

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 | 11.9 | 11.8 | 13.6 | 5.4 | 3.1 | -3.3 | 9.5 |
| MSCI World | 10.9 | 11.8 | 14.2 | 5.0 | 3.8 | -2.7 | 10.8 |
| Relative | 1.0 | 0.0 | -0.6 | 0.4 | -0.7 | -0.6 | -1.3 |

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

Market Commentary

Global equity markets performed poorly in May, with all major indices down over the month. The S&P 500, FTSE 100, the Euro STOXX 50 and Nikkei 225 had negative returns of 6.4%, 2.9%, 5.1% and 7.4% respectively. May saw the trade war between the US and China intensify as the US increased tariffs on a further \$200 billion of Chinese imports. President Trump also threatened to impose 5% tariffs on Mexican imports until Mexico contributes more to solving the migrant issue. Theresa May announced she is to step down as Prime Minister on 7th June after failing to get support for her Brexit. Pound sterling was down 3.2% against the US dollar and 2.8% against the euro. The yield on US, UK and German 10-year bonds decreased by 38, 30 and 22 basis points respectively, as investors moved into safer assets.

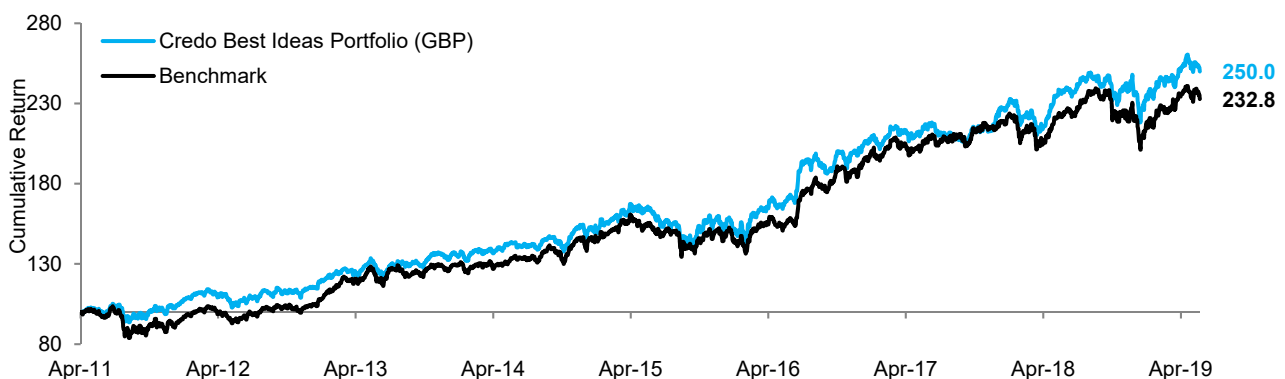
Key Contributors to Return

Frontdoor's shares increased 14.1% as the company reported better than expected results for the first quarter and increased its revenue growth outlook for the year. Merlin Entertainments' shares increased 3.5% after a public letter was published by activist shareholder, ValueAct, suggesting the company should be taken private.

Key Detractors from Return

Imperial Brands' shares declined by 20.2% after the company reported falling e-cigarette volumes in the US during the first half of the year, indicating high levels of unsold inventory. Las Vegas Sands' shares declined 18.0% alongside a general sell-off in the Macau gaming sector as a result of renewed US-China trade war fears.

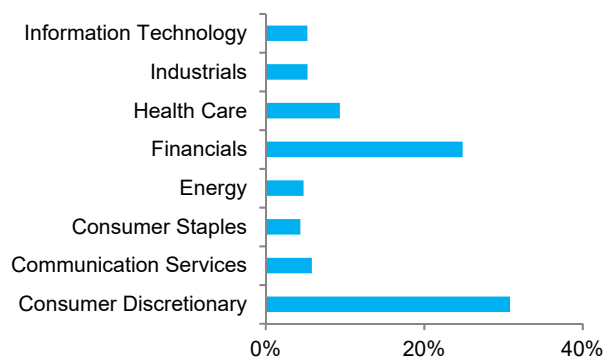
Performance Since Inception (14/04/2011)²



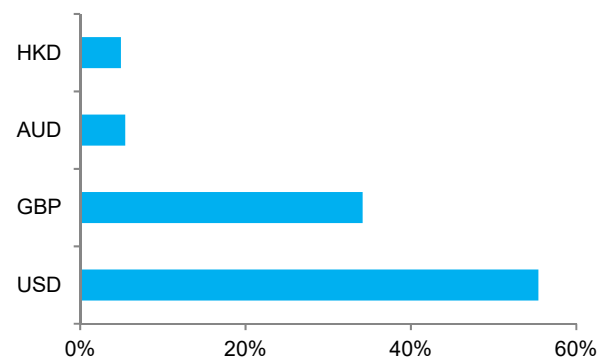
Sample Portfolio Statistics²

| | Current Price | Trailing 12 Month P/E | 12 Month Forward P/E | Dividend Yield |
|--------------------------------|---------------|-----------------------|----------------------|----------------|
| Adtalem Global Education Inc | \$44 | 16.0x | 14.3x | 0.0% |
| BP plc | 540p | 10.1x | 11.6x | 5.8% |
| Imperial Brands plc | 1915p | 9.8x | 6.7x | 10.1% |
| Total Portfolio Average | | 15.9x | 13.6x | 2.4% |
| MSCI World | | 17.1x | 14.7x | 2.7% |

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 31/05/2019 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 | 8.8 | 6.1 | 9.0 | 0.7 | -1.5 | -6.1 | 8.7 |
| MSCI World | 7.5 | 5.6 | 9.0 | -0.3 | -1.1 | -5.8 | 9.7 |
| Relative | 1.3 | 0.5 | 0.0 | 1.0 | -0.4 | -0.3 | -1.0 |

| Risk (%) | Largest Drawdown | Volatility (Annualised) |
|-----------------------------|------------------|-------------------------|
| Best Ideas Portfolio | 19.3 | 12.6 |
| MSCI World | 22.0 | 12.9 |

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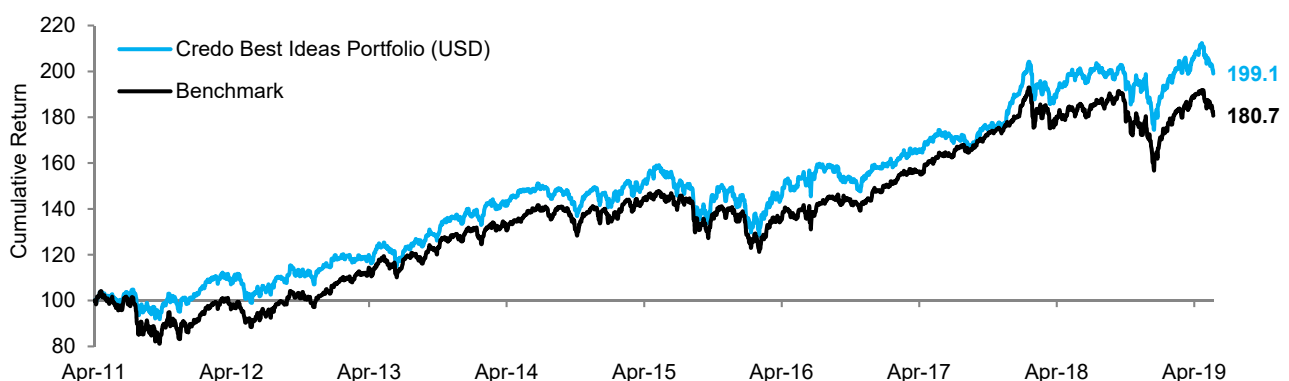
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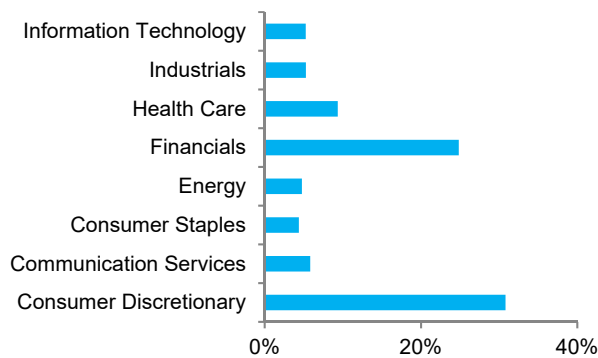
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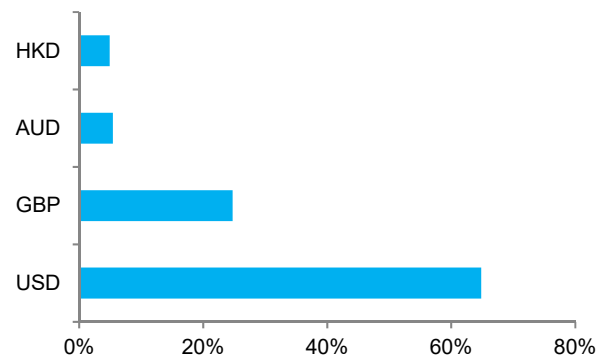
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