

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)^{1,2}

Long Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
Since Inception	69.3%	54.4%	14.9%
3 Year	32.4%	27.5%	4.9%
1 Year	2.0%	0.4%	1.6%

Short Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
YTD	5.9%	2.0%	3.9%
3 Months	6.8%	4.7%	2.1%
1 Month	1.7%	-0.1%	1.8%

Market Commentary

US equity indices rose slightly over April, and the S&P 500 ended the month up 0.4%. Meanwhile, first-quarter corporate earnings results trumped expectations as weekly jobless claims hit their lowest level since 1973. Accordingly, New York Federal Reserve president, William Dudley, remarked that given the “mostly favourable” economic conditions, the Fed remains cautious about raising interest rates. With the upcoming referendum on European Union membership, uncertainty continues to hang over the UK. The Treasury published a report suggesting a withdrawal from the common market could shrink the UK economy by 6.5% over 15 years. Meanwhile, the MSCI UK rose 1.5%. In spite of major oil producers’ failure to agree a production freeze, falling US production and a strike by Kuwait’s energy workers more than offset disappointment and supported the continued rally in the commodity.

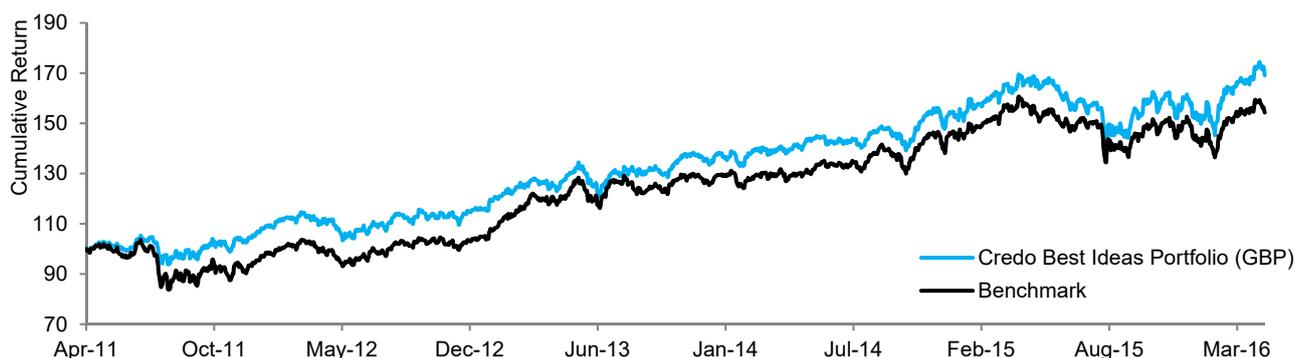
Key Contributors to Return

In spite of the failed merger with Baker-Hughes – a deal struck down by antitrust regulators – and a \$3.5bn break-fee, Halliburton rallied over the month. Many analysts considered it a poor deal as it required considerable divestments during a deep slump in the services industry. The stock returned 15.6% over the month. In a challenging market, Union Pacific’s earnings surpassed estimates thanks to stringent cost controls to combat continued declines in volume. Though the industry still suffers at the hands of a commodity rout and slowing intermodal traffic, Union Pacific has focussed on maintaining productivity, and controlling cost. The stock returned 9.7%.

Key Detractors from Return

Microsoft fell -9.7% over the month as its cloud computing division disappointed. Revenue in its intelligent cloud business grew just 3%, despite revenue from Azure more than doubling year-on-year. Microsoft’s cloud segment, however, encompasses several divisions of which nearly three-quarters of customers are now using at least one. Samsung struggled over the month as data emerged that, on an annual basis, the global smartphones market shrunk in the first quarter of 2016. This is first annual decline on record. Concerns were largely offset by stronger than expected first quarter result. The company fell -5.1% over the month.

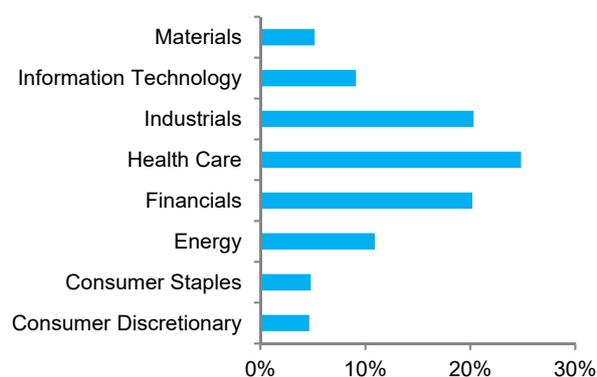
Performance Since Inception (14/04/2011)²



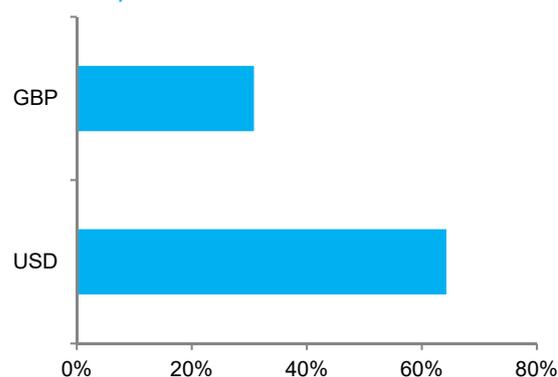
Sample Portfolio Statistics²

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
BP	374p	105.3x	32.9x	7.3%
Union Pacific	\$87.2	16.7x	16.7x	2.5%
Microsoft	\$49.9	21.9x	18.6x	2.9%
Total Portfolio Average		15.6x	15.4x	2.6%
MSCI World		20.7x	16.8x	2.7%

Sector Allocation



Currency Allocation



Investment Philosophy

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

- Wealth is preserved and created by following a long-term, low-turnover strategy.
- We believe in a value-based approach to investing, given that the price which is paid when investing is one of the very few things in financial markets that investors can actually control.
- We do not define risk in terms of quantitative metrics, but simply as the potential to lose clients' money; accordingly, our approach to investing can be described as a relatively conservative one, focusing first and foremost on capital preservation.
- Yield is an important consideration across all asset classes.
- Transaction costs have the potential to erode investment returns quickly; based on this, we not only follow a low-turnover approach, but we also apply our minds when considering transaction size.
- We aim to identify matters of strategic importance when considering investments, rather than focusing on daily news-flow in financial markets.

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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 Best Ideas Portfolio. Portfolio incorporates all additions and removals. Portfolio may not be fully invested at a point in time and therefore can hold a portion of assets in cash. Performance is calculated before any fees (which can vary depending on the level of service) but includes gross dividends, reinvested. Following additions or removals, each holding is rebalanced to a 5% weighting.

(2) Source: Bloomberg pricing as of 29/04/2016 close. All portfolio performance is calculated using Bloomberg PORT, rounded to 1 decimal place.

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Portfolio Performance (USD)^{1,2}

Long Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
Since Inception	52.2%	38.8%	13.4%
3 Year	24.6%	20.0%	4.6%
1 Year	-2.7%	-4.2%	1.5%

Short Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
YTD	5.1%	1.2%	3.9%
3 Months	9.9%	7.7%	2.2%
1 Month	3.4%	1.6%	1.8%

Market Commentary

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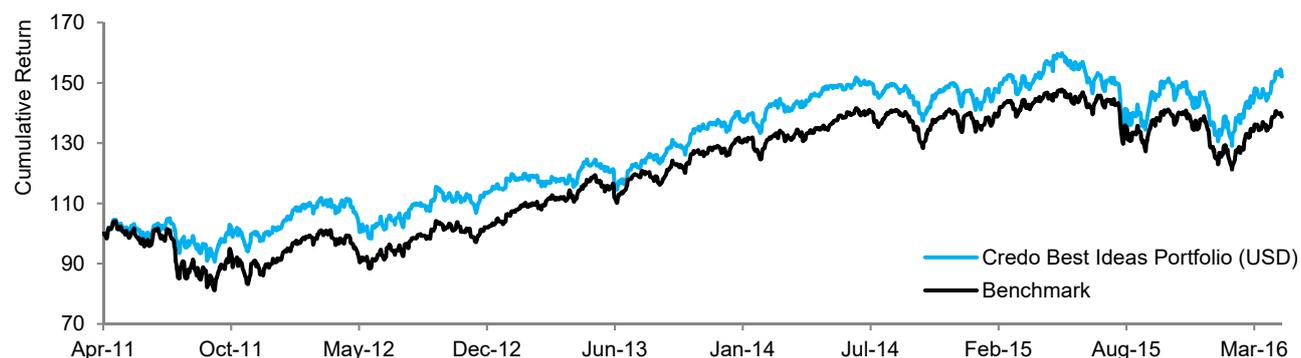
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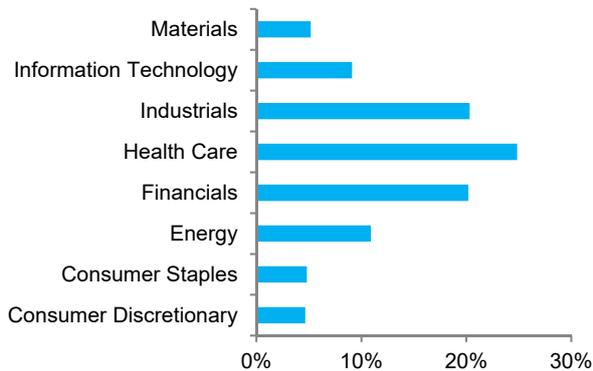
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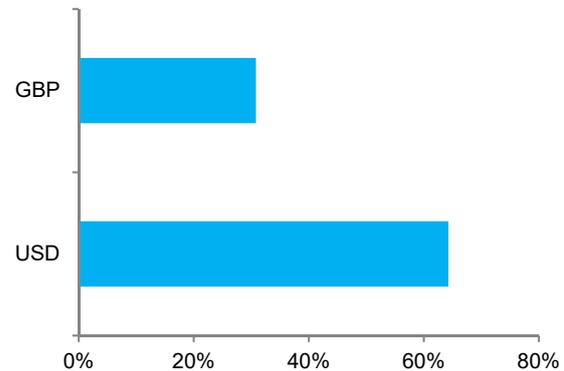
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