

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)^{1,2}

Return (%)	Annualised						
	S. Inception	5 Years	3 Years	1 Year	3 Month	1 Month	YTD
Best Ideas Portfolio	11.3	10.8	13.2	1.2	-7.7	-6.6	1.2
MSCI World	10.1	10.2	11.6	-3.1	-11.4	-7.5	-3.1
Relative	1.2	0.6	1.6	4.3	3.7	0.9	4.3

Risk (%)	Largest Drawdown	Volatility (Annualised)
Best Ideas Portfolio	17.3	12.2
MSCI World	19.0	12.9

Market Commentary

December failed to provide the Christmas rally many investors were hoping for as major global equity markets made significant losses over the month. As has been the case for much of the preceding year, the usual themes of trade wars and the US Federal Reserve Bank increasing interest rates played a significant role in the continued sell-off. The S&P 500, FTSE 100 and Nikkei 225 ended the month down 9.0%, 3.5% and 10.3% respectively. In the UK, progress with regards to Brexit was minimal with political tussles at the forefront as the government was found in contempt of Parliament, and Theresa May survived a vote of no confidence. Pound sterling reflected the Brexit stalemate as it dropped 1.2% against the euro. Oil prices continued to decline, with Brent Crude oil down 9.5% over the month as increasing supply and a weaker global outlook continued to weigh on the market. In fixed income, yields on US and UK 10-year bonds decreased 30 and 9 basis points respectively as investors migrated towards safe haven assets.

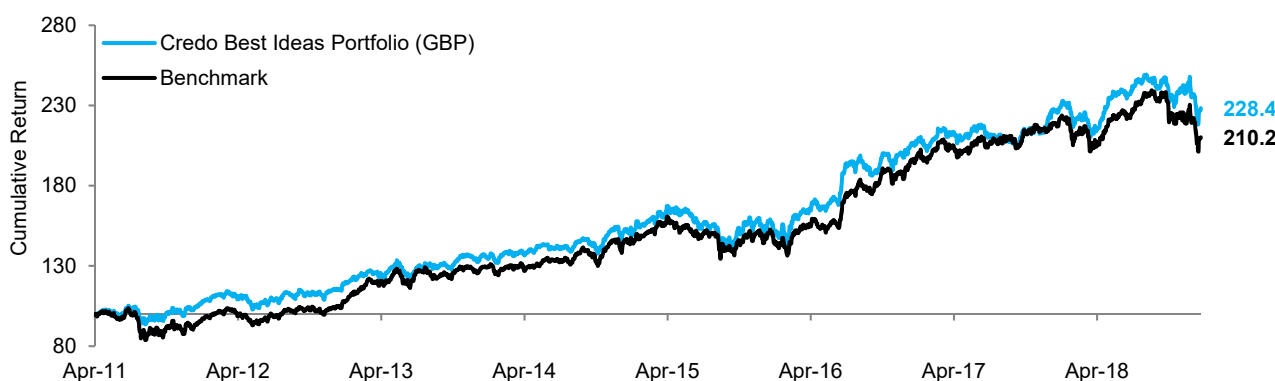
Key Contributors to Return

Frontdoor's shares increased by 14.3% from previously oversold levels after the company's spin-off from ServiceMaster Global Holdings and subsequent profit warning. AIA Group's shares increased by 1.8%, with the market rotation into more defensive companies.

Key Detractors from Return

Ardale Global Education's shares declined by 18.1%, reversing some of the outperformance in recent months, alongside the general market sell-off. Wells Fargo's shares declined by 15.1%, with the flattening of the yield curve due to more negative long-term sentiment, not offset by rising short-term rates.

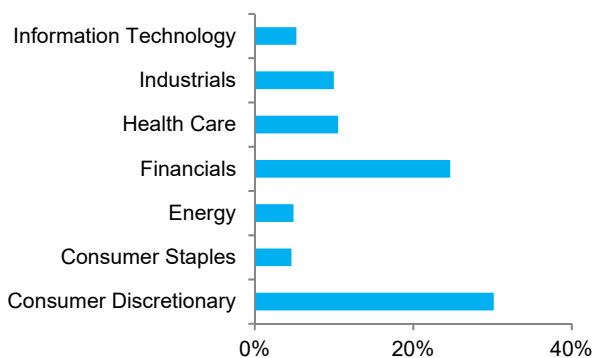
Performance Since Inception (14/04/2011)²



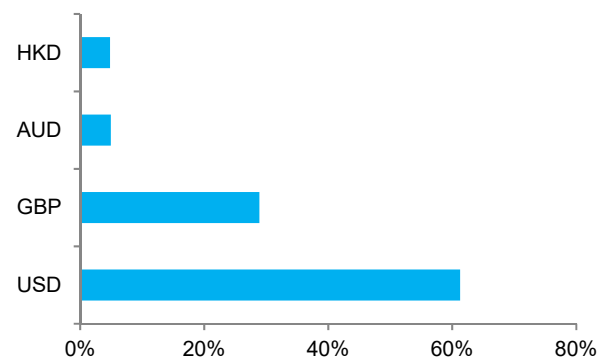
Sample Portfolio Statistics²

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
Adtalem Global Education Inc	\$47.3	16.7x	15.4x	0.0%
BP plc	496p	8.0x	10.6x	6.5%
Las Vegas Sands Corp	\$52.1	14.9x	15.2x	5.8%
Total Portfolio Average		15.5x	13.2x	2.8%
MSCI World		15.6x	13.4x	2.8%

Sector Allocation



Currency Allocation



Investment Philosophy

Credo's investment philosophy is based on the following tenets:

- We believe wealth is created and preserved by following a patient and disciplined investment strategy that is focused on the long-term.
- We follow a value-based approach to investing.
- We strive to identify matters of strategic importance and focus on methodologies that have proven to be robust through a variety of market cycles, rather than fixating on short-term news-flow and forecasts.
- We aim to minimise turnover in our portfolios and apply our minds when considering transaction size in an attempt to limit transaction costs.
- We view risk as permanent losses of capital and not in terms of short-term volatility.

Important Notice

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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, rebalancing all holdings to a 5% weighting in the process. Portfolio may not be fully invested at a point in time and therefore can hold a portion of assets in cash, which is assumed to be held in the relevant reporting currency of the portfolio. Portfolio and Benchmark performance is calculated before any fees and includes reinvested dividends net of withholding tax.

(2) Source: Bloomberg pricing as of 31/12/2018 close. All portfolio performance is calculated using Bloomberg PORT, rounded to 1 decimal place.

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Portfolio Performance (USD)^{1,2}

Return (%)	Annualised						
	S. Inception	5 Years	3 Years	1 Year	3 Month	1 Month	YTD
Best Ideas Portfolio	8.2	5.5	8.4	-3.7	-9.6	-6.6	-3.7
MSCI World	6.7	4.6	6.3	-8.7	-13.4	-7.6	-8.7
Relative	1.5	0.9	2.1	5.0	3.8	1.0	5.0

Risk (%)	Largest Drawdown	Volatility (Annualised)
Best Ideas Portfolio	19.3	12.7
MSCI World	22.0	13.0

Market Commentary

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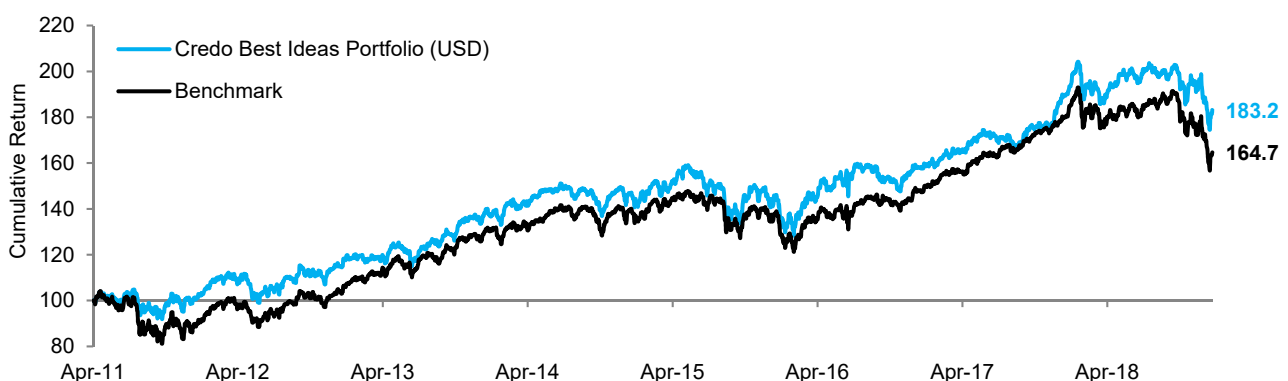
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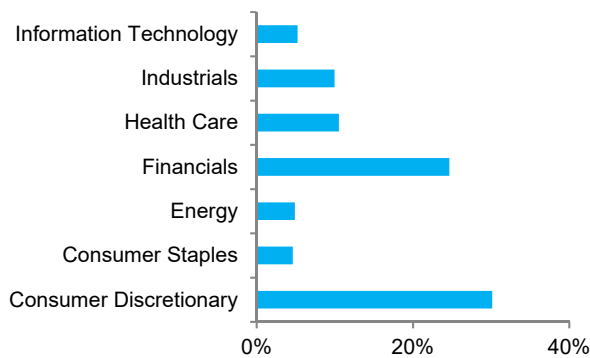
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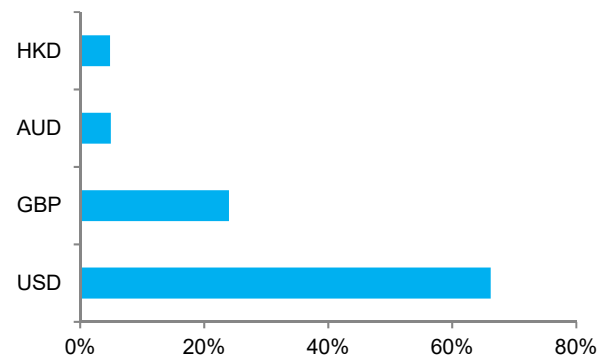
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