

## 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>	12.1	12.2	10.6	15.2	2.7	-3.1	-3.1
<b>MSCI World</b>	11.3	11.9	9.7	17.1	3.2	-0.1	-0.1
<b>Relative</b>	0.8	0.3	0.9	-1.9	-0.5	-3.0	-3.0

Risk (%)	Largest Drawdown	Volatility (Annualised)
<b>Best Ideas Portfolio</b>	17.3	12.2
<b>MSCI World</b>	19.0	12.9

## Market Commentary

Equity markets had an optimistic start to the new year with US President Donald Trump signing a phase one trade deal with China. However, this optimism waned as fears mounted over the outbreak of the coronavirus in Wuhan, China. Asian and European equity markets made significant losses with the Hang Seng, FTSE 100 and Euro STOXX 500 all down 6.7%, 3.4% and 2.6% respectively. Facing the prospect of a weaker global economy due to the coronavirus outbreak, Brent Crude oil was down 12.6% over the month. Safe haven assets performed well over the month with Gold up 4% and the US dollar and Japanese yen both appreciating against pound sterling. Yields on US, UK and German 10-year government bonds fell by 0.41, 0.30 and 0.25 basis points respectively. As an aside, the UK officially exited the EU on 31 January and will aim to negotiate a free trade deal with the EU within the 11-month transition period ending 31 December 2020.

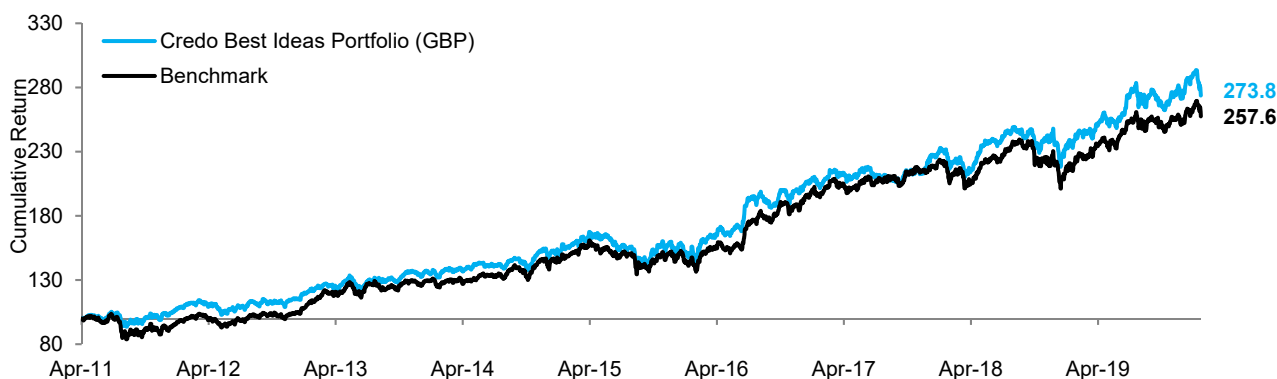
### Key Contributors to Return

Microsoft's shares increased by 8.0% after the company delivered better than expected quarterly results, projecting continued double-digit revenue growth in 2020. Imperial Brands' shares increased by 4.4%, continuing the positive trend from the previous month after the US regulator imposed less severe sanctions on the industry than what was expected.

### Key Detractors from Return

Wells Fargo's shares declined by 12.8% after the company reported a disappointing first set of results under the new CEO, reflecting higher than expected costs weighed further by an unfavourable low rate environment. Frontdoor's shares declined 10.2% after revenue decelerated in the last two quarters, with the company facing increased investment and strong comparable numbers in 2020.

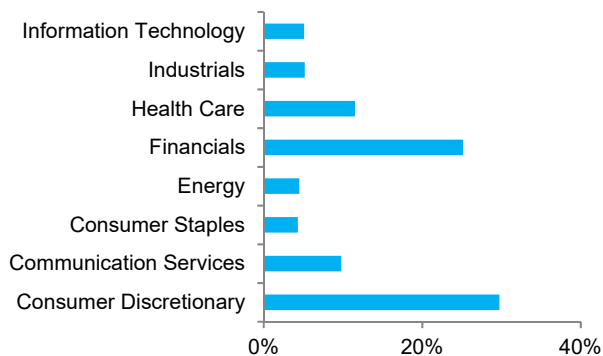
## Performance Since Inception (14/04/2011)<sup>2</sup>



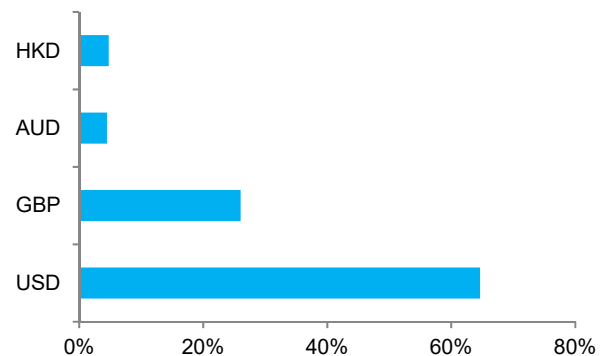
## Sample Portfolio Statistics<sup>2</sup>

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
Adtalem Global Education Inc	\$34.5	12.5x	12.6x	0.0%
BP plc	457p	10.9x	11.1x	7.0%
HCA Healthcare Inc	\$138.8	13.0x	11.8x	1.2%
<b>Total Portfolio Average</b>		<b>19.3x</b>	<b>15.3x</b>	<b>2.4%</b>
<b>MSCI World</b>		<b>20.4x</b>	<b>16.8x</b>	<b>2.4%</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 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 31/01/2020 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				1 Year	3 Month	1 Month	YTD
	S. Inception	5 Years	3 Years					
<b>Best Ideas Portfolio</b>	9.8	9.7	12.9		16.3	4.6	-3.6	-3.6
<b>MSCI World</b>	8.7	9.0	11.5		17.7	5.2	-0.6	-0.6
<b>Relative</b>	1.1	0.7	1.4		-1.4	-0.6	-3.0	-3.0

Risk (%)	Largest Drawdown	Volatility (Annualised)
<b>Best Ideas Portfolio</b>	19.3	12.6
<b>MSCI World</b>	22.0	12.9

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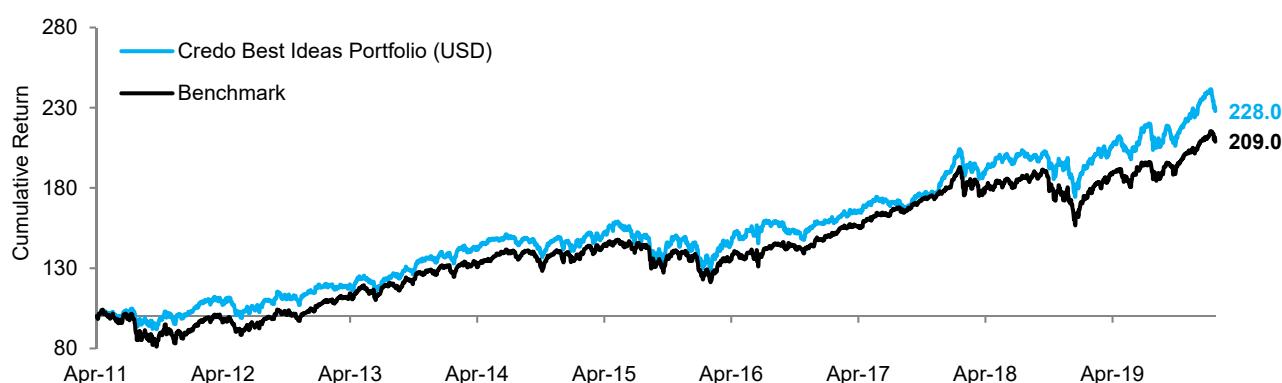
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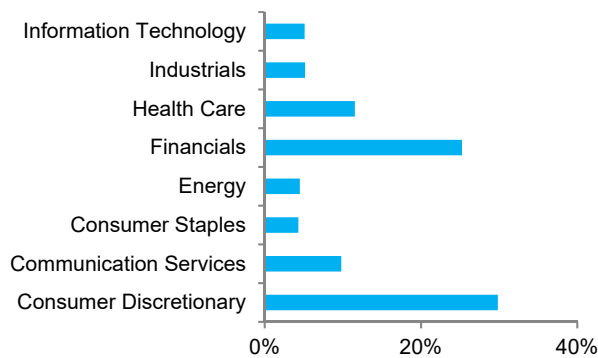
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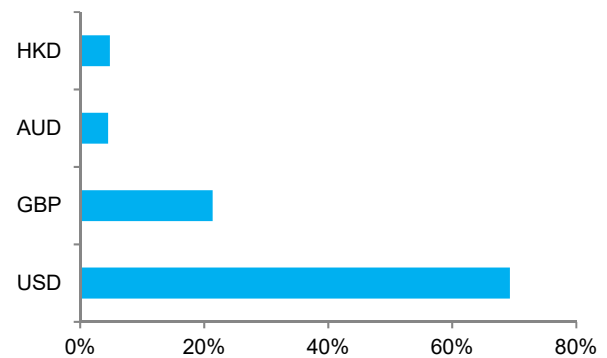
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