

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)^{1,2}

Return (%)	YTD	1 Month	3 Month	1 Year	Annualised	
					3 Years	S. Inception
Dividend Growth Portfolio	5.3	3.4	3.3	5.3	16.1	15.5
MSCI World	11.7	1.2	4.5	11.7	14.5	15.6
Relative	-6.4	2.2	-1.2	-6.4	1.6	-0.1

Risk (%)	Largest Drawdown	Volatility (Annualised)
Dividend Growth Portfolio	11.2	11.2
MSCI World	16.2	11.7

Market Commentary

2017 drew to a close with mixed returns across equity regions. December saw a 1.1% rise in the S&P 500, in a month where President Trump signed US tax reforms into law. In contrast, markets across continental Europe were down over the period, with the CAC 40 and DAX falling -0.9% and -0.8% respectively. UK equities saw the largest rise, with the FTSE 100 increasing 5.0%, despite the government losing a vote that required any Brexit deal to be approved through a full parliamentary vote. Having flirted with the 2% level earlier in the late summer, US 10 year bond yields ended the year where they began, at 2.4%. This masked a continued flattening of the US yield curve, as 2 year interest rates reached 1.9%, a significant rise from their 1.2% level in January.

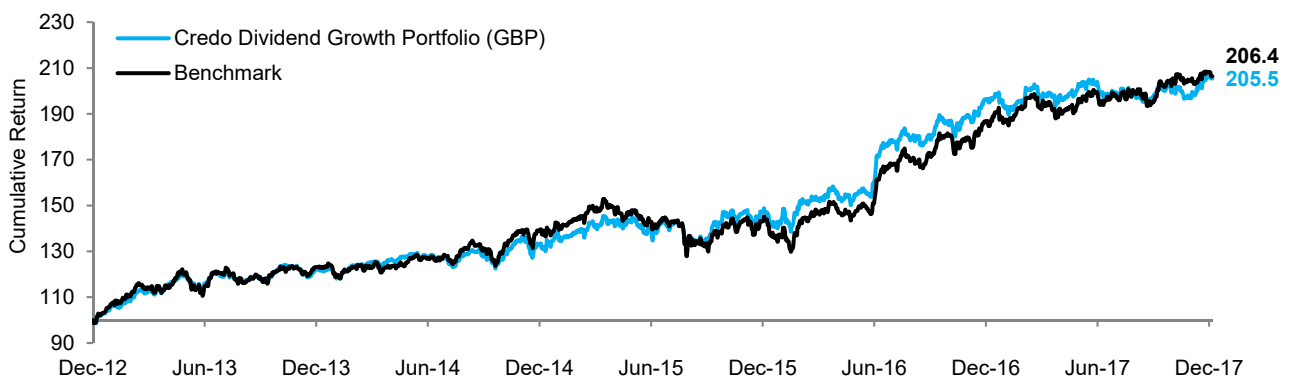
Key Contributors to Return

Whitbread's share price increased by 12.1% after activist investor Sachem Head Capital Management disclosed a stake in the business. Wells Fargo's shares increased by 7.4% as expectations are that it will significantly benefit from the tax reform recently signed into law.

Key Detractors from Return

CVS Health's shares declined by 5.4% after the announcement that CVS had agreed to buy healthcare insurer Aetna. Chubb's shares declined by 3.5% as the company is not expected to benefit from the Republican's tax reform bill to the same extent as many of its US peers.

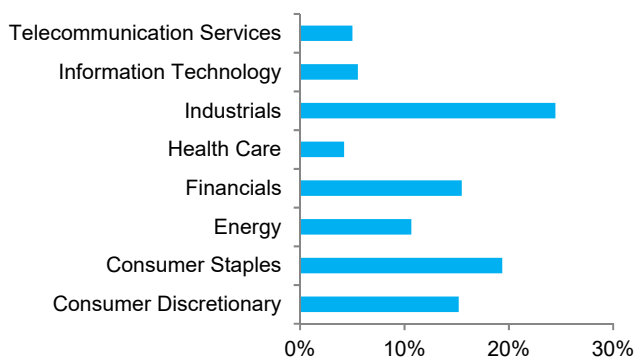
Performance Since Inception (28/12/2012)²



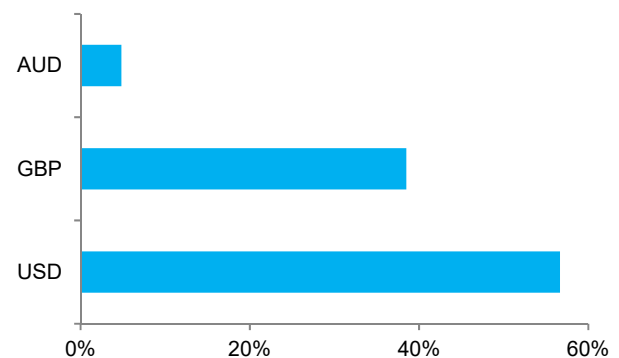
Sample Portfolio Statistics²

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
GlaxoSmithKline plc	1323p	13.5x	12.4x	6.0%
Nielsen Holdings plc	\$36.4	22.7x	15.0x	3.7%
Wells Fargo & Co	\$60.7	14.8x	13.8x	2.6%
Total Portfolio Average		18.9x	15.0x	3.5%
MSCI World		21.5x	16.9x	2.4%

Sector Allocation



Currency Allocation



Investment Philosophy

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

- We believe wealth is created and preserved by following a patient and disciplined investment strategy that is focused on the long-term.
- We follow a value-based approach to investing.
- We strive to identify matters of strategic importance and focus on methodologies that have proven to be robust through a variety of market cycles, rather than fixating on short-term news-flow and forecasts.
- We aim to minimise turnover in our portfolios and apply our minds when considering transaction size in an attempt to limit transaction costs.
- 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 Dividend Growth Portfolio. Portfolio incorporates all additions and removals, rebalancing all holding 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 31/12/2017 close. All portfolio performance is calculated using Bloomberg PORT, rounded to 1 decimal place.

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Portfolio Performance (USD)^{1,2}

Return (%)	YTD	1 Month	3 Month	1 Year	Annualised	
					3 Years	S. Inception
Dividend Growth Portfolio	15.4	3.5	4.3	15.4	11.0	11.6
MSCI World	22.4	1.4	5.5	22.4	9.3	11.6
Relative	-7.0	2.1	-1.2	-7.0	1.7	0.0

Risk (%)	Largest Drawdown	Volatility (Annualised)
Dividend Growth Portfolio	11.6	10.9
MSCI World	17.9	10.4

Market Commentary

2017 drew to a close with mixed returns across equity regions. December saw a 1.1% rise in the S&P 500, in a month where President Trump signed US tax reforms into law. In contrast, markets across continental Europe were down over the period, with the CAC 40 and DAX falling -0.9% and -0.8% respectively. UK equities saw the largest rise, with the FTSE 100 increasing 5.0%, despite the government losing a vote that required any Brexit deal to be approved through a full parliamentary vote. Having flirted with the 2% level earlier in the late summer, US 10 year bond yields ended the year where they began, at 2.4%. This masked a continued flattening of the US yield curve, as 2 year interest rates reached 1.9%, a significant rise from their 1.2% level in January.

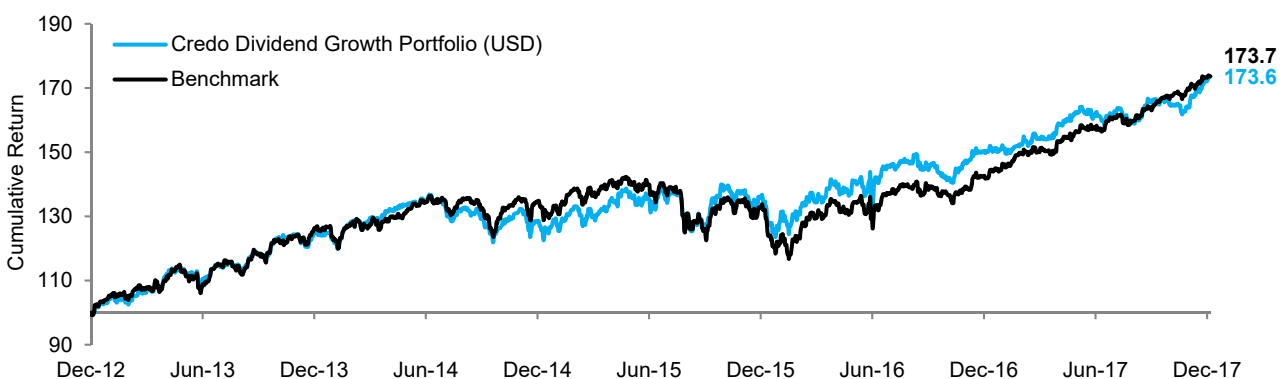
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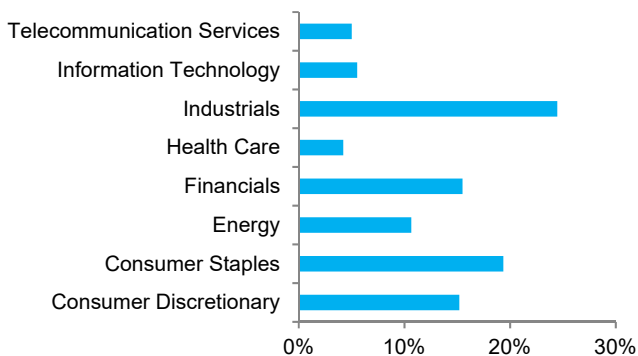
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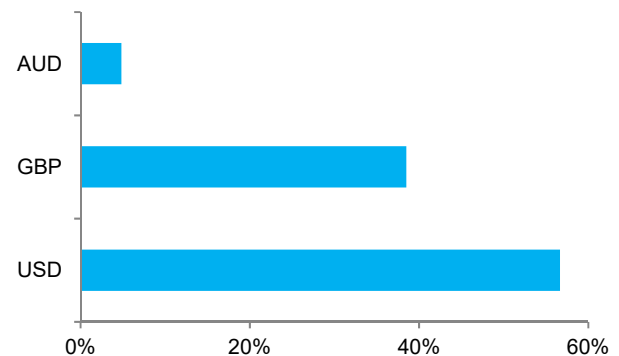
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