

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

Long Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
Since Inception	58.3%	47.4%	10.8%
3 Year	29.4%	31.6%	-2.2%
1 Year	1.6%	0.2%	1.3%

Short Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
YTD	-0.9%	-2.6%	1.7%
3 Months	0.1%	-0.2%	0.3%
1 Month	-0.9%	-2.6%	1.7%

Market Commentary

It has been a tumultuous start to the year, with an unprecedented degree of volatility across markets. In the US alone, the S&P 500 fell -5.9% in the first five trading days; the worst first week since records began. In China, the expiry of a ban on selling by large investors contributed to plunging prices, triggering circuit breakers on two consecutive days. The Shanghai Composite ended the month down -22.6%. In Europe, extreme volatility eased as the ECB suggested additional policy support was imminent. In like fashion, Mark Carney announced that, given the oil slump, global volatility, and slowdown in UK wage growth, the choice of monetary policy was now “straightforward”; the accommodative status quo is likely to remain. Meanwhile, the MSCI UK Index fell almost 20% below its recent high – the definition of a bear market – but ended the month down only -2.4%.

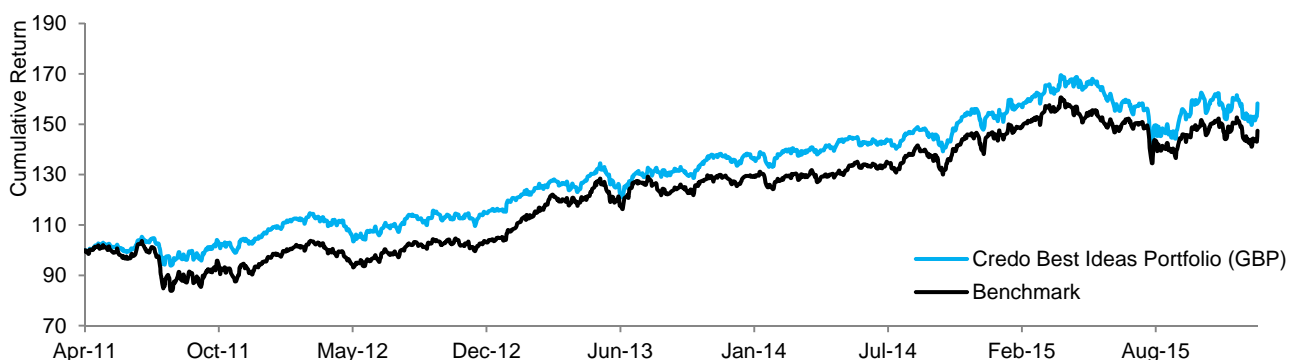
Key Contributors to Return

Imperial Tobacco hit a record high over the month as investors sought refuge from volatility. The company offers reliable earnings and dividend growth, thanks in part to its relatively small emerging markets currency exposure. The stock price was further buoyed thanks to renewed speculation over a potential takeover bid, and returned 5.6% over the month. McDonald's latest quarterly results surprised analysts, with sales up 5.7% in the US – nearly twice as much as had been predicted. Much of this can be attributed to the radical changes being implemented by the new CEO, Steve Easterbrook. The company returned 4.8%.

Key Detractors from Return

Samsung struggled last month, as growth in the smartphone market has stalled. The market grew just 5.7% last quarter, marking the lowest growth since 2009. This is no doubt due in part to macroeconomic weakness in emerging markets and rising saturation in developed markets. The stock returned -8.7%. FedEx returned -10.8% last month, as worries mount that Amazon is steadily becoming a “disruptive competitor” rather than major client. The online retailer is already building its own freight operation and using its own trucks. Investors are also concerned that while FedEx have announced a generous buyback programme, it is unclear as to how this will be funded.

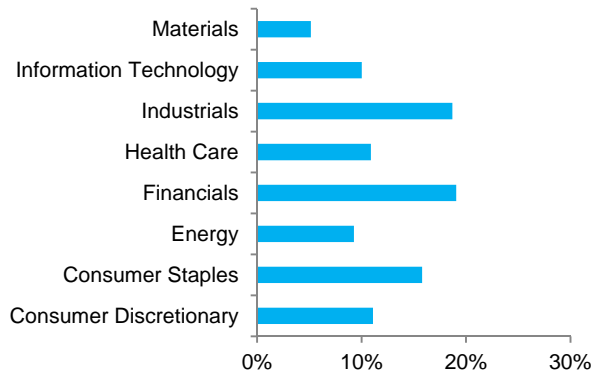
Performance Since Inception (14/04/2011)²



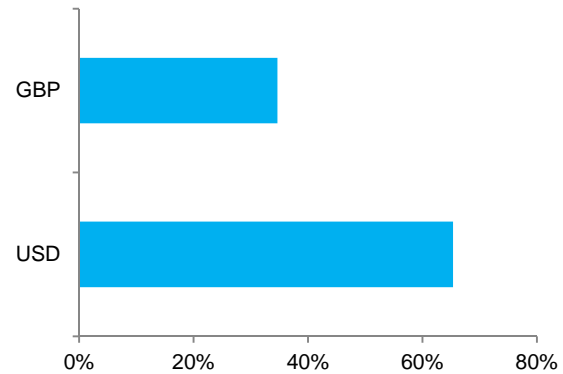
Sample Portfolio Statistics²

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
BP	376p	14.8x	15.3x	7.8%
Union Pacific	\$72.0	12.7x	13.3x	3.1%
Microsoft	\$55.1	22.8x	20.0x	2.6%
Total Portfolio Average		14.3x	14.6x	3.1%
MSCI World		17.9x	15.5x	2.8%

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 gross dividends, reinvested. Following additions or removals, each holding is rebalanced to a 5% weighting.

(2) Source: Bloomberg pricing as of 29/01/2016 close. All portfolio performance is calculated using Bloomberg PORT.

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Portfolio Performance (USD)¹

Long Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
Since Inception	38.4%	28.9%	9.5%
3 Year	15.9%	17.9%	-2.0%
1 Year	-3.8%	-5.1%	1.2%

Short Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
YTD	-4.3%	-6.0%	1.7%
3 Months	-7.8%	-8.1%	0.3%
1 Month	-4.3%	-6.0%	1.7%

Market Commentary

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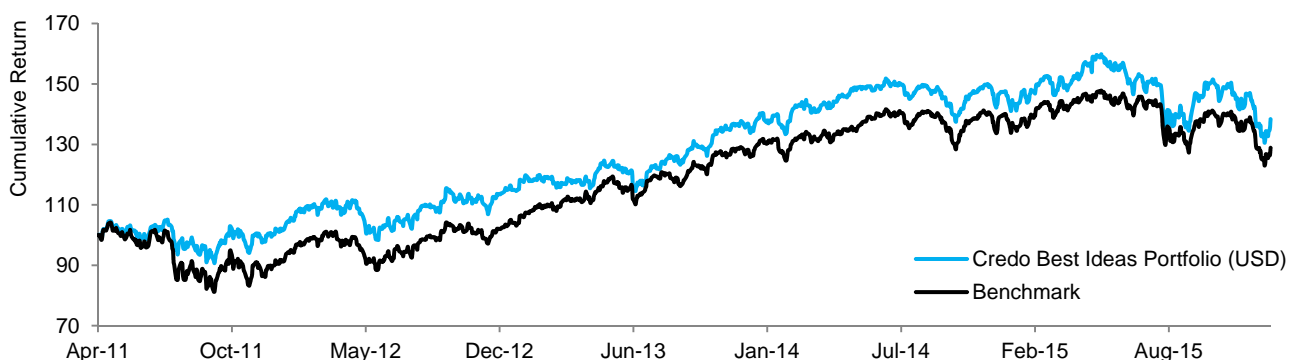
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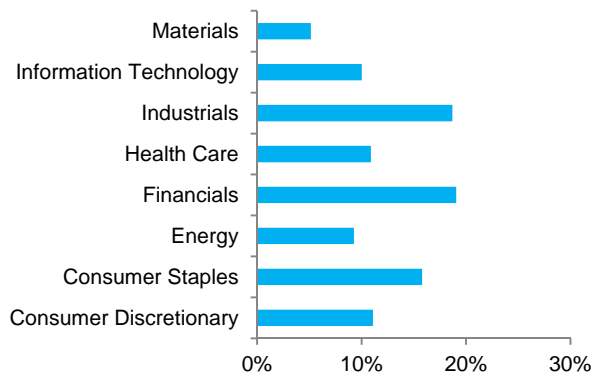
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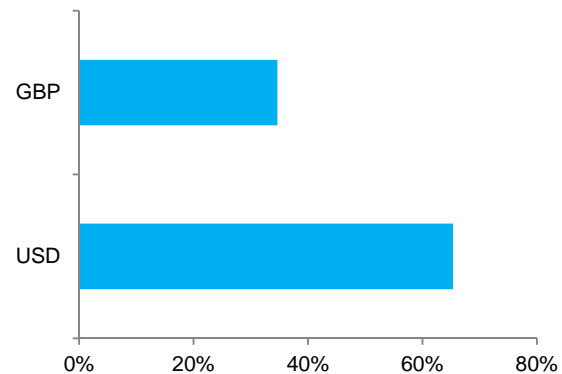
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