

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%	3.1%	0.9%	2.3%	0.6%	-6.9%							1.9%
2014	-2.8%	4.4%	-0.2%	0.9%	2.6%	-1.6%	-0.1%	3.3%	-0.5%	1.6%	5.1%	-2.2%	10.6%
2013	6.0%	2.7%	0.7%	1.0%	2.1%	-4.2%	4.7%	-1.0%	0.0%	5.3%	0.4%	0.7%	19.5%
2012	3.2%	3.2%	-0.2%	-0.5%	-5.0%	2.7%	1.8%	0.9%	0.4%	1.0%	1.9%	0.3%	9.8%
2011				1.9%	0.3%	0.9%	-0.6%	-3.2%	-2.5%	5.7%	1.1%	1.7%	5.1%

Cumulative Total Return	1 Year	3 Year	Since Inception
Best Ideas Portfolio	9.2%	43.3%	55.3%
MSCI World	10.3%	48.8%	46.8%

Market Commentary

Overall it has been a quiet second quarter, with the S&P 500, the FTSE 100, and the Euro Stoxx 50 all largely flat. Yet amid this broad market inertia, attention has been focused on the closing chapters of the Greek debt crisis, where intransigence at the negotiating table has forced Tsipras' hand. A snap referendum has been announced for 5th July while Tsipras has offered a tentative agreement to bailout terms. However, considerable uncertainty persists as the consequences of a rejection of the bailout terms remain unclear. Nevertheless, in the face of a more robust Eurozone, fears of contagion appear muted. In Japan, signs of life are coming from the beleaguered labour market, as job openings per applicant hit a 23-year high. However, a sustained wage price spiral remains elusive. Intervention by Beijing soothed fears of a Chinese equity market collapse following an extended rout that wiped an estimated \$2tn off the market capitalisation across Shenzhen and Shanghai.

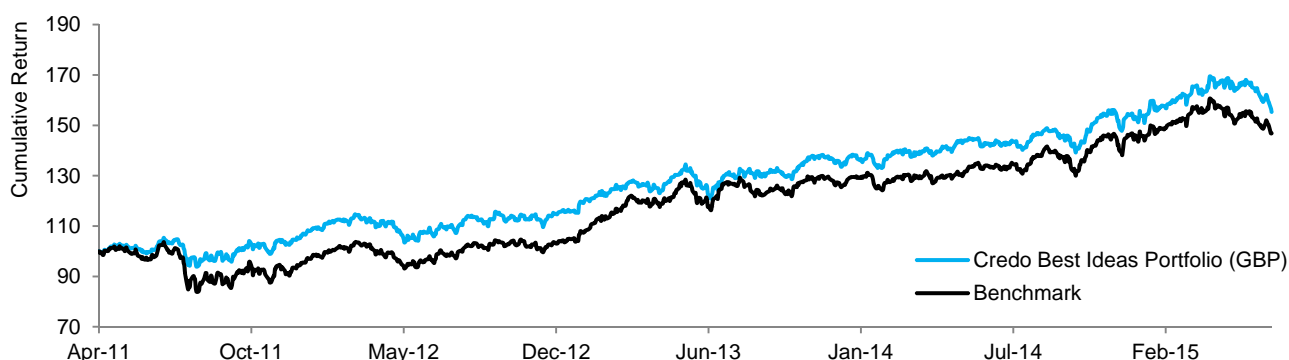
Key Contributors to Return

Diageo returned 1.4% over the month, buoyed by US spirits sales growth of 5.3% and expectations of continued dividend growth. Despite previous sales weakness, exacerbated by a 3-year corruption crackdown in China – which accounts for the lion's share of premium product sales – the long-term looks positive, bolstered by recent acquisitions such as United National Breweries in South Africa. Wells Fargo, the largest US mortgage bank among peers, returned 0.5% as growth expectations were raised on the back of higher expected interest rates.

Key Detractors from Return

Rolls-Royce returned -12.8% as the low number of Airbus A330 orders following the Paris Air Show disappointed. However, Rolls-Royce appears to be making significant progress with a new engine design which will support more popular models, such as the Boeing 787. Syngenta struggled over the month as speculation mounted that the proposed merger with rivals Monsanto would be unsuccessful, following two rejected offers. Nevertheless, Monsanto has continued to pursue Syngenta, publishing a white paper by their outside council dismissing the risk of derailment by regulators. The stock returned -10.7%.

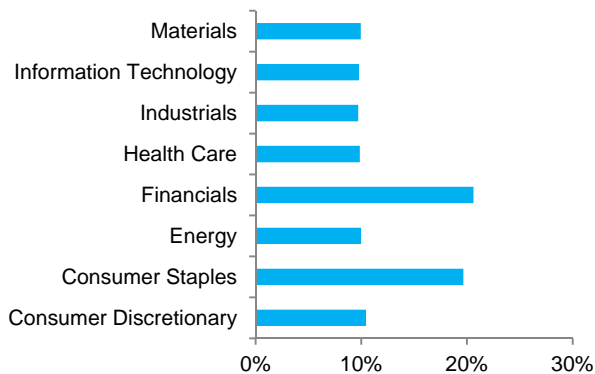
Performance Since Inception (GBP)²



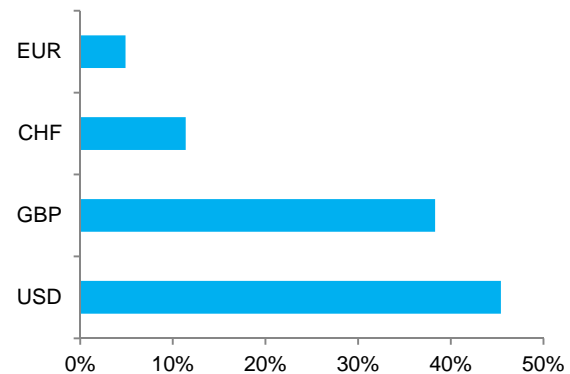
Sample Portfolio Statistics²

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield	2015 Consensus Price Target
BP	420p	14.2x	16.1x	6.2%	458p
Danone	€58.0	23.9x	19.7x	2.6%	€65.2
Microsoft	\$44.2	17.0x	17.2x	2.8%	\$49.9
Total Portfolio Average		14.8x	15.9x	3.1%	
MSCI World		18.3x	17.1x	2.5%	

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 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 30/06/2015 close. All portfolio performance is calculated using Bloomberg PORT.

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Portfolio Performance (USD)¹

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	-1.5%	6.0%	-3.0%	5.7%	0.2%	-4.1%							2.8%
2014	-3.4%	6.1%	-0.5%	2.1%	1.9%	0.4%	-1.4%	1.4%	-2.7%	0.2%	2.7%	-2.5%	4.0%
2013	3.6%	-1.7%	0.8%	3.3%	-0.3%	-4.1%	4.6%	1.0%	4.6%	4.5%	2.3%	1.9%	21.9%
2012	4.7%	4.4%	0.2%	1.0%	-9.7%	4.5%	1.8%	2.1%	2.2%	0.8%	1.3%	1.6%	14.9%
2011				4.6%	-1.3%	-1.4%	1.6%	-4.1%	-6.2%	8.9%	-1.5%	0.4%	0.2%

Cumulative Total Return	1 Year	3 Year	Since Inception
Best Ideas Portfolio	0.4%	43.7%	50.1%
MSCI World	1.4%	49.2%	41.9%

Market Commentary

Overall it has been a quiet second quarter, with the S&P 500, the FTSE 100, and the Euro Stoxx 50 all largely flat. Yet amid this broad market inertia, attention has been focused on the closing chapters of the Greek debt crisis, where intransigence at the negotiating table has forced Tsipras' hand. A snap referendum has been announced for 5th July while Tsipras has offered a tentative agreement to bailout terms. However, considerable uncertainty persists as the consequences of a rejection of the bailout terms remain unclear. Nevertheless, in the face of a more robust Eurozone, fears of contagion appear muted. In Japan, signs of life are coming from the beleaguered labour market, as job openings per applicant hit a 23-year high. However, a sustained wage price spiral remains elusive. Intervention by Beijing soothed fears of a Chinese equity market collapse following an extended rout that wiped an estimated \$2tn off the market capitalisation across Shenzhen and Shanghai.

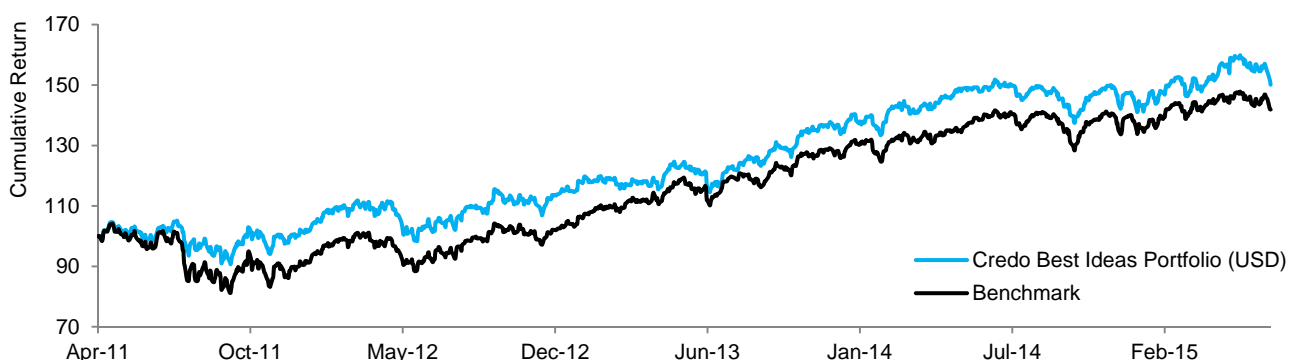
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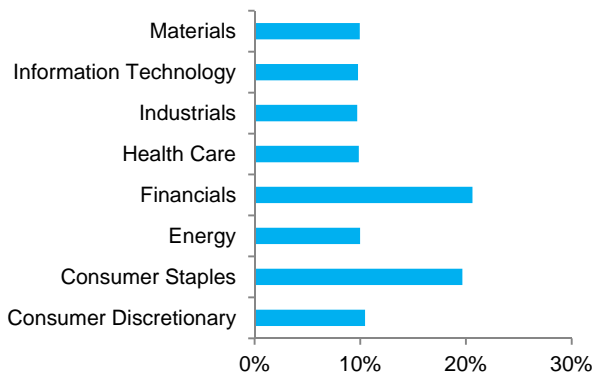
Performance Since Inception (USD)²



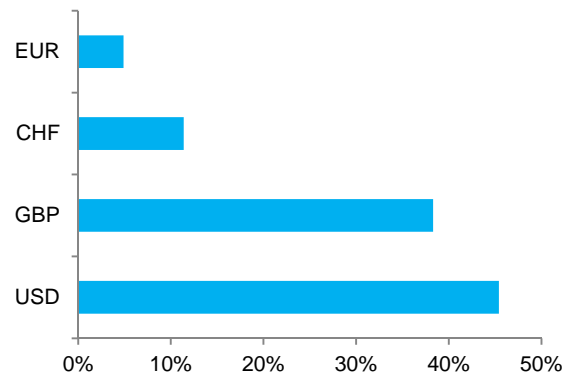
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