

## 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>	13.2	11.0	11.5	10.9	4.7	-2.6	10.9
<b>MSCI World</b>	12.0	8.5	8.2	-8.4	1.0	-5.5	-8.4
<b>Relative</b>	1.2	2.5	3.3	19.3	3.7	2.9	19.3

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

## Market Commentary

Following on from two consecutive positive months, global equity and bond markets fell in the final month of 2022. Despite inflation gradually trending downwards in the US, investor sentiment had not yet recovered in the face of uncertainty surrounding the timing of a pivot in the Federal Reserve's hawkish monetary policy. The S&P 500, Euro STOXX 50 and FTSE 100 all finished the month down by 5.8%, 4.0% and 1.5%, respectively in their local currencies. Meanwhile in China, the Hang Seng delivered a positive return of 6.4%, bolstered by a continued relaxation of zero-Covid policy restrictions. Negative sentiment within fixed income markets led to a rise in yields on US, UK and German 10-year bonds by 27, 51 and 64 basis points respectively. The pound gained 0.2% on the US dollar and fell by 2.5% against the euro.

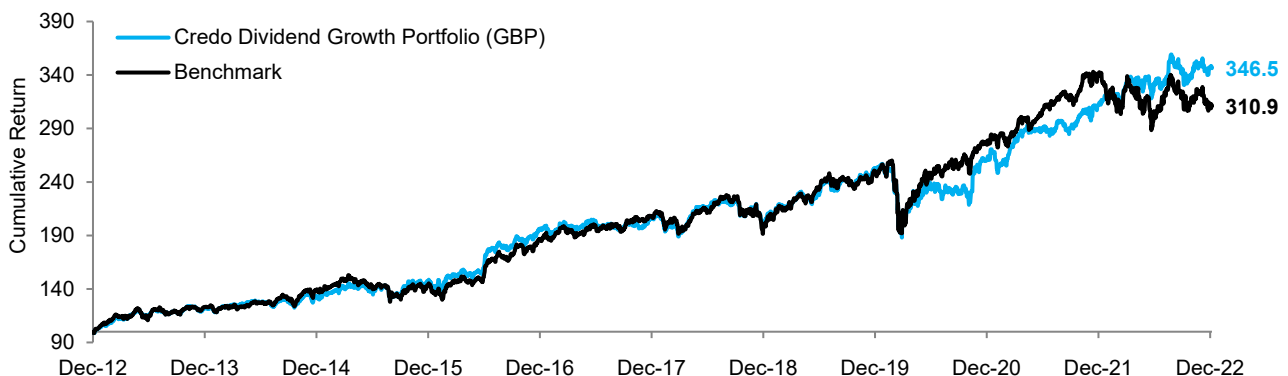
### Key Contributors to Return

AIA Group's shares increased by 9.2%, extending the trend that started with the group's good results in November and subsequently bolstered by China's relaxation of its zero-Covid policy. Adidas's shares increased by 6.9% after it announced the appointment of a new CEO, Bjørn Gulden. Gulden is the ex-CEO of Puma and is highly regarded in the industry. The company also gained from positive brand exposure during the FIFA World Cup.

### Key Detractors from Return

Bayer's shares declined by 10.6% as soft commodity prices weakened during the fourth quarter, raising concerns over their agricultural division's earnings. Investors remain concerned over the company's contingent legal liabilities, after it unexpectedly paid an unspecified amount to settle a case in the long-running Roundup cancer saga just three days before it was scheduled to start.

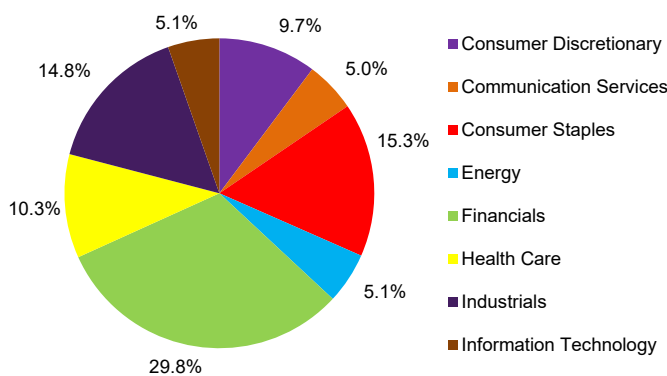
## Performance Since Inception (28/12/2012)<sup>2</sup>



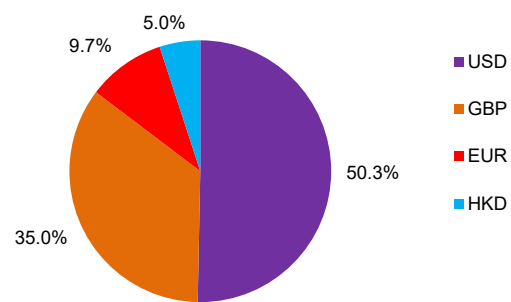
Sample Portfolio Statistics<sup>2</sup>

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
BP plc	475p	7.9x	5.2x	4.3%
PepsiCo Inc	\$180.7	27.1x	24.9x	2.5%
Union Pacific Corp	\$207.1	18.5x	17.5x	2.5%
<b>Total Portfolio Average</b>		<b>14.8x</b>	<b>12.8x</b>	<b>2.9%</b>
<b>MSCI World</b>		<b>16.7x</b>	<b>15.0x</b>	<b>2.3%</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 31/12/2022 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>	10.2	8.8	8.5	-0.4	13.7	-1.4	-0.4
<b>MSCI World</b>	8.9	6.1	4.9	-18.1	9.8	-4.2	-18.1
<b>Relative</b>	1.3	2.7	3.6	17.7	3.9	2.8	17.7

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

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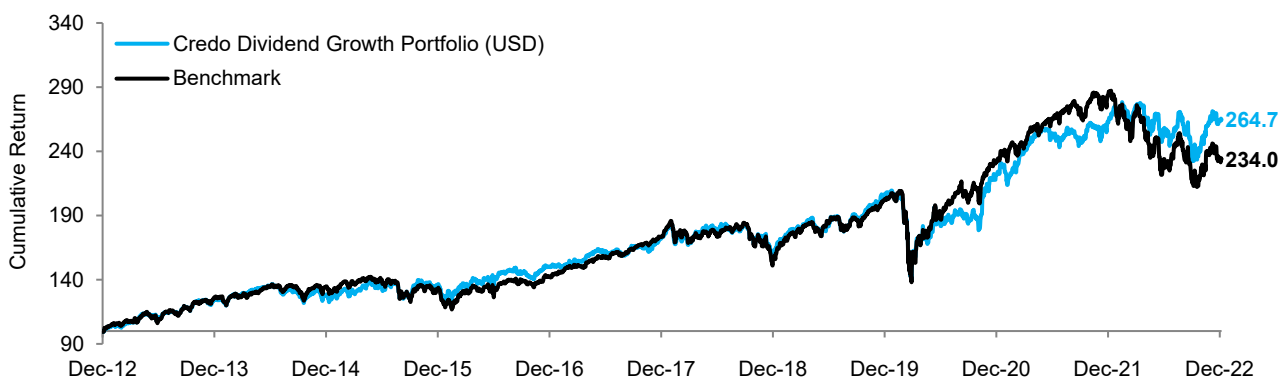
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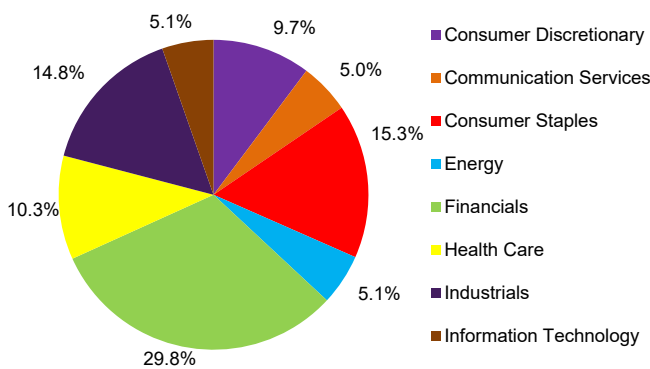
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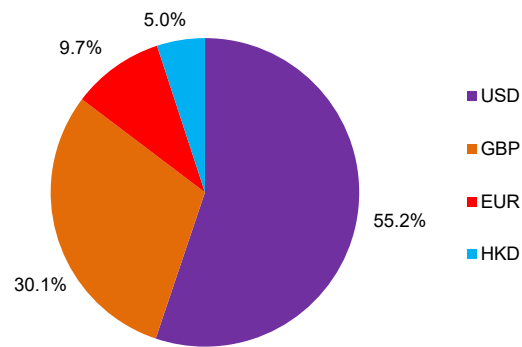
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