

## 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>	66.2%	54.4%	11.8%
<b>3 Year</b>	31.4%	28.7%	2.7%
<b>1 Year</b>	2.5%	-0.4%	3.0%

Short Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
<b>YTD</b>	4.1%	2.0%	2.1%
<b>3 Months</b>	4.1%	2.0%	2.1%
<b>1 Month</b>	2.7%	3.2%	-0.5%

## Market Commentary

US equity indices inched into positive territory for the year to date over March. A 6.8% monthly gain for the S&P 500 took the index to a 1.3% return for 2016. Though the Federal Reserve left rates unchanged, inflation data supports the view that rate normalisation will continue this year. US core inflation rose 0.3% in February, taking the annual rate to 2.3%. The ECB announced a further asset purchase programme, which extends to non-financial corporate bonds. Yields have since dropped to below 1%, prompting a wave of corporate bond issuance. In the UK, given falling inflation expectations and continued efforts to reduce the budget deficit, consensus expects rates to remain on hold. In Asia, the MSCI China rose 10.2%, reflecting greater confidence in the ability of the authorities to support growth.

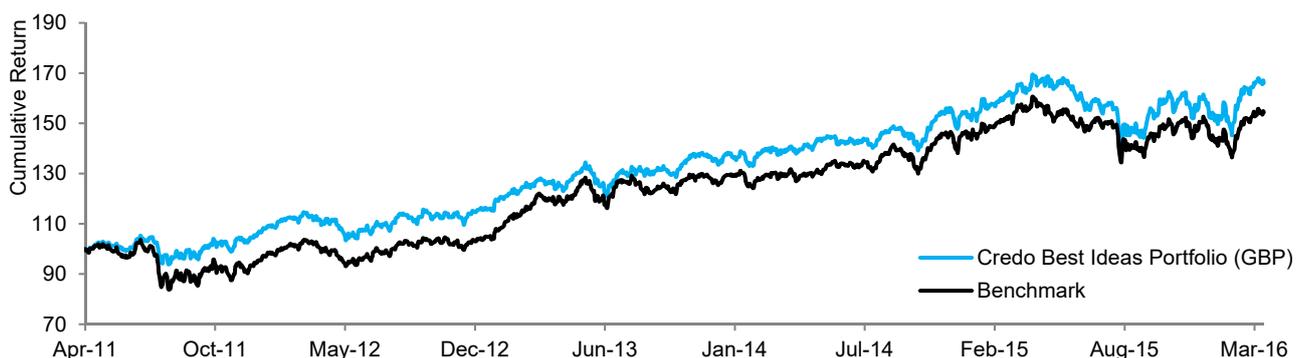
### Key Contributors to Return

HCA rallied over the month as markets responded positively to Obama's 2017 budget proposals. The measures include giving states that haven't yet expanded Medicaid under the Affordable Care Act three full years of 100% federal reimbursement. The company's revenues may improve were such an incentive approved. The stock returned 12.8%. Samsung rose 11.4% over March as reports surfaced that the company likely shipped 9.5 million S7 phones in the first quarter, surpassing initial estimates of 7 million units. Furthermore, Samsung's affordable "Gear VR" virtual-reality headset – the first foray by a smartphone producer – met with favourable reviews.

### Key Detractors from Return

Express Scripts struggled over the month following allegations from a client – Anthem – that it overcharged them by \$3 billion annually through not sharing the savings from rebates. The spat comes at an inopportune time as the two companies are in the midst of negotiations regarding contract renewal. The stock fell -2.4%. Monsanto fell -2.5% over the month as it became embroiled in a bitter row with the Indian government. Following a 70% cut in the royalties paid to Monsanto's local joint venture, the company threatened to quit India. The move has cut royalties to just 6% of the seed price, down from 20%.

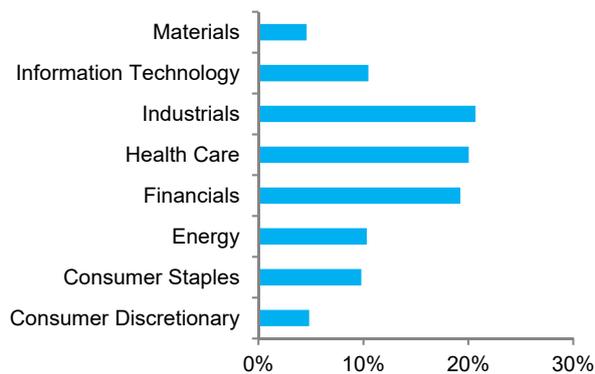
## Performance Since Inception (14/04/2011)<sup>2</sup>



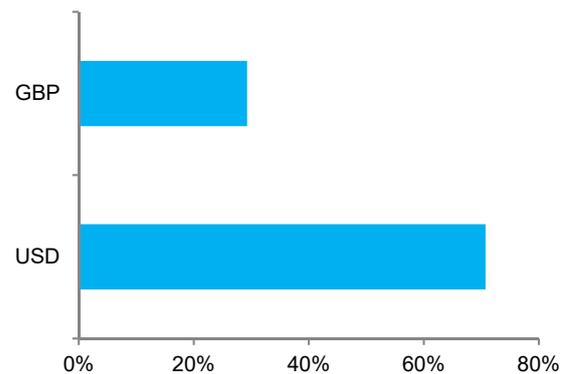
Sample Portfolio Statistics<sup>2</sup>

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
BP	350p	23.2x	28.3x	8.9%
Union Pacific	\$79.6	14.7x	14.9x	2.8%
Microsoft	\$55.2	22.8x	20.0x	2.6%
<b>Total Portfolio Average</b>		<b>15.1x</b>	<b>15.4x</b>	<b>2.9%</b>
<b>MSCI World</b>		<b>19.7x</b>	<b>16.7x</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 gross dividends, reinvested. Following additions or removals, each holding is rebalanced to a 5% weighting.

(2) Source: Bloomberg pricing as of 31/03/2016 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>	47.1%	36.6%	10.5%
<b>3 Year</b>	24.4%	21.9%	2.6%
<b>1 Year</b>	-0.6%	-3.5%	2.9%

Short Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
<b>YTD</b>	1.7%	-0.3%	2.1%
<b>3 Months</b>	1.7%	-0.3%	2.1%
<b>1 Month</b>	6.3%	6.8%	-0.5%

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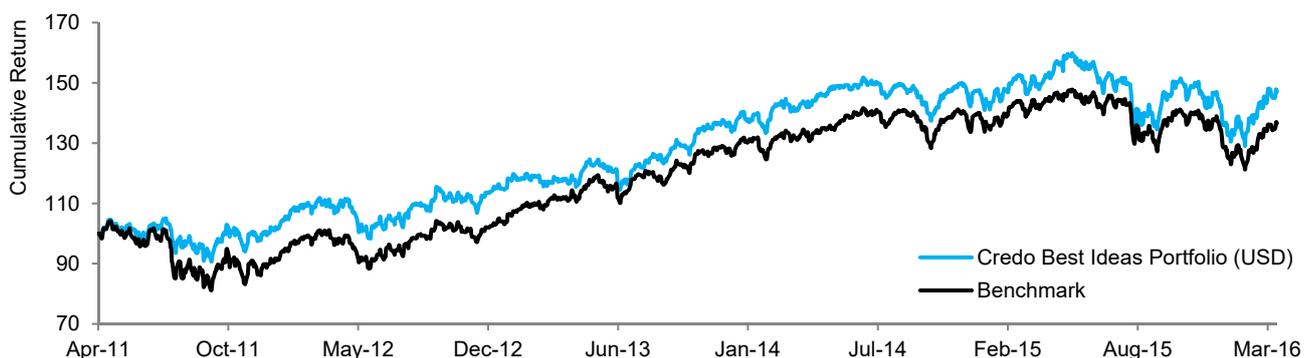
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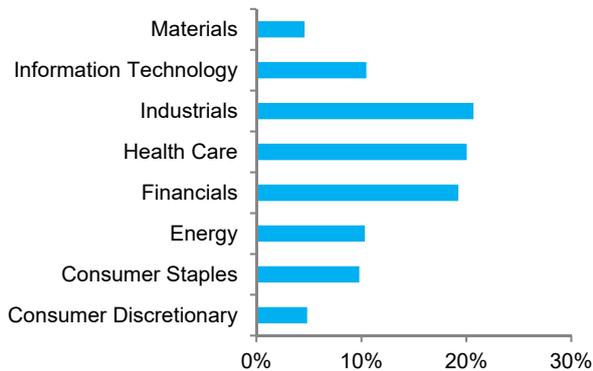
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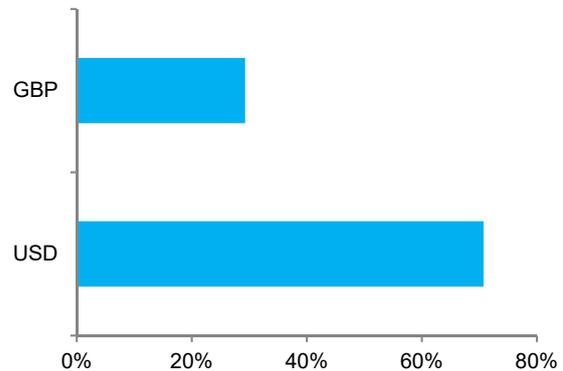
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