

Strategy & Objective

The Dividend Growth 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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	2.4%	3.4%	0.8%	1.5%	1.5%								10.0%
2014	-2.5%	4.2%	1.1%	1.0%	2.1%	-1.1%	-1.7%	3.0%	-0.6%	1.3%	5.2%	-3.7%	8.1%
2013	7.5%	3.3%	2.9%	2.7%	1.8%	-1.5%	3.7%	-3.0%	0.5%	5.2%	-0.5%	-0.3%	24.1%
2012												-1.2%	-1.2%

Cumulative Total Return	1 Year	3 Year	Since Inception
Dividend Growth Portfolio	12.3%	-	45.7%
MSCI World	16.1%	-	47.3%

Market Commentary

In the UK, inflation has tipped into deflation for the first time since 1960. While this has been attributed to a fall in air fares, it has placed further pressure on the Monetary Policy Committee to delay any prospective rate hikes. By contrast, US annual core inflation came in at 1.8%. Speculation over the timing of an interest rate rise is once again fomenting, after Janet Yellen said in a speech that an appropriate normalisation in monetary policy could begin “at some point this year”. Following comments from the ECB that the pace of bond purchases would increase in the coming months, the euro fell 1.8% against the dollar. While European exporters may glean the benefits, the broader economic picture remains uncertain. Against this backdrop the Greek drama may be nearing its final act, as politicians have warned that Athens may be unable to make its next debt repayment, due on 5th June. In the face of ongoing stalemate, a *deus ex machina* remains to be seen.

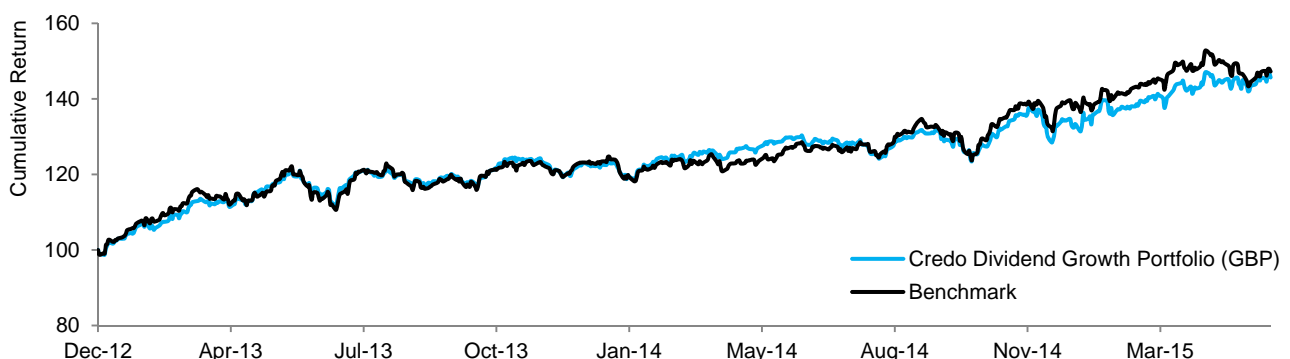
Key Contributors to Return

Syngenta, the agrochemical producer, returned 35.3% over the month following an unsolicited \$45bn takeover offer from US rival Monsanto. The board swiftly snubbed the offer, deeming that it undervalued Syngenta’s prospects. The Swiss group has added UBS to its stable of advisors as a higher offer is expected in early June. Imperial Tobacco returned 6.3% over the month as the US Federal Trade Commission (FTC) approved the tie-up of Reynolds and Lorillard. Imperial can now acquire assets sold off in the deal, including *blu*, the most popular vapour brand in the US.

Key Detractors from Return

Recent weakness in the oil price, despite its year-to-date resurgence, has weighed on oil major BP. With commodities priced in US dollars, recent dollar strength has supported this weakness, hitting demand. However, with BP’s bottom line expected to increase 83% this year, this weakness may prove temporary. The stock returned -2.6% over the month. Microsoft fell -3.0% as it continued its transformation from its legacy Windows business to a cloud-orientated behemoth. Windows has struggled against free-of-charge competitors, though this is changing with free versions of Windows 10.

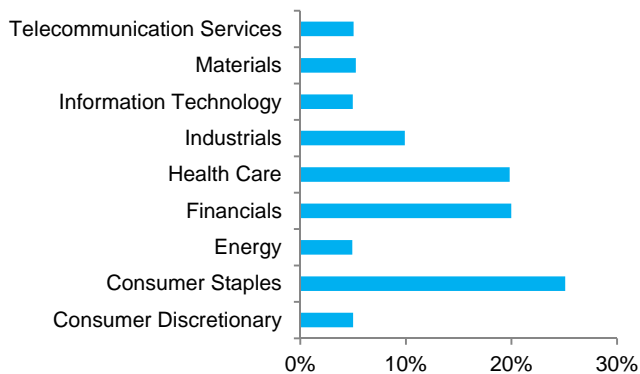
Performance Since Inception (GBP)²



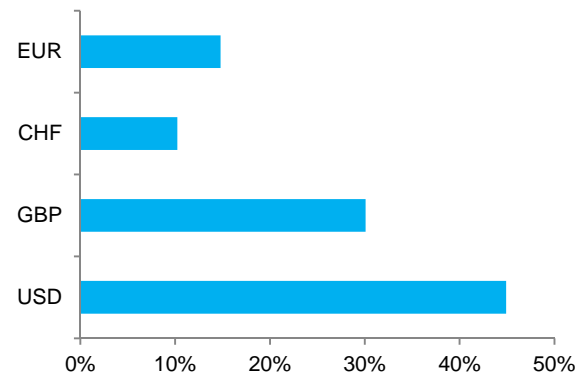
Sample Portfolio Statistics²

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield	2015 Consensus Price Target
BP	451p	14.7x	17.3x	5.8%	455p
Vinci	€54.1	15.5x	15.4x	3.3%	€58.8
Coca-Cola	\$41.0	19.7x	20.4x	3.2%	\$44.2
Total Portfolio Average		16.9x	16.8x	3.3%	
MSCI World		18.7x	17.5x	2.4%	

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 29/05/2015 close.

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Portfolio Performance (USD)¹

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2015	-1.0%	6.0%	-3.2%	5.0%	1.1%								7.9%
2014	-3.2%	6.1%	0.6%	2.3%	1.4%	1.0%	-3.0%	1.2%	-2.9%	0.0%	2.9%	-4.2%	1.7%
2013	4.9%	-1.2%	3.1%	5.0%	-0.4%	-1.4%	3.7%	-1.1%	4.9%	4.2%	1.5%	0.9%	26.4%
2012												-0.3%	-0.3%

Cumulative Total Return	1 Year	3 Year	Since Inception
Dividend Growth Portfolio	2.4%	-	38.3%
MSCI World	5.7%	-	39.9%

Market Commentary

In the UK, inflation has tipped into deflation for the first time since 1960. While this has been attributed to a fall in air fares, it has placed further pressure on the Monetary Policy Committee to delay any prospective rate hikes. By contrast, US annual core inflation came in at 1.8%. Speculation over the timing of an interest rate rise is once again fomenting, after Janet Yellen said in a speech that an appropriate normalisation in monetary policy could begin “at some point this year”. Following comments from the ECB that the pace of bond purchases would increase in the coming months, the euro fell 1.8% against the dollar. While European exporters may glean the benefits, the broader economic picture remains uncertain. Against this backdrop the Greek drama may be nearing its final act, as politicians have warned that Athens may be unable to make its next debt repayment, due on 5th June. In the face of ongoing stalemate, a *deus ex machina* remains to be seen.

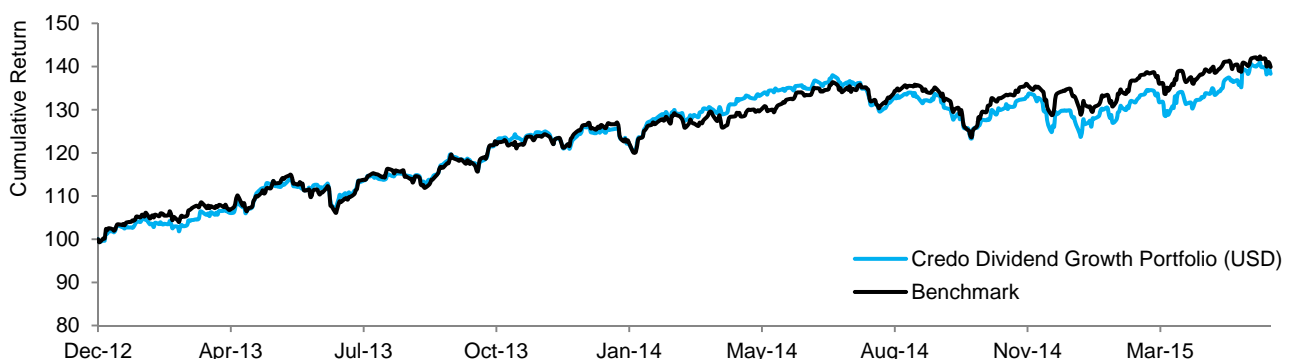
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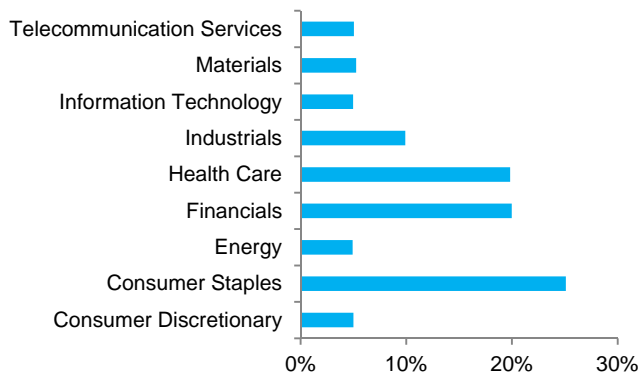
Performance Since Inception (USD)²



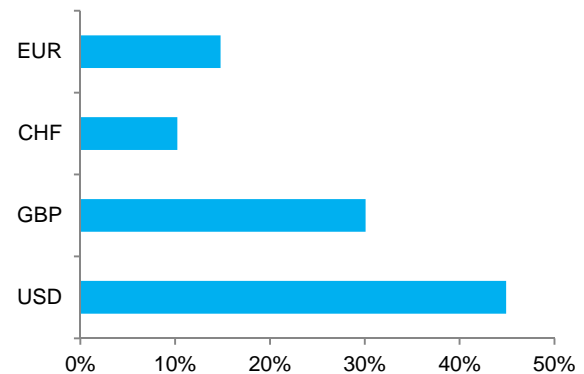
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