

## 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>1,2</sup>

| Return (%)                  | Annualised   |         |         |        |         |         |      |
|-----------------------------|--------------|---------|---------|--------|---------|---------|------|
|                             | S. Inception | 5 Years | 3 Years | 1 Year | 3 Month | 1 Month | YTD  |
| <b>Best Ideas Portfolio</b> | 11.5         | 13.0    | 9.6     | 12.8   | 7.7     | 4.9     | 1.9  |
| <b>MSCI World</b>           | 11.3         | 14.1    | 10.3    | 18.4   | 1.4     | 0.8     | -0.6 |
| <b>Relative</b>             | 0.2          | -1.1    | -0.7    | -5.6   | 6.3     | 4.1     | 2.5  |

| Risk (%)                    | Largest Drawdown | Volatility (Annualised) |
|-----------------------------|------------------|-------------------------|
| <b>Best Ideas Portfolio</b> | 30.4             | 14.8                    |
| <b>MSCI World</b>           | 26.2             | 15.1                    |

## Market Commentary

February was largely a positive month for global equity markets with the S&P 500, Euro STOXX 50 and the FTSE 100 up 2.8%, 4.6% and 1.6% respectively. Markets responded well to the continued decrease in new coronavirus cases and the progress made by the UK and US with their vaccine programmes. In the US, the House of Representatives approved a \$1.9 trillion "Rescue Plan", the first of at least two spending bills by the Biden administration, and is expected to be passed by Congress in March. Brent Crude oil was up 17.5% as the continued vaccine roll-out supported the outlook for a strong recovery in global growth. In the UK, Prime Minister Boris Johnson announced his roadmap for the gradual re-opening of the economy, starting with schools on 8 March. In the fixed income market, the yields on UK, US and German 10-year bonds increased by 49, 34 and 26 basis points respectively. The pound was up 1.6% against the US dollar and 2.2% against the euro.

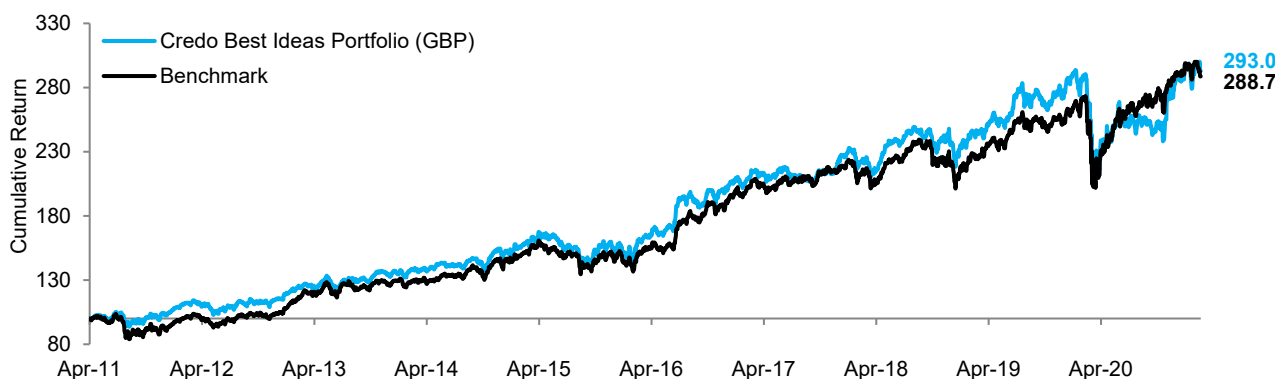
### Key Contributors to Return

Wells Fargo's shares increased by 21.4% after the US Federal Reserve reportedly accepted the company's plan to overhaul its risk management, a critical step towards lifting of the asset cap. Prudential's shares increased by 20.1%, regaining some of last month's losses, when there was a negative overreaction to the announcement of the demerger of Jackson and an equity raise.

### Key Detractors from Return

Alibaba's shares declined by 6.3% as the company continues to be a target of an anti-trust investigation. Imperial Brands' shares declined by 6.3%, along with other high dividend yield stocks, as rising bond yields prompted a rotation.

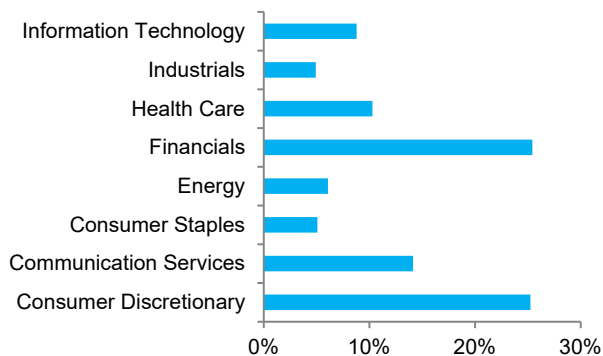
## Performance Since Inception (14/04/2011)<sup>2</sup>



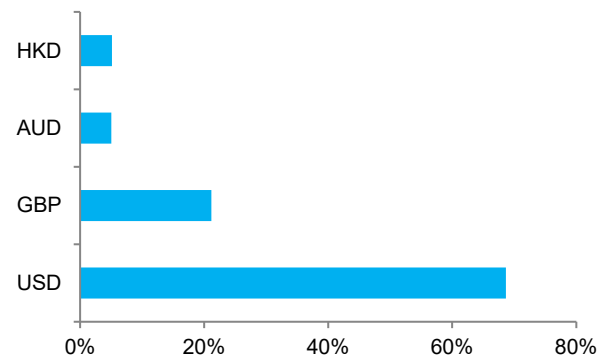
## Sample Portfolio Statistics<sup>2</sup>

|                                | Current Price | Trailing 12 Month P/E | 12 Month Forward P/E | Dividend Yield |
|--------------------------------|---------------|-----------------------|----------------------|----------------|
| Adtalem Global Education Inc   | \$39.3        | 14.3x                 | 13.0x                | 0.0%           |
| BP plc                         | 292p          | n/a                   | 11.5x                | 5.2%           |
| Frontdoor Inc                  | \$52.4        | 37.6x                 | 31.5x                | 0.0%           |
| <b>Total Portfolio Average</b> |               | <b>22.7x</b>          | <b>16.6x</b>         | <b>1.6%</b>    |
| <b>MSCI World</b>              |               | <b>33.2x</b>          | <b>19.8x</b>         | <b>1.8%</b>    |

## Sector Allocation



## Currency Allocation



## Investment Philosophy

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

- We believe that wealth is best created and preserved through patient and disciplined investing, with a focus on the long term
- We follow a value-based approach to investing
- We seek to invest in high quality companies that are attractively priced relative to their future business prospects
- We believe that the market's short-term focus creates opportunities for those willing to concentrate on underlying business performance
- We view risk as permanent losses of capital and not in terms of short-term volatility

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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 28/02/2021 close. All portfolio performance is calculated using Bloomberg PORT, rounded to 1 decimal place.

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## Portfolio Performance (USD)<sup>1,2</sup>

| Return (%)                  | Annualised   |         |         |  | 1 Year | 3 Month | 1 Month | YTD |
|-----------------------------|--------------|---------|---------|--|--------|---------|---------|-----|
|                             | S. Inception | 5 Years | 3 Years |  |        |         |         |     |
| <b>Best Ideas Portfolio</b> | 10.1         | 13.4    | 10.4    |  | 23.0   | 12.5    | 6.7     | 4.1 |
| <b>MSCI World</b>           | 9.6          | 14.1    | 10.8    |  | 29.3   | 5.8     | 2.6     | 1.5 |
| <b>Relative</b>             | 0.5          | -0.7    | -0.4    |  | -6.3   | 6.7     | 4.1     | 2.6 |

| Risk (%)                    | Largest Drawdown | Volatility (Annualised) |
|-----------------------------|------------------|-------------------------|
| <b>Best Ideas Portfolio</b> | 37.1             | 15.4                    |
| <b>MSCI World</b>           | 34.0             | 15.2                    |

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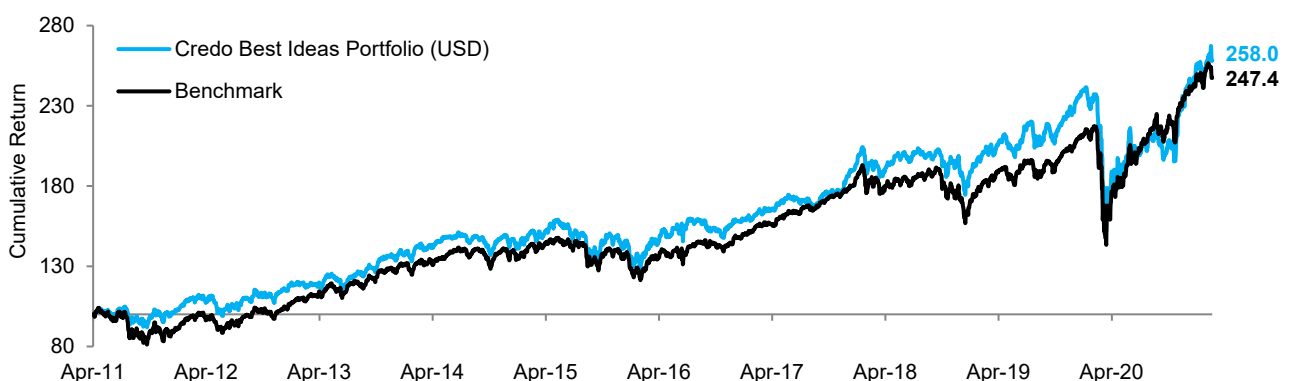
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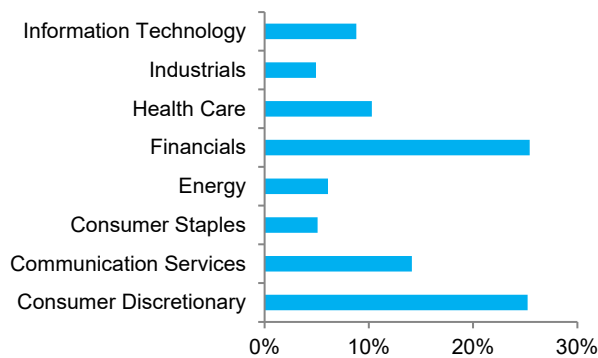
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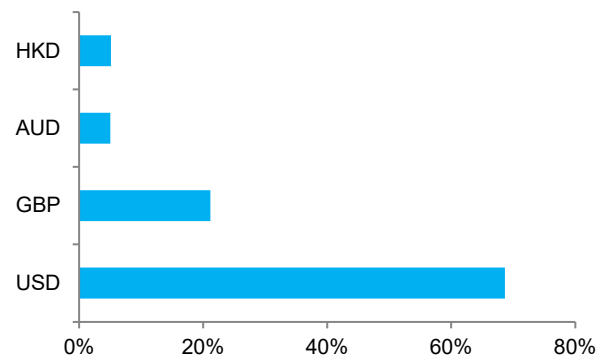
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Sector Allocation



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