

Strategy & Objective

The Best Ideas 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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	2.2%	3.2%	0.9%										6.3%
2014	-2.7%	4.2%	-0.1%	0.8%	2.6%	-1.6%	-0.1%	3.2%	-0.4%	1.6%	5.0%	-2.2%	10.5%
2013	6.1%	2.7%	0.7%	1.0%	2.2%	-4.2%	4.6%	-1.0%	0.0%	5.3%	0.4%	0.7%	19.6%
2012	3.1%	3.2%	-0.1%	-0.5%	-4.9%	2.7%	1.8%	0.8%	0.4%	1.0%	1.9%	0.2%	9.8%
2011				2.0%	0.2%	1.0%	-0.6%	-3.3%	-2.3%	5.5%	1.1%	1.7%	5.5%

Cumulative Total Return	1 Year	3 Year	Since Inception
Best Ideas Portfolio	15.9%	45.1%	62.0%
MSCI World	19.2%	52.1%	55.1%

Market Commentary

The US equity market fell during the month, as mixed economic data fuelled uncertainty surrounding the timing of the Fed's first interest rate rise. For example, US durable goods orders fell while consumer spending was the strongest (since 2006), providing investors with ample uncertainty concerning the world's largest economy. European stock markets were up slightly over the month, as US interest rate speculation and instability in the Middle East dented the momentum of what has been the region's largest stock market rally in five years. Bond markets took a heavy toll with the start of the much anticipated ECB quantitative easing programme, with German Bund yields approaching their record low. Despite much touted worries of deflation, a nascent recovery in industrial activity supported by a weakening euro suggests such pressures are likely to abate. Oil prices, a major driver of deflationary pressures, were afforded temporary relief as ongoing political conflict in Yemen has driven up prices. In China, recent PMI releases indicate a contraction in manufacturing, raising hopes of further stimulus from the Chinese government.

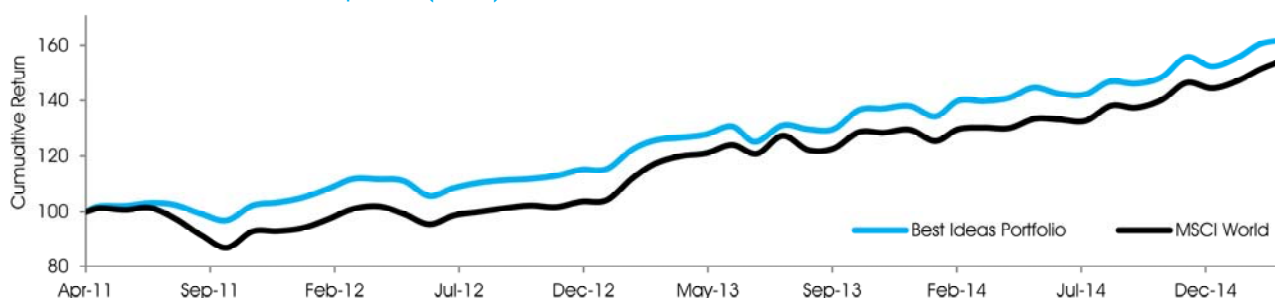
Key Contributors to Return

AutoZone returned 10.4% over the month, as the company reported earnings per share growth of 15.6% for the last quarter, compared to the previous year. The company further boosted investor expectations of earnings per share growth on the back of strong industry fundamentals, including rising consumer incomes, low fuel prices, and increases in both miles driven and vehicle age. On the back of outperforming the STOXX 600 Health Care Index, Credit Suisse raised Roche's price target and reiterated their outperform rating on the stock. Over the month, the stock returned 8.9% on more favourable expectations of the company's Swiss franc exposure, potential drug filings, and rapid approval of lung and bladder cancer drugs. Furthermore, potential trial data in the second half of 2015 could lead to \$3bn in peak sales of a new MS drug.

Key Detractors from Return

Imperial Tobacco has ploughed considerable resources into the next generation of tobacco-related products, none more so than e-cigarettes. Next month will prove critical to the success of this strategy, as the US Federal Trade Commission (FTC) decides whether or not to rubber-stamp the blockbuster tie-up of Reynolds and Lorillard. Imperial is set to acquire assets sold off in the deal, such as *blu*, the most popular vapour brand in the US. Shares have slid -7.2% over the month over concerns that the FTC will block the deal. Microsoft shares fell -3.6% over the month as concerns were raised about Microsoft's share of the smartphone market. This has placed Microsoft in a quandary: app developers require adequate return on their efforts, yet to generate this return, Microsoft needs more market share. However, it cannot seem to earn more share without the apps.

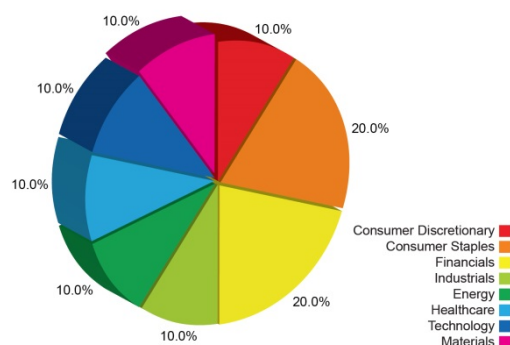
Performance Since Inception (GBP)²



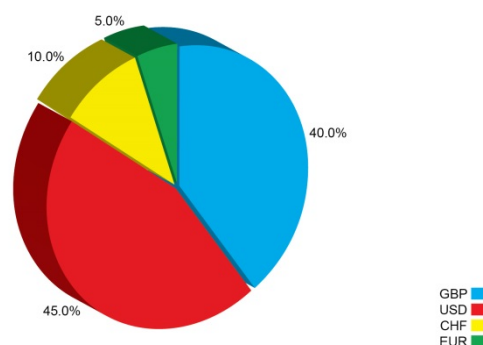
Sample Portfolio Statistics²

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield	2015 Consensus Price Target
BP	437p	13.6x	18.7x	6.1%	450p
Danone	€62.6	32.9x	21.6x	2.4%	€61.8
Microsoft	\$40.7	15.3x	16.2x	3.1%	\$46.9
Total Portfolio Average		15.5x²	16.0x²	3.1%²	
MSCI World		18.1x²	17.4x²	2.4%²	

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.

Important Notice

This document has been created for information purposes only and has been compiled from sources believed to be reliable. None of Credo, its directors, officers or employees accepts liability for any loss arising from the use here of or reliance hereon or for any act or omission by any such person, or makes any representations as to its accuracy and completeness. This document does not constitute an offer or solicitation to invest, it is not advice or a personal recommendation nor does it take into account the particular investment objectives, financial situation or needs of individual clients and if you are interested in any of the information contained herein, it is recommended that you seek advice concerning suitability from your investment advisor. Investors are warned that past performance is not necessarily a guide to future performance, income is not guaranteed, share prices may go up or down and you may not get back the original capital invested. The value of your investment may also rise or fall due to changes in tax rates and rates of exchange if different to the currency in which you measure your wealth. Credo Capital Plc is authorised and regulated by the Financial Conduct Authority and is an Authorised Financial Services Provider; FSP No: 9757.

(1) Performance figures are based on a notional portfolio, denominated in pound sterling, designed to track the holdings of the Credo Best Ideas 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 net dividends, reinvested. Following additions or removals, each holding is rebalanced to a 5% weighting.

(2) Source: Bloomberg pricing as of 31/03/2015 close.