CREDO NEWS

Issue 29 | Brexit and beyond

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Staying the course

For those investors who subscribe to the Credo philosophy, the very significant positive movements of the major equity markets during the first 10 weeks of 2019 would have provided great comfort…

For those of us who are fortunate enough to live in the great city of London, one of the major issues and talking points which has dominated the news and pre-occupied financial markets for the last 3 years has been Brexit.

As I write this article, there are only 14 days until we part ways with the EU and with the UK government having just suffered another major defeat in the house of commons, we still have no clarity on what Brexit will entail nor what it will mean for us.

Whilst I hope that we are near the end of the beginning, I have no idea how things will pan out.

Unfortunately, I am not able to peer into a crystal ball and make any forecasts. All I can say with absolute certainty, from my many years of experience in financial markets, is that markets hate uncertainty and all that goes with it.

Most of the articles in this edition of our newsletter mention Brexit and various views and perspectives are expressed therein.

The S&P 500 was down circa 6.2% during the calendar year of 2018, which was its worst annual performance since the global financial crisis of 2008. December 2018 was the worst December on record for the S&P 500 since December of 1929, which was the beginning of the great depression.

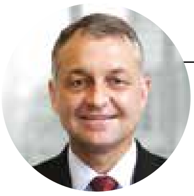
Given the extreme volatility equity markets have experienced over the last number of months, I thought that it would be instructive to once again reiterate Credo's investment philosophy.

I have thus chosen to reproduce my concluding paragraph of my introduction to our last newsletter, published in November 2018,

"Therefore, as we approach Black November, I would like to end off this introduction by strongly suggesting that you remain invested and take advantages of the periods when stock markets around the world go on sale."

For those investors who subscribe to the Credo philosophy, the very significant positive movements of the major equity markets during the first 10 weeks of 2019 would have provided great comfort and would have erased most, if not all, of the losses incurred during 2018.

Thus, in conclusion, I would once again like to thank you, our clients, for your continued loyalty and support, and hope that the Credo philosophy has gone some way to preserving your wealth.



Deon Gouws - *CIO* | @DeonGouws_Credo

Brexit: a glass half full

It is difficult to recall a time where the world has seen more political turmoil than the past few years. Donald Trump has not only declared a trade war with China and other economic counterparties, but he also recently shut down the US government for weeks on end because Congress wouldn't budge on financing a wall along the Mexican border. Populism is on the rise across Europe as well as other parts of the world. Tensions persist in various parts of the Middle East, Africa and elsewhere; type "ongoing armed conflicts" into a Google search, and you will find a Wikipedia page detailing no less than 9 different wars around the world where at least 1,000 people were killed just in the past year (in addition to 23 other "minor" conflicts, where the recorded deaths have numbered more than 100 over the past 12 months).

And then we have Brexit, with nobody knowing the terms of the final deal (if any) based on which the UK will be leaving the EU, with only days to go to the deadline (or whether in fact there may yet be a follow-up referendum, potentially leading to Brexit not even happening after all?).

It is therefore understandable that a lot of people will be pessimistic about the outlook for financial markets at present. But is that necessarily rational?

Is there really so much more bad news today than ever before?

How much of it may simply relate to the ever-increasing reach and speed of social media, leading to a proliferation of "news" and opinions being shared in real time around the globe?

Whilst investors may be forgiven for shunning markets based on all the risk and uncertainty as set out above, we would encourage clients to consider taking the opposite view: it is at times exactly like this that one often finds the most profitable opportunities.

To put it simply, more often than not it pays to be an optimist, even in the face of some of the worst adversity. At Credo, we believe so strongly in this principle that we have emblazoned the following quote by behavioural economist and Nobel prize winner Daniel Kahneman onto the wall of one of our meeting rooms in London:

"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."

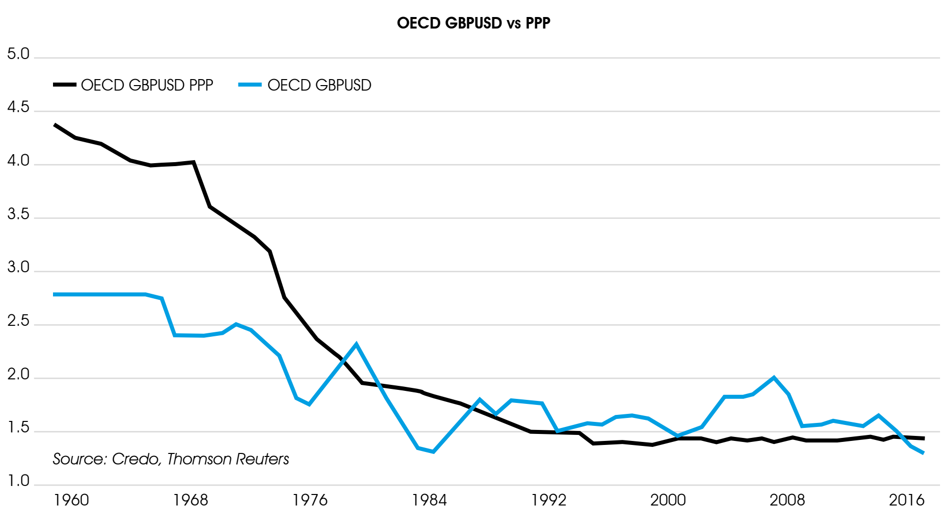
We would therefore argue that clients should always look to embrace investment risk, not avoid it. There is of course a caveat to this, in that it should only ever be done within the constraint of each individual's risk profile: it's a simple fact of life that some people are more risk averse than others, whether it's a function of personality traits or circumstances.

Against this background, here are some thoughts about Brexit and its implications for investing in the UK. Whilst people can differ on the various political consequences of all the different scenarios, there can hardly be any doubt that the British economy will contract as a result of leaving the EU – a situation that some commentators refer to as "Remain Minus".

Having said that, I would argue that this fact is already largely reflected in the price of most UK assets, including the country's currency. The value of the pound as measured against the US dollar fell very quickly from levels around 1.45 just before people voted for Brexit, to as low as 1.20 in the few months subsequent to the referendum – a drop of approximately 20%. Even though it has recovered somewhat since then (to approximately 1.31 at the time of writing), it is still about 10% weaker than it was before the decision to leave the EU was taken. Contrast this with the fair value of the pound, as per the purchasing power parity analysis of the OECD (illustrated in the graph below) which suggests that the level of the currency should be closer to 1.50 against the US dollar at this stage.

When people therefore ask us about what we're doing to protect portfolios from (further) exchange rate risk in the event of a hard Brexit (or a "messy" one), part of our response would be that one should not only focus on the downside potential, but also the possible upside, i.e. how much and how quickly might the pound recover if the whole process does in fact go relatively smoothly, assuming that cross-border business and international trade will be protected, for example? To this end, it can in fact be argued that the currency is reflecting an asymmetric pay-off profile at present (i.e. whilst recognising that it could of course go either way, there may in fact be more upside than downside in the event that any of the extreme scenarios play out in the coming weeks and months).

The same might be true in respect of a number of UK listed shares. Markets hate uncertainty and given all the confusion around Brexit, this has been reflected in the overall performance of shares in UK companies with a domestic focus compared to international peers over the past couple of years.



Over the last two calendar years, for example (from the beginning of 2017 to the end of 2018), the FTSE 100 declined by some 5.7% while the S&P 500 gained 11.1%. This translates into a situation where an investor can now pick up shares in British companies at much lower ratings than comparable counters in other developed markets; whilst some of this may indeed be justified by a pessimistic view about how Brexit might play out, one can also argue that the risks have been "over-discounted" and that once again there may be an asymmetric pay-off profile as far as likely future prospects are concerned.

I'm no politician, but I think one can safely assume that Donald Trump will continue to make contentious statements; he may in fact be re-elected as US president next year. Populism will probably spread even further and faster in the future. I don't see any of the wars and conflicts around the world being resolved anytime soon. And Brexit will come, and Brexit will go… but one thing that is never likely to change, is that responsible investors who focus on building diversified portfolios of quality assets (taking care not to overpay for them) should be rewarded for the risks that they've embraced in the process.

Put differently, whatever the risk, the glass remains half full.

Ben Newton - *Investment Manager*

Brexit uncertainty weighing

Uncertainty has lingered since the June 2016 UK referendum to leave the European Union. For investors in UK corporate bonds there has been a journey; at first the initial shock of the potential impacts on UK companies and the economic environment caused a majority of UK assets to reduce in price. This was quickly followed by a boost from the reduction in interest rates and quantitative easing, giving a stimulus to the market and causing bonds to reach new highs and the respective yields all-time lows. Since then, the party has slowed as the Bank of England first moved to reverse the initial emergency measures, followed up with a further rise in rates in August 2018 to 0.75%, the highest level since March 2009. However, uncertainty has returned as the UK's scheduled departure from the European Union draws closer.

Despite this, the Fixed Income team at Credo continue to find a select number of attractive opportunities.

It can take events like we have seen over the last two and a half years for investors to review their investment criteria and to ensure that their portfolios have an appropriate balance of currencies. Although we saw an inevitable and significant depreciation in sterling after the initial surprise referendum result, currencies are notoriously hard to predict, and it is important to consider the overall objectives of the portfolio. For UK based investors who have expenses in sterling, going forward there can be other ways of minimising the impact from Brexit without taking on additional foreign exchange risk.

We are continually searching the market for a breadth of opportunities to meet different investor criteria.

For lower-risk investors, especially as part of a diversified portfolio which includes equities, one can look at high-quality blue-chip global companies whose business models are unaffected by any outcome of Brexit, with the likes of Well Fargo &

on UK corporate bonds

Co, Imperial Brands or IBM. These bonds have a prospective future yield premium over government bonds and cash bank rates, giving a total return of around 2% until their respective maturities within the next three years. We would argue that, at most, Brexit would have a negligible impact on these bonds.

For those investors who are looking for a higher income and are prepared to accept and have the capacity to bear relatively higher fixed-income risk, there are several interesting opportunities. As a reminder for fixed-income investments, especially those with stated maturities, one is fixing a total return until maturity, as long as the company remains solvent. We broadly employ a buy and hold strategy so are somewhat agnostic to shorter-term price movements unless there is a significant opportunity for a more attractive alternative which more than compensates investors for any costs or there has been a fundamental shift in the company which changes the investment thesis. One could earn between 4% and 5% per annum until maturities in 4 to 6 years for a variety of companies that we are comfortable with, irrespective of any political outcome. For example, as a subordinated lender to Heathrow, one of the world's largest transport hubs, the busiest airport in Europe and the seventh busiest airport in the world by passenger numbers. Or as a lender to GVC (Ladbrokes) which has significantly grown (partly through acquisition) into a group that has a broad diversification of geography, channel and product, giving the company scale and proprietary technology.

Finally, in the unlikely event that the UK ends up leaving the EU without any deal, we believe that a second bout of Brexit uncertainty may affect the market. As managers of client portfolios, we are mindful of the short-term impact to valuations but we also believe that despite investors' concern, there could be interesting long-term opportunities.

Kathryn Linde - *Relationship Manager*

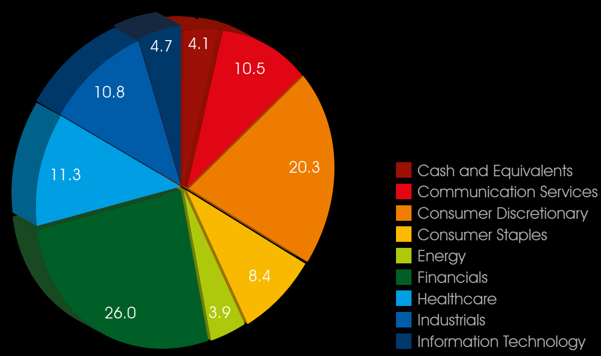
The Credo Funds

Irish registered UCITS funds

GLOBAL EQUITY FUND

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

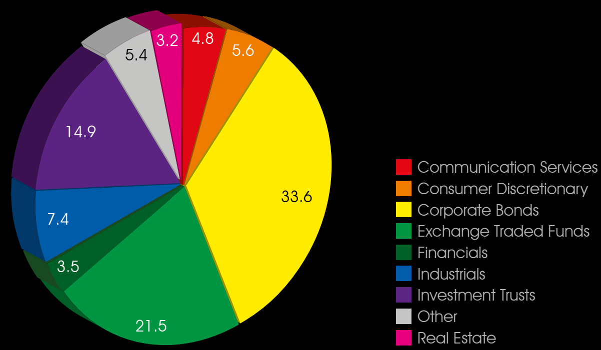
Sector Allocation (%)



DYNAMIC FUND

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

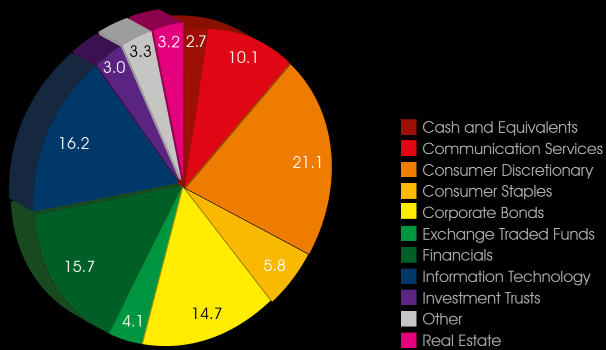
Sector Allocation (%)



GROWTH FUND

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

Sector Allocation (%)



Source: Société Générale Securities Services (Ireland) Limited.

Although the Credo Funds are registered in Ireland, we don't foresee any issues in the event of a hard Brexit as Memoranda of Understanding have been agreed between European regulators and the UK which will allow Credo to continue to be the Investment Manager of the Credo Funds. Measures have also been put in place by the UK regulator to allow the Credo Funds to continue to be marketed and distributed in the UK. Furthermore, South African investors are not impacted by these events and the Credo Funds will continue to be authorised by the regulator in South Africa.

Currency Allocation (%)

GBP	22.3
USD	67.6
Other (AUD, HKD, SGD, EUR, MXN)	10.1

Past Performance (%)

1 Month	1.0
3 Months	-2.2
YTD	6.4
1 Year	6.0
Since Inception	2.9

Top 10 Holdings (%)

Prudential plc	Financials	4.5
Wells Fargo & Co	Financials	4.4
Frontdoor Inc	Consumer Discretionary	4.1
PNC Financial Services Group	Financials	4.1
Arch Capital Group	Financials	4.1
HCA Healthcare Inc	Healthcare	3.8
Cigna Corp	Healthcare	3.7
Arconic Inc	Industrials	3.6
Verizon Communications Inc	Communication Services	3.5
United Parcel Service Inc	Industrials	3.3

Currency Allocation (%)

GBP	89.3
USD	9.3
Other (HKD, CAD, EUR)	1.4

Past Performance (%)

1 Month	0.8
3 Months	-1.4
YTD	3.1
1 Year	-1.8
Since Inception	4.2

Top 10 Holdings (%)

X-trackers MSCI World UCITS	Exchange Traded Funds	6.0
Co-Operative Group Ltd 11%	Corporate Bonds	2.9
BB Healthcare Trust plc	Investment Trusts	2.8
Pacific Horizon Investment Trust	Investment Trusts	2.5
ETFS Daily Hedged Physical Gold	Exchange Traded Funds	2.4
Burford Capital plc 6.5%	Corporate Bonds	2.3
Nationwide Bldg Society 10.25%	Corporate Bonds	2.1
Helical Bar Jersey Ltd 4%	Corporate Bonds	2.1
TwentyFour Select Monthly Income	Investment Trusts	1.9
iShares NASDAQ 100 UCITS ETF	Exchange Traded Funds	1.7

Currency Allocation (%)

GBP	59.6
USD	38.9
Other (HKD, EUR, ZAR)	1.7

Past Performance (%)

1 Month	2.2
3 Months	1.2
YTD	6.8
1 Year	-2.6
Since Inception	2.1

Top 10 Holdings (%)

Amazon.Com Inc	Consumer Discretionary	4.6
Microsoft Corp	Information Technology	3.8
Berkshire Hathaway Inc	Financials	3.4
Costco Wholesale Corp	Consumer Staples	3.2
Alphabet Inc	Communication Services	2.9
Cineworld Group plc	Communication Services	2.9
Burford Capital Finance 6.125%	Corporate Bonds	2.6
Crystal Amber Fund Ltd	Exchange Traded Funds	2.5
Investec Bank plc 4.25%	Corporate Bonds	2.5
Burford Capital Ltd	Financials	2.4

As at 22/02/2019 (Growth) and 28/02/2019 (Global Equity and Dynamic). Inception date: 03/07/2017.

Ainsley To - *Research Analyst* | @AinsleyTo_Credo

Leave or remain

…just keep nationalism out of your portfolio

In 1984, following an antitrust suit from the U.S. Department of Justice, the American telecom giant AT&T divested its local exchange operations into seven independent "Regional Bell Operating Companies" (the Baby Bells). Other than the region they were operating in, there weren't significant differences between each of the Baby Bells from an investor's perspective. Yet when analysing the shareholder base of these companies, it was discovered across the U.S. that people invested more in their local Baby Bell than in any of the others. Despite each company being in the same sector, country, and currency, investors still placed an emphasis on familiarity over investment merit. This was one of many studies documenting the behavioural drivers of equity home bias (the pervasive tendency for investors to overinvest in their home country). Investors confuse familiarity with safety, which can lead to a biased assessment of the relative risks that come with being overweight their domestic market.

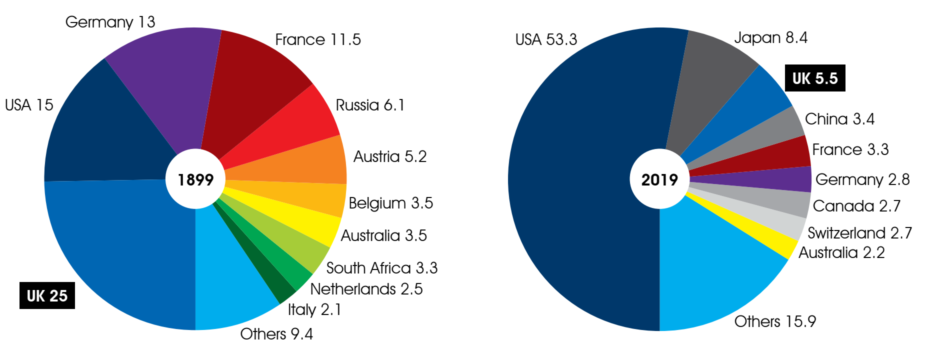
The British Empire is not what it used to be

The issue of equity home bias was perhaps less of an issue for UK investors in the late 19th century, back when the UK was the largest market in the world. This is not the case today, with UK stocks being a much smaller proportion of the opportunity set. This is significant to home-biased UK investors for many reasons, but it is worth highlighting two. Firstly, a much smaller proportion of the goods and services you will consume are going to be provided by UK companies – therefore a UK dominated portfolio today leaves a large mismatch between your investment assets and the consumption those assets will need to fund going forward. Secondly, the distribution of individual stock returns is positively skewed (as highlighted in *Capitalism in the 21st century*, my article in the previous edition of Credo News). In other words, over their lifetime most stocks haven't added any value, with a small number of significant winners being responsible for the entire equity risk premium. A home-biased UK investor is ignoring over 90% of the investable universe and is thus exposed to a considerable potential opportunity cost.

Don't confuse familiarity with safety

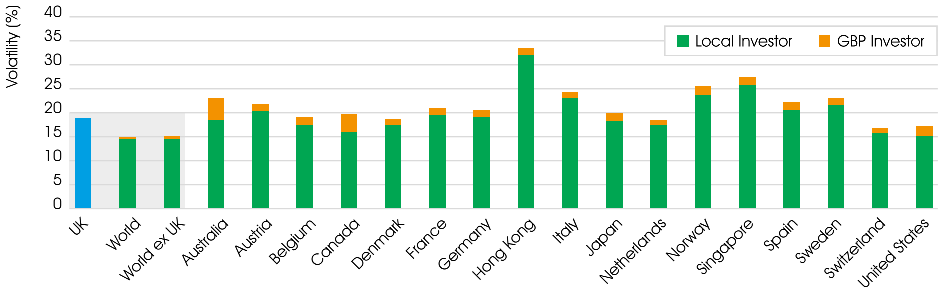
Investors should indeed be cognisant that investing outside the UK comes with additional risks to consider. But it is also important not to overstate these risks either. A common concern is that foreign listed stocks introduce explicit currency risk. However, when looking back as far as 1970 (long before the Maastricht Treaty) we can see that the additional volatility for a GBP investor in foreign stocks has been small relative to a local investor. Put another way, a large proportion of the volatility in a foreign equity investment has been from the market as opposed to the foreign currency exposure. A reason for this has been the low (and in many cases, negative) correlation of foreign currencies with their corresponding equity markets. In most cases, sterling tended to weaken against the foreign currency when the foreign equity market fell, providing a diversification

Chart 1: Relative size of world stock markets (%)



Source Chart 1: MSCI, FTSE Russel, S&P, Elroy Dimson, Paul Marsh and Mike Staunton

Chart 2: Volatility of international equities for a GBP investor (%) - 1970-2018



benefit that offset some of the volatility. This effect was enhanced for a global investment across developed markets (highlighted in Chart 2), where broader diversification of countries and currencies actually meant that an investment in global equities has been less volatile for a GBP investor than the UK market itself.

Naturally, some investors are not as concerned with the volatility of their portfolios as they are with realised losses. In this regard, global diversification is no panacea for avoiding all losses – due to the co-skewness of equity markets (the tendency for stocks to crash together as correlations rise during crises), the worst months for stocks tend to be a shared experience across the globe. However, most equity investors don't have an investment horizon of just one month. Chart 3 compares the experience of UK equities versus the rest of the world during the worst periods for UK stocks (since 1970). Although the results are similar over the short term, as an investor's investment horizon increases, so does the benefit of global diversification. For example, over a longer investment period such as 5 years (60 months), the worst periods for the UK market averaged -20%, whereas global equities during those same periods only fell an average of -2.7%.

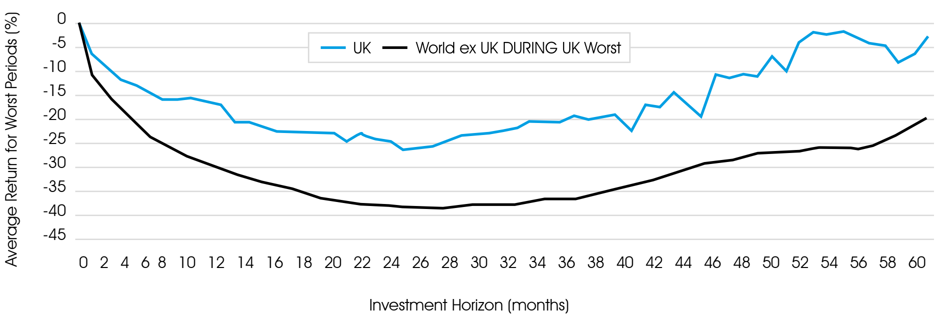
Whilst short-term crashes tend to be driven by market reaction to specific events that can affect investor sentiment globally, long-term returns of an individual market are more related to a country's economic performance. Long-term impairment of wealth is what most investors should be more concerned about – and in this regard global diversification continues to be an effective way to reduce risk even before considering currency hedging (a topic that would need an entire article in its own right).

An elephant in the room?

For UK based investors, country allocation decisions have been given increased significance due to the heightened geopolitical uncertainty of the last few years. Do the unknown unknowns of Brexit make the historical data above irrelevant? Whilst an investor should never make the naïve assumption that correlations and volatilities can't change going forward, one can argue that the last half century encompasses events that were more significant than Brexit, since history has seen sustained periods in which sterling was more volatile (against either the dollar or the euro/deutsche mark) than we have seen since the referendum. Uncertainty in financial markets is a feature, not a bug, and Brexit is just the latest realisation of this.

But even if you believe that it is different this time and that in a world post Brexit one should completely ignore the historical evidence supporting global diversification, it is worthwhile remembering the deeper philosophical reasons favouring diversification – robustness to a wider spectrum of outcomes. **If you believe the future to be more uncertain, you should be MORE diversified not LESS.** It is consistent with history for any one country market to go through structural decline for multiple decades (Japan being just one example). Investors based in the UK or any other country on the planet should recognise home bias for what it is – a concentrated exposure on a small portion of the total opportunity set. For long-term investors, such concentration risk should be far more concerning than the outcome of Brexit.

Chart 3: Global equities during the UK's worst periods, across investment horizons



Source Charts 2 and 3: Credo, Bloomberg, Thomson Reuters

Trevor Black | @trevorblack

Win-win

Donald Trump and Brexit have dominated political discussions in recent years. Their partisan nature can give the impression of a binary world with winners and losers. We vote for the world we want, but seldom get exactly what we thought we were voting for. Like elections and referendums, picking which businesses to invest in boils down to a series of decisions. It can be tempting to think in binary winner/loser ways. Experience develops some humility. It is worth acknowledging that stock picking (like politics) is more complicated, ambiguous and open to uncertainty than simple once-off decisions. If you lose, how much you lose matters. If you win, how much you win matters. How often do you win? What does win and lose actually mean? The ongoing process matters more than a simple cross in a box.

Active investing means that every decision is not set in stone. As the information changes, we need to adjust to accommodate that change. However, we don't change just for the sake of it. As Howard Marks says, **"When there is nothing particularly clever to do, the mistake lies in trying to be clever."** As fundamental investors, the buy/sell decision is where we vote, but it is the reality on the ground that drives the performance of the stock. How the business actually performs is more important than the stories we tell about them. In the long run, that is what will drive price movements.

> Life continued the day after Trump's election, and it continued the day after the UK Referendum. In both cases, reality has the loudest long-term voice.

Not in the poll booth, but in the way businesses and people respond. It is our job to choose businesses where we believe the fundamentals will hold up under a variety of conditions. 'Win-win' scenarios if you will.

An illustration of this is HCA Healthcare. HCA is the largest "for profit" hospital owner in the United States. Due to varying state-wide regulations, the market is highly fragmented. Although the company has only around 5% of the overall US market share, it is highly concentrated. Roughly half of its capacity is in just two states (Texas and Florida) and so it can hold a number one or number two share in local markets. For example, HCA estimate the company's market share in Miami is at about 30%. Local scale means HCA are able to achieve lower costs, whilst simultaneously exerting more pricing power. This makes the company's operating margins higher than average in the listed hospital sector. HCA also focuses on urban areas (benefiting from urbanisation) in southern states which have favourable demographics (ageing and growing populations).

Just like the uncertainty in the period since the UK Referendum, the last five years have been uncertain in US healthcare. A strong target of the Trump Administration was the desired repeal of Obama's signature healthcare reforms, pitched as a partisan win-lose battle. The Patient Protection and Affordable Care Act ("ACA", nicknamed Obamacare) which was signed into law in 2010, represented the most significant expansion of insurance coverage in the United States since the implementation of Medicare & Medicaid over fifty years ago. The associated coverage expansion and reduction in the uninsured drove mid-high, single-digit increases in earnings for the sector as a whole.

After the surprise Trump victory, the hospital sector sold off, with the market fearing that Obamacare would be repealed without a replacement. Most hospitals have been beneficiaries from Medicaid expansion increasing insurance coverage. They have seen higher volumes and lower uncompensated care for those without insurance (where sometimes they had to help even though those they helped couldn't pay). HCA operates mainly in states that didn't expand Medicaid (80% of its beds). This meant that even if the programs had been cut, HCA wouldn't have been significantly impacted.

Longer term, we believe that it is inevitable that insurance coverage in the US will increase. Once you give an entitlement, it is very difficult to take it away. As it played out, "repeal and replace", "repeal only" and even a "skinny repeal" all failed to pass the Senate. HCA did however stand to benefit from another key Trump election pledge of material cuts in federal taxes, which improved the company's competitive position versus non-profits. HCA has performed well, and the stock price has reflected that performance.

Following the mid-term elections, the Democrats regained control of Congress, and we are two years out from another battle for the presidency. The binary world is rearing its head again in fears that instead of Republicans repealing Obamacare, Democratic control could introduce "Medicare for All" which would force all Americans out of private cover onto a government insurance program. Despite this, we continue to like the valuation of HCA. Even if a Democrat were to win the presidency, it is implausible Democrats could regain the Senate with a 60-vote super-majority necessary to pass such extreme legislation.

In the same way as May and Trump struggled to pull their parties together with one voice, extremes seldom pull everyone onto the same page. The Democratic Party similarly contains many voices.

Reality will be somewhere in the middle. We don't know where exactly. Fundamental investing is not gambling on specific outcomes. That is not in our control. What is in our control is the ability to build a resilient portfolio that can enduringly create wealth.

That doesn't involve binary win-lose events. It involves rigorous analysis of likely paths and regular, quality decision making as reality unfolds. ■

Alan Noik - *MD* | @AlanNoik_Credo

Diversified equity portfolios

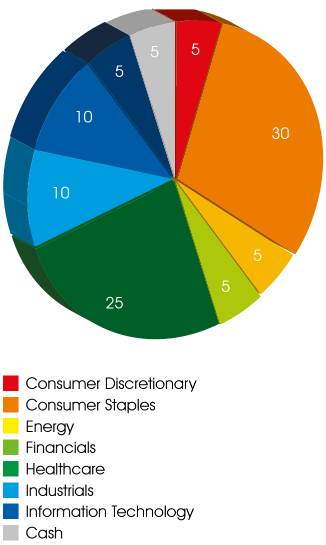
The Best Ideas and Dividend Growth portfolios are diversified global equity portfolios, which we believe to be well positioned to outperform the wider equity market over the longer term. The portfolios have biases towards developed-market, large-capitalisation stocks.

BEST IDEAS PORTFOLIO

Performance (%)

Return	
YTD	6.2
1 Month	2.0
3 Months	-0.8
1 Year	8.9
Annualised Return	
3 Years	15.0
5 Years	11.8
Since Inception	11.9

Sector Allocation (%)

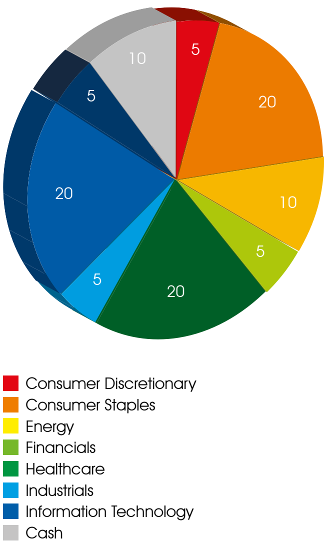


DIVIDEND GROWTH PORTFOLIO

Performance (%)

Return	
YTD	6.1
1 Month	2.7
3 Months	-0.8
1 Year	8.8
Annualised Return	
3 Years	12.9
5 Years	11.9
Since Inception	13.4

Sector Allocation (%)

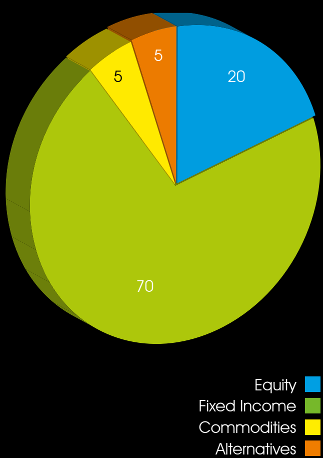


MULTI-ASSET PORTFOLIO 20/80

Performance (%)

Return	
YTD	2.1
1 Month	0.4
3 Months	1.1
1 Year	3.4
Annualised Return	
3 Years	5.9
Since Inception	5.6

Strategic Asset Allocation (%)



Value orientated investment philosophy

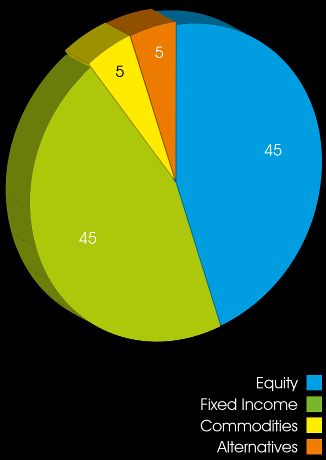
The Credo Multi-Asset Portfolios (MAP) follow an evidence based approach to investing, providing investors with diversified exposure to global assets through a selection of funds and ETFs. Funds are selected using Credo's in-house selection process and offered as four solutions targeting various levels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

MULTI-ASSET PORTFOLIO 45/55

Performance (%)

Return	
YTD	3.5
1 Month	0.9
3 Months	0.5
1 Year	3.2
Annualised Return	
3 Years	8.5
Since Inception	7.0

Strategic Asset Allocation (%)

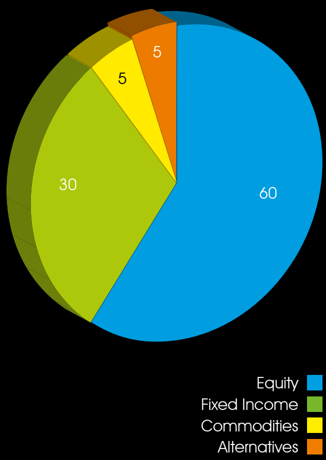


MULTI-ASSET PORTFOLIO 60/40

Performance (%)

Return	
YTD	4.4
1 Month	1.2
3 Months	0.1
1 Year	3.2
Annualised Return	
3 Years	9.8
Since Inception	7.6

Strategic Asset Allocation (%)

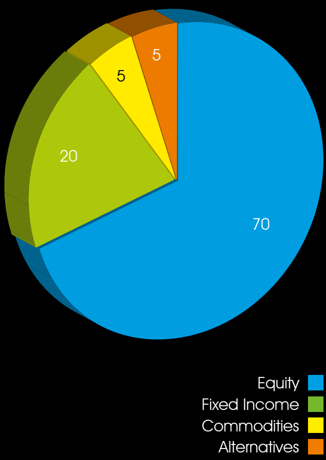


MULTI-ASSET PORTFOLIO 70/30

Performance (%)

Return	
YTD	5.0
1 Month	1.4
3 Months	-0.2
1 Year	3.2
Annualised Return	
3 Years	10.7
Since Inception	8.3

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 28/02/2019 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.

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