

## Strategy & Objective

The Dividend Growth Portfolio is a diversified portfolio (not a fund) of global equities, which we believe to be well positioned to outperform the wider equity market over the longer term. The portfolio has a bias towards developed market, large capitalisation stocks.

## Portfolio Performance (GBP)<sup>1</sup>

Long Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
<b>Since Inception</b>	53.4%	42.3%	11.1%
<b>3 Year</b>	39.9%	27.5%	12.4%
<b>1 Year</b>	9.3%	-1.2%	10.6%

Short Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
<b>YTD</b>	2.6%	-1.2%	3.8%
<b>3 Months</b>	2.7%	-0.9%	3.7%
<b>1 Month</b>	1.6%	1.5%	0.1%

## Market Commentary

Though January's market volatility persisted into February, this eased over the month and the S&P 500 ended the month down 0.1%. Sentiment over the US economy improved on the back of strengthening economic data and better than expected inflation figures. Investors' attention is now focused on the release of the latest Fed minutes, with many expecting a more dovish tone. Despite the prospect of further ECB stimulus, speculation surrounded European financial stability, following sharp losses in banking stocks. Concerns remain that negative deposit rates may damage bank profitability. The STOXX 600 ended the month down 2.1%. Following the New Year holiday, sentiment surrounding China improved as comments from the PBOC governor Zhou Xiaochuan suggested the central bank saw no need for further renminbi weakness. Volatility eased, and the Shanghai Composite ended the month down 1.8%.

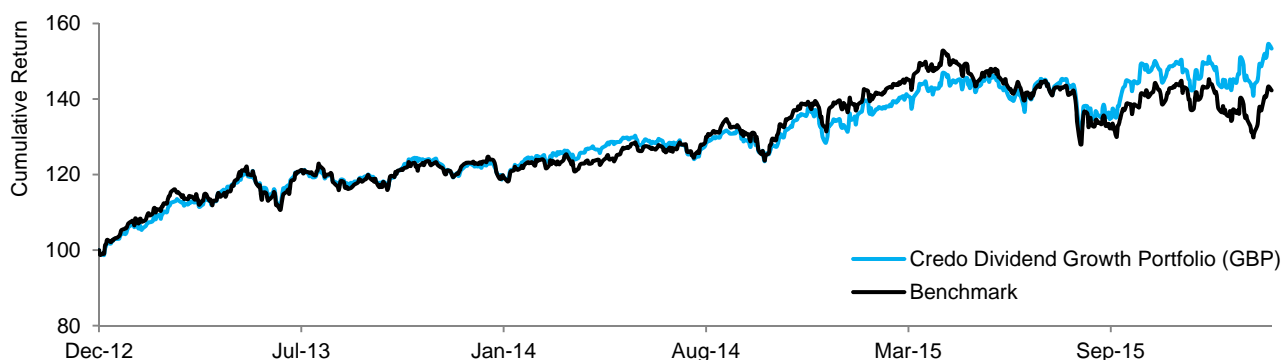
### Key Contributors to Return

Despite continuing industry headwinds, Statoil plans to double oil production from deep-water wells in the Gulf of Mexico over the next few years. For Statoil, each barrel pumped in the US is five times more valuable than crude from its Norwegian heartland due to different tax regimes. The company returned 8.8% over the month. With 25 years of positive cash flow, year-on-year growth in volumes, and continuing successes in intermodal traffic, Union Pacific has continued to defy competitors. The company continues to generate billions in free cash flow, resulting in an ample and secure dividend of 2.8%. The company returned 10.3% over the month.

### Key Detractors from Return

HSBC fell over the month as banks are set to face steep compliance costs should the EU mandate a structural separation of market and deposit-taking activities. HSBC may have to pay \$2.4billion to comply with similar UK rules, and trading activity may also be affected. The stock fell 6.6% over the month. Microsoft suffered following the announcement that the company would be discontinuing efforts to easily integrate Android apps with Windows 10. However, having acknowledged defeat in the mobile OS market share fight, the company can now focus on ensuring apps are available on every platform. The company fell 7.0% over the month.

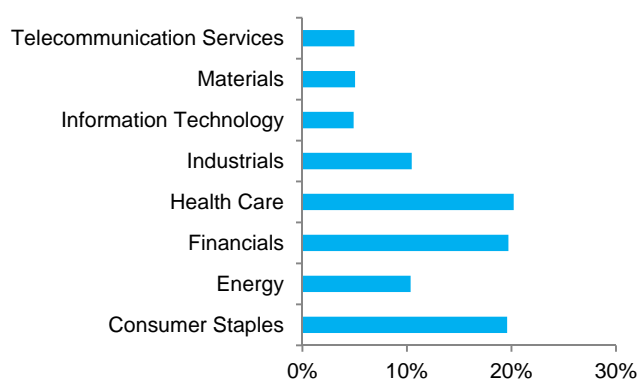
## Performance Since Inception (28/12/2012)<sup>2</sup>



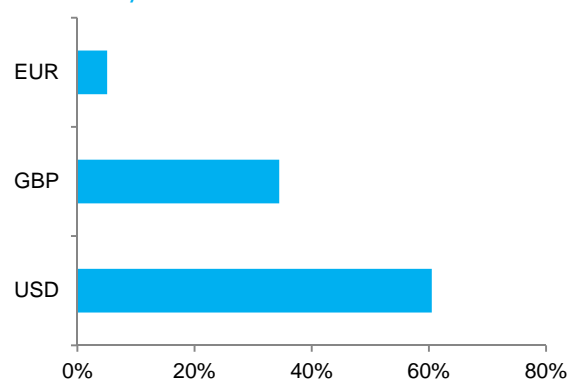
## Sample Portfolio Statistics<sup>2</sup>

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
BP	351p	13.5x	25.6x	8.7%
United Technologies	\$96.6	14.7x	14.9x	2.6%
Coca-Cola	\$43.1	20.7x	22.2x	3.2%
<b>Total Portfolio Average</b>		<b>15.1x</b>	<b>15.1x</b>	<b>3.8%</b>
<b>MSCI World</b>		<b>18.4x</b>	<b>15.6x</b>	<b>2.9%</b>

## Sector Allocation



## Currency Allocation



## Investment Philosophy

Credo's investment philosophy is based on the following tenets:

- Wealth is preserved and created by following a long-term, low-turnover strategy.
- We believe in a value-based approach to investing, given that the price which is paid when investing is one of the very few things in financial markets that investors can actually control.
- We do not define risk in terms of quantitative metrics, but simply as the potential to lose clients' money; accordingly, our approach to investing can be described as a relatively conservative one, focusing first and foremost on capital preservation.
- Yield is an important consideration across all asset classes.
- Transaction costs have the potential to erode investment returns quickly; based on this, we not only follow a low-turnover approach, but we also apply our minds when considering transaction size.
- We aim to identify matters of strategic importance when considering investments, rather than focusing on daily news-flow in financial markets.

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(1) Performance figures are based on a notional portfolio, denominated in pound sterling, designed to track the holdings of the Credo Dividend Growth Portfolio. Portfolio incorporates all additions and removals. Portfolio 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 gross dividends, reinvested. Following additions or removals, each holding is rebalanced to a 5% weighting.

(2) Source: Bloomberg pricing as of 29/02/2016 close. All portfolio performance is calculated using Bloomberg PORT.

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## Portfolio Performance (USD)<sup>1</sup>

Long Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
<b>Since Inception</b>	32.8%	23.2%	9.6%
<b>3 Year</b>	28.2%	16.8%	11.4%
<b>1 Year</b>	-1.5%	-11.0%	9.5%

Short Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
<b>YTD</b>	-3.1%	-6.7%	3.6%
<b>3 Months</b>	-4.9%	-8.3%	3.4%
<b>1 Month</b>	-0.6%	-0.7%	0.1%

## Market Commentary

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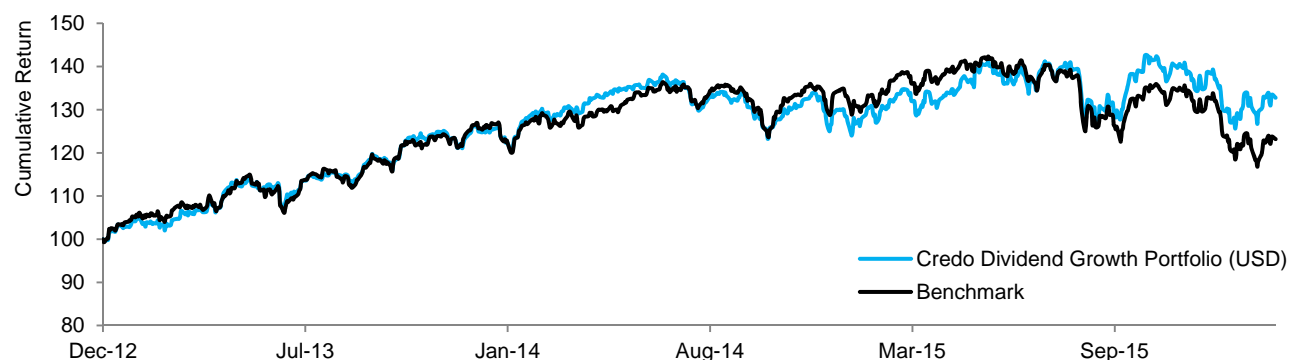
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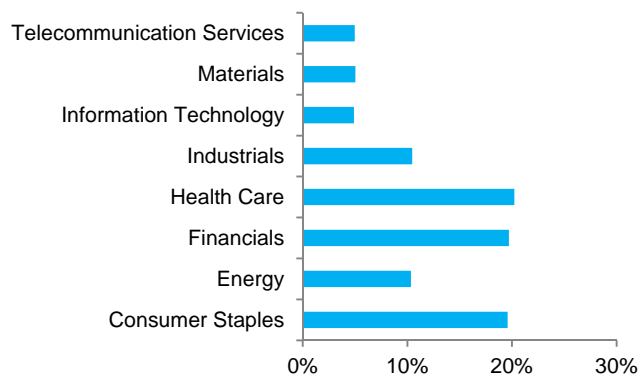
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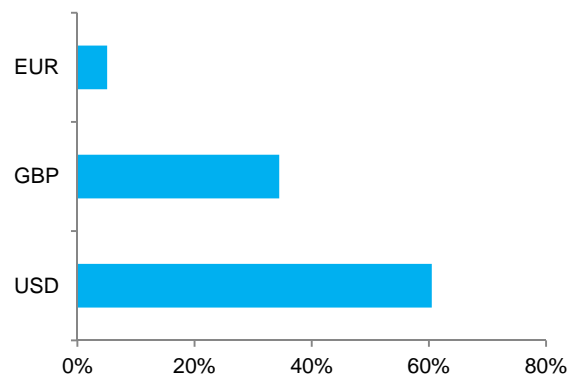
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