

## 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)<sup>1,2</sup>

| Return (%)                       | Annualised   |         |         |        |         |         |      |
|----------------------------------|--------------|---------|---------|--------|---------|---------|------|
|                                  | S. Inception | 5 Years | 3 Years | 1 Year | 3 Month | 1 Month | YTD  |
| <b>Dividend Growth Portfolio</b> | 13.4         | 10.4    | 12.5    | 37.2   | 5.9     | 4.0     | 16.2 |
| <b>MSCI World</b>                | 14.4         | 12.9    | 15.5    | 32.9   | 5.5     | 4.0     | 19.2 |
| <b>Relative</b>                  | -1.0         | -2.5    | -3.0    | 4.3    | 0.4     | 0.0     | -3.0 |

| Risk (%)                         | Largest Drawdown | Volatility (Annualised) |
|----------------------------------|------------------|-------------------------|
| <b>Dividend Growth Portfolio</b> | 26.7             | 13.6                    |
| <b>MSCI World</b>                | 26.2             | 15.1                    |

## Market Commentary

After a poor start to the month, global equity markets gained some momentum through October and finished with healthy gains. The S&P 500 reached an all-time high and was up 7.0% over the month. The Euro STOXX 50 and the FTSE 100 were up 5.2% and 2.2% respectively. Energy prices reached record highs due to supply chain constraints around the world and increased consumer demand. This added to inflationary pressures, although US Treasury Secretary, Janet Yellen, said this is still seen as a temporary result of the supply chain bottlenecks. In fixed income markets, the yields on US, UK and German 10-year bonds increased by 6, 1 and 9 basis points respectively. Brent crude oil increased by 8.0% due to rising global demand being met with tight supply as a result of the global lockdowns. The pound was up 1.5% against the US dollar and down 0.2% against the euro.

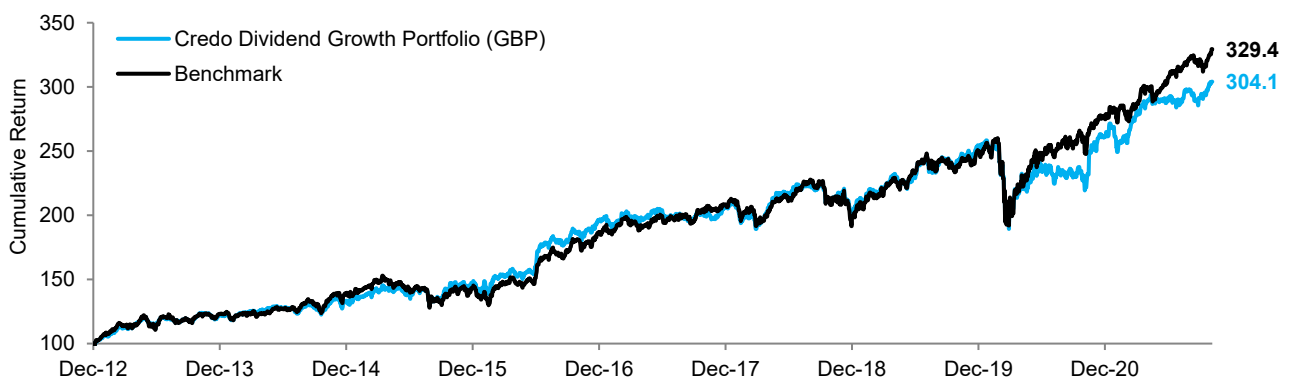
### Key Contributors to Return

Union Pacific's shares increased by 23.2% along with its peers after US rail operators reported better returns on lower volumes caused by supply-chain congestion. Microsoft's shares increased by 17.6% after the company beat consensus estimates due to pandemic-induced demand for cloud, PCs, and gaming consoles.

### Key Detractors from Return

Flutter Entertainment's shares declined by 6.0% in the run-up to reporting third quarter results as investors await clarity on the impact of the company's exit from the Netherlands due to new regulations. Otis Worldwide's shares declined by 2.4% despite positive results and improved expectations for the full year, due to continued concerns over the company's exposure to China.

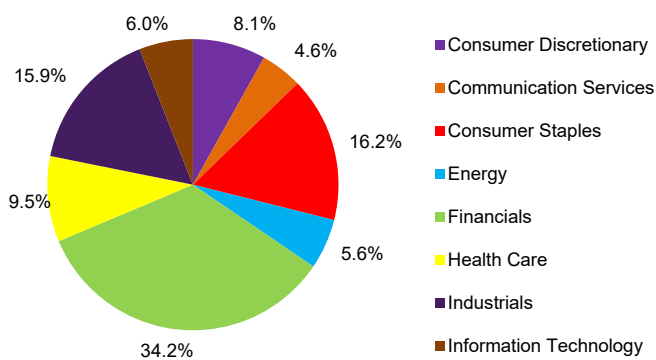
## Performance Since Inception (28/12/2012)<sup>2</sup>



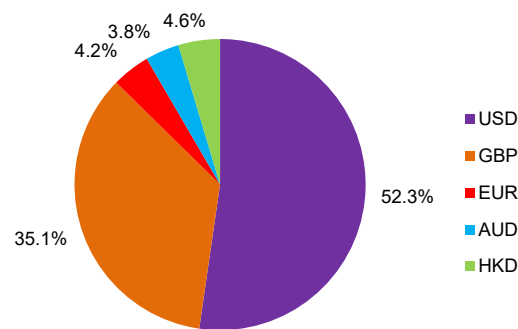
Sample Portfolio Statistics<sup>2</sup>

|                                | Current Price | Trailing 12 Month P/E | 12 Month Forward P/E | Dividend Yield |
|--------------------------------|---------------|-----------------------|----------------------|----------------|
| CME Group Inc                  | \$220.6       | 38.0x                 | 30.9x                | 1.6%           |
| Otis Worldwide Corp            | \$80.3        | 27.1x                 | 25.1x                | 1.2%           |
| Raytheon Technologies Corp     | \$88.9        | 24.4x                 | 18.3x                | 2.3%           |
| <b>Total Portfolio Average</b> |               | <b>17.3x</b>          | <b>14.7x</b>         | <b>2.6%</b>    |
| <b>MSCI World</b>              |               | <b>23.5x</b>          | <b>19.2x</b>         | <b>1.7%</b>    |

Sector Allocation



Currency Allocation



Investment Philosophy

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

- We believe that wealth is best created and preserved through patient and disciplined investing, with a focus on the long term
- We follow a value-based approach to investing
- We seek to invest in high quality companies that are attractively priced relative to their future business prospects
- We believe that the market's short-term focus creates opportunities for those willing to concentrate on underlying business performance
- 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 31/10/2021 close. All portfolio performance is calculated using Bloomberg PORT, rounded to 1 decimal place.

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## Portfolio Performance (USD)<sup>1,2</sup>

| Return (%)                       | Annualised   |         |         |        |         |         |      |
|----------------------------------|--------------|---------|---------|--------|---------|---------|------|
|                                  | S. Inception | 5 Years | 3 Years | 1 Year | 3 Month | 1 Month | YTD  |
| <b>Dividend Growth Portfolio</b> | 11.4         | 12.9    | 15.1    | 44.9   | 4.2     | 5.6     | 16.4 |
| <b>MSCI World</b>                | 12.4         | 15.5    | 18.2    | 40.4   | 3.8     | 5.7     | 19.4 |
| <b>Relative</b>                  | -1.0         | -2.6    | -3.1    | 4.5    | 0.4     | -0.1    | -3.0 |

| Risk (%)                         | Largest Drawdown | Volatility (Annualised) |
|----------------------------------|------------------|-------------------------|
| <b>Dividend Growth Portfolio</b> | 33.3             | 13.9                    |
| <b>MSCI World</b>                | 34.0             | 14.5                    |

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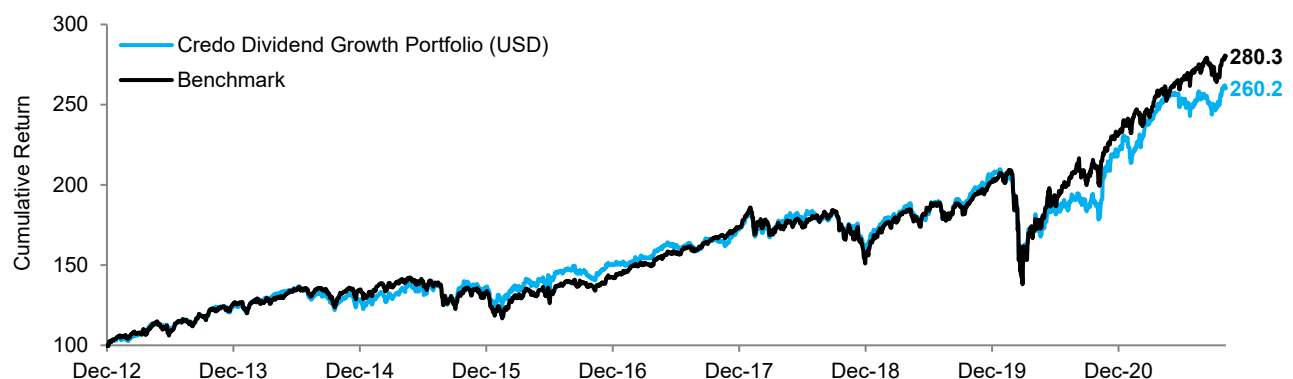
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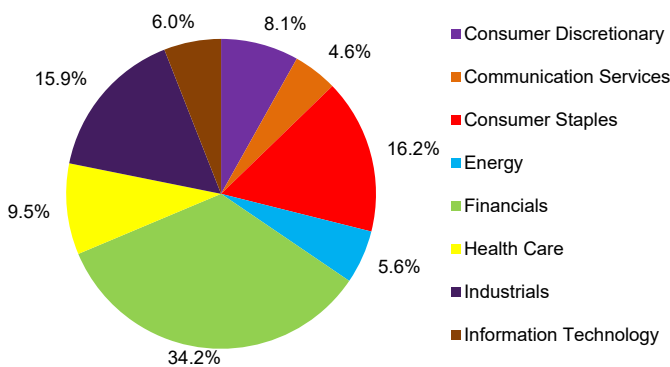
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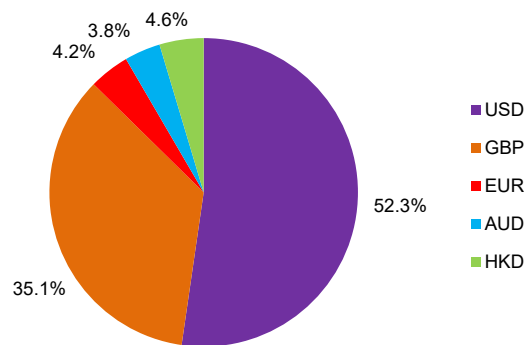
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