

## Strategy & Objective

The Best Ideas 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   |         |         | 1 Year | 3 Month | 1 Month | YTD   |
|-----------------------------|--------------|---------|---------|--------|---------|---------|-------|
|                             | S. Inception | 5 Years | 3 Years |        |         |         |       |
| <b>Best Ideas Portfolio</b> | 10.5         | 10.5    | 5.9     | -4.5   | 11.7    | 0.5     | -10.8 |
| <b>MSCI World</b>           | 10.9         | 12.1    | 8.5     | 5.5    | 19.5    | 2.1     | 1.0   |
| <b>Relative</b>             | -0.4         | -1.6    | -2.6    | -10.0  | -7.8    | -1.6    | -11.8 |

| Risk (%)                    | Largest Drawdown | Volatility (Annualised) |
|-----------------------------|------------------|-------------------------|
| <b>Best Ideas Portfolio</b> | 30.4             | 14.7                    |
| <b>MSCI World</b>           | 26.2             | 15.2                    |

## Market Commentary

Global equity markets continued their rebound in June as economies started to re-open. Optimism outweighed concerns about the recovery of the global economy and the worsening of coronavirus cases. The S&P 500, FTSE 100 and Euro STOXX were all up 2.0%, 1.7%, 6.5% respectively. Copper was up 11.9% over the month, driven by supply disruptions in Chile and a resurgence in Chinese demand due to the easing of lockdown restrictions. The Bank of England increased its quantitative easing programme by a further £100 billion and the ECB expanded its Pandemic Emergency Purchase Program (PEPP) by €600 billion, helping to keep government and corporate borrowing costs low and provide liquidity. The yields for UK and German 10-year bonds both decreased by 1 basis point, while the yield on US 10-year bonds was flat. The pound was up 0.5% against the US dollar and down 0.7% against the euro.

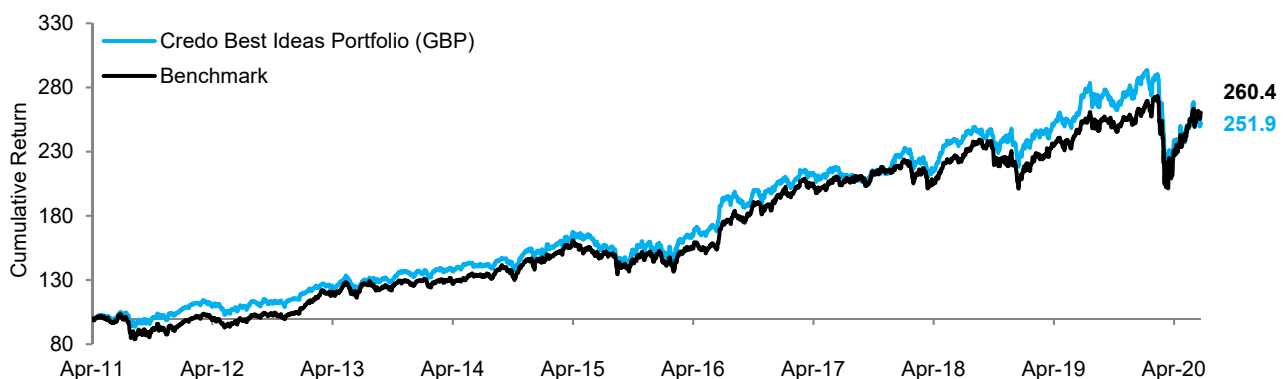
### Key Contributors to Return

AIA Group's shares increased by 16.6% after the company gained regulatory approval to incorporate in mainland China, opening the doors for new business growth. Prudential's shares increased by 16.4% after the company announced the selling of an equity stake and securing a reinsurance agreement in its US business, an important step in portfolio optimisation.

### Key Detractors from Return

Madison Square Garden Sports' and HCA Healthcare's shares declined by 13.9% and 9.2%, respectively, after reports of a growing number of COVID-19 cases in the US. Investors fear rising infection rates could delay the return of sport events and, among other things, put a halt on elective surgical procedures.

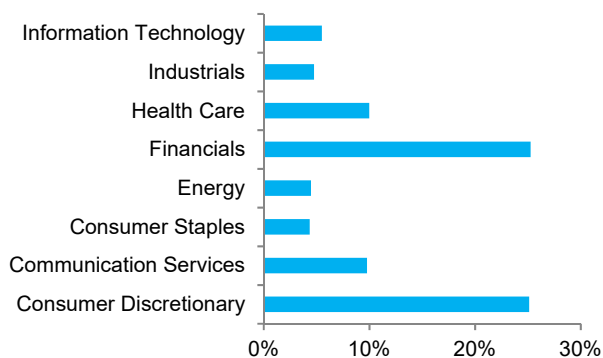
## Performance Since Inception (14/04/2011)<sup>2</sup>



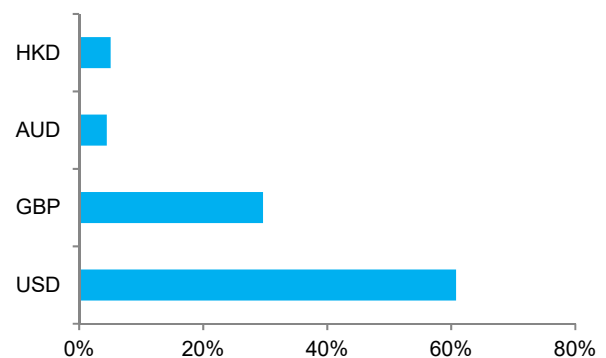
## Sample Portfolio Statistics<sup>2</sup>

|                                | Current Price | Trailing 12 Month P/E | 12 Month Forward P/E | Dividend Yield |
|--------------------------------|---------------|-----------------------|----------------------|----------------|
| Adtalem Global Education Inc   | \$31.2        | 11.5x                 | 10.8x                | 0.0%           |
| BP plc                         | 307p          | 16.6x                 | 21.3x                | 11.1%          |
| HCA Healthcare Inc             | \$97.1        | 9.7x                  | 11.3x                | 0.0%           |
| <b>Total Portfolio Average</b> |               | <b>17.0x</b>          | <b>16.7x</b>         | <b>2.3%</b>    |
| <b>MSCI World</b>              |               | <b>21.4x</b>          | <b>20.2x</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

## Important Notice

This document has been created for information purposes only and has been compiled from sources believed to be reliable. None of Credo, its directors, officers or employees accepts liability for any loss arising from the use hereof or reliance hereon or for any act or omission by any such person, or makes any representations as to its accuracy and completeness. This document does not constitute an offer or solicitation to invest, it is not advice or a personal recommendation nor does it take into account the particular investment objectives, financial situation or needs of individual clients and if you are interested in any of the information contained herein, it is recommended that you seek advice concerning suitability from your investment advisor. Investors are warned that past performance is not necessarily a guide to future performance, income is not guaranteed, share prices may go up or down and you may not get back the original capital invested. The value of your investment may also rise or fall due to changes in tax rates and rates of exchange if different to the currency in which you measure your wealth. Credo Capital Limited is authorised and regulated by the Financial Conduct Authority and is an Authorised Financial Services Provider; FSP No: 9757.

(1) Performance figures are based on a notional portfolio, denominated in pound sterling, designed to track the holdings of the Credo Best Ideas Portfolio. Portfolio incorporates all additions and removals, rebalancing all holdings 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 30/06/2020 close. All portfolio performance is calculated using Bloomberg PORT, rounded to 1 decimal place.

## Strategy & Objective

The Best Ideas 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 (USD)<sup>1,2</sup>

| Return (%)                  | Annualised   |         |         |  | 1 Year | 3 Month | 1 Month | YTD   |
|-----------------------------|--------------|---------|---------|--|--------|---------|---------|-------|
|                             | S. Inception | 5 Years | 3 Years |  |        |         |         |       |
| <b>Best Ideas Portfolio</b> | 7.7          | 5.8     | 4.8     |  | -6.2   | 11.5    | 1.0     | -16.2 |
| <b>MSCI World</b>           | 7.7          | 6.9     | 6.7     |  | 2.8    | 19.4    | 2.6     | -5.8  |
| <b>Relative</b>             | 0.0          | -1.1    | -1.9    |  | -9.0   | -7.9    | -1.6    | -10.4 |

| Risk (%)                    | Largest Drawdown | Volatility (Annualised) |
|-----------------------------|------------------|-------------------------|
| <b>Best Ideas Portfolio</b> | 37.1             | 15.3                    |
| <b>MSCI World</b>           | 34.0             | 15.3                    |

## Market Commentary

Global equity markets continued their rebound in June as economies started to re-open. Optimism outweighed concerns about the recovery of the global economy and the worsening of coronavirus cases. The S&P 500, FTSE 100 and Euro STOXX were all up 2.0%, 1.7%, 6.5% respectively. Copper was up 11.9% over the month, driven by supply disruptions in Chile and a resurgence in Chinese demand due to the easing of lockdown restrictions. The Bank of England increased its quantitative easing programme by a further £100 billion and the ECB expanded its Pandemic Emergency Purchase Program (PEPP) by €600 billion, helping to keep government and corporate borrowing costs low and provide liquidity. The yields for UK and German 10-year bonds both decreased by 1 basis point, while the yield on US 10-year bonds was flat. The pound was up 0.5% against the US dollar and down 0.7% against the euro.

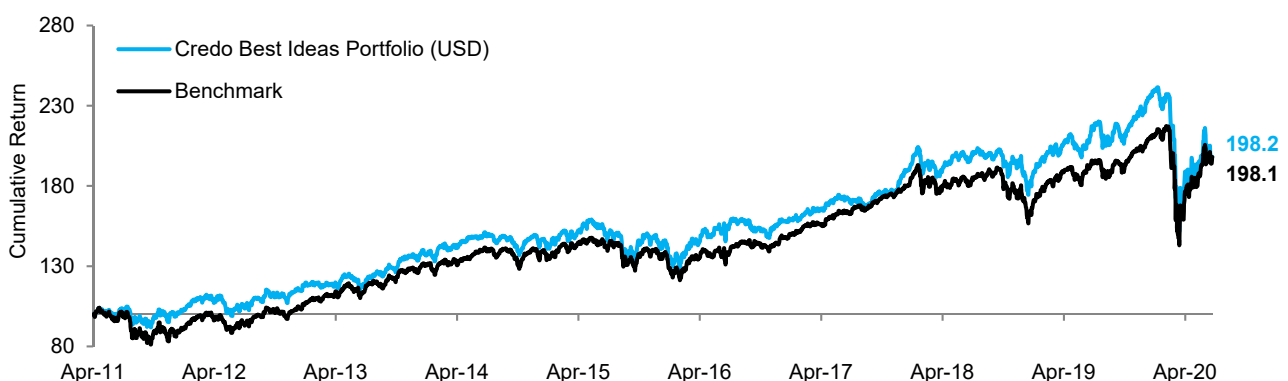
### Key Contributors to Return

AIA Group's shares increased by 16.6% after the company gained regulatory approval to incorporate in mainland China, opening the doors for new business growth. Prudential's shares increased by 16.4% after the company announced the selling of an equity stake and securing a reinsurance agreement in its US business, an important step in portfolio optimisation.

### Key Detractors from Return

Madison Square Garden Sports' and HCA Healthcare's shares declined by 13.9% and 9.2%, respectively, after reports of a growing number of COVID-19 cases in the US. Investors fear rising infection rates could delay the return of sport events and, among other things, put a halt on elective surgical procedures.

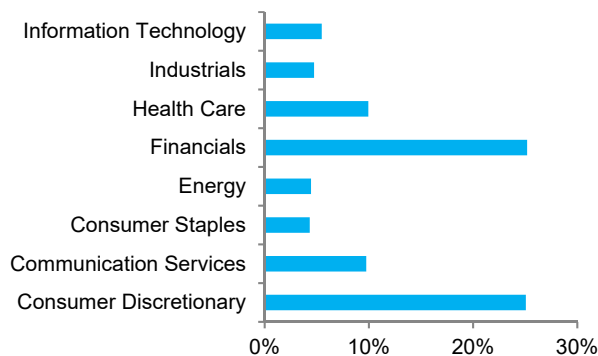
## Performance Since Inception (14/04/2011)<sup>2</sup>



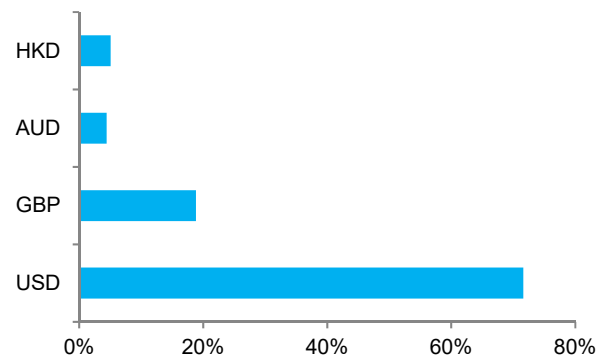
## Sample Portfolio Statistics<sup>2</sup>

|                                | Current Price | Trailing 12 Month P/E | 12 Month Forward P/E | Dividend Yield |
|--------------------------------|---------------|-----------------------|----------------------|----------------|
| Adtalem Global Education Inc   | \$31.2        | 11.5x                 | 10.8x                | 0.0%           |
| BP plc                         | 307p          | 16.6x                 | 21.3x                | 11.1%          |
| HCA Healthcare Inc             | \$97.1        | 9.7x                  | 11.3x                | 0.0%           |
| <b>Total Portfolio Average</b> |               | <b>17.1x</b>          | <b>16.8x</b>         | <b>2.3%</b>    |
| <b>MSCI World</b>              |               | <b>21.4x</b>          | <b>20.2x</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

## Important Notice

This document has been created for information purposes only and has been compiled from sources believed to be reliable. None of Credo, its directors, officers or employees accepts liability for any loss arising from the use hereof or reliance hereon or for any act or omission by any such person, or makes any representations as to its accuracy and completeness. This document does not constitute an offer or solicitation to invest, it is not advice or a personal recommendation nor does it take into account the particular investment objectives, financial situation or needs of individual clients and if you are interested in any of the information contained herein, it is recommended that you seek advice concerning suitability from your investment advisor. Investors are warned that past performance is not necessarily a guide to future performance, income is not guaranteed, share prices may go up or down and you may not get back the original capital invested. The value of your investment may also rise or fall due to changes in tax rates and rates of exchange if different to the currency in which you measure your wealth. Credo Capital Limited is authorised and regulated by the Financial Conduct Authority and is an Authorised Financial Services Provider; FSP No: 9757.

(1) Performance figures are based on a notional portfolio, denominated in US dollar, designed to track the holdings of the Credo Best Ideas 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 30/06/2020 close. All portfolio performance is calculated using Bloomberg PORT, rounded to 1 decimal place.