

## 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)<sup>1</sup>

Long Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
<b>Since Inception</b>	47.5%	39.7%	7.8%
<b>3 Year</b>	31.9%	36.6%	-4.7%
<b>1 Year</b>	1.0%	1.7%	-0.7%

Short Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
<b>YTD</b>	-3.3%	-3.3%	0.0%
<b>3 Months</b>	-5.1%	-4.9%	-0.2%
<b>1 Month</b>	-1.3%	-2.3%	1.1%

## Market Commentary

In the US, the Federal Reserve opted to keep interest rates unchanged, further delaying the path to policy normalisation. Meanwhile the S&P 500 fell -2.6%. In Europe, Volkswagen's share price plunged over 30% following revelations that the carmaker cheated on US emissions tests. Concerns that others would be implicated led to sector wide losses. The Stoxx 600 lost -4.1% over the month. In the periphery, the subdued Greek crisis threatens as an emphatic victory for Syriza in the general election thwarted the troika's hopes of a more compliant government to implement the terms of the bailout package. Following August's resurgent volatility, the Shanghai Composite Index continued to slide, ending down -4.8% while weak manufacturing data added to concerns about China's slowing growth.

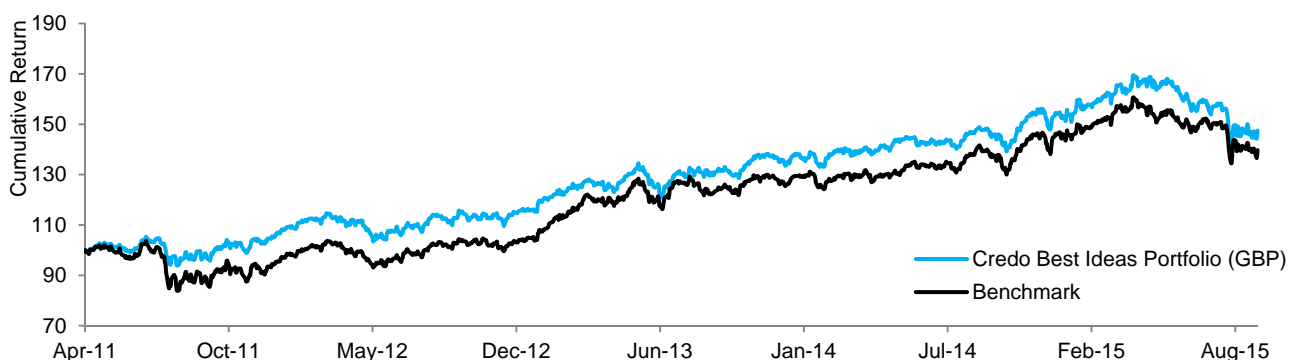
### Key Contributors to Return

Imperial Tobacco returned 8.0% over the month as M&A activity among major brewers revived break-up speculation and long-running hopes that the tobacco producer might be carved up by British American Tobacco and Japan Tobacco. The stock rallied to a record high following the speculation. Analysts, however, remained cautious, as the stock's outperformance closed the valuation gap with British American Tobacco. McDonald's returned 3.7% over the month as news emerged that, despite consumers' increasing focus on healthy lifestyles, the company's same-store sales trends are beginning to turn. Furthermore, the company indicated that global comparable sales should turn positive in the third quarter.

### Key Detractors from Return

BP fell -7.4% in September as persistence in the low price of crude oil continued to weigh on the company's revenue. While cash flow generation remains weak, the company has benefited from the judicious management of debt levels. Nevertheless, with return on equity trailing the industry, investor sentiment remains low. GlaxoSmithKline slipped -5.6% over the month as continued generic competition facing its flagship respiratory drug, Advair, eroded revenues. In response, GlaxoSmithKline has significantly restructured its product portfolio, by selling its oncology drugs to Novartis. Additionally, the company is turning their focus towards consumer products and vaccines, where positive sales figures offer some respite.

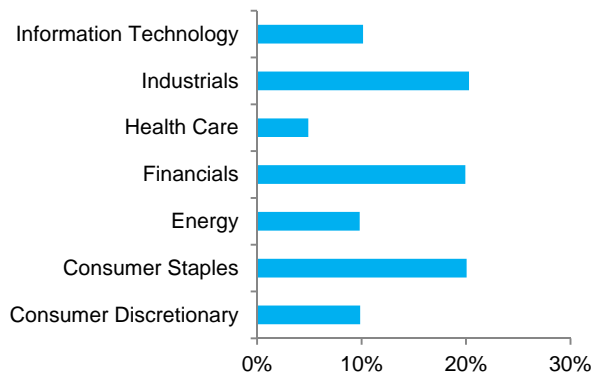
## Performance Since Inception (14/04/2011)<sup>2</sup>



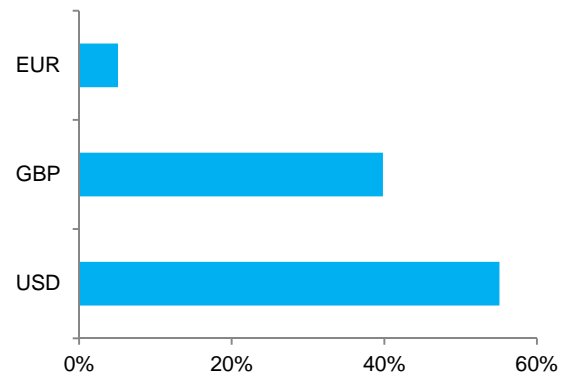
## Sample Portfolio Statistics<sup>2</sup>

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
BP	334p	19.5x	15.0x	7.8%
Danone	€56.4	28.0x	19.5x	2.7%
Microsoft	\$44.3	17.0x	16.4x	3.3%
<b>Total Portfolio Average</b>		<b>14.2x</b>	<b>14.6x</b>	<b>3.0%</b>
<b>MSCI World</b>		<b>17.0x</b>	<b>15.8x</b>	<b>2.7%</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 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 30/09/2015 close. All portfolio performance is calculated using Bloomberg PORT.

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

Long Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
<b>Since Inception</b>	37.2%	29.9%	7.2%
<b>3 Year</b>	23.6%	28.0%	-4.4%
<b>1 Year</b>	-5.8%	-5.1%	-0.7%

Short Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
<b>YTD</b>	-6.1%	-6.0%	0.0%
<b>3 Months</b>	-8.6%	-8.4%	-0.2%
<b>1 Month</b>	-2.6%	-3.7%	1.1%

## Market Commentary

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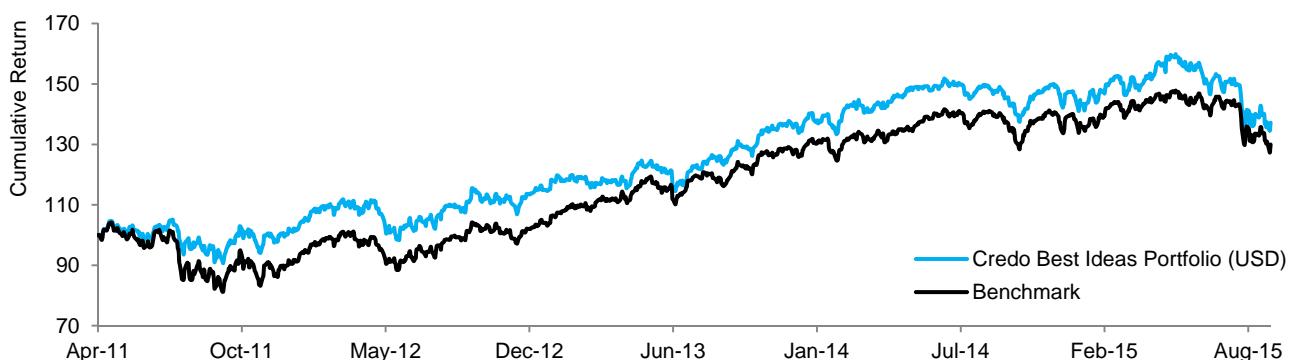
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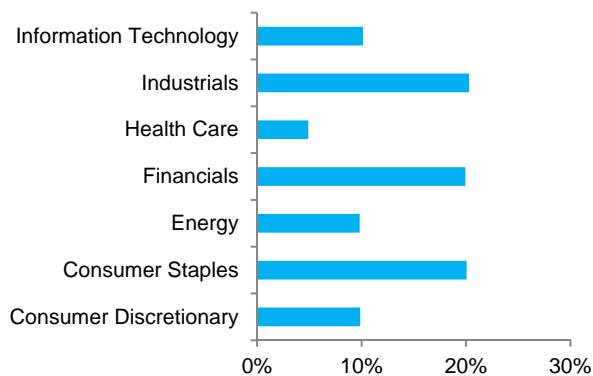
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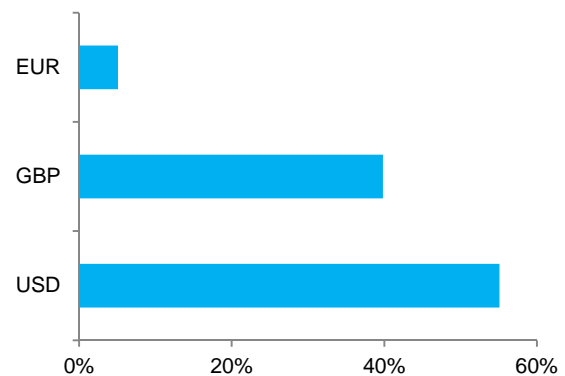
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