

## 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> | 61.0%                | 51.0%      | 10.0%           |
| <b>3 Year</b>          | 40.0%                | 45.7%      | -5.7%           |
| <b>1 Year</b>          | 3.2%                 | 3.2%       | 0.1%            |

| Short Term Returns | Best Ideas Portfolio | MSCI World | Relative Return |
|--------------------|----------------------|------------|-----------------|
| <b>YTD</b>         | 5.6%                 | 4.6%       | 1.0%            |
| <b>3 Months</b>    | 7.8%                 | 5.6%       | 2.2%            |
| <b>1 Month</b>     | 1.9%                 | 2.2%       | -0.4%           |

## Market Commentary

US stocks rose over the last month, buoyed by comments in the Fed's most recent meeting that conditions for a rate rise may "well be met" come December. Attention now turns on Fed Chair Janet Yellen's speech to Congress on the 3<sup>rd</sup> December. Meanwhile, the S&P 500 rose 0.1%. While the US seeks to tighten, remarks by Mario Draghi that policymakers would "do what they must" to raise inflation led investors to expect a boost to monetary stimulus. The Stoxx 600 rallied 2.7% over the month. In Asia, Japan slipped back into recession. Nevertheless, the Bank of Japan maintained their view that the inflationary trend is improving. The Japanese Topix was up 1.4% over the month. Following a meeting of the IMF's executive board, from October 2016 the Chinese yuan is to be added to the SDR basket of reserve currencies, with a weight of 10.9%, topping that of the yen and pound sterling.

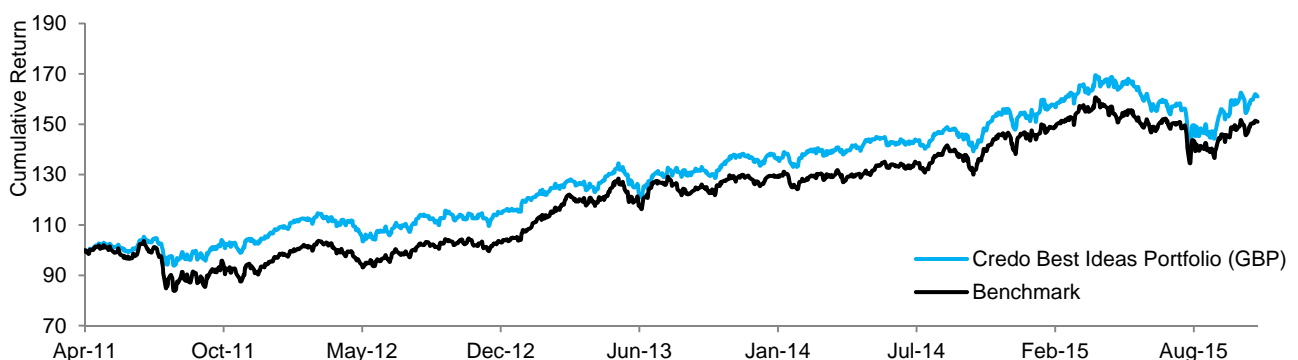
### Key Contributors to Return

Imperial Tobacco returned 4.1% over the month, as speculation mounted that British American Tobacco is preparing a bid. Meanwhile, according to the Centres for Disease Control and Prevention, the US smoking rate has fallen to its lowest level since 1965. The CDC finds this may reflect greater usage of e-cigarettes, of which Imperial Tobacco owns the most popular brand. FedEx returned 1.6% over the month, following news that the company's intended acquisition of TNT Express had gained US antitrust approval. The company also expects a record 317 million shipments over the Christmas period, marking a 12.4% increase in year-on-year seasonal volumes.

### Key Detractors from Return

Rolls Royce tumbled -11.8% after issuing its fifth profit warning in 20 months. The engine maker has struggled following decisions by big airlines to retire older aircraft earlier than expected and in greater numbers was taking a heavy toll on the company's earnings. Profits for 2015 are expected to remain within the guidance given in July. Union Pacific struggled over the month, as North American-originated rail traffic fell 5.6% year-on-year. While intermodal volume decreased only 0.7%, commodity loads fell 9.7%. Indeed, though Union Pacific hauled fewer loads in each segment, the steep decline was driven mainly by a 30% drop in coal carloads. The stock fell -5.4%.

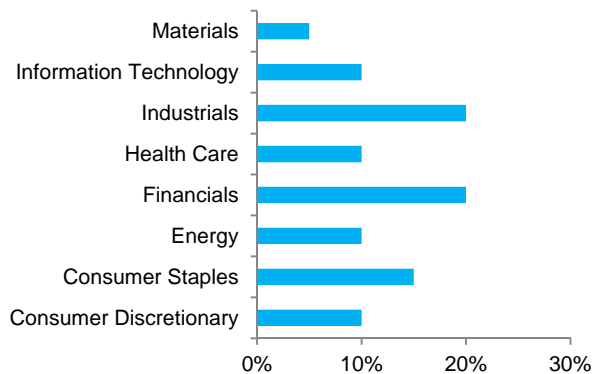
## Performance Since Inception (14/04/2011)<sup>2</sup>



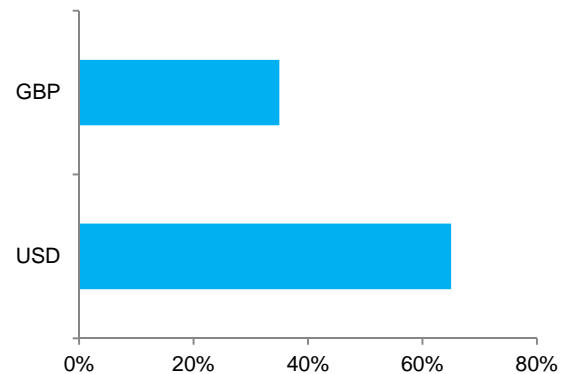
## Sample Portfolio Statistics<sup>2</sup>

|                                | Current Price | Trailing 12 Month P/E | 12 Month Forward P/E | Dividend Yield |
|--------------------------------|---------------|-----------------------|----------------------|----------------|
| BP                             | 385p          | 31.5x                 | 15.9x                | 6.8%           |
| Union Pacific                  | \$84.0        | 14.8x                 | 14.9x                | 2.6%           |
| Microsoft                      | \$54.4        | 21.5x                 | 19.7x                | 2.6%           |
| <b>Total Portfolio Average</b> |               | <b>15.4x</b>          | <b>15.3x</b>         | <b>2.8%</b>    |
| <b>MSCI World</b>              |               | <b>19.8x</b>          | <b>17.1x</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.

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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 30/11/2015 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> | 48.8%                | 39.5%      | 9.3%            |
| <b>3 Year</b>          | 31.3%                | 36.7%      | -5.4%           |
| <b>1 Year</b>          | -0.6%                | -0.7%      | 0.1%            |

| Short Term Returns | Best Ideas Portfolio | MSCI World | Relative Return |
|--------------------|----------------------|------------|-----------------|
| <b>YTD</b>         | 1.9%                 | 0.9%       | 1.0%            |
| <b>3 Months</b>    | 5.6%                 | 3.4%       | 2.2%            |
| <b>1 Month</b>     | -0.9%                | -0.5%      | -0.4%           |

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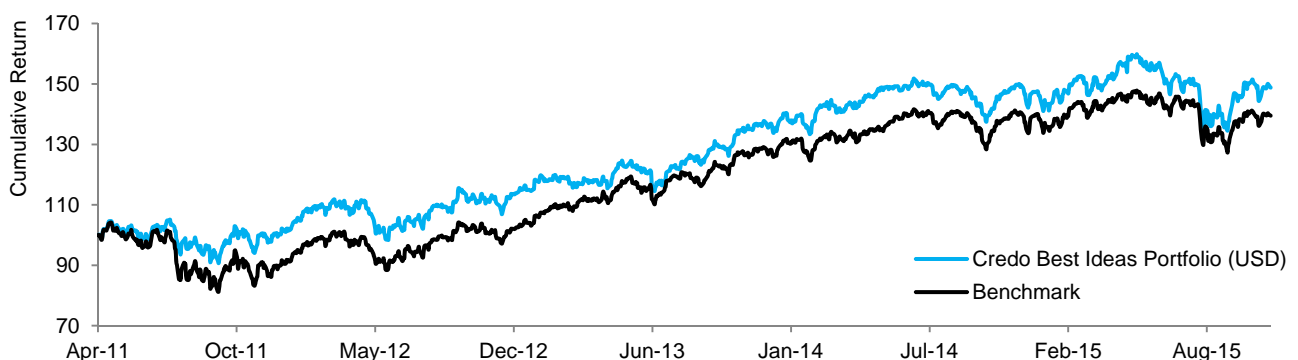
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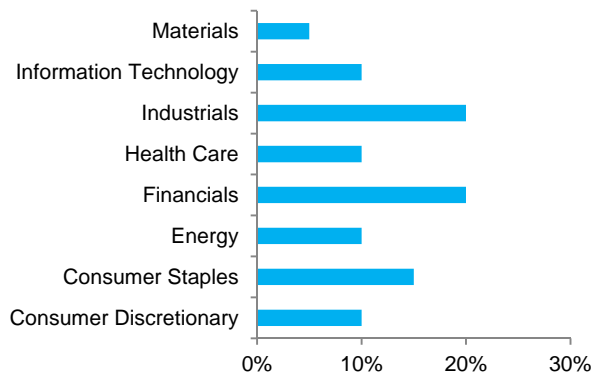
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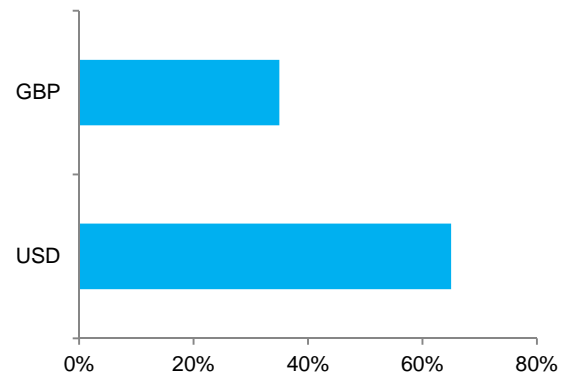
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