

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)^{1,2}

Long Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
Since Inception	55.6%	46.8%	8.8%
3 Year	34.3%	27.5%	6.8%
1 Year	8.5%	0.5%	8.0%

Short Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
YTD	4.1%	2.0%	2.1%
3 Months	3.1%	4.8%	-1.7%
1 Month	0.4%	0.0%	0.4%

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.

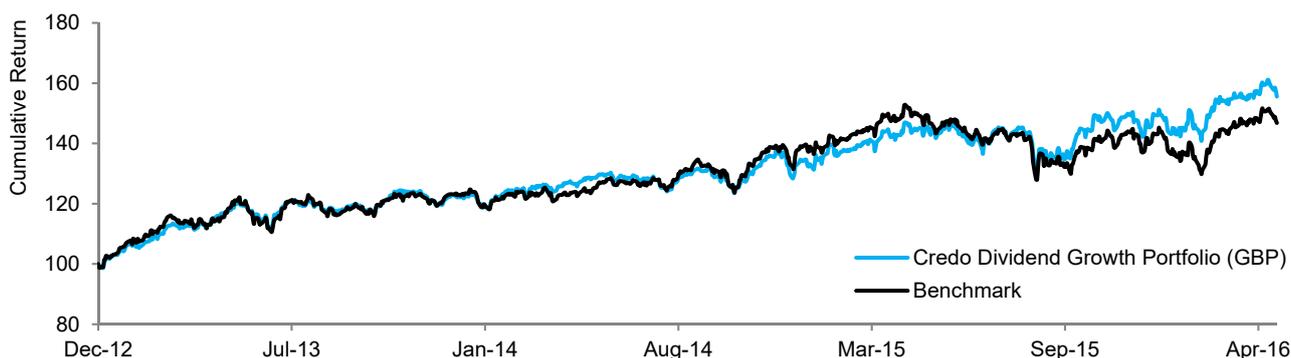
Key Contributors to Return

Despite on-going commodity weakness, BP’s profitable trading operations saw the oil major’s profits exceed those of the previous quarter. BP earned \$532m in the first quarter, far greater than the \$140m that analysts were expecting. Overall performance, however, has been aided by continued cost cutting. The stock rose 6.7%. 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 to preserve margins. The stock rose 9.7%.

Key Detractors from Return

Las Vegas Sands fell 12.6% as the casino operator issued weaker than expected first quarter results. While analysts had expected 63 cents earnings per share, the company reported only 45 cents per share. In spite of headwinds, the company sees stabilization on the horizon as they focus on the higher margin mass market. 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.

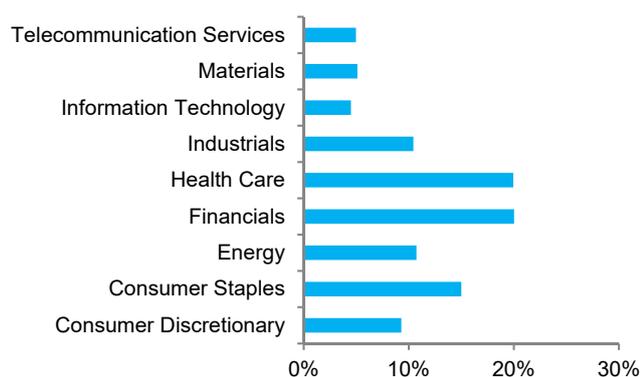
Performance Since Inception (14/04/2011)²



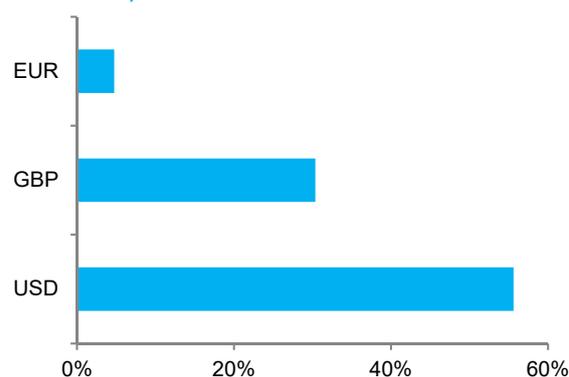
Sample Portfolio Statistics²

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
BP	374p	105.3x	32.9x	7.3%
United Technologies	\$104.4	16.4x	16.0x	2.5%
Las Vegas Sands	\$45.2	17.8x	18.9x	6.4%
Total Portfolio Average		16.9x	16.3x	3.8%
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 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 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	Dividend Growth Portfolio	MSCI World	Relative Return
Since Inception	41.6%	33.6%	8.0%
3 Year	26.4%	20.0%	6.4%
1 Year	3.5%	-4.1%	7.6%

Short Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
YTD	3.3%	1.2%	2.1%
3 Months	6.0%	7.7%	-1.7%
1 Month	2.0%	1.5%	0.5%

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.

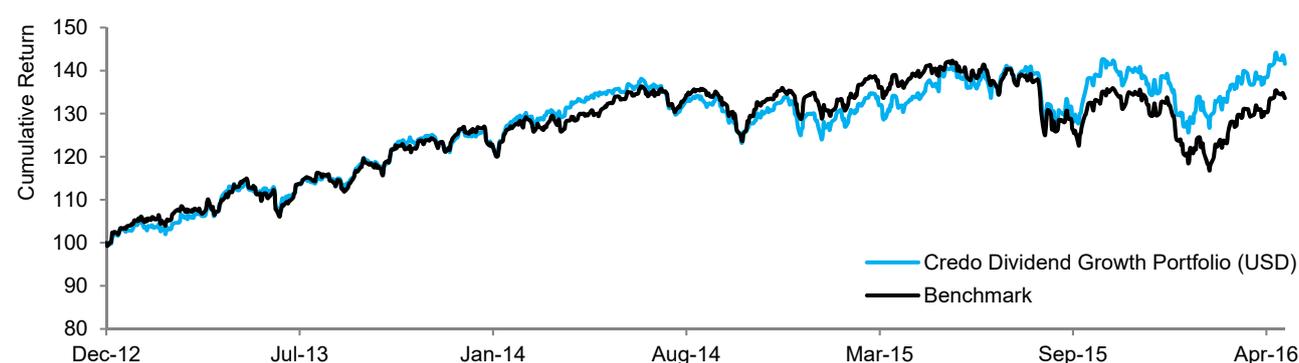
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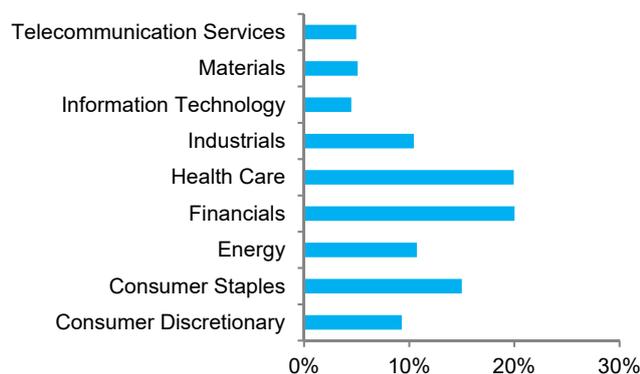
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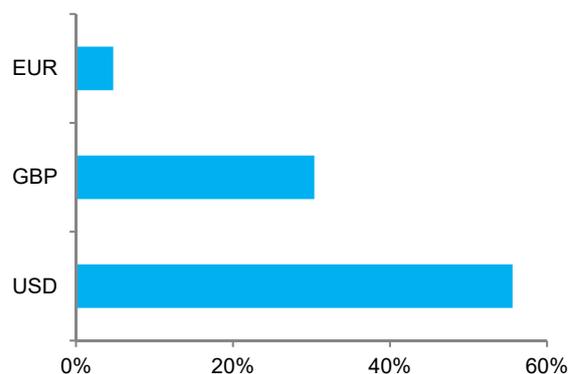
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