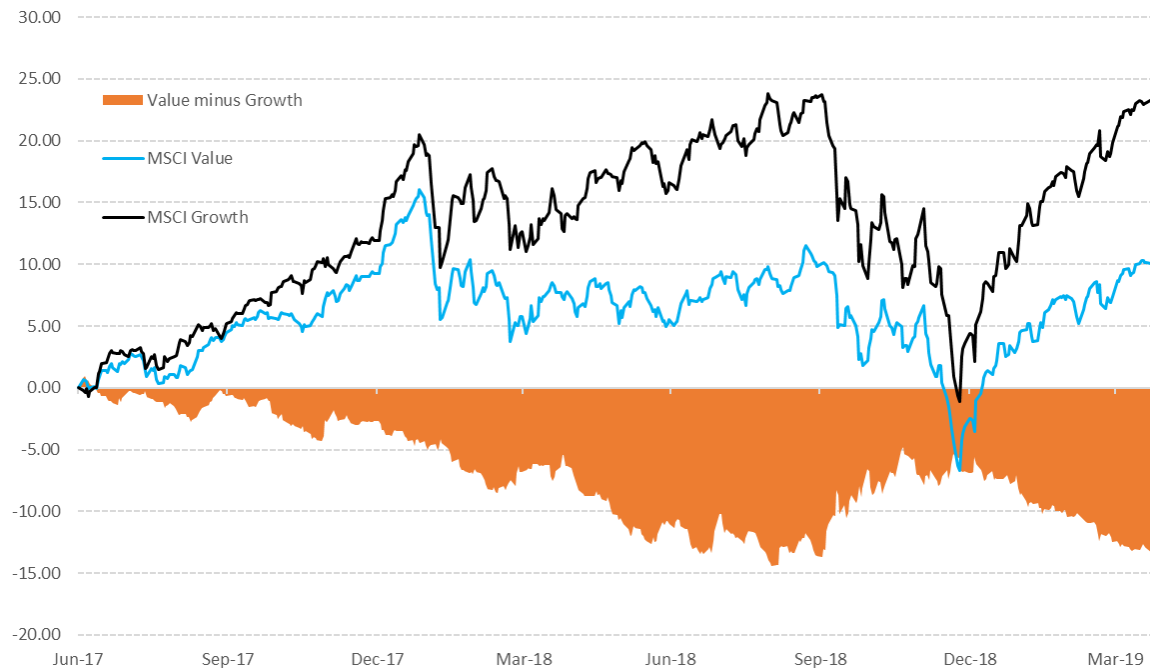
is value investing ×

is value investing **dead**  
is value investing **still relevant**  
is value investing **a good idea**  
**does** value investing **work**  
**does** value investing **still work**  
**does** value investing **beat the market**  
**does** value investing **work in india**  
**what** is value investing  
**what** is value investing **strategy**  
**what** is value investing **pdf**

Google Search I'm Feeling Lucky

*Report inappropriate predictions*

# Value vs Growth



Source: Bloomberg data from 30/06/2017 to 30/04/2019



# S&P 500 Returns vs. FANG Stocks



Source: Bloomberg data from 30/06/2017 to 30/04/2019

**Long-only equities**

**Global exposure**

**Large capitalisation**

**Value bias**

**High liquidity**

**No derivatives, gearing or hedging**

## Investable Universe

- ~ 5000 companies
- Focus on Developed Markets
- >\$1bn Market Capitalisation
- Sufficient Liquidity  
~ \$5m/day

## Fundamental Bottom-Up Analysis

- Temporarily mis-priced stocks
- Attractive Valuation
  - Absolute, relative to peers / benchmark or history
- High Quality
  - Based on profitability, cashflow generation, balance sheet strength and management track record
- Business Prospects Intact
  - Qualitative and quantitative analysis of company and industry
  - Financial modelling
  - 3-5 year horizon

## Portfolio Construction

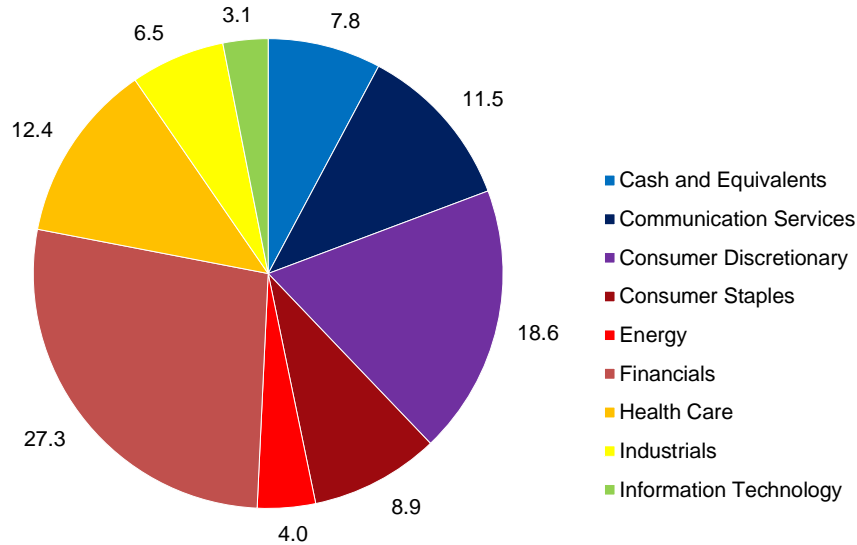
- Diversified 30-50 stock portfolio
- Position Sizing
  - Based upon estimated return, risk and conviction
  - Sector and geographic diversification
- Continuous Monitoring
  - Periodic review of position sizes
  - Fundamental news flow affecting holdings

**GLOBAL**  
EQUITY FUND

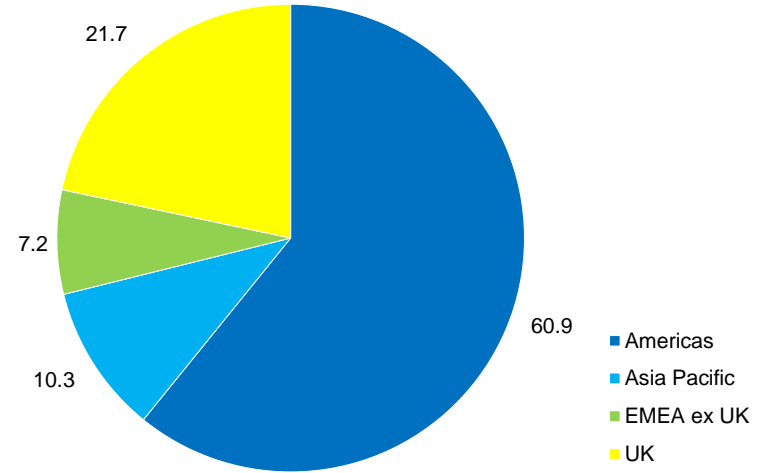
# Sector and Geographic Allocation (%)



**Sector Allocation\* (%)**



**Geographic Allocation\* (%)**



(\* As at 30/04/2019)

## Top 10 Holdings (%)



Frontdoor	4.4
Prudential plc	4.4
PNC Financial Services Group	4.3
Arch Capital Group Ltd	4.1
The Walt Disney Co	4.0
Wells Fargo & Co	3.9
HCA Healthcare Inc	3.7
Cigna Corp	3.7
Verizon Communications Inc	3.6
Becle Sab De CV	3.4
<b>Total</b>	<b>39.5</b>

(\*) As at 30/04/2019





# The WALT DISNEY Company

# Disney's Business Model



- **Studio Entertainment** (17% of revenue and 19% of operating profit)



- **Parks, Experiences and Consumer Products** (42% of revenue and 39% of operating profit)

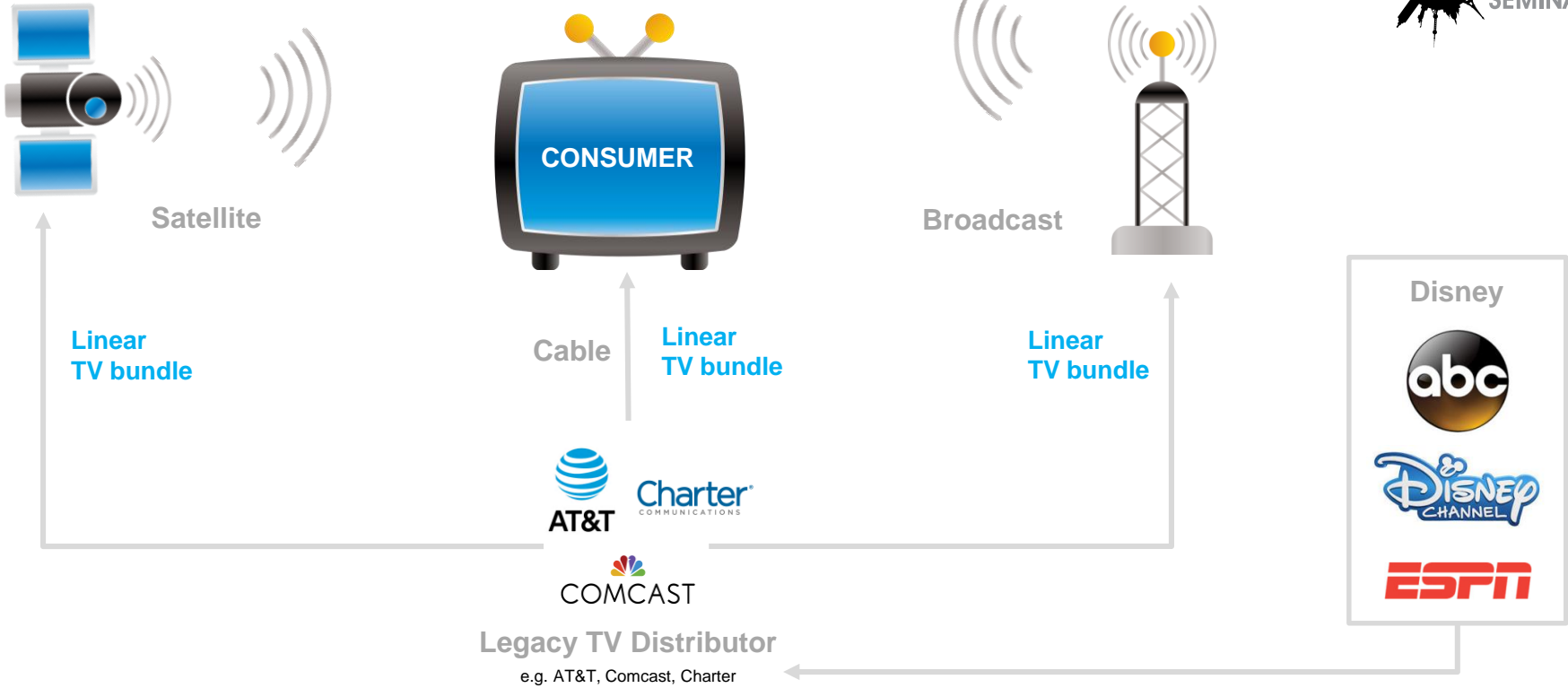


- **Media Networks** (41% of revenue and 42% of operating profit)



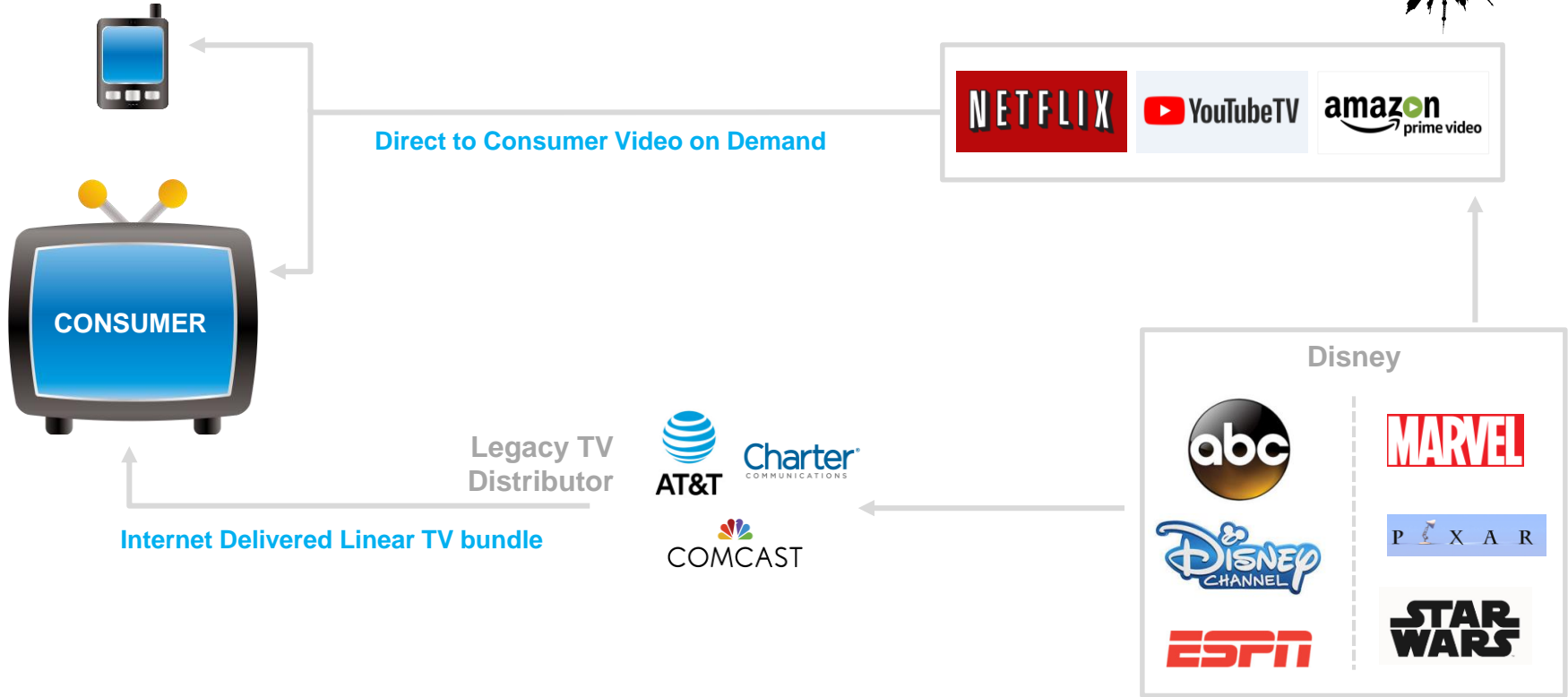
*These figures are shown in the old reporting segments, as of the 2018 results*

# Legacy Distribution Model

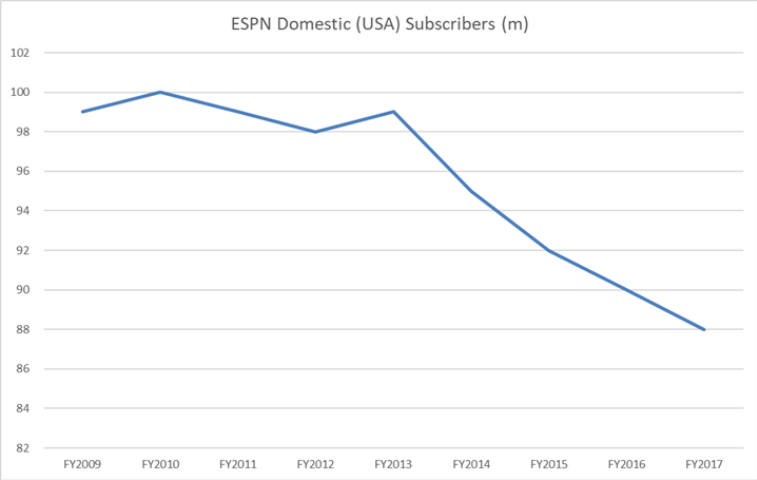




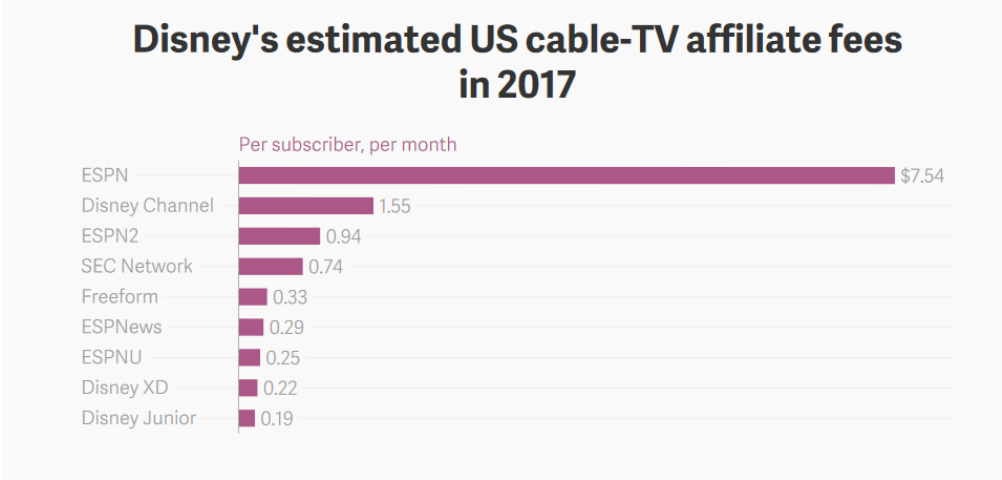
# Over-The-Top Model



# Cord cutting hurts Disney

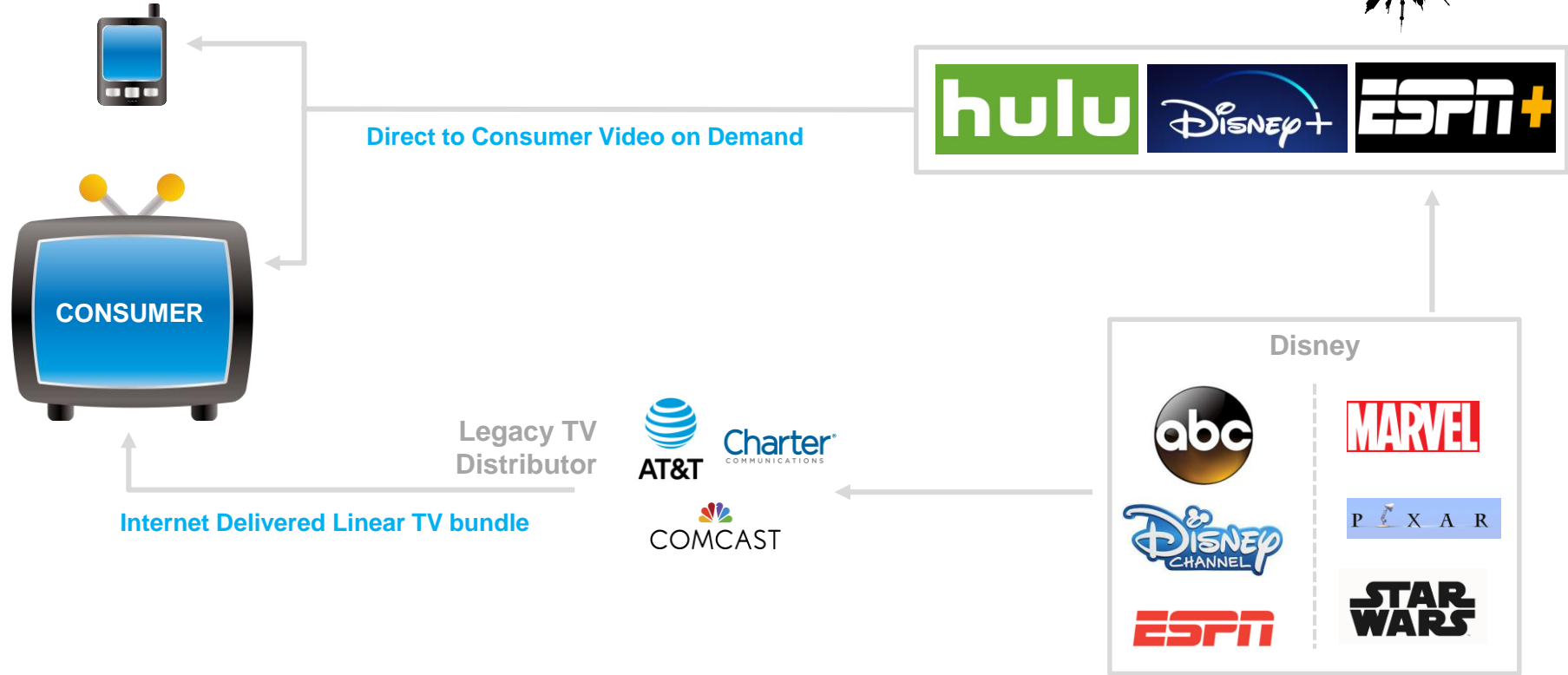


Source: Credo



Source: qz.com

# Over-The-Top Model





- Launched April 2018
- Screening exclusive material - 15 live UFC events via app
- ~ 600k subscriptions in 48 hours
- 2 million subscribers 10 months after launch



- Launches November 2019 in USA
- Exclusive home for all movies released after 2019
- Will also host Disney's extensive back catalogue of Movies and TV Series
- Commitment to produce 4/5 original movies and original TV series
- Simultaneous withdrawal of certain content rights from Netflix
- \$6.99 price tag



- 25 million paid subscribers
- Pricing changes in 2018 accelerated subscriber growth in 2018
- Comcast still have minority stake in platform
- Home to Disney and Fox content targeted at adults

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



30/04/2018 - 30/04/2019 Data from FE 2019

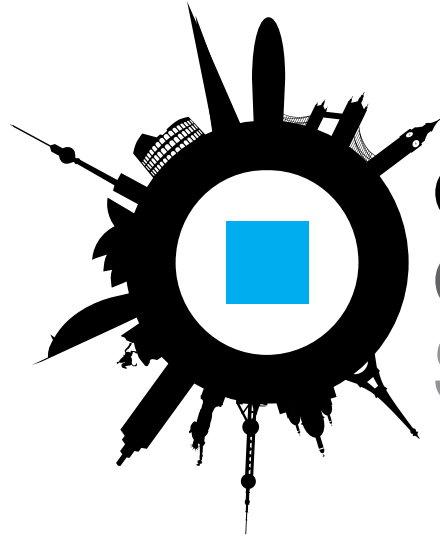
# Summary Information



<b>Currency</b>	GBP
<b>Pricing Frequency</b>	Daily
<b>Status</b>	UCITS
<b>Benchmark</b>	MSCI World Index Net Total Return
<b>Inception Date</b>	3 <sup>rd</sup> July 2017
<b>ISA &amp; SIPP Eligible</b>	Yes
<b>Distribution Type</b>	Accumulation
<b>Custodian &amp; Depositary</b>	Societe General
<b>Ongoing Charges</b>	~ 1.20%

# Value investing can be a lonely place





**CREDO**  
**CLIENT**  
**SEMINAR**

**DYNAMIC FUND**  
BEN NEWTON

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Rupert Silver  
**Lead Portfolio Manager**



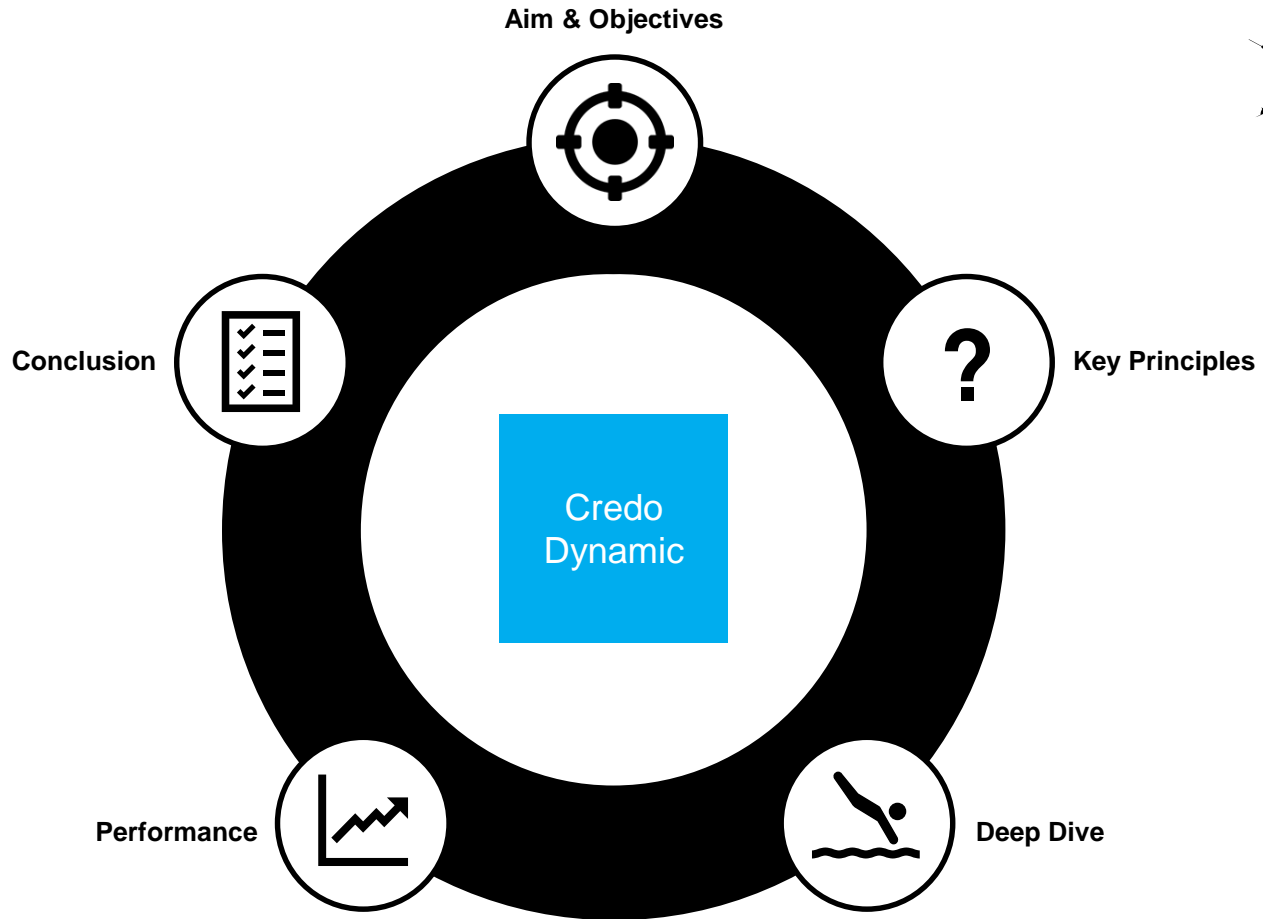
Rupert joined Credo in 2000. He qualified in Law before completing the Securities Institute Diploma. Previous tenures were at Wise Speke and Brewin Dolphin Securities. Rupert is a Director of Credo, has 20 years of portfolio management experience and alongside the Dynamic fund he heads Credo fixed income.

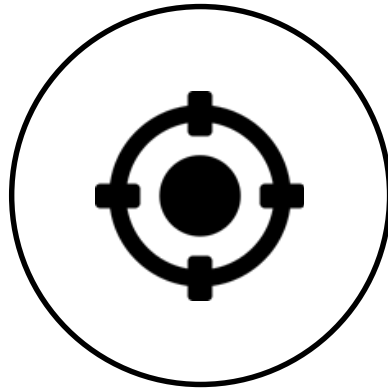
Benjamin Newton  
**Portfolio Manager**



Ben joined Credo as an investment analyst in 2014. He holds an MSc in Finance from Imperial College and is a CFA charterholder. Prior to joining Credo, Ben spent four years working at Barclays Wealth & Investments managing private client portfolios as a Discretionary Portfolio Manager.

*The Dynamic team are supported by the broader investment and dealing teams*





## Aim & Objectives

## Credo Dynamic

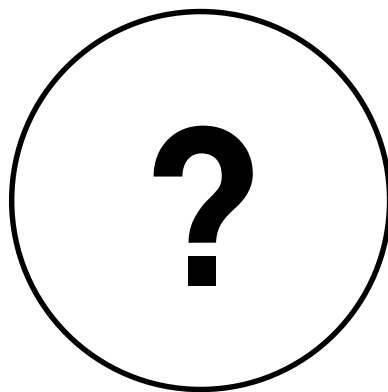
1. Managers of Credo Dynamic believe different market environments require different investment approaches and asset allocations throughout the cycle
2. The key to our investment approach is flexibility



## Aim & Objectives - Fund objective



*Aiming to achieve equity-like returns with lower volatility*



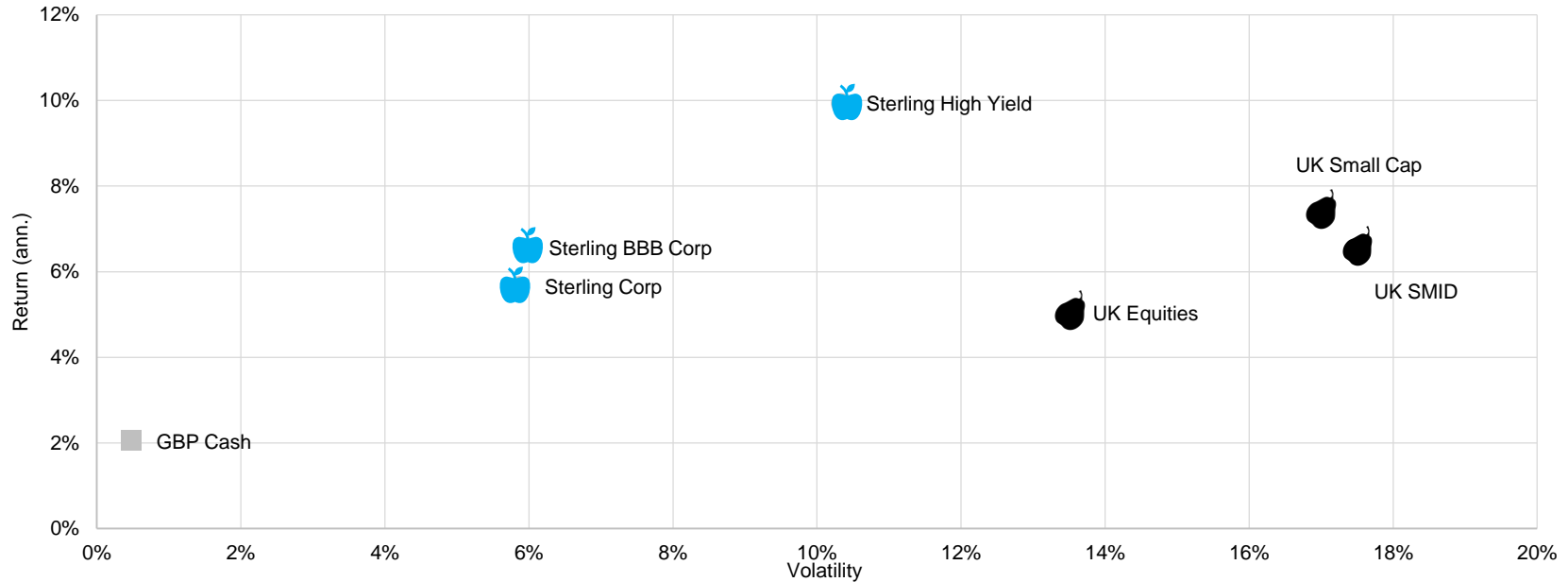
Key Principles



# Key Principle 1 - Inclusion of Fixed Income



UK Risk Return Scatter  
1998-2018

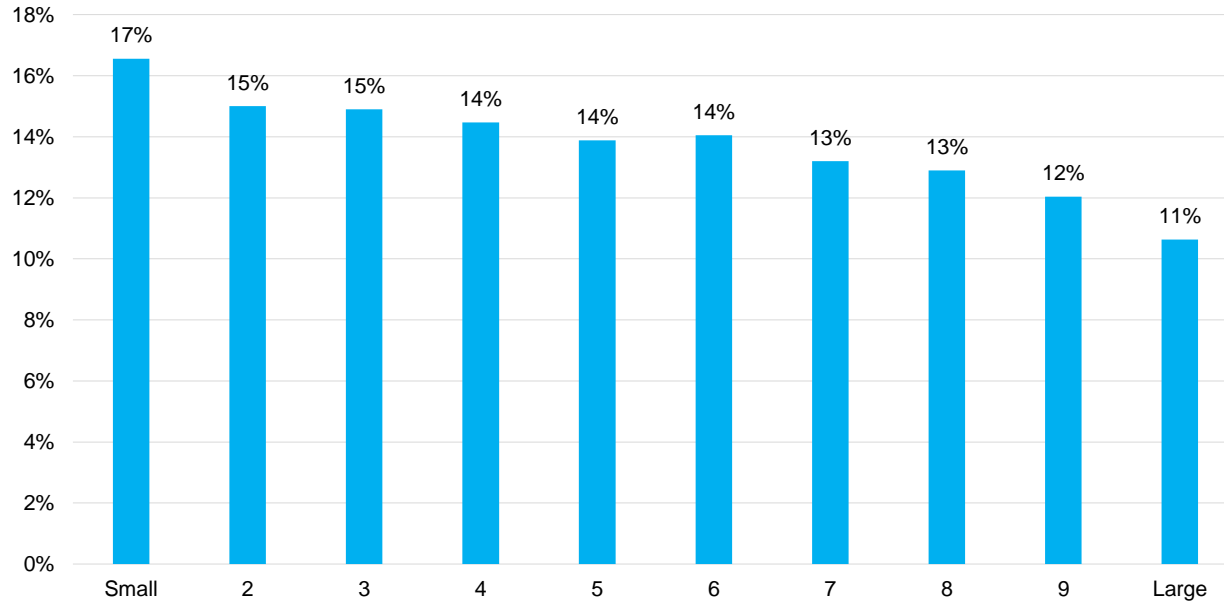




## Key Principle 2 - Include smaller companies



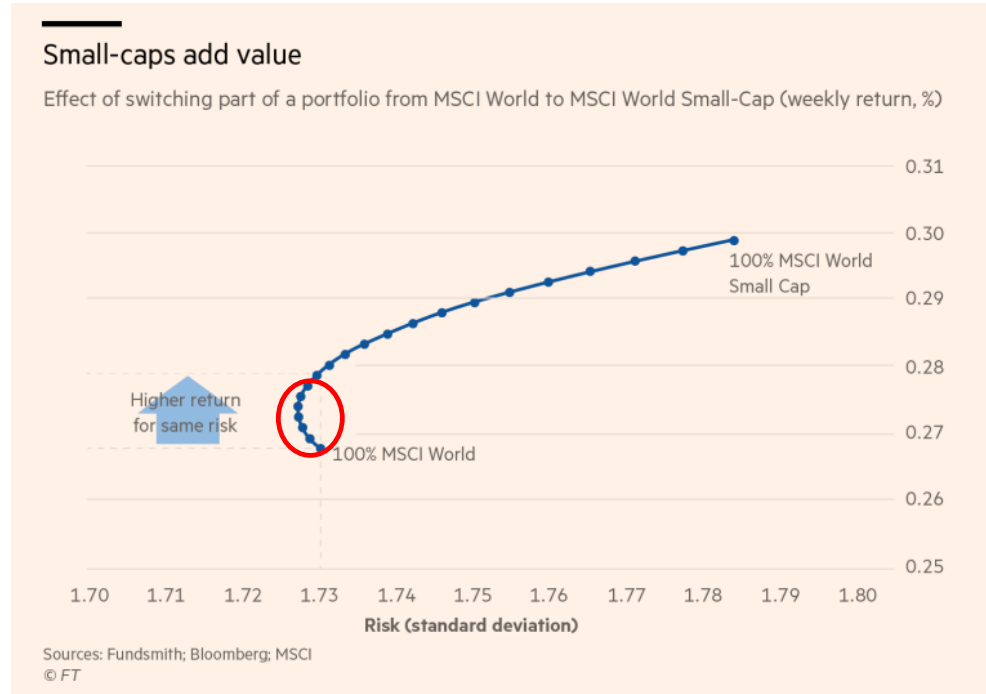
Average Return by Market Cap  
1926-2019



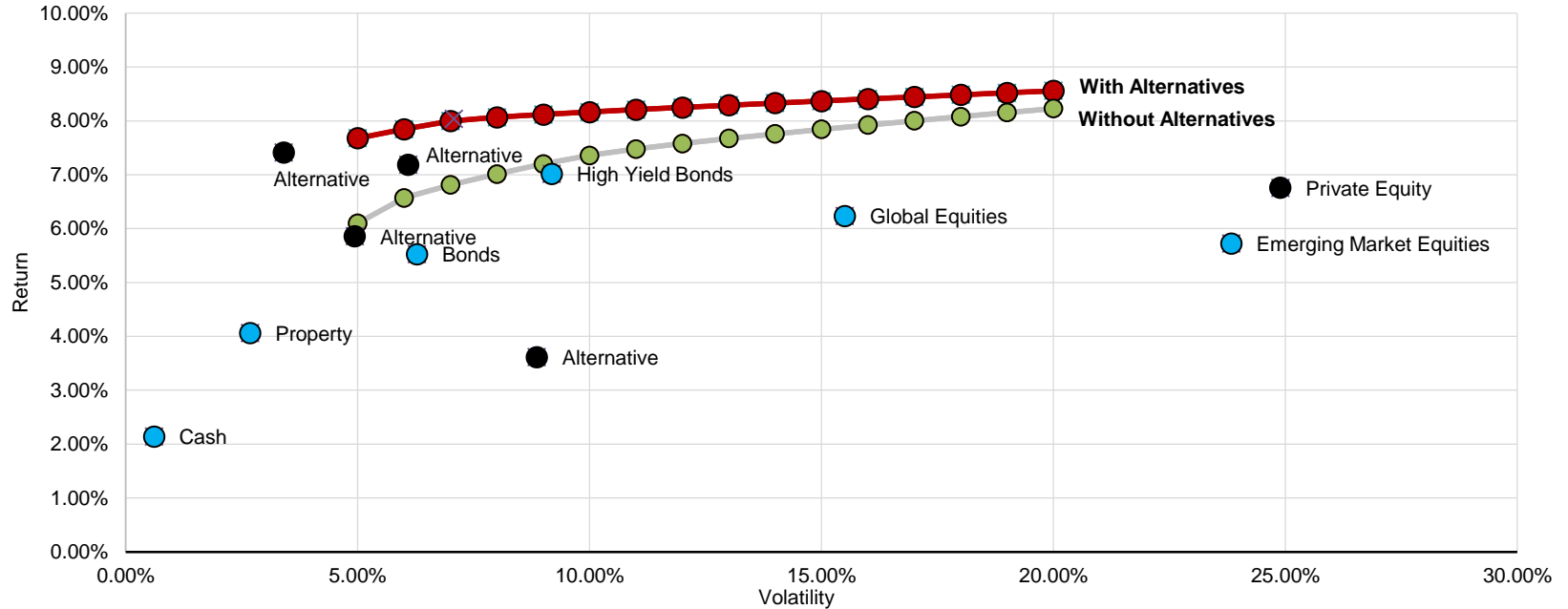




## Key Principle 2 - Include smaller companies

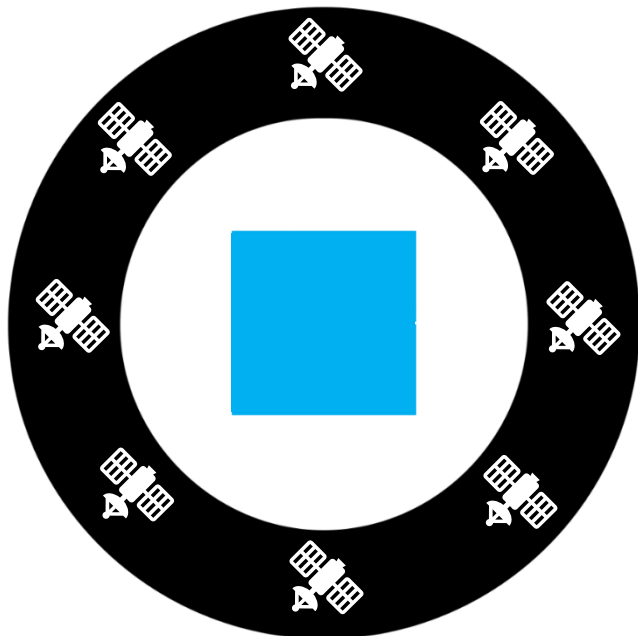


# ? Key Principle 3 - Include high returning alternatives





## Key Principle 4 - Core & Satellite approach



- Flexible asset allocation
- Bottom up stock pickers with a top down overlay
- Accessed through a wide investment universe
- Individual equities have a bias to SMID

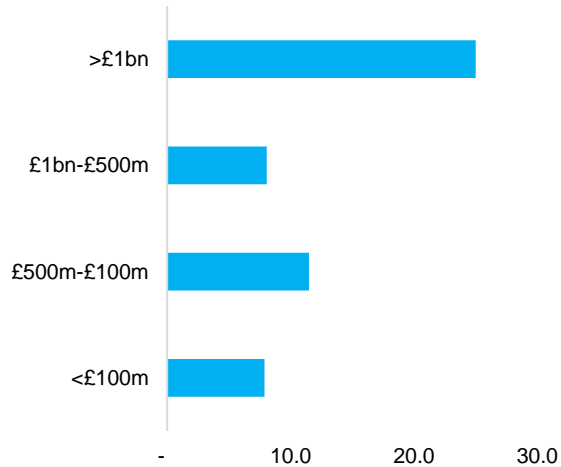


Deep Dive

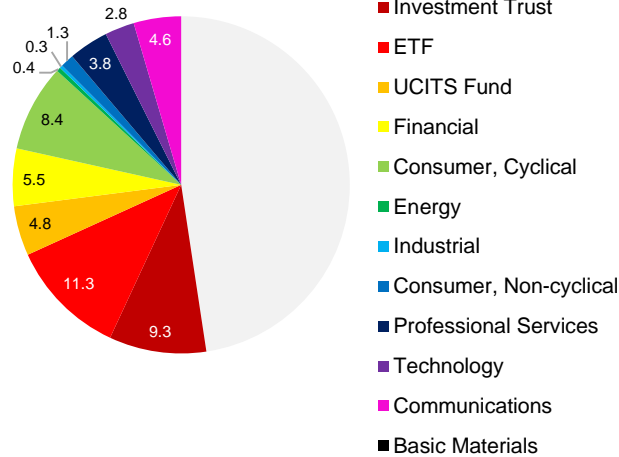


Total Equity Allocation = 52.4%

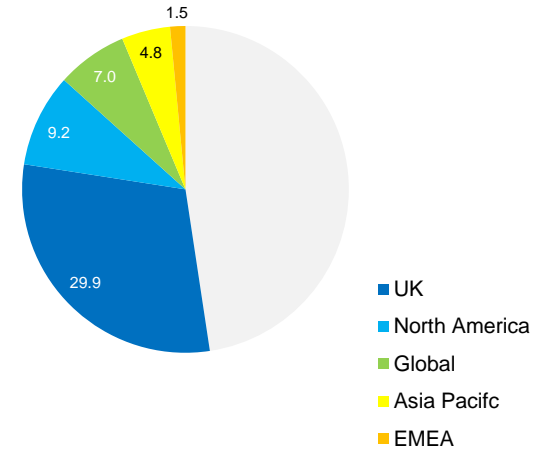
Market Capitalisation (%)



Sector (%)



Geographical (%)





## Why UK bias?

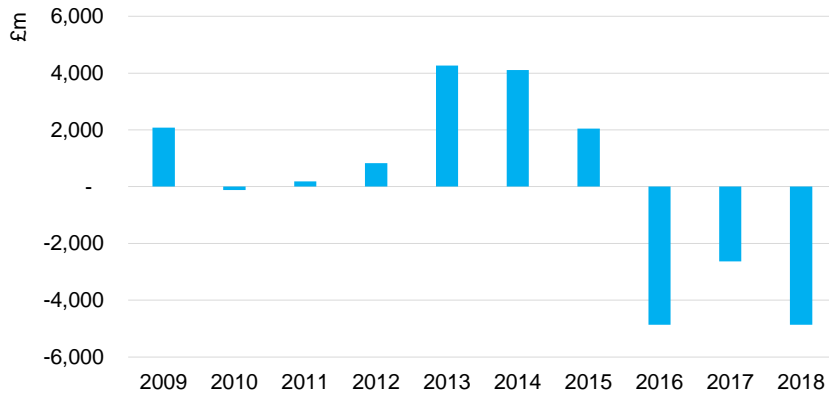


### **Home Bias** - *Fingers on the pulse in the UK investing community*

- The team have an extensive network within the UK market which will we believe will add value over the longer term
- Regularly meet management of all significant holdings or prospective investments
- Access to UK capital markets

**Contrarian** - *Provides better value opportunities for the long term investor*

**Net Retail Sales of UK Equity Funds**



*'The consensus among investors is that the UK is un-investable'*

Global CIO @ UBS Wealth Management - November 2018

**FTSE 250 vs MSCI World**



*'Britain is now uninvestable - which probably makes now a good time to buy'*

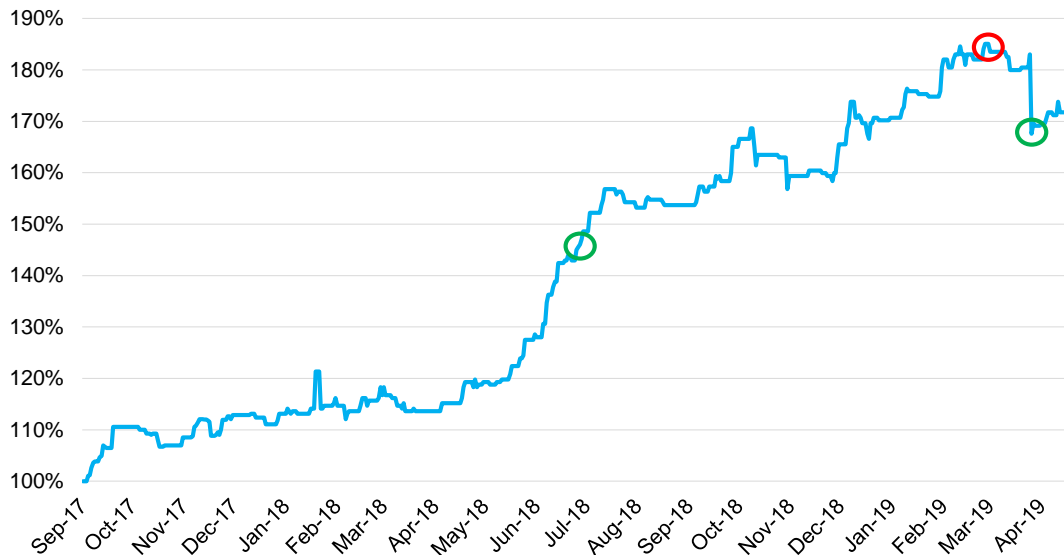
Executive Editor @ MoneyWeek - November 2018



# Deep Dive - Equities Example: PPHE Hotel Group



Allocation = 4.3%



- Market Capitalisation: £700m
- Owner, operator and development of premier hotels in London and across Europe
- Discount to Net Asset Value: 33%
- Leverage: 28.7%







## Deep Dive - Equities Example: Team17



Allocation = 1.0%



- Market Capitalisation: £340m
- Independent games label for games
- Investment committee of gamers
- A diversified play on the growth of gaming without the overhang of 'hard copy'
- Backing experienced management team





# Deep Dive - Equities Example: Perpetual Income & Growth

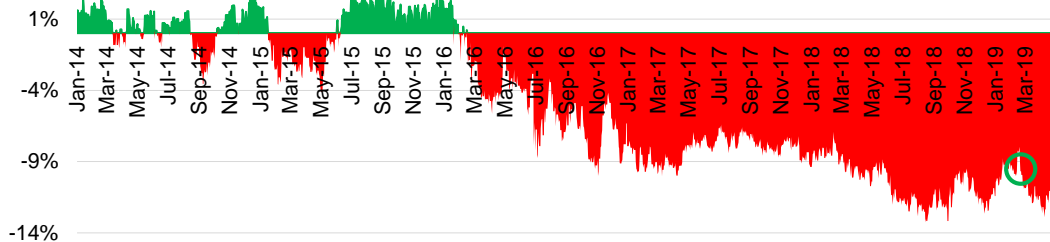


Allocation = 1.5%

### NAV



### Premium / Discount



- Market Capitalisation: £790m
- Domestically focused portfolio
- UK equity discount
- Investment trust has drifted to an attractive discount to NAV

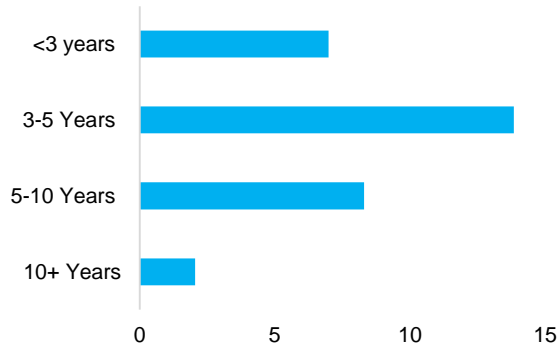


# Fixed Income overview



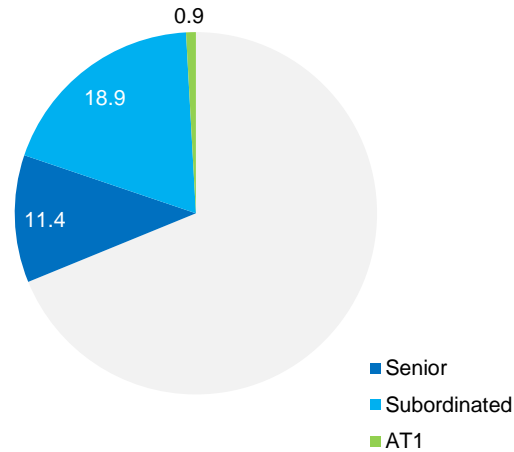
Total Fixed Income Allocation = 31.2%

Duration(%)

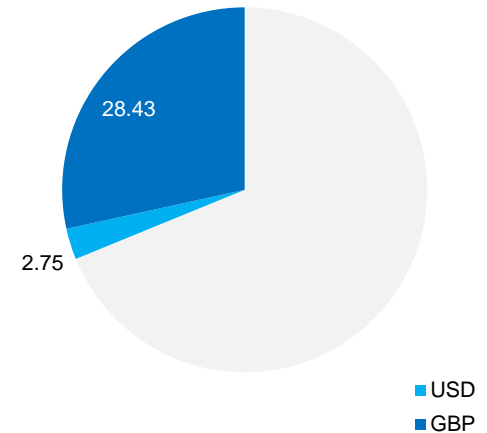


- Average duration to call - 4.27
- Yield to worst - 5.65%

Rank (%)



Currency (%)





Allocation = 3.2%



## Bond

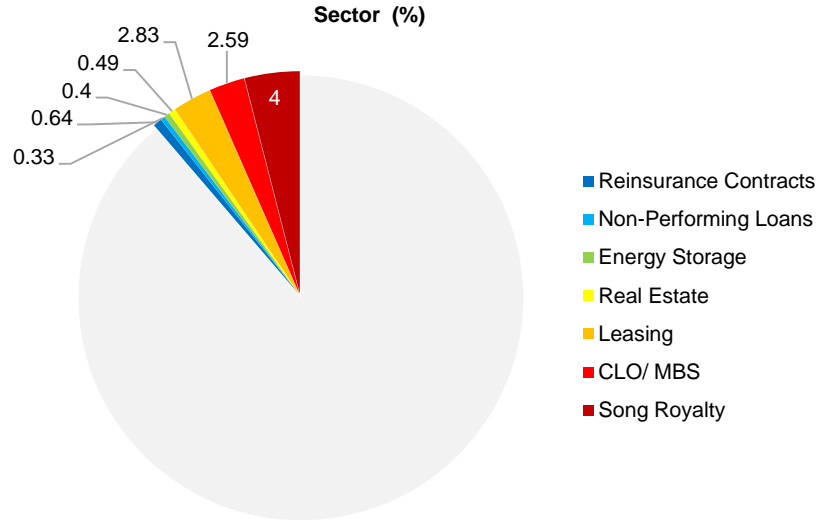
- Maturity: December 2025
- Rank: Subordinated
- Yield to maturity: 6.5%
- Credit rating: BB-

## Company

- Funeral and convenience shopping
- Experienced management team
- Consumer staple product



Total Alternative Allocation = 11.7%



- 11 holdings
- All investment trust
- High returning, low correlation assets

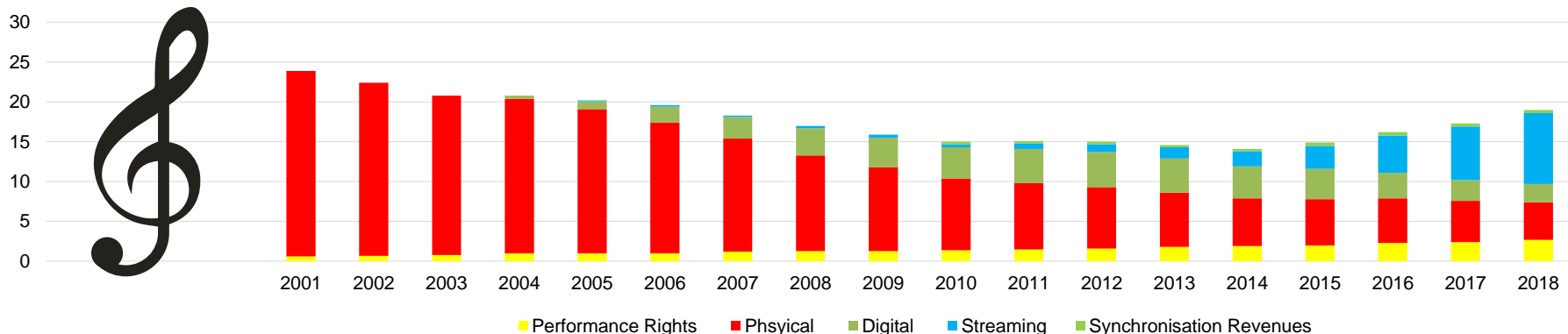


# Deep Dive - Alternative Example: Hipgnosis Song



Allocation = 4.0%

### Global Recorded Music Revenues (USD Billions)



Market Capitalisation  
**£350m**

Song Revenue Multiple  
**12.6x**

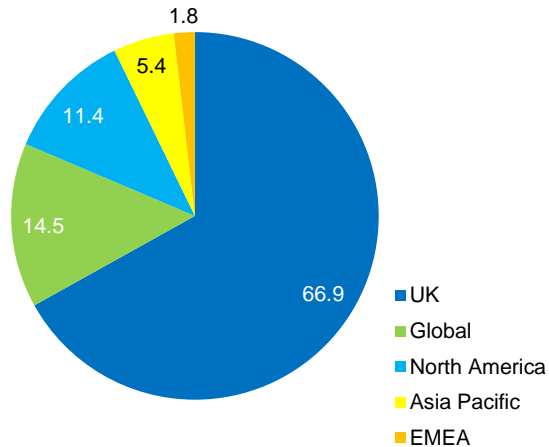
Streaming Revenue Growth  
**33%**



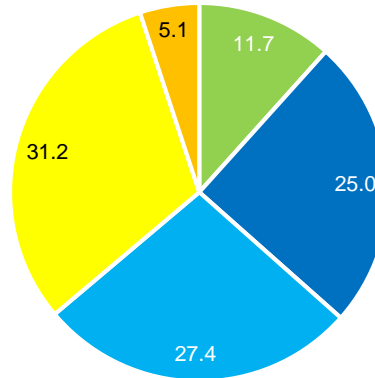
# Portfolio overview - May 2019



Geographical (%)



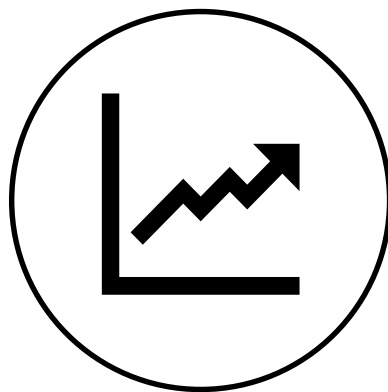
Asset Allocation (%)



- Alternative
- Collective Equities
- Single Line Equities
- Corporate Bonds
- Cash

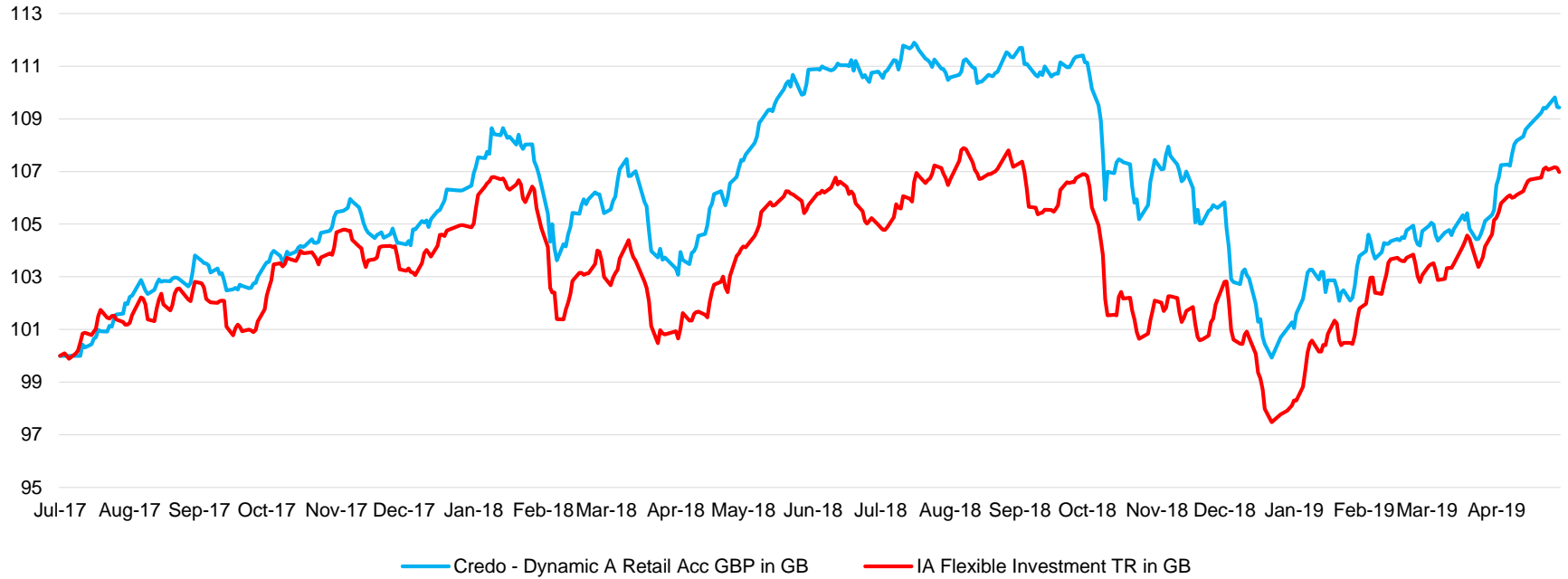
Top 10

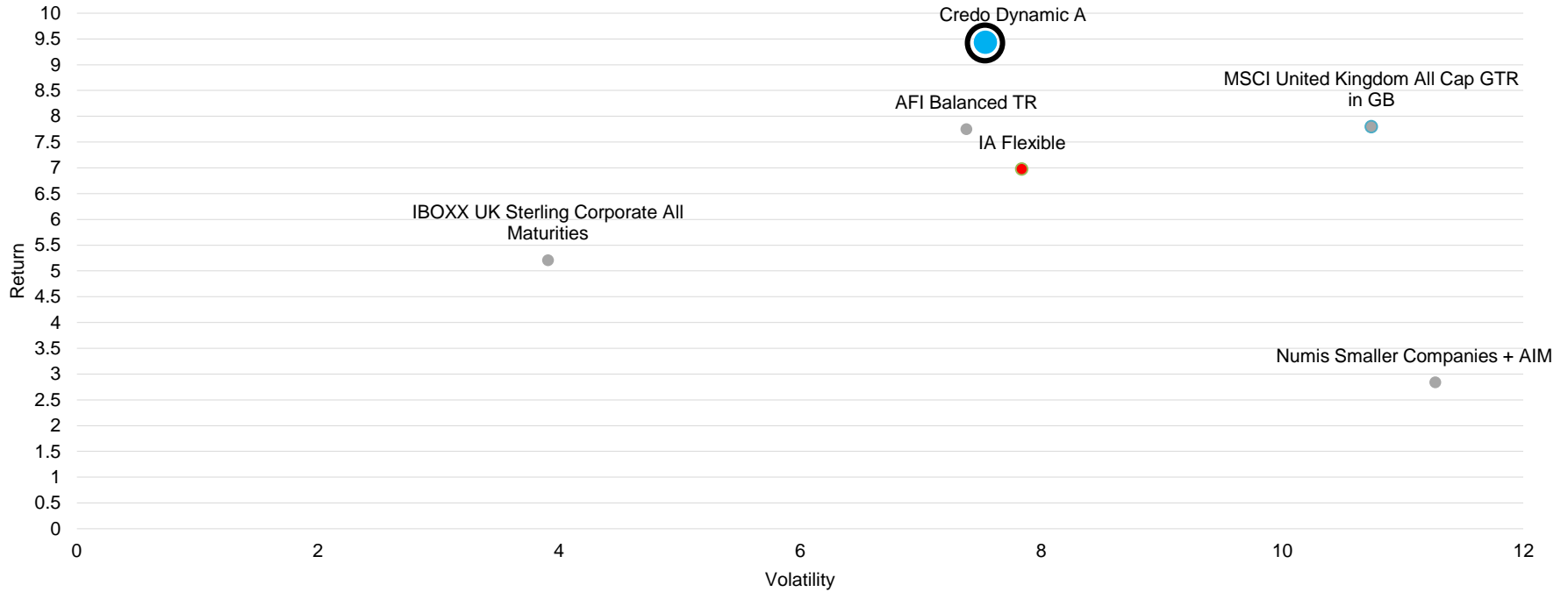
	%
Cash	5.15
Park Plaza Hotels Ltd	4.32
Hipgnosis Songs Fund Limited	4.00
Co-Operative Group Ltd 11.00% 20/12/2025	3.21
BB Healthcare Trust Plc	2.52
iShares S&P 500	2.49
Xtrackers Msci World Hedged	2.27
Burford Capital Plc 6.125% 26/10/2024	2.17
Pacific Horizon Investment Trust Plc	2.12
Nationwide 10.25% CCDS	2.05



Performance









## Summary information



<b>Currency</b>	GBP
<b>Pricing Frequency</b>	Daily
<b>Status</b>	UCITS
<b>Benchmark</b>	IA Flexible
<b>Inception Date</b>	3 <sup>rd</sup> July 2017
<b>ISA &amp; SIPP Eligible</b>	Yes
<b>Distribution Type</b>	Accumulation
<b>Custodian &amp; Depositary</b>	Societe General
<b>Ongoing Charges</b>	1.44%
<b>Key Investor Information: Risk Profile</b>	4

**Long-only**

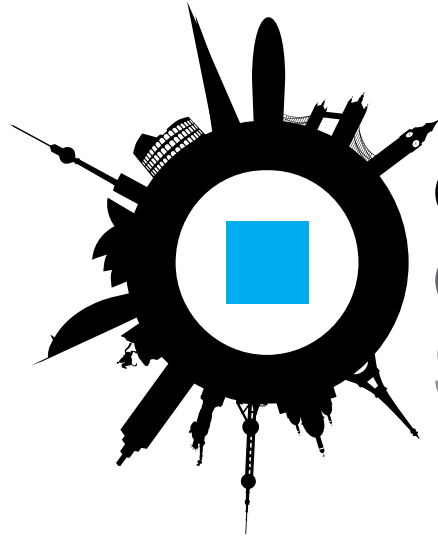
**Multi-asset**

**Flexible asset allocation**

**Wide investment universe**

**No derivatives, gearing or hedging**

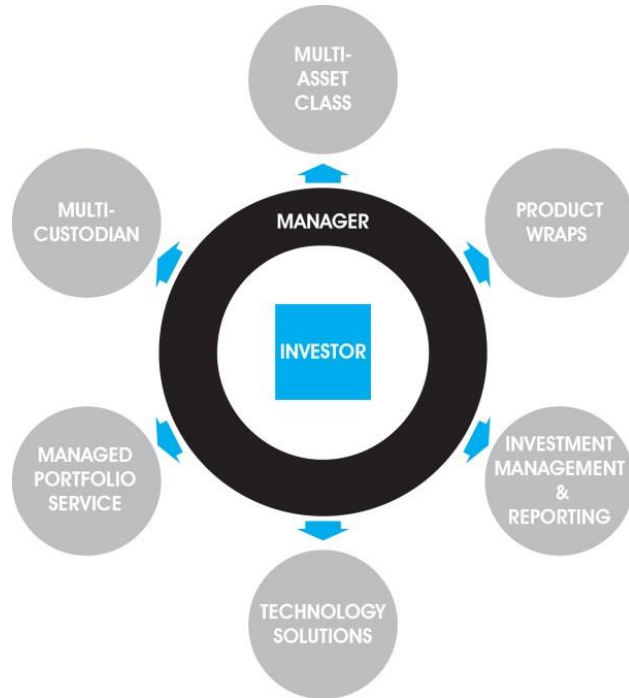
- ✓ Credo Dynamic is a diversified portfolio that aims to produce equity like returns with lower volatility
- ✓ A differentiated investment offering
- ✓ Nimble
- ✓ Looking to build on initial strong track record
- ✓ Management, Credo and staff have significant aligned interests



**CREDO**  
**CLIENT**  
**SEMINAR**

**CREDO WEALTH PLATFORM OVERVIEW**  
RICHARD PINDER

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## **Wealth Platform Target Market**

Credo's Wealth Platform provides an integrated trading through to custody solution for financial intermediaries, including; Wealth Managers, Financial Advisory Firms and Family Offices who are looking for a trusted partner

## **Multi-Asset Class**

Equities; Fixed Income; Funds (whole of market, incl. ETFs, VCTs & Hedge Funds); Foreign Exchange; Cash (multi - currency)

## **Product Wraps**

ISAs; Pensions (SIPPs); Onshore & Offshore Bonds; Offshore Trust, Company & Fiduciary services

## **Investment Management & Reporting**

Research; Portfolio Modelling; Investor Reporting; Tax Reporting

## **Multi-Custodian**

Over 60 markets; UK and Offshore (Channel Islands) custodians

**MyCredo** is a multi-asset class, multi-currency web based platform with various solutions:

## MyCredo – for Professional Managers

- Customisable and consolidated investor views
- Basic CRM
- Research
- Portfolio modelling, including drift analysis & rebalancing
- On-line trading
- Reporting, including Subscription service
- Over 1,000 users

## MyCredo Client – for Investors

- Multi-browser web based
- Secure and 'white-labelled'
- Integrated to your website
- Configurable to your specific requirements
- Option: On-line trading or View-only
- Reporting
- Over 3,200 users

## Data Portal – for internal use

- Service provides access to client, transactional, positional data & reporting information
- Available in multiple formats (standard file, bespoke file, data portal)
- API accessed via HTTPS
- Contains developer portal & documentation

- Leverage best of breed providers:





# Platform: Technology Solutions - MyCredo



MyCredo (6.0.941) [Demo Account Portfolio]

File Home Portfolio Modelling Trades Reports Research

Portfolios Accounts Groups View Allocation View Market Value

PortfolioList x AccountList x Name 1 - 3870 - Reporting Ccy: GBP

View allocation by: Asset Class

Drag a column header and drop it here to group by that column

Portfolio	Name1	Name2	Dealing Type	Reporting Currency	Alloc Total Cash	Alloc Total MV	Classification	Open Date	Model	Model Description
+ 10000378	Name 1 - 0378	Name 2 - 0378	Advisory Dealing	USD	£97,151.21	£2,116,673.18	Retail	23/04/2001		
+ 10000768	Name 1 - 0768	Name 2 - 0768	Discretionary	USD	£85,383.34	£1,106,929.79	Retail	23/04/2001		
+ 10011742	Name 1 - 1742	Name 2 - 1742	Discretionary	GBP	£157,878.71	£783,364.45	Retail	07/07/2015		
+ 10003683	Name 1 - 3683	Name 2 - 3683	Discretionary	GBP	£10,235.17	£325,375.00	Retail	05/11/2009		
+ 10003692	Name 1 - 3692	Name 2 - 3692	Execution-only	GBP	£5,622.77	£176,750.65	Elective Professional	02/09/2009	Credo Dividend Growth Portfolio	20 high dividend-yielding, large cap stocks
+ 10003870	Name 1 - 3870	Name 2 - 3870	Discretionary	GBP	£40,954.66	£343,894.88	Retail	02/12/2009		
+ 10008746	Name 1 - 8746	Name 2 - 8746	Discretionary	GBP	£19,810.54	£469,440.55	Retail	01/10/2013	Combined BIP & DGP	Combined 26 large cap shares making up the

View allocation by: Asset Class

Number of years: 1

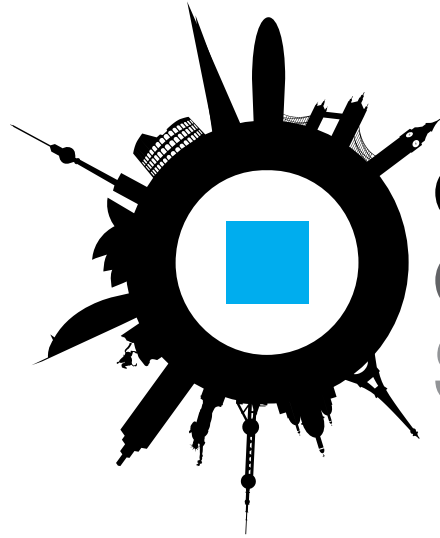
Heat map | Chart view

View heat map by: Asset Class

Drag a column header and drop it here to group by that column

Portfolio	Name 1	Name 2	Model Name	Category	Drift Status	Drift Percentage
+ 10003692	Name 1 - 3692	Name 2 - 3692	Credo Dividend Growth Portfolio	Cash & Equivalents	↓	-5.30%
+ 10008746	Name 1 - 8746	Name 2 - 8746	Combined BIP & DGP	Equities	↑	5.30%

User configurable dashboard



**CREDO**  
**CLIENT**  
**SEMINAR**

**CONCLUSION**  
CHARLES VAN DER MERWE

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[credogroup.com](https://credogroup.com)

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