Best Ideas Portfolio (GBP)
May 2022

CREDO

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]

	Annualised						
Return (%)	S. Inception	5 Years	3 Years	1 Year	3 Month	1 Month	YTD
Best Ideas Portfolio	11.0	8.5	8.8	1.2	1.1	2.4	-0.1
MSCI World	11.4	10.2	12.7	7.1	0.0	-0.3	-6.7
Relative	-0.4	-1.7	-3.9	-5.9	1.1	2.7	6.6

Risk (%)	Largest Drawdown	Volatility (Annualised)
Best Ideas Portfolio	30.4	14.8
MSCI World	26.2	15.1

Market Commentary

After April's sell-off, markets were broadly flat at the end of May which provided some much-needed relief for investors. Volatility remained high with negative sentiment persisting due to the ongoing Russia-Ukraine conflict, tightening monetary policy by central banks, and coronavirus restrictions continuing in China. The S&P 500, Euro STOXX 50 and FTSE 100 all finished the month up by 0.2%, 1.3% and 1.1% respectively. In the UK, the Bank of England raised the base rate to 1.0% as an attempt to tackle spiralling inflation which has been made worse by Russia's war in Ukraine. Brent crude oil finished the month up by 8.3% as prices surged after EU leaders reached an agreement to ban 90% of Russian oil by the end of the year. The yields on both UK and German 10-year bonds increased by 20 and 18 basis points respectively, whereas the US 10-year bond decreased by 9 basis points. The pound was up by 0.2% against the US dollar and down by 1.6% against the euro.

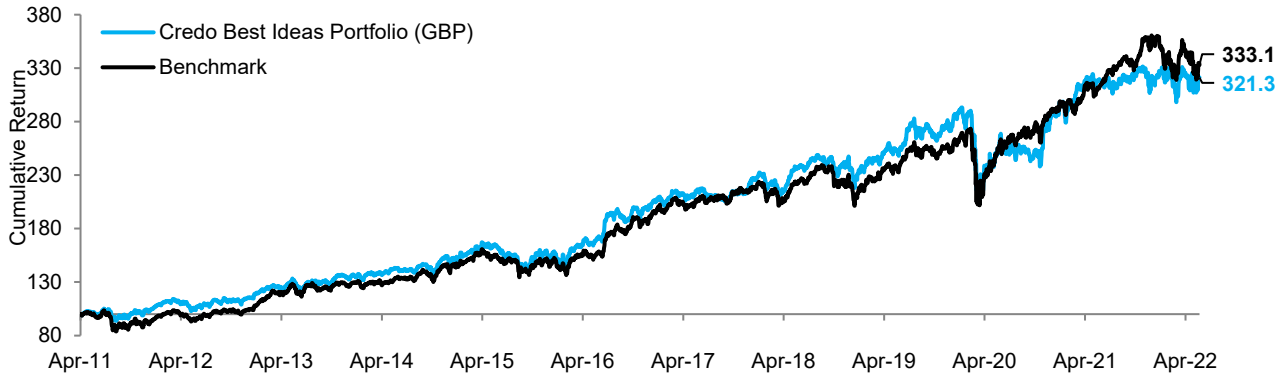
Key Contributors to Return

Flutter Entertainment's shares increased by 20.1% amid reports that the upcoming review of the UK Gambling Act might be less punitive than expected and after US peer DraftKings received several broker upgrades. BP's shares increased by 12.2% along with the price of Brent crude oil after the EU agreed a partial ban on imports from Russia just as China started easing lockdowns, and with the start of the summer-driving season in the US.

Key Detractors from Return

Frontdoor's shares declined by 19.9% after the company cut its outlook for the year, noting elevated cost inflation amid limited supply of new homes. Meta Platforms' shares declined by 3.3% after social media peer Snap Inc. issued a profit warning lowering revenue expectations in light of a deteriorating macroeconomic environment.

Performance Since Inception (14/04/2011)[2]



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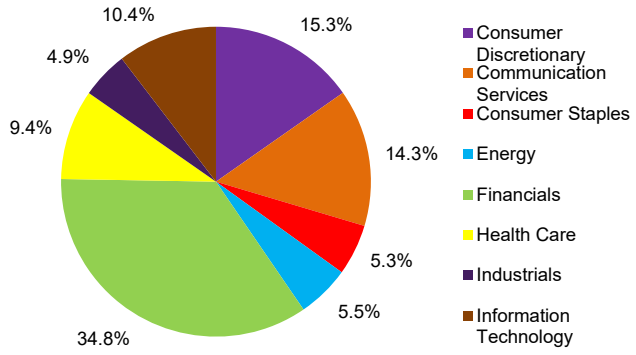
Sample Portfolio Statistics[2]

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
Alibaba Group Holding-Sp Adr	$96.1	13.2x	14.7x	0.0%
BP plc	434p	11.1x	4.8x	4.1%
HCA Healthcare Inc	$210.4	11.9x	11.6x	1.1%
Total Portfolio Average		**16.9x**	**13.5x**	**1.3%**
MSCI World		**18.4x**	**15.7x**	**2.1%**

Sector Allocation



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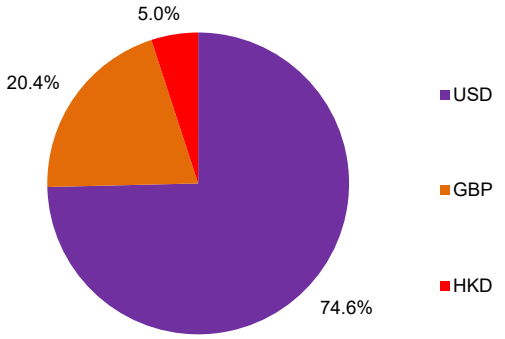

Investment Philosophy

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 31/05/2022 close. All portfolio performance is calculated using Bloomberg PORT, rounded to 1 decimal place.

Best Ideas Portfolio (USD)
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Portfolio Performance (USD)[1,2]

	Annualised						
Return (%)	S. Inception	5 Years	3 Years	1 Year	3 Month	1 Month	YTD
Best Ideas Portfolio	8.8	8.3	8.8	-10.0	-4.7	2.7	-6.7
MSCI World	8.9	9.7	12.6	-4.8	-5.7	0.1	-13.0
Relative	-0.1	-1.4	-3.8	-5.2	1.0	2.6	6.3

Risk (%)	Largest Drawdown	Volatility (Annualised)
Best Ideas Portfolio	37.1	15.3
MSCI World	34.0	15.1

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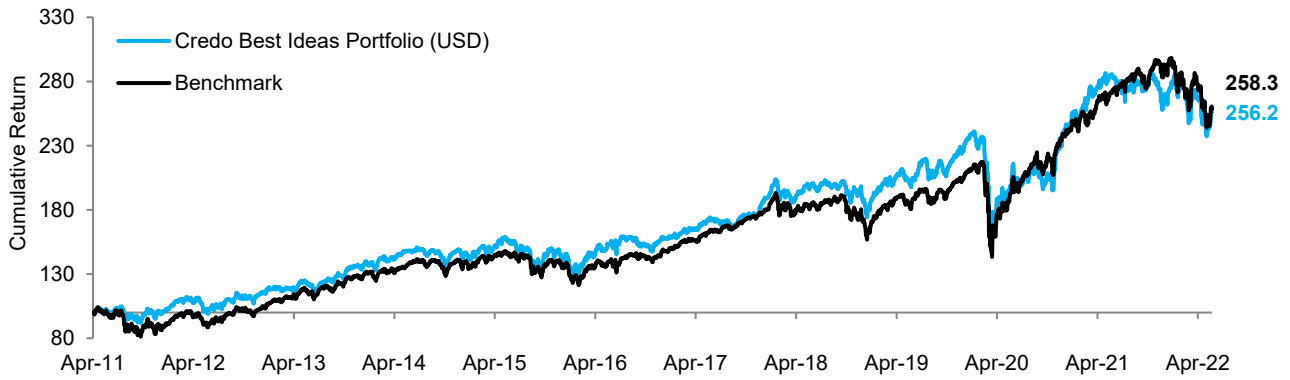

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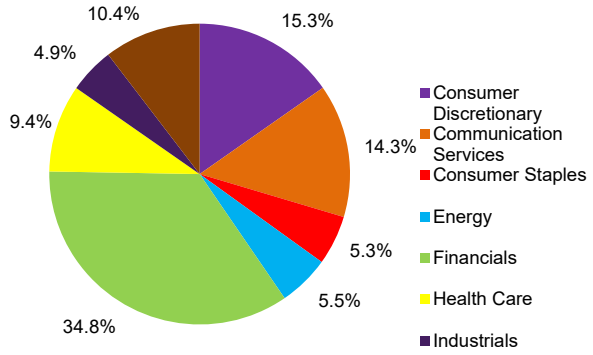

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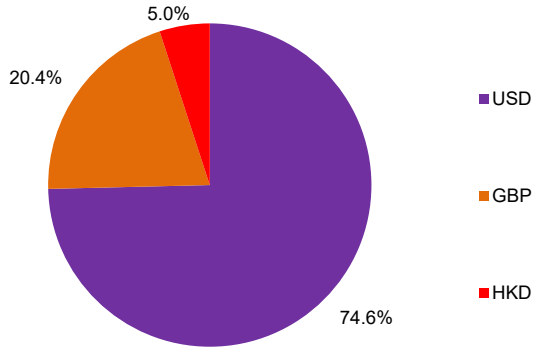

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