CREDO NEWS

Issue 24 | Autumn 2016

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Behavioural arbitrage in a zero sum game

Ainsley To

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Trumped!

To win at bridge you have to be a skilful bidder. Good card play may be an asset but hands are often won or lost before a single card is played. Trump in name, he has also trumped the game using skilful tactics and good card sense. He counted his winners, took note of his distribution and played his cards carefully. On his side, Trump also had the power of positive thinking. He always believed he would win and his belief helped others to make this a reality.

The outcome of the US elections is always a major event for both the world economy and world politics, having substantial impact. This result will surely produce some unusual and unexpected changes to American policies both internally and externally as well as in attitude by the major western world power.

As expected, volatility did increase significantly in the immediate aftermath of the Brexit vote in June 2016. On the other hand whilst bond markets have been extremely volatile, equity markets have reacted with relative calmness post Clinton being Trumped, perhaps an indication that equity markets feel Trump will be more business friendly than his opponent may have been.

This result together with the ongoing Brexit debate brings to mind one of my favourite Winston Churchill quotes:

"A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty."

At Credo, we have always advocated using setbacks in markets as an opportunity and Deon's article on page 4 provides an excellent summation of Credo's perspective of the Trump victory and its impact on our investment outlook.

Along with many others in the UK, I have recently taken to watching The Crown on Netflix, a US produced television drama about Queen Elizabeth which is possibly more informative about world politics than watching Question Time or Newsnight debate Brexit yet again - to be hard or not to be hard? See Ben's commentary on page 10. The headlines of a recent edition of the Sunday Times seem to agree as an invitation by the Queen to Windsor Castle, is claimed as Britain's secret weapon. (I bet Trump is also watching The Crown just in case!)

For those of you who prefer to concentrate on the performance of your portfolios, I am delighted to report that our Best Ideas and Dividend Growth portfolios and the recently launched Credo Global Equity Fund have continued to perform in line with their objectives and we continue to be positive as to their future. Ainsley To expands on this in his excellent article on page 8 which answers the question of how an investor can seek to outperform the market in the information age.

This edition also welcomes a guest author Trevor Black who, like Trump, believes in positivity but argues for underlying optimism, combined with acknowledging ignorance. See page 12.

It has been said that bridge mirrors every facet of life. Is it a coincidence that his name is Trump? ■

...his belief helped others to make this a reality.

Deon Gouws - *CIO* | @DeonGouws_Credo

President Donald Trump

The investment case

Eleven years ago, acclaimed English film director and restaurant critic, Michael Winner, published a book entitled The Fat Pig Diet. Asked about this largely autobiographical work in an interview, Winner confessed that the full extent of his dietary advice could be summarised in two words, namely "EAT LESS"… but that would obviously not amount to much of a book. So he proceeded to write some 230 pages on the same topic.

I am reminded of this anecdote when faced with the question as to whether investors should care about politics. In my opinion, the short answer is most certainly a resounding "NO"… but that would obviously not amount to much of an article. So let me proceed and write a few hundred more words on the topic.

In support of the notion that politics generally matters less to investments than what many people fear, and before focusing on the US presidential election, there is probably no better example than the Brexit referendum in the UK earlier this year.

In discussing Brexit, let me just reiterate: much like David Cameron, the rest of the UK government and most analysts and commentators, we did not expect the outcome of the referendum. Accordingly, we did not prepare specifically for this eventuality in terms of positioning clients' portfolios. To put this in perspective: it is simply consistent with an investment philosophy in terms of which we prefer to ignore most of the noise that forms part of the daily news flow and rather focus on real business fundamentals when deploying investable funds.

Personally, I will always believe that it makes more sense to take a longer-term view (focusing on potential holding periods of 5-10 years, if not more) by investing in good quality businesses that one understands and where you are able to gain exposure at reasonable valuations. Very little if any of this is likely to be affected materially by the outcome of any election or referendum (that is if one ignores the shorter-term noise): businesses of high quality should continue to trade well, grow their profits and potentially enjoy multiple expansion over time.

This principle certainly appears to have been borne out by the post-Brexit stock market action. On Brexit day itself, the FTSE100 was down nearly 10% from its previous close at one stage; a few weeks later, it had not only made up all these losses, but it was in fact more than 10% higher than its pre-Brexit level and within touching distance of all-time highs. It is of course true that at least part of this recovery related to the weakness of sterling (and the preponderance of exporters within the FTSE100), but I would suggest that a reversal in the perception of political risk was a much bigger factor; this point is also well illustrated by the fact that the FTSE250 (which contains far fewer exporters) recovered equally quickly and reached new highs in the weeks after the Brexit vote.

A couple of months after the UK referendum, portfolio managers in the northern hemisphere returned to their desks, fresh from a relaxing summer holiday, only to see volatility return to the markets. At the beginning of September, I received an email from a well-known strategist, explaining the market action over the July-August period as follows: *"This year's surprise summer rally was driven by four suspect factors: economic data, expectations of dovish monetary policy, momentum, and optimism over political risk".* The last point (relating specifically to politics) was further elucidated in the note, as follows: *"bullish market*

behavior created the impression that political risks from the US presidential election and the forthcoming votes in Italy, the Netherlands, France and Germany were all over-done".

My own slightly sceptical response to this kind of commentary is that it was simply an example of what Nassim Taleb describes as the narrative fallacy: it addresses our limited ability to look at sequences of facts without weaving an explanation into them (i.e. forcing the facts to fit some made-up narrative of what supposedly happened).

The truth is that financial markets gyrate due to an unknowable number of reasons. Political risk is just one of them... and no doubt, commentators soon moved on from Brexit and fixated on the US presidential election more than ever before.

Investment professionals had of course been concerned for some time over who would end up being the leader of the free world, following an election between the two worst candidates in history (as some have described it).

Warren Buffett was asked about this at the time of the Berkshire Hathaway AGM in May this year. In an apparent swipe at both candidates, Buffett replied: *"Your children are going to live better than you, even if we elect three bad presidents in a row".* Put differently: one did not need to worry about who would eventually become president: the US (and thus the world – including investment markets) will be absolutely fine in the end.

Another quote which is often ascribed to Buffett (even though Peter Lynch said it before him), is this one:

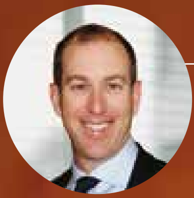
"Go for a business that any idiot can run – because sooner or later any idiot probably is going to be running it."

In my view, this probably holds true at a country level as well: even if you do not approve of Donald Trump as US president, it should not deter you from investing in some of the great businesses emanating from that country (or elsewhere around the globe, for that matter). Regardless of the election result, I simply don't believe that it will be the end of the world (just like it didn't take very long for Brexit to start looking like a bit of a damp squib).

To be sure, there is in fact a plausible argument in terms of which Trump's presidency is likely to be better for the economy and markets compared to what the equivalent impact of a Clinton presidency might have been. The reason for this is simple: if you ignore the politically incorrect statements, the populist noises and the plans to build a wall around Mexico, the core Republican policies are always more stimulatory and business friendly than those of the Democrats. Nothing that either Trump or Clinton have said over the past few months contradicts this basic principle: it is common cause for example that Hilary Clinton would regulate more and tax more and use the proceeds to implement more generous social policies.

Donald Trump's term as US president is likely to turn out to be similar to what happens following practically any election: he will no doubt end up being worse than ever promised, but probably a lot better than what most of the naysayers fear.

As always, astute investors will look to use excessive market weakness as a buying opportunity. In all likelihood, they will profit from doing so over time. ■



Alan Noik - *MD* | @AlanNoik_Credo

Diversified exposure to global equities

In March this year, Credo launched the Credo Global Equity Fund (CGEF), which provides clients with diversified exposure to global equities via a single investment. There has been strong interest in this fund, which essentially expresses our intellectual capital and the investment methodology which is used within the Credo Best Ideas, Dividend Growth and Special Opportunities Portfolios. Although the CGEF holds most of the stocks represented in these model portfolios, it has greater variability in both position sizing and sector diversification thus creating more flexibility within the fund. This enables us to express our investment views with more accuracy and conviction as we can enter and exit stock positions on a more fluid basis as and when markets warrant us doing so as well as allowing us to own more stocks.

The CGEF has provided solid investment returns since inception, as highlighted in the following table.

Performance	3 Months	6 Months	Since Inception
GBP	4.2%	22.5%	27.1%
USD	-0.6%	5.2%	13.5%

Performance data from 1 March 2016 to 16 November 2016.
Source: Momentum Global Investment Management Limited & Northern Trust International Fund Administration Services (Guernsey) Limited.

Fund Commentary

Credo adopts a long-term, primarily value-led, bottom-up investment approach.

Since the launch of the fund, markets have been volatile having to deal with significant macro-economic issues including Brexit, the US presidential election and potential interest rate rises in the US. Notwithstanding the volatility, leading indices are reaching all-time highs, although this has not been a widespread rally and has been led by specific sectors and stocks. From a top-down point of view markets appear to be expensive, which has led to the investable universe being reduced. As we are bottom-up stock pickers there are still pockets of the market that have remained cheap and we have for example invested in two of those sectors, i.e. the energy sector and US healthcare.

For a while now we have been firm believers that over a 3 to 5 year investment horizon, the energy sector should benefit from a higher oil price as the global-supply-demand equation rebalances. The exact timing of that rebalancing is difficult to estimate, yet we see attractive valuations, particularly in the higher-yielding energy stocks. Events like the surprise agreement by OPEC to freeze output quotas, reinforces our thesis and has been beneficial to our energy exposure in the fund.

Another sector that has underperformed this year has been US healthcare. This was due largely to the rhetoric by Hillary Clinton in the run-up to

GLOBAL EQUITY FUND

Behind the scenes...

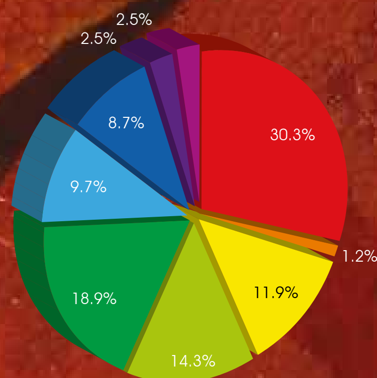
the presidential election. Such a broad sell-off, has presented a number of opportunities, as it often does. Our healthcare holdings include an owner of hospitals, a pharmacy benefit manager, an operator of diagnostic labs and medical distributors. What links these companies is our belief that they do not generate the abnormal returns that are the cause of much negative press across the sector. Indeed, they are a necessary component of efforts to reduce healthcare costs more generally. These stocks seem to us especially cheap when compared with other traditionally "non-cyclical" sectors. Although we would have been comfortable holding these stocks in the event of a Democrat victory, the unlikely result in the presidential election has seen a very positive rebound in these names.

Going Forward

We are confident the CGEF will continue to be a constructive investment choice for Credo clients and other investors (where suitable). The CGEF has recently been added to the Glacier International Platform and is also available on the Momentum Wealth International Platform.

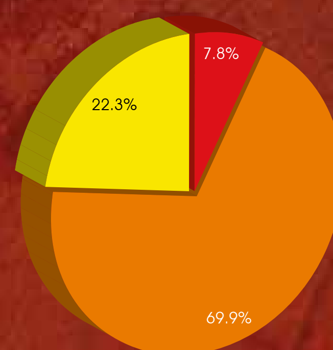
Top 10 Holdings	Sector	Weight
Chubb Ltd	Financials	5.8%
HCA Holdings Inc	Healthcare	5.4%
Las Vegas Sands Corp	Consumer Discretionary	5.1%
Advance Auto Parts Inc	Consumer Discretionary	4.7%
BP plc	Energy	4.6%
Wells Fargo & Co	Financials	4.6%
ServiceMaster Global Holdings	Consumer Discretionary	4.4%
Express Scripts Holding Co	Healthcare	4.2%
Oracle Corp Information	Technology	4.2%
AutoZone Inc	Consumer Discretionary	3.4%

Sector Allocation



Consumer Discretionary
Consumer Staples
Energy
Financials
Healthcare
Industrials
Information Technology
Telecommunication
Utilities

Region Allocation



Europe ex-UK
North America
UK

Ainsley To - *Research Analyst* | @AinsleyTo_Credo

Who is on the other side?

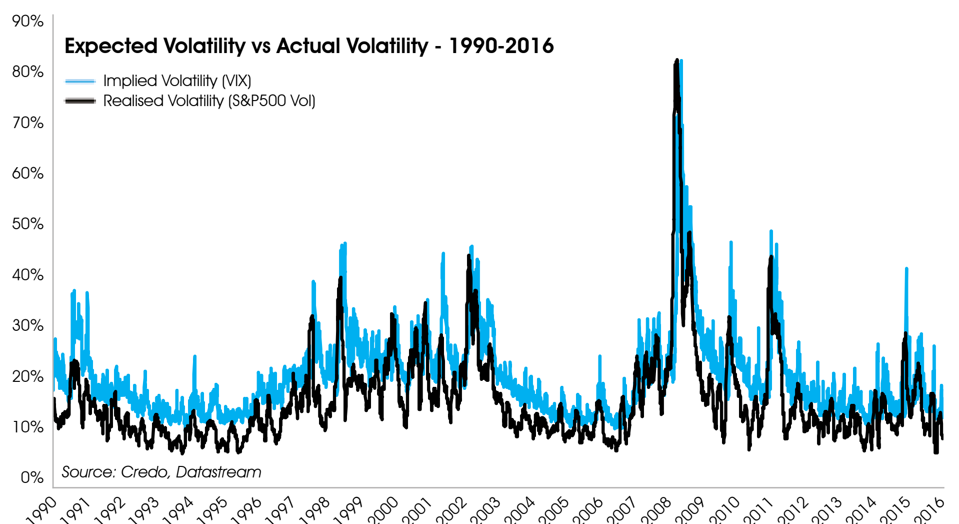
A market is a collection of prices, and each market price is the meeting point between a buyer and seller. For a given trade, each party will by definition have opposing motivations for engaging in the transaction - at that trade price the buyer prefers to hold the security and the seller prefers not to hold the security. It is because of the heterogeneity of participants each with their own utility functions that liquidity exists in markets. If all the agents in a market had the same preferences then there would be no trade and no transactions.

True alpha is a competitive game. Before the fact, transactions in the secondary markets as a whole are by definition a zero sum game - for every buyer there is a seller and for every winner there must be a loser (before costs). There is an astronomical amount of resources poured into the perpetual arms' race for faster information and better decision making for alpha chasers to become more competitive than the next guy. However, in each market there are many different groups of investors each with their own incentives for trading, and not all transactions have monetary profit as their priority. For an investor whose objective is indeed to maximise investment returns, seeking out these counterparties who are not profit maximising can be a positive sum game in which both sides benefit from the trade.

Loss aversion

A simple example of this phenomenon is the insurance industry. In its purest form an insurance company facilitates risk sharing - the earliest versions of insurance would simply involve a promise between neighbours that should a house in the neighbourhood get destroyed (by natural disaster or otherwise), they would come together to help rebuild each other's houses. The work each household put into rebuilding a single home was worth the security and peace of mind that if anything happened to their own home, their neighbours would help rebuild it. Lines of business have become more complex but the fundamental concept of risk sharing remains at the core of the industry, and global premiums exceeded $4trn in 2014*. Where do their profits come from? The business model has survived for so long because the majority of people don't pay an insurance premium with the expectation of making a profit; they do so due to the behavioural preference to avoid financial and emotional pain. An insurer profits from taking the other side of risk averse counterparties who have been willing to pay "fear coupons" in excess of expected losses. This risk transfer represents a positive sum game since those on the other side of the trade are willing to pay the profit to avoid future uncertainty.

This phenomenon can also be seen in the equity market as the chart below illustrates. Investors without the financial and/or emotional balance sheets to stomach volatility, are willing to pay for profit-seeking investors to take on their risk. The volatility priced in by investors (blue line) has been more than 4% higher than the actual volatility experienced (black line) for over 20 years, allowing those willing to take on equity risk to profit over the long term despite large losses during bear markets.



Source: Credo, Datastream

(*) Mckinsey Global Insurance Insights fifth edition (2015).

Many participants will forgo the equity risk premium to avoid emotional pain. The investors who do not prioritise profits, are part of the reason why, despite widespread knowledge of long-term outperformance of the asset class, equities have continued to deliver higher real returns without the premium being arbitraged away.

Time horizon

Another variable which some players in the market prioritise over profit, is time. For a number of reasons, investors might have a shorter time horizon than is optimal for maximising profit.

Some may have liquidity constraints which restrict them to assets with lower expected returns (e.g. cash over bonds, or large caps over small caps). Others are subject to principal-agent conflicts such as the wrong incentive structure; for a large asset manager who has critical mass in terms of assets under management, their goal is to maintain assets as opposed to improve returns - hence performance diminishes as funds get larger. Some participants are paid annual bonuses, which can lead to a shorter time horizon for those looking to lock in year-to-date performance. Client reporting can also lead to window-dressing behaviour - securities of a company which has had major negative news might be at an attractive valuation, but can risk outflows if it's month end holdings get sent out to clients who are more sensitive to "news headline risk".

What are the ways in which market participants with a shorter time horizon can present opportunities for a profit-maximising investor?

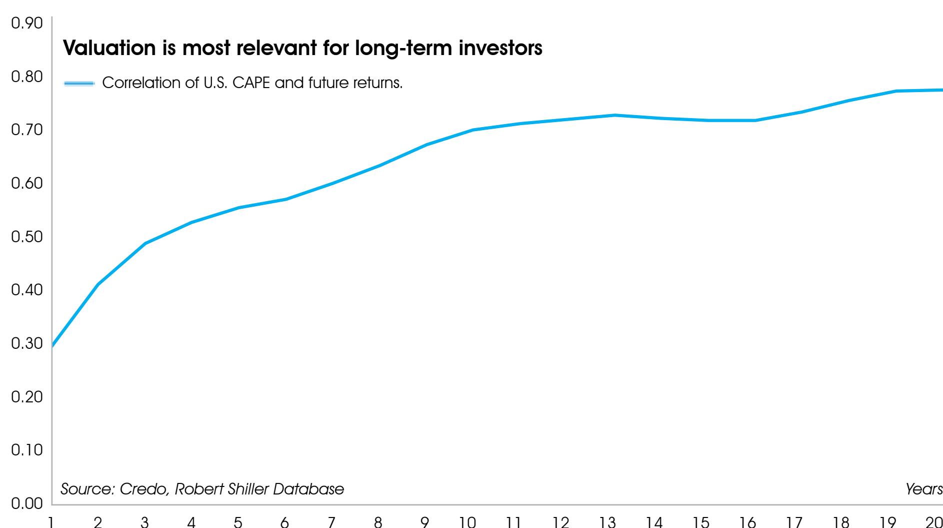
One way short termism manifests itself in financial markets is through the value premium - the tendency for cheap securities to outperform expensive securities over the long term. Short-term investors tend to pay less attention to valuation and rightly so. Using data on U.S. stocks from 1926-2016, the chart below shows the correlation between starting valuation and future returns for different time horizons. Valuation is not a meaningful predictor for shorter time frames but becomes increasingly useful the longer you can wait.

The weak relationship between valuation and short-term returns helps explain the robustness of the value premium - even though value investing is well known, it is hard to do for investors who prioritise time over profit. Thus for those whose objective is maximising long-term profit, they can earn excess returns by providing liquidity to time constrained market participants looking to exit.

Conclusion

In an age where ideas, data and information are increasingly democratised, competition for an investment edge is high and increasing. The rise of index investing exacerbates the competitiveness as the lower quality asset managers lose flows to passive investors who don't take the other side of transactions (besides small index rebalances, cap weighted index trackers don't trade). Those left in the zero sum game are the most informed investors making it increasingly difficult to capture alpha from an informational advantage. However by implementing an investment strategy that seeks out market participants who have different motivations, an investor whose preference is for long-term profit can benefit from transactions where the net utility is positive sum. If loss averse investors want to avoid risk, do them a favour and buy from them. If short-term investors want to buy expensive securities, do them a favour and sell to them.

Only fools don't learn from their own mistakes, but the truly wise are the ones who learn from the mistakes of others. ■



Source: Credo, Robert Shiller Database

Ben Newton - *Investment Manager*

Bonds: Brexit, what Brexit?

It has proved to be a turbulent few months in global financial markets with a key focus on macroeconomics and politics. The United Kingdom's (UK) decision to leave the European Union caught the market by surprise; this initially led to a sell-off across risk assets. However, bonds quickly rebounded to reach new highs after Mark Carney's statement that the Bank of England would undertake *"whatever action is needed to promote monetary and financial stability"*. This was then followed by the interest rate cut to 0.25% and an unprecedented level of quantitative easing which led to a significant rally across the UK fixed income market.

After the initial hiatus, we have seen government bond prices come off their highs, approximately back to their pre-Brexit levels. For example, the UK 10-year government treasury has returned to a yield of approximately 1.15% after rallying to a low of 0.55%, or a price move which equates to over 5 years' income at the current price. The recent sell-off is as a result of the political instability jitters, leading to foreign investors requiring a premium to hold UK assets. In combination with the volatility in the pound, which has devalued 15% to the US dollar and this in turn has led to an increase in inflation expectations from imported goods.

Our bond portfolios have outperformed the market over this period, as we continue to focus on higher quality securities that produce attractive yields. There are a number of special opportunities which we have recently invested in, on behalf of the appropriate clients, illustrating that we can achieve high yielding opportunities (although always cognisant of the investment risks). Please see two higher risk examples below:

Just Retirement is an annuity provider which has been caught in the eye of a storm ever since the UK government made pension reforms in 2014. Just Retirement has subsequently merged with a competitor and specialises in medical underwriting, being able to provide higher annual payments compared to peers, depending on their medical records. The pressure of the legislative changes has been compounded by all-time low interest rates. When they came to the market with an unrated bond to provide additional capital to grow as well as provide a further buffer to their balance sheet, the market required a risk premium. Subsequently they issued a bond with a hefty 9% coupon for 10 years, which we believe is an attractive risk-return profile for the appropriate clients.

Additionally, as a result of Brexit, there has been pressure on the central London property market. We recently took the opportunity to purchase a convertible issue with **Helical Bar**, a UK real estate investment trust. As a result of a majority of London assets and one third of the portfolio under development, the market is cautious about their outlook. However, as convertible holders, we consider this to be a fixed income instrument and we are focusing on the strength on the balance sheet. There is 55% loan to value and a nimble portfolio and the experienced management team has many levers to pull, if required. Therefore, we believe, once again, there is an attractive risk-adjusted return of 6.40% per annum with less than 3 years to maturity.

"The United Kingdom's decision to leave the European Union initially led to a sell-off across risk assets. However, bonds quickly rebounded to reach new highs..."

In a world of continued uncertainty, we remain comfortable with our core holdings and continue to find attractive special opportunities,

that we believe provide healthy risk-adjusted returns until their respective maturities for the appropriate clients. We remain relatively agnostic of short-term market movements and focus on the prospective return until maturity. Further details are available upon request; please discuss with your relationship manager. ■

Trevor Black | @trevorblack

...trust,

Seth Klarman said *"the real secret to investing is that there is no secret to investing. Every important aspect of value investing has been made available to the public many times over, beginning in 1934 with the First Edition of Security Analysis."* What is required for the long-term investor is an underlying confidence in the long term, and the stomach to push forward.

Our emotions tend to respond intensely to the world around us. It is great to be able to enjoy the flavours of life, but it can make us panic when we think we need to respond to everything with action. The long-term investor has to be able to trust, but verify.

The advantage of being human is that we aren't alone. We learn collectively. Ideas flow freely and we slowly chip away at our ignorance. The first constitution may have come from a particular part of the world, but it was a great idea. It spread. Numbers were useful, so they spread. Peace and co-operation beats aggression, so the world has become progressively more peaceful. Part of why this year feels incredibly violent is because bad news spreads so rapidly. Since the progress in the Colombia Government and FARC negotiations, Steven Pinker points out *"Today, there are no military governments in the Americas. No countries are fighting one another. And no governments are battling major insurgencies."* News of long-term progress lacks a spark to spread.

The big light of the enlightenment was the admission of ignorance.

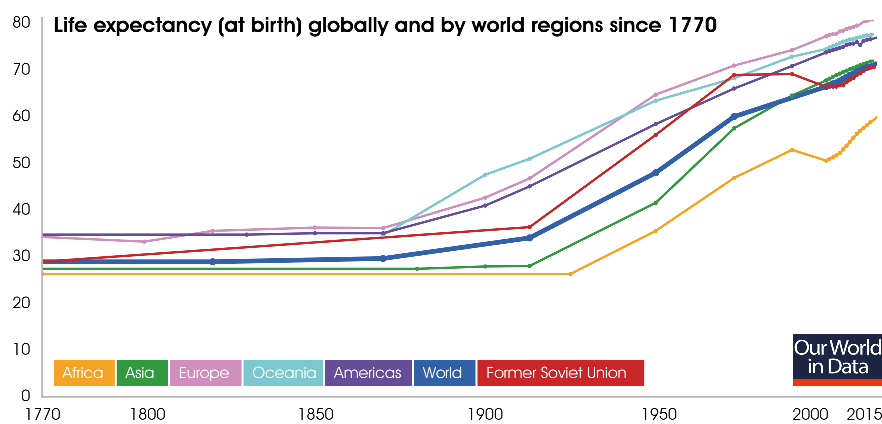
That doesn't mean we know nothing, but it means we started to focus on a process that can help us find our mistakes. When things reach bumps, it isn't the end. It is an opportunity to learn more and spread those ideas. Columbus died still believing that he had found a path to the other side of the Old World. He believed he had the solution, he was just finding the path. It took Amerigo Vespucci, who was more prepared to have gaps in maps to demonstrate that Brazil and the West Indies were not Asia's outskirts.

Adam Smith was able to look at a world that believed in Win-Lose battleship trade between nations, and point out that there was a better way. Trade would enlarge the benefits available rather than just capturing wealth from the losers. Gradually, we have moved towards a world that is less prejudiced and more co-operative.

A long-term investor with perspective can note the incredible progress. Life expectancy in the United Kingdom has doubled from around 40 years to around 80 years since 1850. Since 1770, life expectancy has doubled in all world regions. Child and maternal mortality have plummeted. *"A hundred years ago a woman was more than 70 times more likely to die while giving birth."* says Max Roser of Our World in Data. Diseases have been eradicated (e.g. Smallpox in 1977), and there are concerted efforts to target menaces such as malaria with its global death toll halved in the last 15 years. More than 50% of the world's population currently live in democracies. Roser adds that *"the world population living in extreme poverty has fallen*

After 10 years in the Actuarial and Investment profession, Trevor Black now spends his time reading and writing. His daily blog

...but verify



Data source: Life expectancy – James Riley for data 1990 and earlier; WHO and World Bank for later data (by Max Roser) OurWorldInData.org/life-expectancy/CC BY-SA

from 1.85 billion in 1990 to 0.76 billion in 2013". That is progress.

I am not arguing that progress should be head-in-the sand naivety. There are some very big challenges facing the world. The concerns they inspire are valid. There has been a popular backlash against the increasingly interconnected world. From Brexit in the United Kingdom, to both the left and right of American politics there are concerns about how we are moving forward. There are concerns about whether we are moving forward. Three of the biggest concerns relate to the environmental impacts of our material progress, the pockets of those who have been negatively affected by creative destruction, and challenges to our differing models of national governance which make resolving "the rules of the international game" more complex.

What I am arguing for is an underlying optimism, combined with acknowledging ignorance. A long-term investor can benefit from investing in a portfolio of businesses that are taking very different approaches to each other. They will face different challenges. They won't have the answers, but what they will have is a gradually increasing track record of lessons learnt. They can attempt to not repeat mistakes. They can limit the effect of new mistakes. This cumulative learning is what justifies the slight lean towards optimism, and belief that the long-term results will be pleasing despite the setbacks.

The job of the investment manager is to verify the validity of the trust, and make sure we aren't paying too much. To recognise that price is a volatile market related measure of noise. Price is the last trade that has been made on the business. Value is what that business will deliver over the long term. The job requires doing due diligence on the business, their product, their management, their customers and environment in which they operate. It requires study, analysis, discussion, critique and vigilance to verify the trust.

The long-term investor does make decisions about which companies to include and what risks to take. The trust is not naïve. The engine is an optimism whose back bone is the long history of our increasing ability to co-operate and solve problems. ■

Kathryn Linde - *Relationship Manager*

Diversified equity portfolios

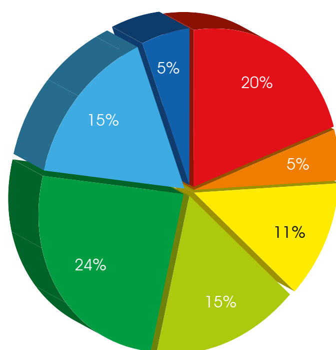
The Best Ideas and Dividend Growth portfolios are diversified global equity portfolios, which we believe to be well positioned to outperform the wider equity market over the longer term. The portfolios have biases towards developed-market, large-capitalisation stocks.

BEST IDEAS PORTFOLIO

Performance

Long-Term Returns	
Since Inception	98.8%
5 Year	94.5%
3 Year	45.6%
1 Year	25.7%
Short-Term Returns	
YTD	24.4%
3 Months	1.6%
1 Month	2.5%

Sector Allocation

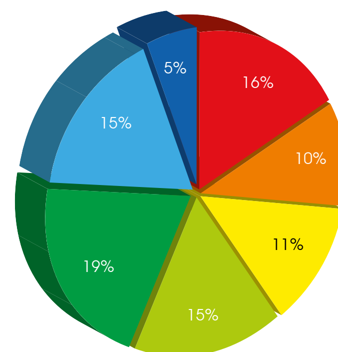


DIVIDEND GROWTH PORTFOLIO

Performance

Long-Term Returns	
Since Inception	89.6%
3 Year	53.5%
1 Year	28.8%
Short-Term Returns	
YTD	26.9%
3 Months	4.6%
1 Month	2.6%

Sector Allocation

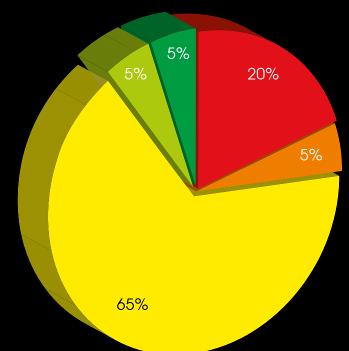


MULTI-ASSET PORTFOLIO 20/80

Performance

Long-Term Returns	
Since Inception	18.9%
1 Year	12.4%
Short-Term Returns	
YTD	12.8%
3 Months	-0.8%
1 Month	-2.1%

Strategic Asset Allocation



Value orientated investment philosophy

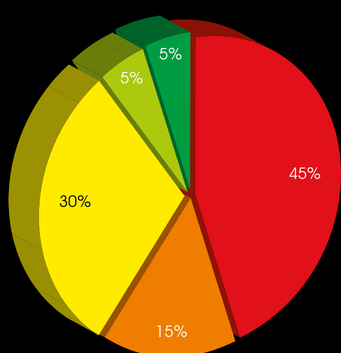
The Credo Multi-Asset Portfolios invest in regulated funds and ETFs on a global basis, with a focus on diversification across a broad range of asset classes using liquid securities. Funds are selected using Credo's in-house selection process and offered as four solutions targeting various levels of equity exposure. Portfolios are available in both GBP and USD.

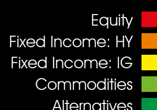
MULTI-ASSET PORTFOLIO 45/55

Performance

Long-Term Returns	
Since Inception	23.7%
1 Year	16.4%
Short-Term Returns	
YTD	16.4%
3 Months	2.4%
1 Month	0.1%

Strategic Asset Allocation



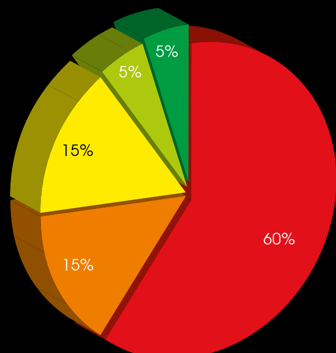


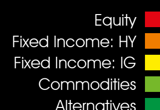
MULTI-ASSET PORTFOLIO 60/40

Performance

Long-Term Returns	
Since Inception	25.0%
1 Year	18.6%
Short-Term Returns	
YTD	18.1%
3 Months	3.8%
1 Month	1.2%

Strategic Asset Allocation



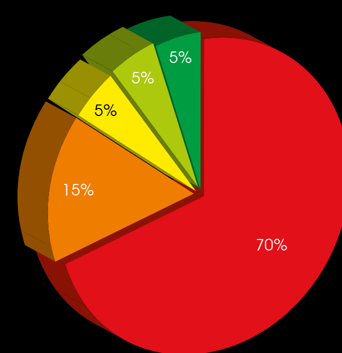


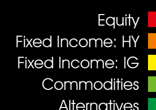
MULTI-ASSET PORTFOLIO 70/30

Performance

Long-Term Returns	
Since Inception	27.8%
1 Year	19.9%
Short-Term Returns	
YTD	19.4%
3 Months	4.8%
1 Month	1.9%

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 gross dividends, reinvested. Following additions or removals, each holding is rebalanced to a 5% weighting. Source: Bloomberg pricing as of 31/10/2016 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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