

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)¹

Long Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
Since Inception	49.5%	44.0%	5.5%
3 Year	51.4%	45.3%	6.1%
1 Year	12.9%	4.8%	8.0%

Short Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
YTD	12.9%	4.8%	8.0%
3 Months	8.2%	8.3%	-0.1%
1 Month	0.1%	0.2%	-0.1%

Market Commentary

For the first time since 2006, and following months of speculation, the US Federal Reserve raised interest rates by one quarter point (0.25%). In the accompanying press conference, Fed Chair Janet Yellen emphasised that the pace of rate rises would now be gradual. Meanwhile the S&P 500 fell -1.6%. Commodity prices continued to slide over the month, with Brent Crude touching a seven-year low of \$36.1. The Bloomberg Commodities Index slipped -3.1%. The UK's FTSE 100, which has a heavy weighting to mining and energy stocks, also suffered, falling -1.7%. Although the ECB announced an extension to the quantitative easing programme, investors had expected an increase in monthly asset purchases which did not materialise. Following the announcement, both the euro and European bond yields rose. In Japan, recession was averted as third-quarter GDP growth was sharply from an annualised contraction of 0.8% to an annualised expansion of 1.0%.

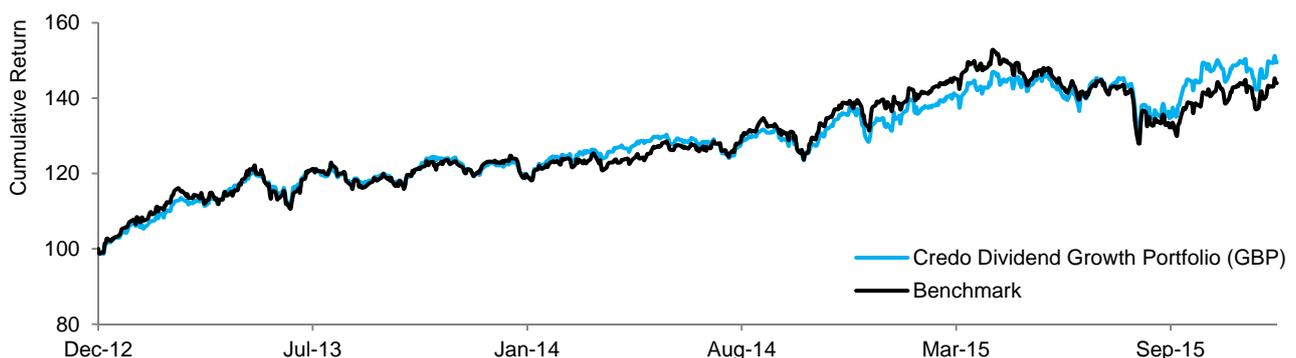
Key Contributors to Return

McDonalds rose over the month as early indicators suggest that the new All-Day Breakfast menu is attracting new customers. Almost a third of customers who took advantage of the new service hadn't visited McDonald's in the previous month, and nearly two-thirds of customers who purchased breakfast food also purchased non-breakfast items. The stock returned 3.5%. As competition grows in the US telecoms market, Verizon has unveiled a promotional credit of up to \$650 that will cover switching fees for existing customers of their major US rivals. Though Verizon currently enjoys the highest subscriber count, it can ill afford to rest on its laurels. The stock returned 1.7%.

Key Detractors from Return

Despite suffering in the wake of OPEC's unexpected move to maintain production levels, Statoil is forging ahead with a \$940m project to extract oil from the North Sea. The stripped down facility has lowered the break-even price to \$32 a barrel, making it profitable at even current levels. Nevertheless, the stock fell -9.2% over the month. Though UPS managed a 97.7% on-time performance rate on Christmas Eve, thin margins have strained the company's otherwise symbiotic relationship with its largest partner, Amazon. Rumours abound that Amazon may be shifting from ally to disruptive competitor. The company returned -6.6%.

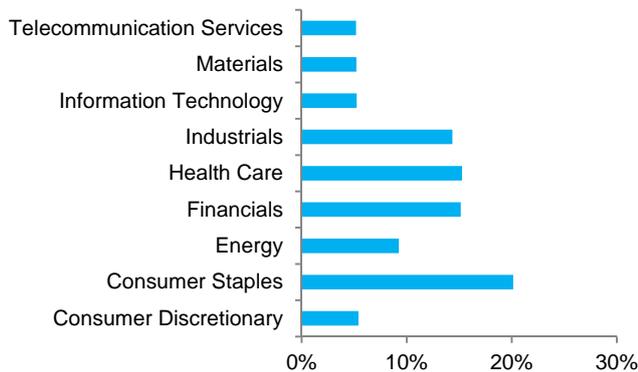
Performance Since Inception (28/12/2012)²



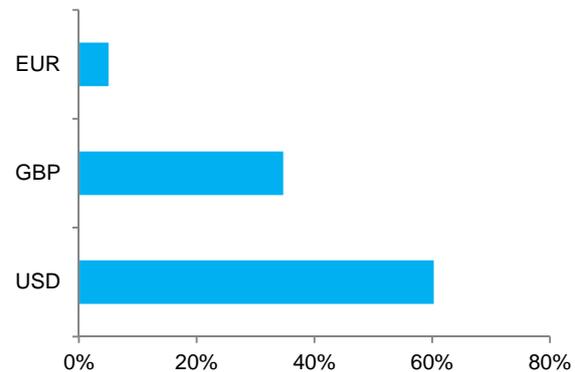
Sample Portfolio Statistics²

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
BP	354p	14.4x	14.5x	8.3%
United Technologies	\$96.1	13.3x	15.3x	2.7%
Coca-Cola	\$43.0	20.2x	21.6x	3.1%
Total Portfolio Average		16.2x	15.9x	3.7%
MSCI World		18.9x	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 Dividend Growth 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 31/12/2015 close. All portfolio performance is calculated using Bloomberg PORT.

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Portfolio Performance (USD)¹

Long Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
Since Inception	37.0%	32.0%	5.0%
3 Year	37.3%	31.8%	5.5%
1 Year	6.7%	-0.9%	7.6%

Short Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
YTD	6.7%	-0.9%	7.6%
3 Months	5.4%	5.5%	-0.1%
1 Month	-1.9%	-1.8%	-0.1%

Market Commentary

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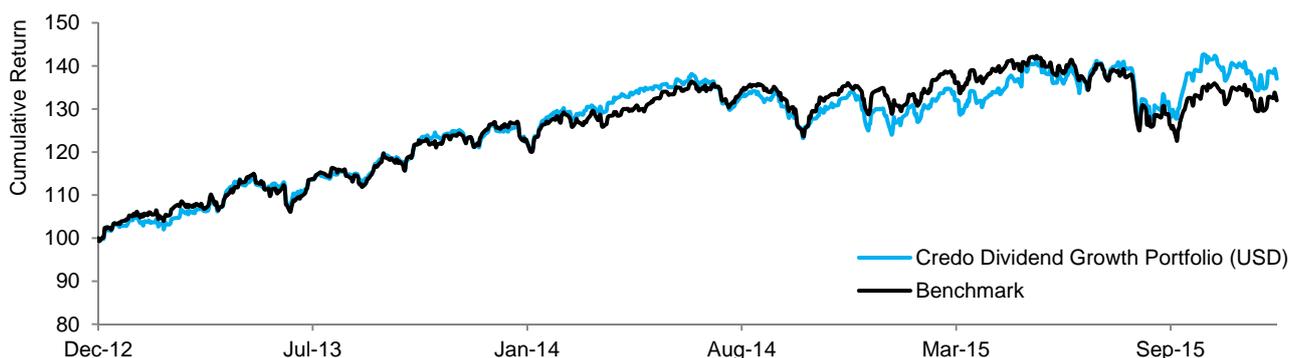
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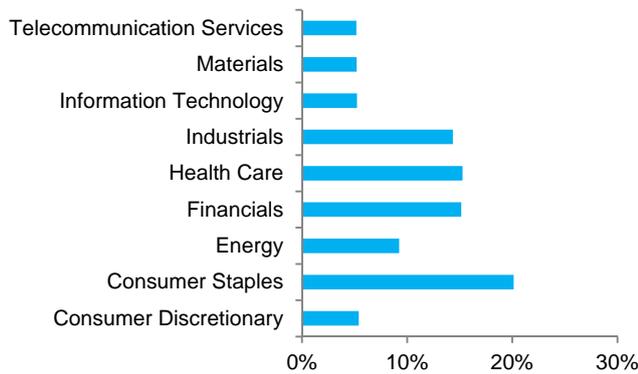
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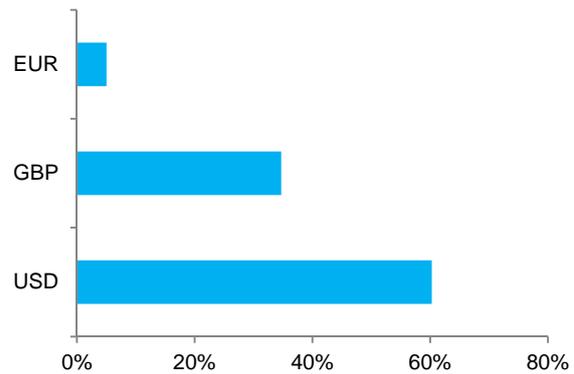
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