Dividend Growth Portfolio (GBP)

July 2022

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]

	Annualised						
Return (%)	S. Inception	5 Years	3 Years	1 Year	3 Month	1 Month	YTD
Dividend Growth Portfolio	13.4	11.2	11.7	17.2	1.7	1.3	7.4
MSCI World	13.0	10.6	9.7	3.7	2.0	8.0	-4.6
Relative	0.4	0.6	2.0	13.5	-0.3	-6.7	12.0

Risk (%)	Largest Drawdown	Volatility (Annualised)
Dividend Growth Portfolio	26.8	13.7
MSCI World	26.2	15.1

Market Commentary

July provided some much-needed relief for investors across global markets, following on from a particularly pessimistic end to the second quarter of 2022. Amongst continued discouraging inflation data and another base rate hike from the Federal Reserve, the US officially entered a 'technical recession' following two consecutive months of GDP decline. However, with much of the macroeconomic challenges already priced in, second quarter earnings were surprisingly encouraging. The S&P 500, Euro STOXX 50 and FTSE 100 all finished the month up by 9.2%, 7.5% and 3.7%, respectively. For its second consecutive month of decline, Brent Crude oil finished the month down by 0.9%. In fixed income markets, yields on US, UK and German 10-year bonds all fell by 36, 37 and 52 basis points, respectively. The pound finished the month flat against the US dollar and strengthened by 2.6% against the euro.

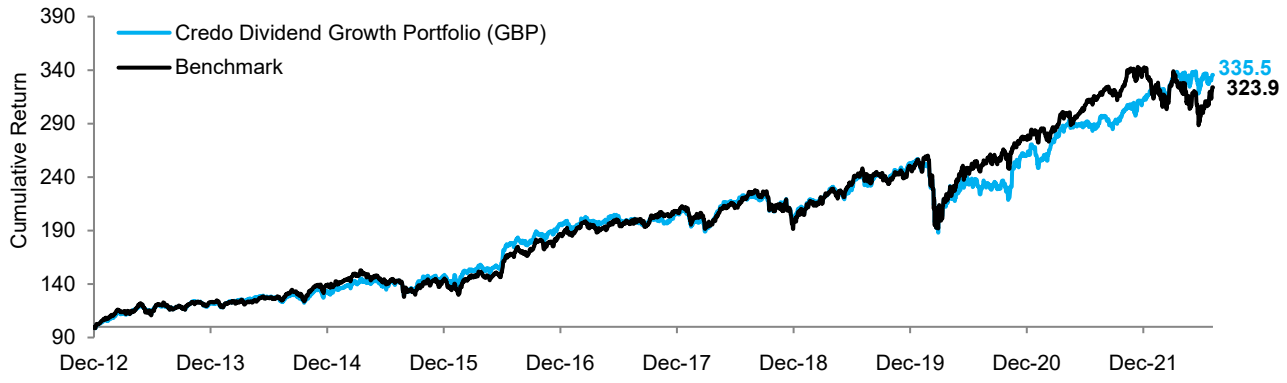
Key Contributors to Return

IG Group's shares increased by 15.3% after the company reported its annual results above expectations, lifting the dividend and announcing a £150m buyback programme. Wells Fargo's shares increased by 12.0% along with other US bank stocks, despite missing consensus estimates, as the US Federal Reserve's rate hikes boosted net interest income and margins.

Key Detractors from Return

Admiral Group's shares declined by 18.6% after UK motor insurance peers Sabre and Direct Line issued profit warnings, highlighting a weak outlook and higher than expected cost inflation. Verizon Communications' shares declined by 7.9% after peer AT&T lowered its free cash flow outlook for the year noting consumers are putting off paying their phone bills amidst record high US inflation.

Performance Since Inception (28/12/2012)[2]



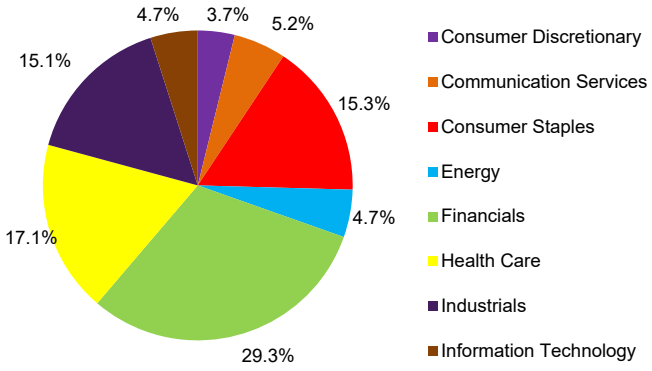
Dividend Growth Portfolio (GBP)
July 2022

CREDO

Sample Portfolio Statistics[2]

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
Chubb Ltd	$188.6	13.0x	11.3x	1.8%
PepsiCo Inc	$175	27.9x	25.0x	2.6%
Union Pacific Corp	$227.3	21.5x	18.6x	2.3%
Total Portfolio Average		**14.9x**	**12.2x**	**2.8%**
MSCI World		**17.6x**	**15.6x**	**2.1%**

Sector Allocation



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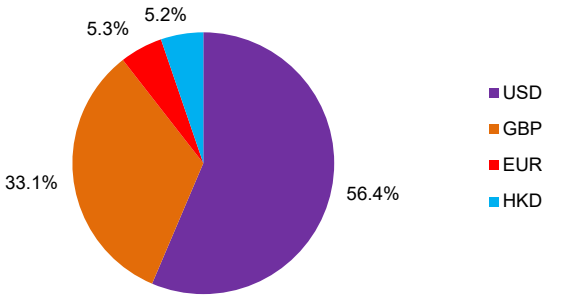

Investment Philosophy

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 31/07/2022 close. All portfolio performance is calculated using Bloomberg PORT, rounded to 1 decimal place.

Dividend Growth Portfolio (USD)

July 2022

CREDO

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Portfolio Performance (USD)[1,2]

	Annualised						
Return (%)	S. Inception	5 Years	3 Years	1 Year	3 Month	1 Month	YTD
Dividend Growth Portfolio	10.4	9.6	11.6	3.2	-1.5	1.3	-2.9
MSCI World	9.8	8.8	9.6	-9.7	-1.3	7.9	-14.2
Relative	0.6	0.8	2.0	12.4	-0.2	-6.6	11.3

Risk (%)	Largest Drawdown	Volatility (Annualised)
Dividend Growth Portfolio	33.4	14.0
MSCI World	34.0	14.5

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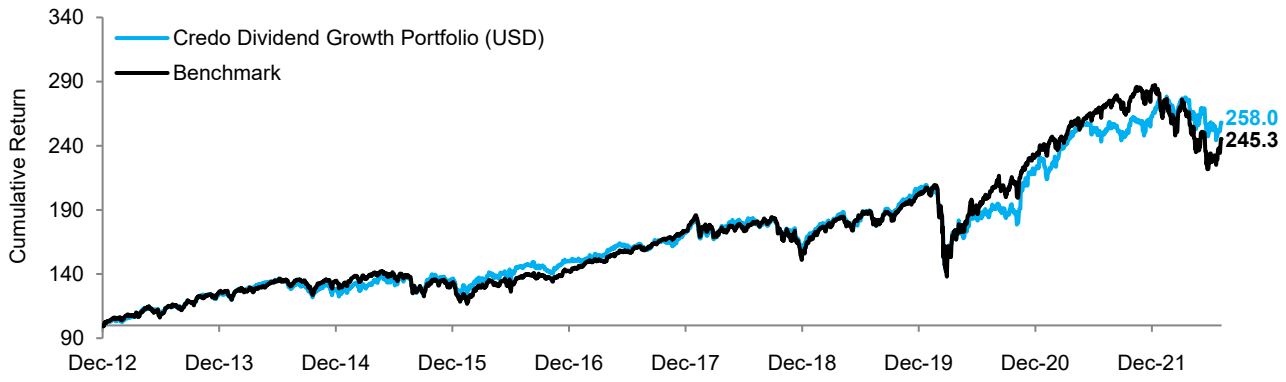

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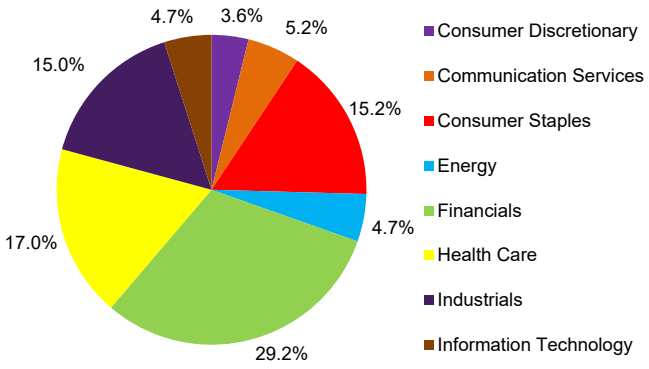

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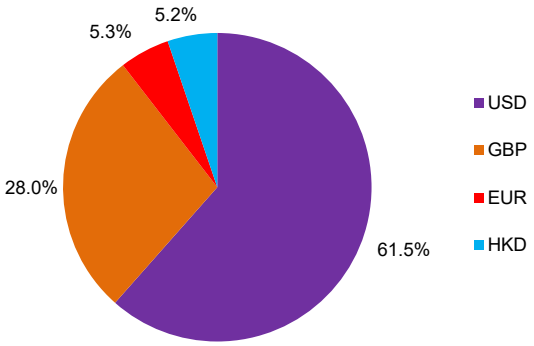

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