

Strategy & Objective

The Credo Dividend Growth Portfolio is a diversified portfolio (not a fund) of global equities that has an objective to provide investors with a sustainable and growing income stream through dividends and share buybacks. We focus on companies that pay attractive dividend yields, with an ability to sustain and grow these over the long term. The portfolio has a bias towards developed market, large capitalisation stocks.

Portfolio Performance (GBP)¹

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|-------------|-------|------|------|------|------|-------|-------|-------|-------|------|-------|-------|-------|
| 2015 | 2.7% | 3.3% | | | | | | | | | | | 6.0% |
| 2014 | -2.6% | 4.1% | 1.1% | 1.0% | 2.1% | -1.0% | -1.7% | 3.0% | -0.7% | 1.3% | 5.2% | -3.8% | 8.0% |
| 2013 | 7.5% | 3.3% | 2.9% | 2.6% | 1.9% | -1.4% | 3.7% | -3.0% | 0.4% | 5.1% | -0.4% | -0.2% | 24.2% |
| 2012 | | | | | | | | | | | | -1.2% | -1.2% |

| Cumulative Total Return | 1 Year | Since Inception |
|----------------------------------|--------|-----------------|
| Dividend Growth Portfolio | 12.9% | 40.5% |
| MSCI World | 16.9% | 44.1% |

Market Commentary

Equity markets in the US rallied over the month, as sentiment was buoyed by the minutes from the Fed's latest meeting, which indicated policymakers are concerned about the impact of raising rates too soon. Labour market conditions continued to improve, with jobless claims falling 21,000 in the week to 14th February and Wal-Mart, the largest private employer, announcing a wage increase. The manufacturing sector also saw gains, with a preliminary PMI reading of 54.3, up from 53.9 in January. Despite becoming embroiled in a resurgent Greek crisis, European equities have enjoyed an upbeat start to the year, returning 8.1% on a year-to-date basis. Across Europe, PMI readings indicated faster expansion in both the manufacturing and services sectors, while a pickup in the rate of job creation provided further support for investor sentiment. Following their latest meeting, the Bank of Japan left policy unchanged, confident that their QE programme has been exerting the intended effect. This positive sentiment was reflected in the equity market, with the majority of companies reporting better than expected profits.

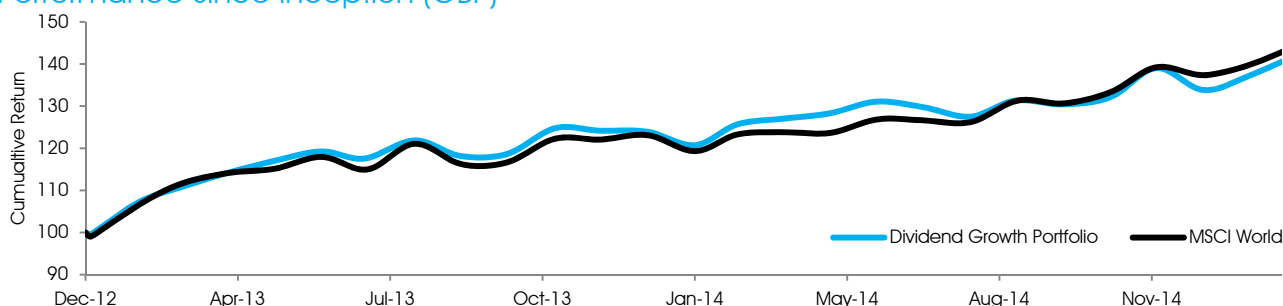
Key Contributors to Return

In spite of a continued depression in global oil prices, BP returned 7.3% over the month. Rising refinery profits have helped cushion the impact of low oil prices and BP's low debt levels, multi-decade timescales, and diversified portfolio of assets will help them weather the storm. Having inevitably fallen somewhat since June 2014, BP is currently trading on an attractive dividend of 5.8%, well above the FTSE 100's yield of 3.3%. Following the completion of their asset swap deal with Novartis, GlaxoSmithKline confirmed that £4 billion would be returned to shareholders. The move has significantly boosted the company's late-stage drug development pipeline, in areas ranging from HIV to vaccines. In addition to this, GlaxoSmithKline's aggressive cost cutting delivered £400 million of savings. The stock returned 6.8% in February.

Key Detractors from Return

Despite offering an attractive combination of defensive qualities and long term growth potential, Diageo's share price fell -0.54% over the month. Slowing emerging markets and stagnant growth elsewhere, combined with consumers' changing tastes in developed markets, has weighed on the company's performance in recent months. Following what was aptly described as a "challenging" year for HSBC that included significant misconduct fines for the mis-selling of PPI and forex rigging, 2015 has so far continued in much the same vein. Revelations about tax evasion at the company's Swiss Private Bank dragged the share price down -5.3%. While the possibility of further fines cannot be ignored, HSBC is expected to increase dividends over the next two years, with an estimated yield of 5.9% for 2015.

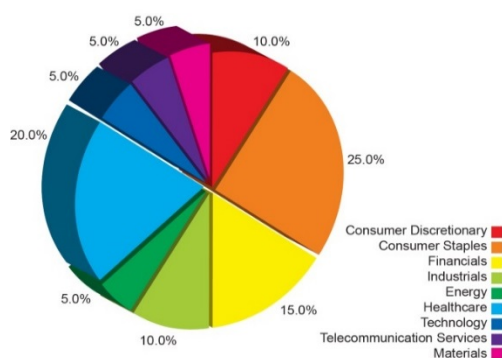
Performance Since Inception (GBP)²



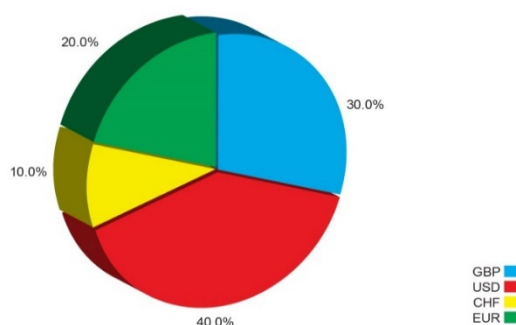
Sample Portfolio Statistics²

| | Current Price | Trailing 12 Month P/E | 12 Month Forward P/E | Dividend Yield | 2015 Consensus Price Target |
|--------------------------------|---------------|--------------------------|--------------------------|-------------------------|-----------------------------|
| BP | 448.05p | 13.9x | 19.9x | 5.8% | 450p |
| BMW | €113 | 12.7x | 12.6x | 2.3% | €106.6 |
| UPS | \$101.73 | 21.4x | 19.7x | 2.9% | \$107.78 |
| Total Portfolio Average | | 14.9x² | 14.8x² | 3.7%² | |
| MSCI World | | 17.2x² | 16.2x² | 2.6%² | |

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.

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 Dividend Growth 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 net dividends, reinvested. Following additions or removals, each holding is rebalanced to a 5% weighting.

(2) Source: Bloomberg pricing as of 27/02/2015 close.