

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)^{1,2}

Return (%)	Annualised						
	S. Inception	5 Years	3 Years	1 Year	3 Month	1 Month	YTD
Dividend Growth Portfolio	12.6	10.9	11.6	-0.5	-8.6	-6.5	-0.5
MSCI World	12.2	10.2	11.6	-3.1	-11.4	-7.5	-3.1
Relative	0.4	0.7	0.0	2.6	2.8	1.0	2.6

Risk (%)	Largest Drawdown	Volatility (Annualised)
Dividend Growth Portfolio	11.9	11.4
MSCI World	16.2	12.2

Market Commentary

December failed to provide the Christmas rally many investors were hoping for as major global equity markets made significant losses over the month. As has been the case for much of the preceding year, the usual themes of trade wars and the US Federal Reserve Bank increasing interest rates played a significant role in the continued sell-off. The S&P 500, FTSE 100 and Nikkei 225 ended the month down 9.0%, 3.5% and 10.3% respectively. In the UK, progress with regards to Brexit was minimal with political tussles at the forefront as the government was found in contempt of Parliament, and Theresa May survived a vote of no confidence. Pound sterling reflected the Brexit stalemate as it dropped 1.2% against the euro. Oil prices continued to decline, with Brent Crude oil down 9.5% over the month as increasing supply and a weaker global outlook continued to weigh on the market. In fixed income, yields on US and UK 10-year bonds decreased 30 and 9 basis points respectively as investors migrated towards safe haven assets.

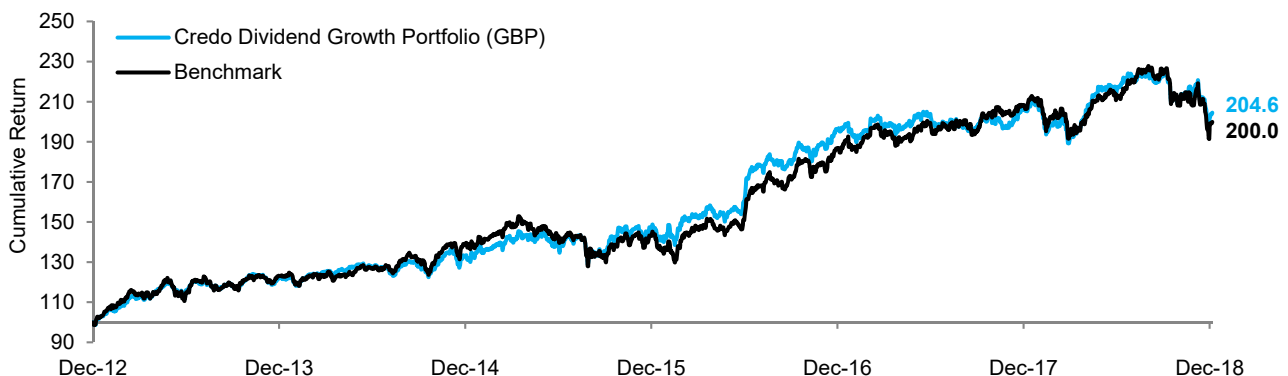
Key Contributors to Return

AIA Group's shares increased by 1.8% and Crown Resorts' shares increased by 1.4%, with the market rotating into more defensive companies. Both AIA Group and Crown Resorts are generally considered relatively defensive names within the Hong Kong and Australian stock markets respectively.

Key Detractors from Return

Wells Fargo's shares declined by 15.1%, with the flattening of the yield curve due to more negative long-term sentiment, not offset by rising short-term rates. Nielsen Holdings' shares declined by 14.1%. The company is relatively highly leveraged and so will be negatively impacted by rising interest rates..

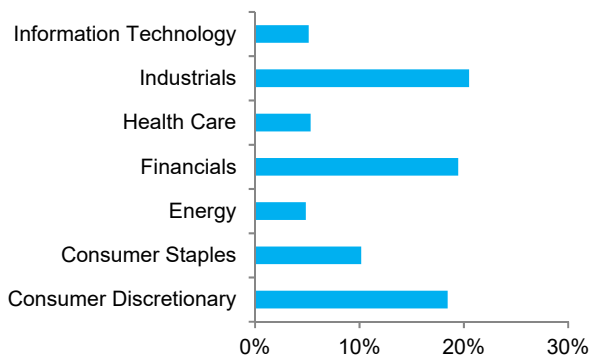
Performance Since Inception (28/12/2012)²



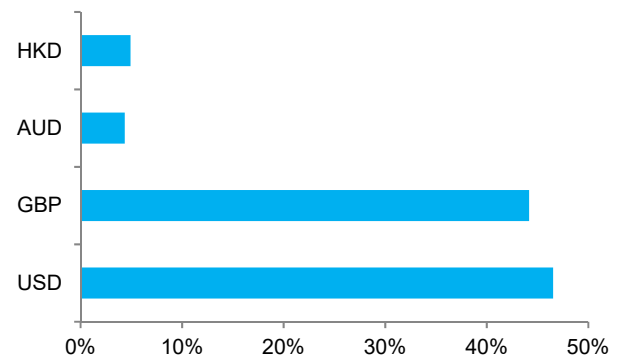
Sample Portfolio Statistics²

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
Imperial Brands plc	2377p	13.9x	8.4x	7.9%
Nielsen Holdings plc	\$23.3	14.6x	14.5x	6.0%
Wells Fargo & Co	\$46.1	11.8x	9.0x	3.7%
Total Portfolio Average		16.1x	13.5x	3.5%
MSCI World		15.6x	13.4x	2.8%

Sector Allocation



Currency Allocation



Investment Philosophy

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

- 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 strive 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 aim 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.

Important Notice

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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, rebalancing all holding to a 5% weighting in the process. Portfolio may not be fully invested at a point in time and therefore can hold a portion of assets in cash, which is assumed to be held in the relevant reporting currency of the portfolio. Portfolio and Benchmark performance is calculated before any fees and includes reinvested dividends net of withholding tax.

(2) Source: Bloomberg pricing as of 31/12/2018 close. All portfolio performance is calculated using Bloomberg PORT, rounded to 1 decimal place.

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Portfolio Performance (USD)^{1,2}

Return (%)	Annualised						
	S. Inception	5 Years	3 Years	1 Year	3 Month	1 Month	YTD
Dividend Growth Portfolio	8.5	5.4	6.6	-6.0	-10.5	-6.6	-6.0
MSCI World	8.0	4.6	6.3	-8.7	-13.4	-7.6	-8.7
Relative	0.5	0.8	0.3	2.7	2.9	1.0	2.7

Risk (%)	Largest Drawdown	Volatility (Annualised)
Dividend Growth Portfolio	14.3	11.1
MSCI World	18.7	11.0

Market Commentary

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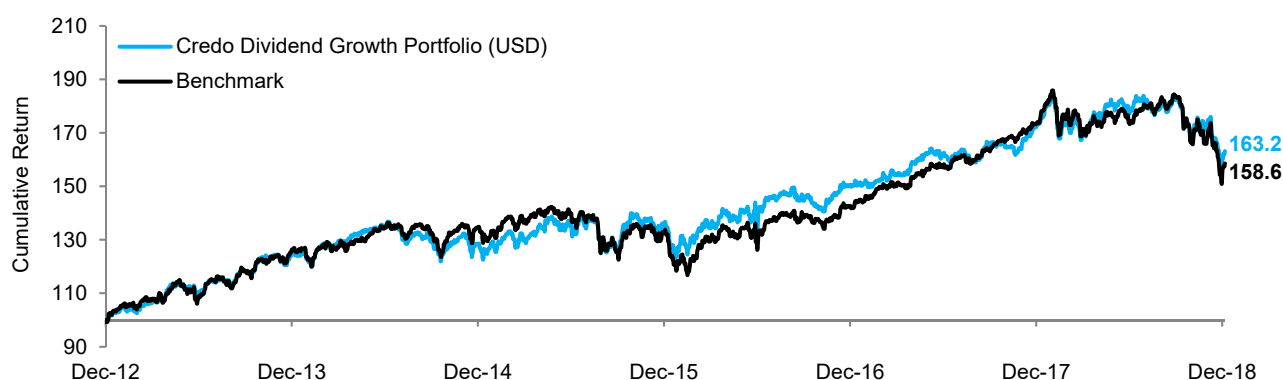
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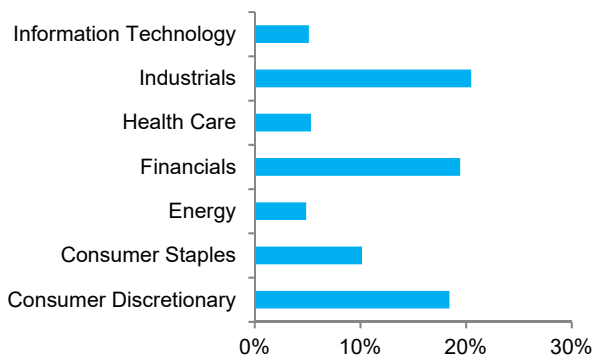
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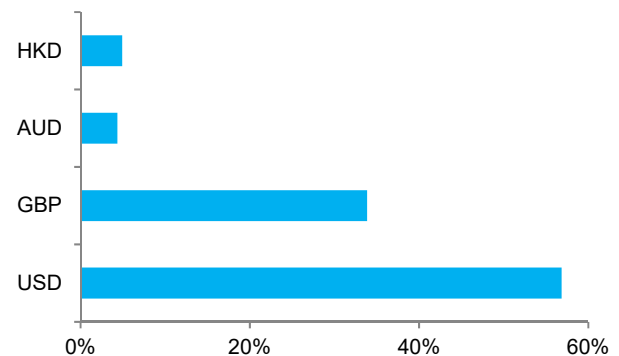
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