

## 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>

Long Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
<b>Since Inception</b>	91.0%	69.2%	21.8%
<b>5 Year</b>	85.2%	66.9%	18.3%
<b>3 Year</b>	52.7%	40.0%	12.7%
<b>1 Year</b>	22.9%	15.2%	7.7%

Short Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
<b>YTD</b>	19.5%	11.8%	7.7%
<b>3 Months</b>	14.8%	9.6%	5.2%
<b>1 Month</b>	10.0%	8.1%	1.9%

## Market Commentary

The surprise decision of the UK to leave the European Union sparked a sell off across global markets the day after the vote, with the MSCI UK Total Return Index and sterling down -3.1% and -7.9%, respectively. In the following days, whilst sterling continued to slide, reaching a 30 year low against the dollar, the UK equity market pared losses and the MSCI UK ended the month up 5.0%. Resurgent uncertainty pushed out expectations of interest rate rises while central banks are determined to provide accommodative monetary policy. The US market also recovered in the week after the referendum, with the S&P500 finishing flat for June. In Europe, the STOXX 50 was down -6.2% while worries surrounding contagion mounted. In Japan, following the UK result the yen rose sharply against the US dollar, gaining 7.3% over the month. As reports emerged that US crude stockpiles are dwindling, Brent Crude repeatedly pierced \$50 per barrel.

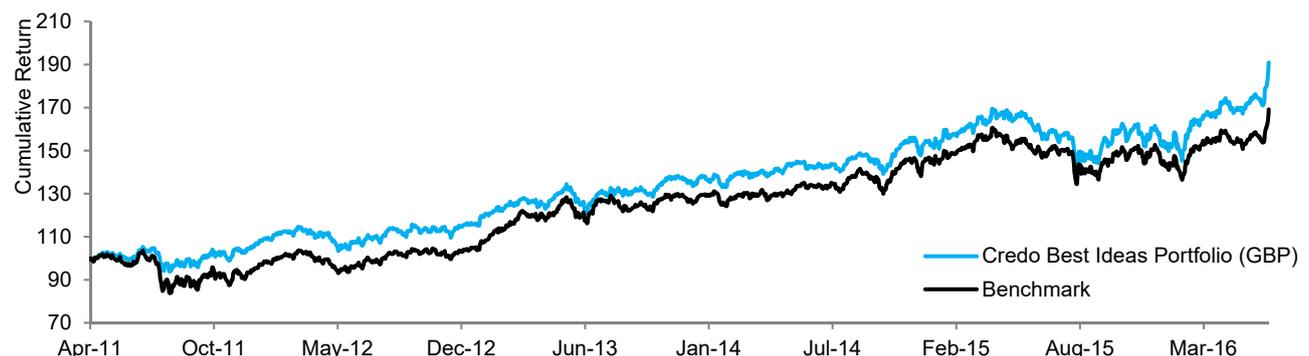
### Key Contributors to Return

BP rose 22.6% over the month, largely on the back of sterling weakness in the wake of the Brexit vote. As oil and gas sales are denominated in dollars, companies such as BP, which operate in the UK, are able to boost their profits. The company also plans to expand their LNG operations in Indonesia. In the days leading up to the vote, JPMorgan reported that Rolls-Royce would benefit from currency transaction exposure in the case of Brexit and a weaker pound. After releasing estimates that recent currency swings should increase revenue by around £400m and underlying pre-tax profit by £40m, Rolls-Royce returned 14.9% over June.

### Key Detractors from Return

Prudential fell sharply following the vote as investors feared earnings and solvency erosion, subdued premiums and reinvestment pressures due to low rates. Nevertheless, with an expanding global presence, Prudential is likely to be a material beneficiary from favourable currency translation impacts. The stock fell -8.9% over the month. Wells Fargo fell -6.7% as stress tests in the US revealed a \$32bn total loss-absorbing capacity shortfall. Since deposits aren't deemed eligible as loss-absorbing, deposit-funded banks such as Wells Fargo may be profoundly affected by the Federal Reserve's requirements and may have to increase senior-parent debt by \$32bn.

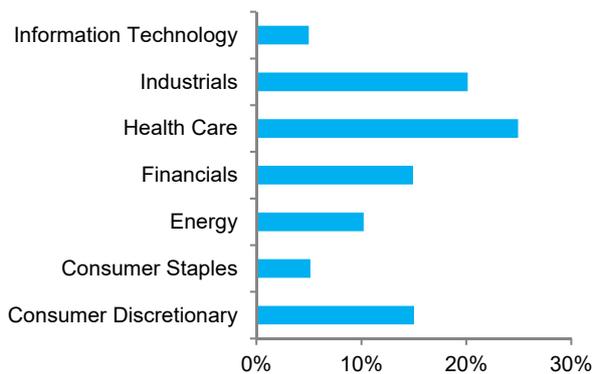
## Performance Since Inception (14/04/2011)<sup>2</sup>



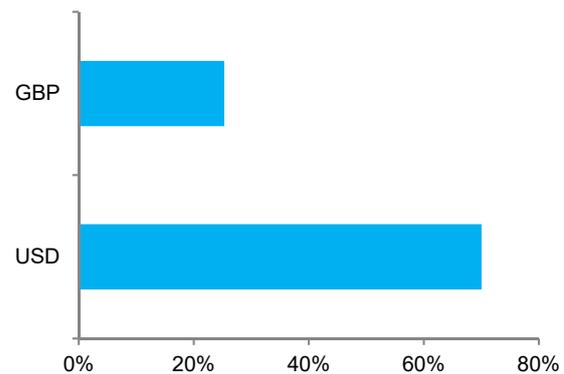
## Sample Portfolio Statistics<sup>2</sup>

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
BP	438p	153.1x	30.3x	6.3%
Union Pacific	\$87.3	16.7x	17.1x	2.5%
Microsoft	\$51.2	22.4x	19.2x	2.8%
<b>Total Portfolio Average</b>		<b>17.9x</b>	<b>16.1x</b>	<b>2.2%</b>
<b>MSCI World</b>		<b>20.9x</b>	<b>16.8x</b>	<b>2.7%</b>

## 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 30/06/2016 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>

Long Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
<b>Since Inception</b>	55.7%	38.0%	17.7%
<b>5 Year</b>	53.0%	37.9%	15.1%
<b>3 Year</b>	33.4%	22.3%	11.1%
<b>1 Year</b>	3.7%	-2.8%	6.5%

Short Term Returns	Best Ideas Portfolio	MSCI World	Relative Return
<b>YTD</b>	7.7%	0.7%	7.0%
<b>3 Months</b>	5.8%	1.0%	4.8%
<b>1 Month</b>	0.6%	-1.1%	1.7%

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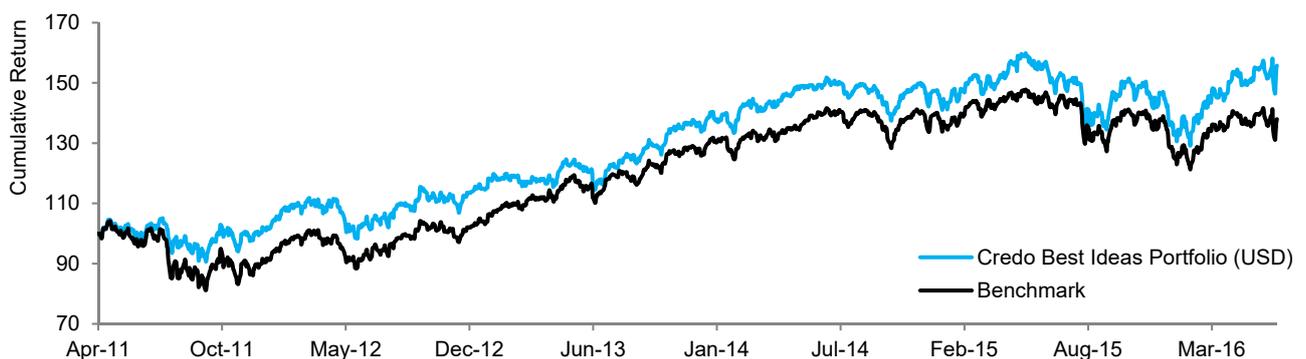
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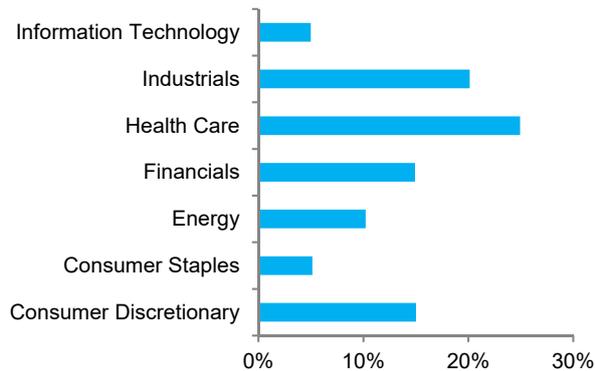
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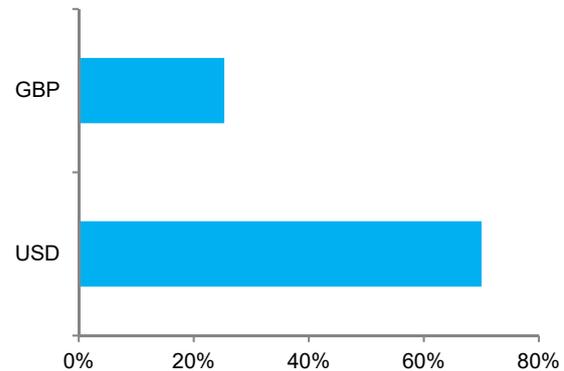
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