

## 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>	12.8	12.2	8.4	4.1	13.9	4.7	4.1
<b>MSCI World</b>	13.5	13.9	10.2	12.6	7.8	2.0	12.6
<b>Relative</b>	-0.7	-1.7	-1.8	-8.5	6.1	2.7	-8.5

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

## Market Commentary

Global equity markets continued to climb through December, prompted by the news of the Pfizer-BioNTech, Moderna and AstraZeneca coronavirus vaccines being approved. All the major equity indices made gains over the month, with the FTSE 100, S&P 500 and the Euro STOXX 50 all up 3.3%, 3.8% and 1.8% respectively. In the US, the markets responded positively to the election result, but attention has now turned to the upcoming Senate runoff elections in Georgia, which will decide whether the Democrats or Republicans control the Senate. Gold was up 6.4% over the month, bolstered by the weakening US Dollar and Brent crude oil prices increased 8% as OPEC and Russia reached a deal to modestly increase oil production. In the UK, Prime Minister Boris Johnson announced that a Brexit deal had finally been agreed with the European Union. As a result, the pound was up 2.6% against the US dollar and 0.13% against the euro. Yields on UK 10-year bonds decreased by 11 basis points whilst yields on US 10-year bonds increased by 7 basis points.

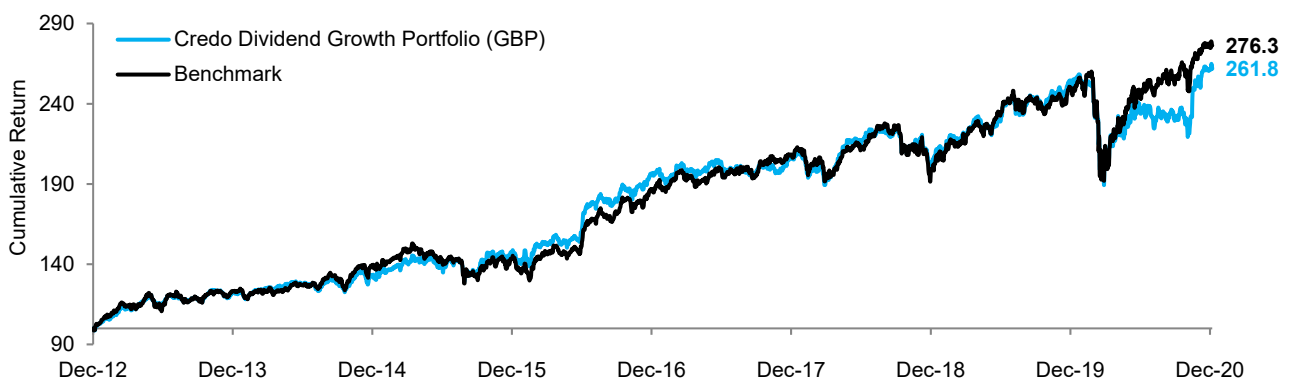
### Key Contributors to Return

Shares of Meggitt and Prudential increased by 19.2% and 15.2% respectively, after news of the vaccine rollout increased investors' confidence in the market recovery, shifting positioning into value names.

### Key Detractors from Return

Verizon's shares declined by 2.8% after a competitive auction for 5G airwaves in the US took place, highlighting the company's increased likelihood of needing debt-funded capital. GlaxoSmithKline's shares declined by 2.0% after the company announced a delay in its Covid-19 vaccine programme.

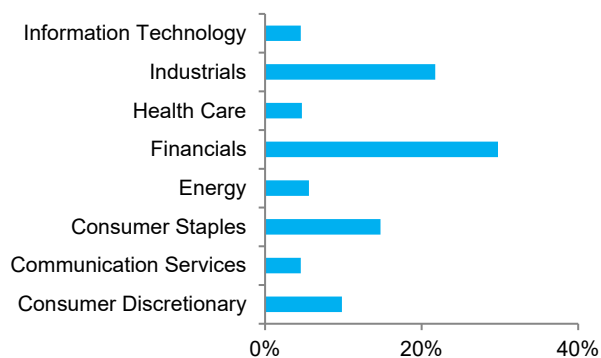
## Performance Since Inception (28/12/2012)<sup>2</sup>



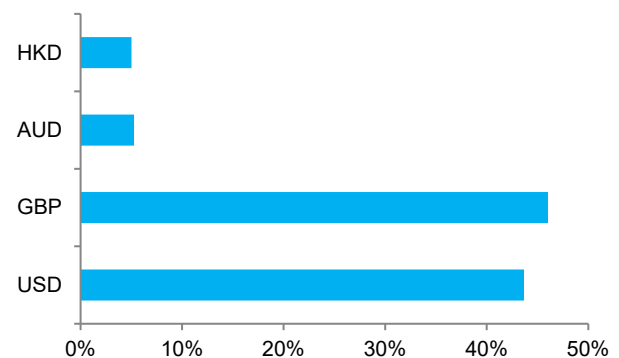
## Sample Portfolio Statistics<sup>2</sup>

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
Diageo plc	2,878p	25.6x	23.9x	2.4%
Meggitt plc	467p	40.2x	20.7x	0.0%
Prudential plc	1,347p	74.3x	11.2x	1.8%
<b>Total Portfolio Average</b>		<b>23.8x</b>	<b>16.4x</b>	<b>2.7%</b>
<b>MSCI World</b>		<b>33.3x</b>	<b>20.8x</b>	<b>1.8%</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 31/12/2020 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>	10.6	10.7	8.8	7.8	20.2	7.1	7.8
<b>MSCI World</b>	11.2	12.2	10.5	15.9	14.0	4.2	15.9
<b>Relative</b>	-0.6	-1.5	-1.7	-8.1	6.2	2.9	-8.1

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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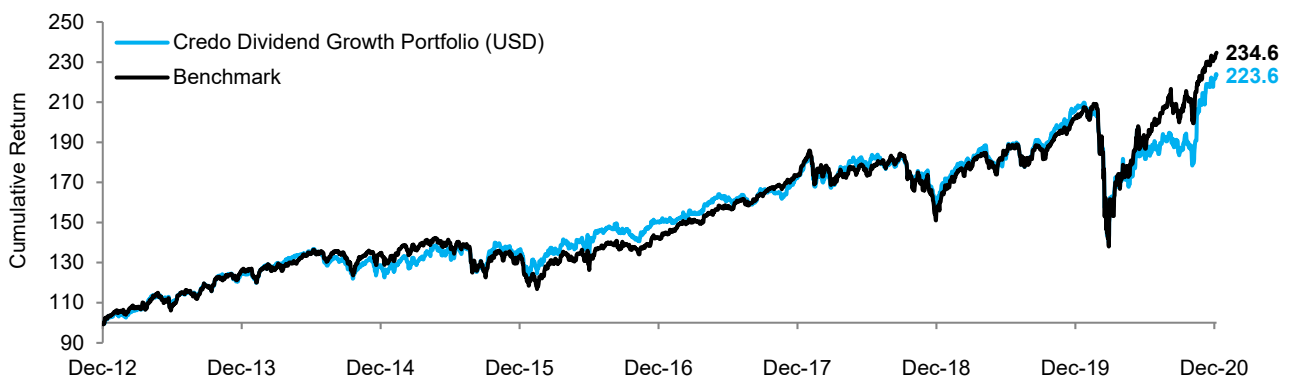
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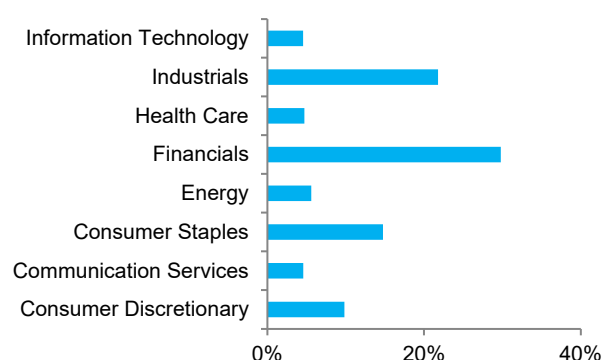
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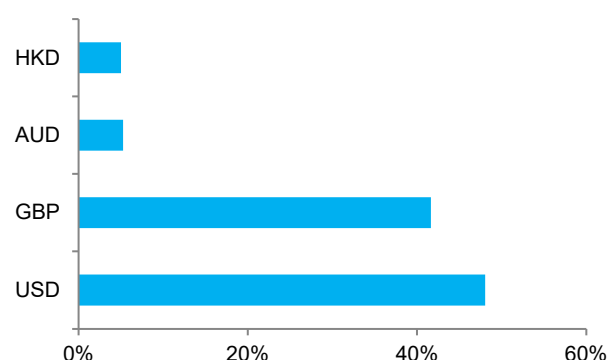
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