

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 (%)	Annualised						
	S. Inception	5 Years	3 Years	1 Year	3 Month	1 Month	YTD
Dividend Growth Portfolio	13.9	11.7	13.8	7.4	-3.9	-4.5	4.0
MSCI World	13.9	11.8	15.0	5.3	-2.9	-5.3	3.6
Relative	0.0	-0.1	-1.2	2.1	-1.0	0.8	0.4

Risk (%)	Largest Drawdown	Volatility (Annualised)
Dividend Growth Portfolio	11.2	11.4
MSCI World	16.2	12.0

Market Commentary

October was not a good month for investors as global equities took a beating amid mounting fears over a combination of factors, including rising US interest rates, Italy's fiscal struggle with the Eurozone, Saudi tensions and the continued trade war rhetoric. The S&P 500, the Euro STOXX 50 and the FTSE 100 were all down 6.8%, 5.8% and 4.8% respectively. Despite the weak equity performance, economic fundamentals and data coming out of the US remain strong. October also saw the UK Chancellor, Philip Hammond, deliver the annual Budget which had few surprises, although did declare that 10 years of austerity is coming to an end. Pound sterling was down 2.1% against the US dollar and up 0.5% against the euro. Oil prices decreased significantly over the month, with Brent crude oil down 8.6%, driven by the sale of risky assets, a deteriorating global economic outlook and increases in supply. The yield on Italian 10-year bonds increased by 28 basis points as bond markets became concerned over the local fiscal situation. UK 10-year bonds ended the period with a yield of 1.44%, while the US 10-year bonds ended on 3.14%.

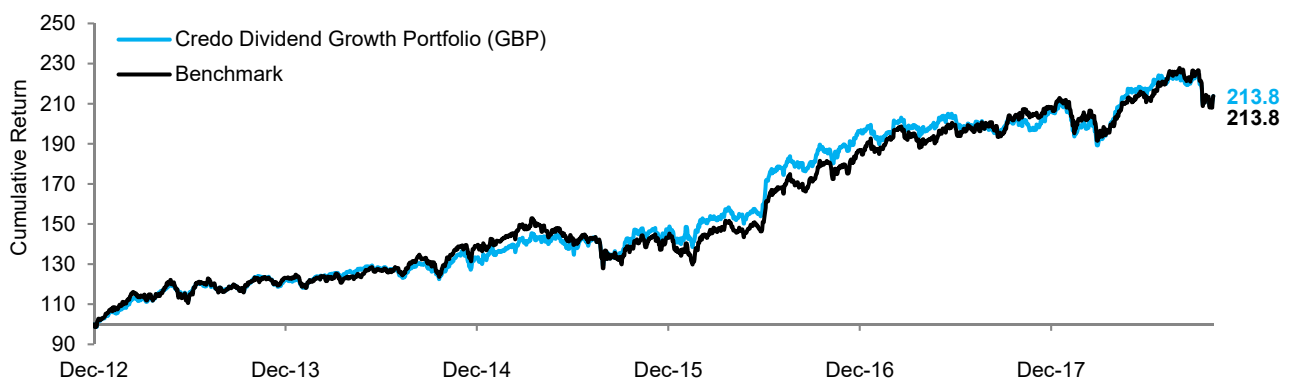
Key Contributors to Return

Verizon Communications' shares increased by 7.8%, after a combination of the company reporting better than expected numbers and investors rotating into cheaper defensive stocks. Paddy Power Betfair's shares increased by 3.5%, recovering some of the losses of last month after the Irish Government announced plans to change the gambling tax policy.

Key Detractors from Return

Merlin Entertainments' shares declined by 19.3%, after the publication of weak Legoland trading numbers and the company warned of higher than expected cost pressures. AIA Group's shares declined by 15.1%, after the US-China trade war intensified, leading to greater fears over the long-term potential impact of the trade conflict.

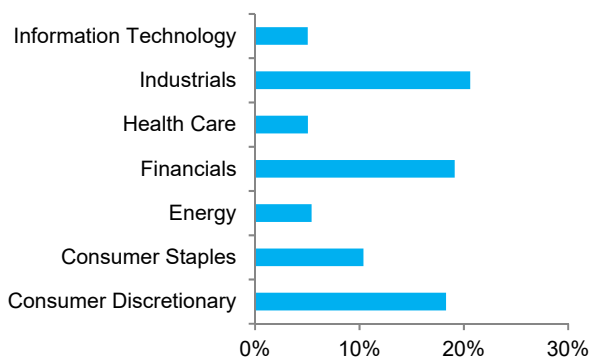
Performance Since Inception (28/12/2012)²



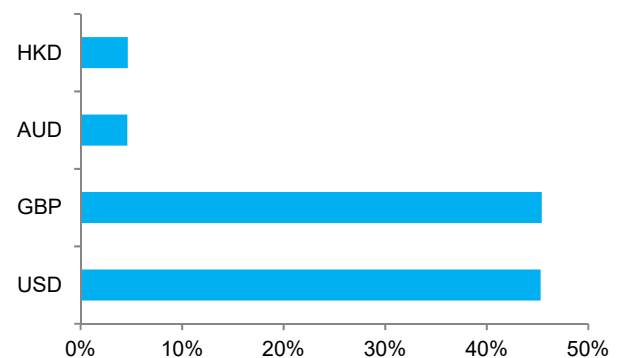
Sample Portfolio Statistics²

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
Imperial Brands plc	2653p	17.6x	9.7x	6.6%
Nielsen Holdings plc	\$26.0	15.4x	15.4x	5.4%
Wells Fargo & Co	\$53.2	13.6x	10.6x	3.2%
Total Portfolio Average		16.8x	14.0x	3.3%
MSCI World		16.7x	14.3x	2.5%

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 31/10/2018 close. All portfolio performance is calculated using Bloomberg PORT, rounded to 1 decimal place.

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Portfolio Performance (USD)^{1,2}

Return (%)	Annualised						
	S. Inception	5 Years	3 Years	1 Year	3 Month	1 Month	YTD
Dividend Growth Portfolio	9.6	6.8	7.1	3.5	-6.5	-6.4	-1.7
MSCI World	9.5	6.8	7.9	1.2	-5.7	-7.3	-2.3
Relative	0.1	0.0	-0.8	2.3	-0.8	0.9	0.6

Risk (%)	Largest Drawdown	Volatility (Annualised)
Dividend Growth Portfolio	11.6	11.0
MSCI World	17.9	10.7

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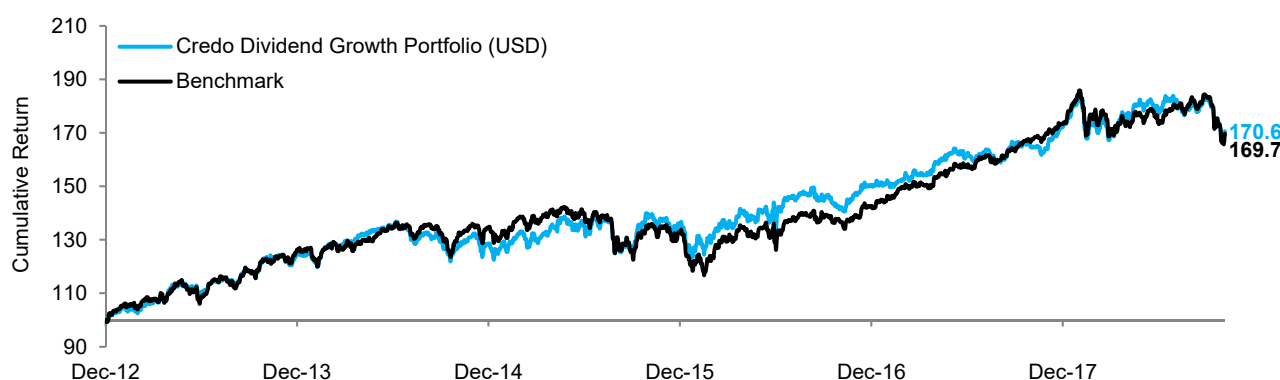
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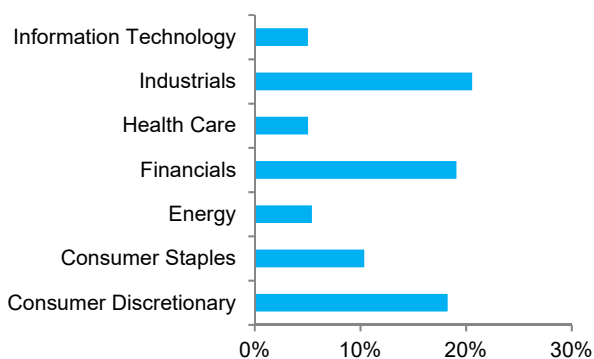
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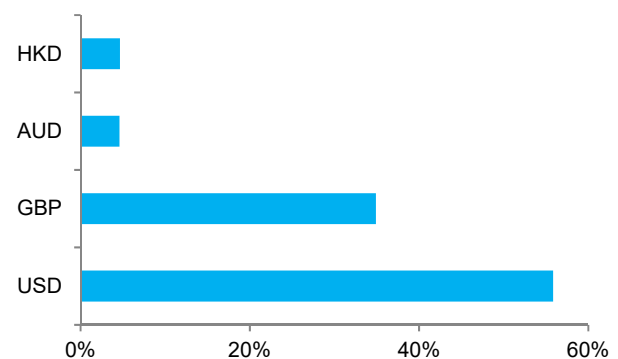
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