

## 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>	58.1%	47.7%	10.4%
<b>3 Year</b>	40.1%	45.3%	-5.2%
<b>1 Year</b>	6.6%	5.4%	1.2%

Short Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
<b>YTD</b>	3.7%	2.3%	1.4%
<b>3 Months</b>	0.7%	-1.8%	2.5%
<b>1 Month</b>	7.2%	5.7%	1.5%

## Market Commentary

Over the last month, corporate earnings season in the US has now begun in earnest, with 66% of companies beating analyst estimates. Meanwhile, the S&P 500 rose 8.3%. Following the September decision on interest rates and recent stabilisation of the Chinese economy, speculation over a December rate hike is mounting. In Europe, though policy remained unchanged, comments in October by Mario Draghi, the ECB president, fuelled hopes of further easing when the council reconvenes in December. The Stoxx 600 gained 8.0% over the month. The Chinese economy grew an estimated 6.9% in the third quarter, leaving it on track to meet its full-year growth target of around 7%. Meanwhile, the Chinese National Bureau of Statistics warned that the pace of economic reform must be accelerated, providing scope for further stimulus measures. In the meantime, the Shanghai Composite Index rose 10.8%.

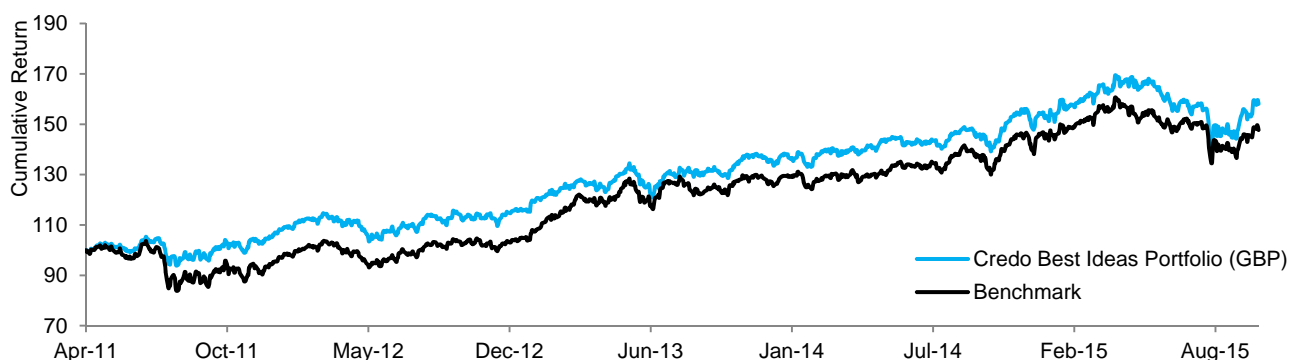
### Key Contributors to Return

Shares in Samsung rose 21.0% over the month as the company reported its first earnings growth in more than a year, thanks to record profits from semiconductor sales. The stock price further surged following a pledge to return up to 50% of free cash flow to shareholders over the next 3 years as part of a broader plan to increase shareholder returns. Following China's vow to end the one-child policy, the positive outlook for sales of infant nutrition led to sizable gains in baby-formula stocks. Chief among these was Danone, which returned 12.4% over the month. Analysts estimate that baby food in China represents about 7% of Danone's earnings.

### Key Detractors from Return

Union Pacific struggled in the third quarter, as lower freight volumes, led by a sharp fall in coal shipments, continued to drag on the operator's revenue and profits. That said, cash flow generation remained strong, growing by 5% over the last nine months. The stock returns 1.1% over the month. Though US cigarette sales rose 4.6% over the last year, Imperial Tobacco's North American foray has struggled as waning consumer interest in e-cigarettes pushed down sales by 17% over the same period. Nevertheless, Imperial Tobacco's *Blu* maintains nearly a quarter of market share. The company returned 2.5% over the month.

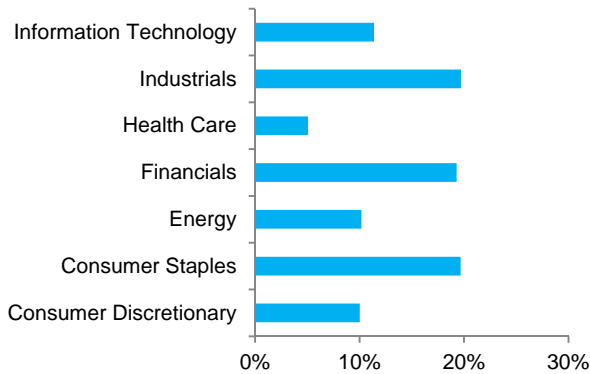
## Performance Since Inception (14/04/2011)<sup>2</sup>



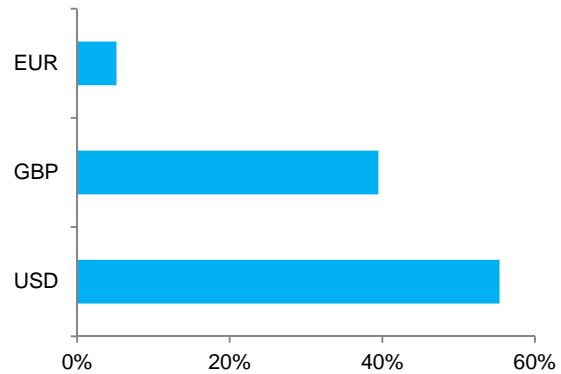
Sample Portfolio Statistics<sup>2</sup>

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
BP	386p	32.4x	16.8x	6.7%
Danone	€63.4	31.4x	22.0x	2.4%
Microsoft	\$52.6	20.8x	19.2x	2.7%
<b>Total Portfolio Average</b>		<b>16.1x</b>	<b>15.7x</b>	<b>2.7%</b>
<b>MSCI World</b>		<b>19.0x</b>	<b>17.0x</b>	<b>2.5%</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.

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 hereof 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 30/10/2015 close. All portfolio performance is calculated using Bloomberg PORT.

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

Long Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
<b>Since Inception</b>	50.1%	40.2%	9.9%
<b>3 Year</b>	34.1%	39.1%	-5.0%
<b>1 Year</b>	2.9%	1.8%	1.2%

Short Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
<b>YTD</b>	2.8%	1.4%	1.4%
<b>3 Months</b>	-0.4%	-2.9%	2.5%
<b>1 Month</b>	9.4%	7.9%	1.5%

## Market Commentary

Over the last month, corporate earnings season in the US has now begun in earnest, with 66% of companies beating analyst estimates. Meanwhile, the S&P 500 rose 8.3%. Following the September decision on interest rates and recent stabilisation of the Chinese economy, speculation over a December rate hike is mounting. In Europe, though policy remained unchanged, comments in October by Mario Draghi, the ECB president, fuelled hopes of further easing when the council reconvenes in December. The Stoxx 600 gained 8.0% over the month. The Chinese economy grew an estimated 6.9% in the third quarter, leaving it on track to meet its full-year growth target of around 7%. Meanwhile, the Chinese National Bureau of Statistics warned that the pace of economic reform must be accelerated, providing scope for further stimulus measures. In the meantime, the Shanghai Composite Index rose 10.8%.

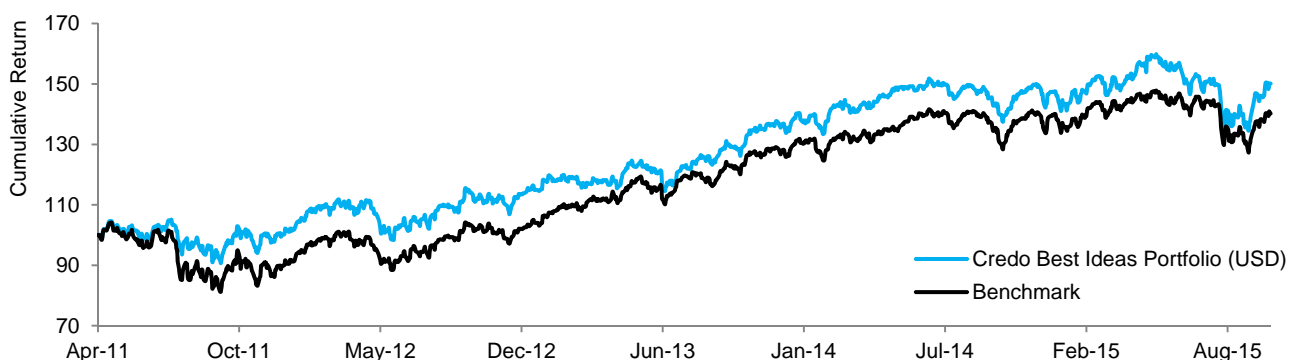
### Key Contributors to Return

Shares in Samsung rose 21.0% over the month as the company reported its first earnings growth in more than a year, thanks to record profits from semiconductor sales. The stock price further surged following a pledge to return up to 50% of free cash flow to shareholders over the next 3 years as part of a broader plan to increase shareholder returns. Following China's vow to end the one-child policy, the positive outlook for sales of infant nutrition led to sizable gains in baby-formula stocks. Chief among these was Danone, which returned 12.4% over the month. Analysts estimate that baby food in China represents about 7% of Danone's earnings.

### Key Detractors from Return

Union Pacific struggled in the third quarter, as lower freight volumes, led by a sharp fall in coal shipments, continued to drag on the operator's revenue and profits. That said, cash flow generation remained strong, growing by 5% over the last nine months. The stock returns 1.1% over the month. Though US cigarette sales rose 4.6% over the last year, Imperial Tobacco's North American foray has struggled as waning consumer interest in e-cigarettes pushed down sales by 17% over the same period. Nevertheless, Imperial Tobacco's *Blu* maintains nearly a quarter of market share. The company returned 2.5% over the month.

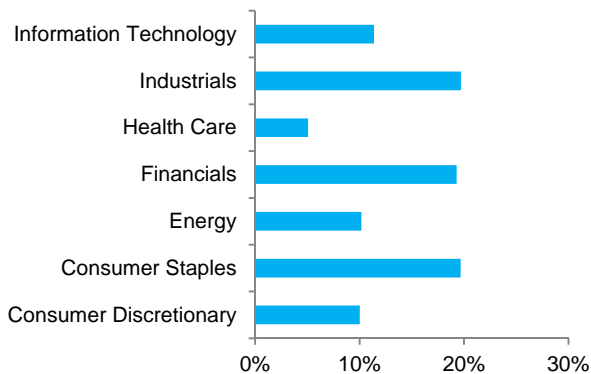
## Performance Since Inception (14/04/2011)<sup>2</sup>



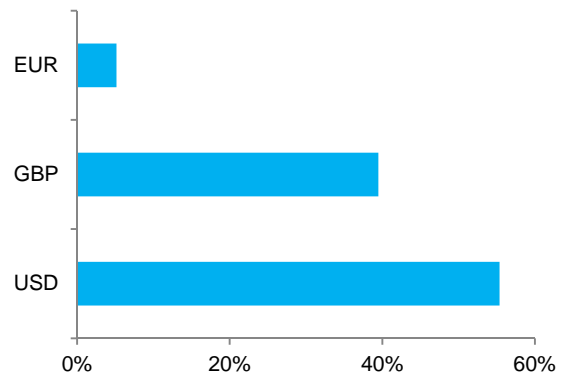
Sample Portfolio Statistics<sup>2</sup>

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
BP	386p	32.4x	16.8x	6.7%
Danone	€63.4	31.4x	22.0x	2.4%
Microsoft	\$52.6	20.8x	19.2x	2.7%
<b>Total Portfolio Average</b>		<b>16.1x</b>	<b>15.7x</b>	<b>2.7%</b>
<b>MSCI World</b>		<b>19.0x</b>	<b>17.0x</b>	<b>2.5%</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.

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 hereof 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 US dollar, 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 30/10/2015 close. All portfolio performance is calculated using Bloomberg PORT.