

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

Long Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
Since Inception	51.0%	40.2%	10.7%
3 Year	42.3%	31.6%	10.7%
1 Year	11.1%	0.2%	10.9%

Short Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
YTD	1.0%	-2.6%	3.6%
3 Months	2.6%	-0.2%	2.8%
1 Month	1.0%	-2.6%	3.6%

Market Commentary

It has been a tumultuous start to the year, with an unprecedented degree of volatility across markets. In the US alone, the S&P 500 fell -5.9% in the first five trading days; the worst first week since records began. In China, the expiry of a ban on selling by large investors contributed to plunging prices, triggering circuit breakers on two consecutive days. The Shanghai Composite ended the month down -22.6%. In Europe, extreme volatility eased as the ECB suggested additional policy support was imminent. In like fashion, the Mark Carney announced that, given the oil slump, global volatility, and slowdown in UK wage growth, the choice of monetary policy was now “straightforward”; the accommodative status quo is likely to remain. Meanwhile, the FTSE 100 fell more than 20% below its recent high – the definition of a bear market – but ended the month down only -2.5%.

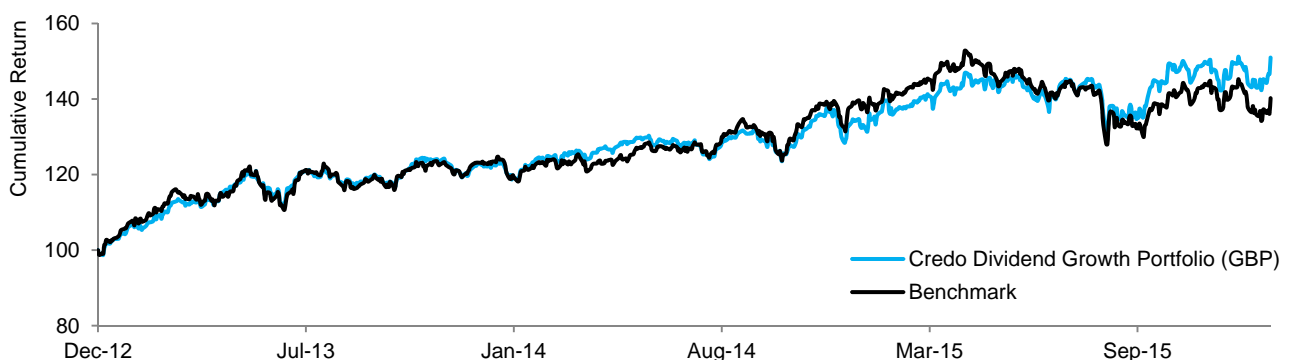
Key Contributors to Return

BP returned 6.2% over the month as it continued to show resilience in the face of persistently low oil prices. Despite Brent Crude averaging \$43.4 a barrel in Q4, the lowest quarterly average in over a decade, the company continues to offer investors a stable dividend, leaving it largely protected from the recent bout of volatility. Imperial Tobacco hit a record high in January month as investors sought refuge from volatility. The company offers reliable earnings and dividend growth, thanks in part to its relatively small emerging-markets currency exposure. The stock price was further buoyed thanks to renewed speculation over a potential takeover bid, and returned 5.6%.

Key Detractors from Return

United Technologies struggled as it announced a 4.5% fall in quarterly revenue. Margins in their Otis elevator business were the lowest since 2008, due largely to pricing pressures from China. The company expects strong US demand will drive organic growth of 1-3% in their jet engine business this year. The stock fell -8.7%. Following the announcement that Seattle had joined a growing list of cities that wish to sue Monsanto for its poor record of toxic pollution, the stock weakened. The company, however, denies responsibility for clean-up costs. Though the case is yet to go to hearing, more cities are expected to file similar claims. The stock returned -7.5%.

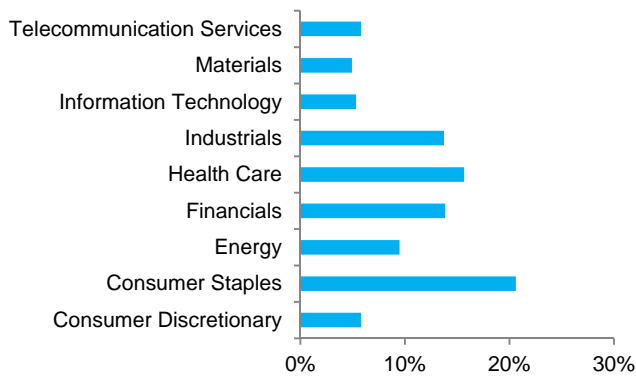
Performance Since Inception (28/12/2012)²



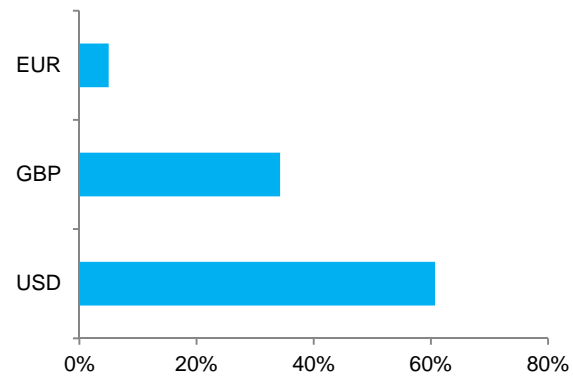
Sample Portfolio Statistics²

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
BP	376p	14.8x	15.3x	7.8%
United Technologies	\$87.7	12.2x	13.5x	2.9%
Coca-Cola	\$42.9	20.1x	21.5x	3.1%
Total Portfolio Average		16.0x	15.6x	3.8%
MSCI World		17.9x	15.5x	2.8%

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.

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

(2) Source: Bloomberg pricing as of 29/01/2016 close. All portfolio performance is calculated using Bloomberg PORT.

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Portfolio Performance (USD)¹

Long Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
Since Inception	33.6%	24.1%	9.5%
3 Year	27.5%	17.9%	9.6%
1 Year	5.2%	-5.1%	10.3%

Short Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
YTD	-2.5%	-6.0%	3.5%
3 Months	-5.5%	-8.1%	2.6%
1 Month	-2.5%	-6.0%	3.5%

Market Commentary

It has been a tumultuous start to the year, with an unprecedented degree of volatility across markets. In the US alone, the S&P 500 fell -5.9% in the first five trading days; the worst first week since records began. In China, the expiry of a ban on selling by large investors contributed to plunging prices, triggering circuit breakers on two consecutive days. The Shanghai Composite ended the month down -22.6%. In Europe, extreme volatility eased as the ECB suggested additional policy support was imminent. In like fashion, Mark Carney announced that, given the oil slump, global volatility, and slowdown in UK wage growth, the choice of monetary policy was now “straightforward”; the accommodative status quo is likely to remain. Meanwhile, the MSCI UK Index fell almost 20% below its recent high – the definition of a bear market – but ended the month down only -2.4%.

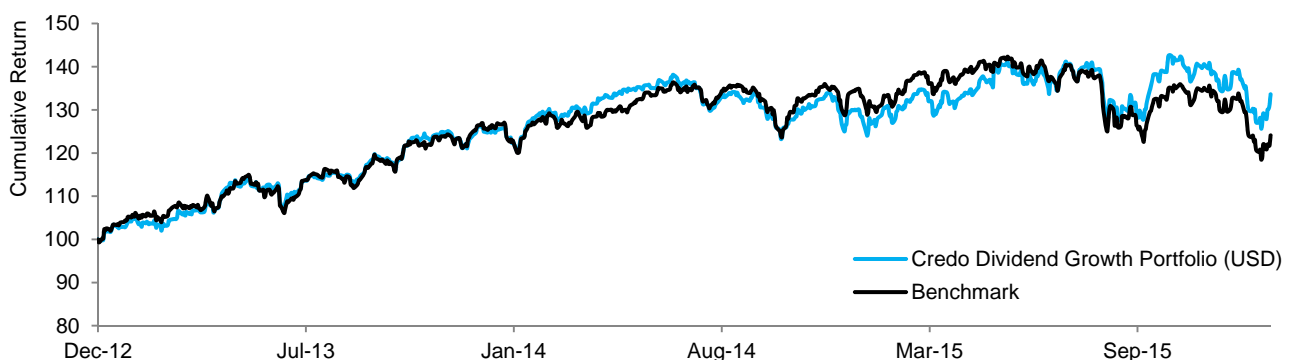
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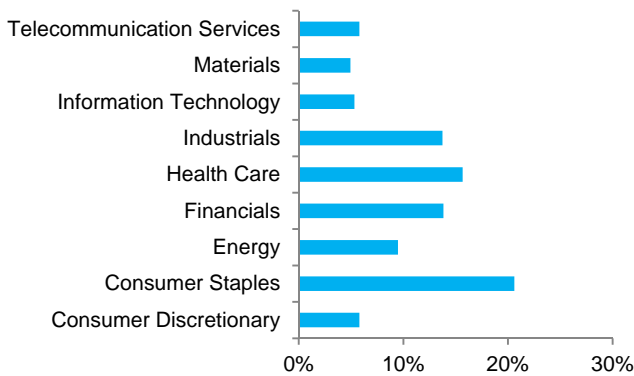
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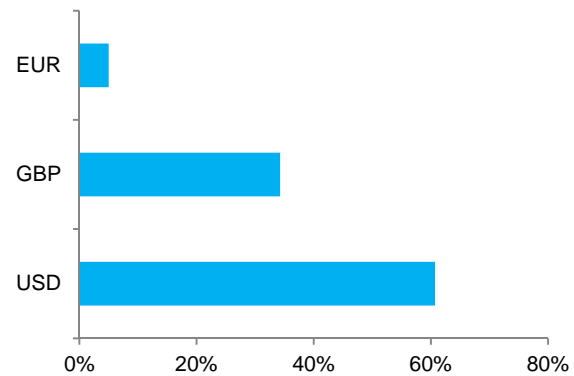
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