

## 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)<sup>1,2</sup>

Long Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
<b>Since Inception</b>	58.6%	48.7%	9.9%
<b>3 Year</b>	34.5%	26.1%	8.4%
<b>1 Year</b>	8.8%	1.0%	7.8%

Short Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
<b>YTD</b>	6.1%	3.3%	2.8%
<b>3 Months</b>	3.5%	4.6%	-1.1%
<b>1 Month</b>	2.0%	1.4%	0.6%

## Market Commentary

In the US, hawkish comments by several Federal Reserve officials roused speculation over the possibility of a June interest rate hike, sooner than previously expected. Meanwhile, despite turbulence, the S&P 500 ended the month up 1.8%. Following a 6 month rally, Brent Crude hit new highs, almost piercing the \$50 mark. In the UK, sterling rallied while the latest slew of polls indicated faltering support for the Leave campaign. The MSCI UK Index rose 0.2%. Amid concerns over the Eurozone's future, the European Commission opted to postpone a decision on disciplinary action against Spain and Portugal for breaking budget rules while the IMF reiterated that it would not participate in the latest Greek bailout without extensive debt relief. The STOXX 600 ended the month up 2.7%. In Brazil, enthusiasm following the impeachment of Dilma Rousseff was soon replaced with concerns over the poor state of the economy.

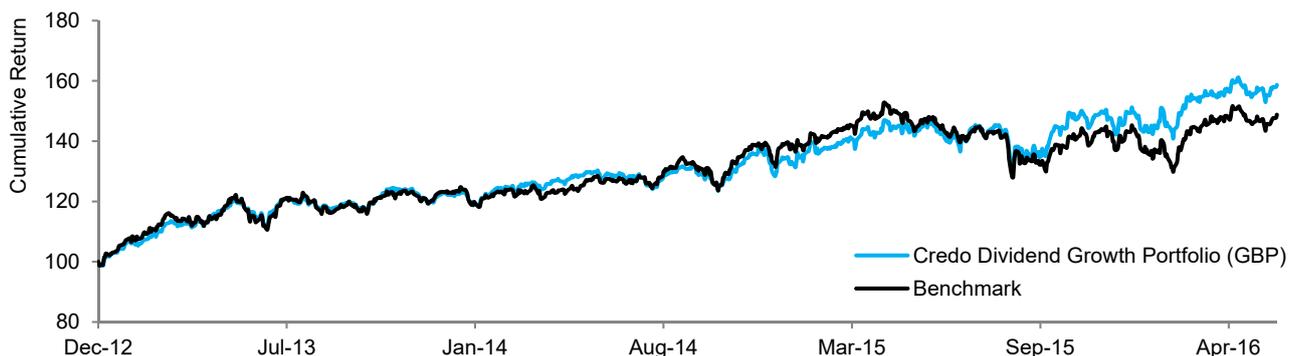
### Key Contributors to Return

Chubb rose 7.4% as initial signs suggest the recent merger has been successful. Chubb's earned premiums rose 68% in 1Q, exceeding expectations. The company also increased estimated merger-related savings to a \$750 million annual run-rate by 2018. Nevertheless, rate pressures continue to erode Chubb's written premiums. In a bid to remain relevant, Microsoft continues to transform itself. As legacy product sales slow, the company has enjoyed triple-digit growth in its cloud platform, Azure, helping Microsoft to gain ground against Amazon Web Services. The company is also migrating its legacy products to the cloud. The stock returned 7.0%.

### Key Detractors from Return

Though Statoil's focus on fast-track field development projects in Norway, where existing infrastructure and expertise are leveraged at low cost, can be seen as an appropriate response to low oil, investors are growing concerned that this domestic focus risks removing some potential growth. For instance, the recent divestment of US onshore assets. The stock fell -9.2%. Having spurned Honeywell's \$90 billion takeover offer, United Technologies reaffirmed that it doesn't need acquisitions to grow. Nevertheless, near-term challenges, such as slowing demand for elevators and engines from China, have hurt margins. The company fell -3.0% over the month.

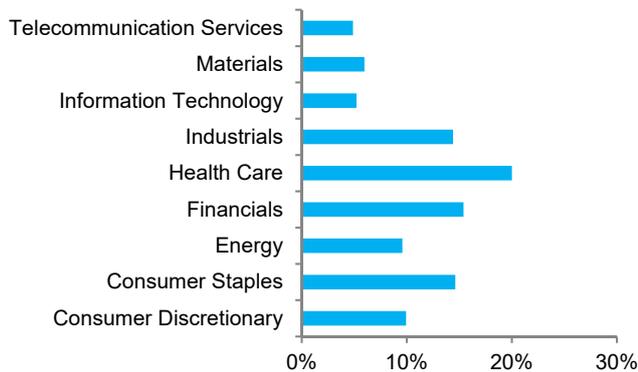
## Performance Since Inception (28/12/2012)<sup>2</sup>



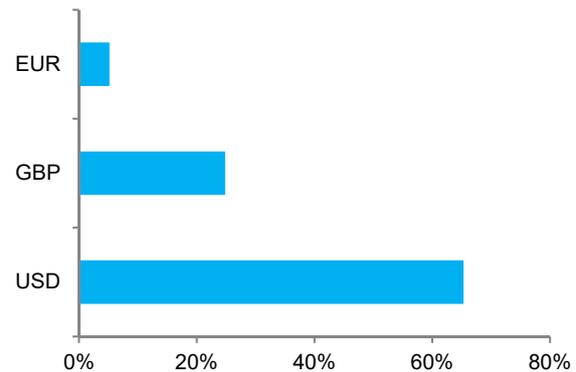
Sample Portfolio Statistics<sup>2</sup>

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
BP	357p	136.5x	28.6x	7.7%
United Technologies	\$100.6	15.8x	15.4x	2.6%
Las Vegas Sands	\$46.2	20.3x	19.8x	6.2%
<b>Total Portfolio Average</b>		<b>17.8x</b>	<b>16.5x</b>	<b>3.6%</b>
<b>MSCI World</b>		<b>21.0x</b>	<b>17.0x</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 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 31/05/2016 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	Dividend Growth Portfolio	MSCI World	Relative Return
<b>Since Inception</b>	43.3%	34.4%	8.9%
<b>3 Year</b>	28.7%	20.7%	8.0%
<b>1 Year</b>	3.5%	-4.0%	7.5%

Short Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
<b>YTD</b>	4.5%	1.7%	2.8%
<b>3 Months</b>	7.9%	9.1%	-1.2%
<b>1 Month</b>	1.2%	0.6%	0.6%

## Market Commentary

In the US, hawkish comments by several Federal Reserve officials roused speculation over the possibility of a June interest rate hike, sooner than previously expected. Meanwhile, despite turbulence, the S&P 500 ended the month up 1.8%. Following a 6 month rally, Brent Crude hit new highs, almost piercing the \$50 mark. In the UK, sterling rallied while the latest slew of polls indicated faltering support for the Leave campaign. The MSCI UK Index rose 0.2%. Amid concerns over the Eurozone's future, the European Commission opted to postpone a decision on disciplinary action against Spain and Portugal for breaking budget rules while the IMF reiterated that it would not participate in the latest Greek bailout without extensive debt relief. The STOXX 600 ended the month up 2.7%. In Brazil, enthusiasm following the impeachment of Dilma Rousseff was soon replaced with concerns over the poor state of the economy.

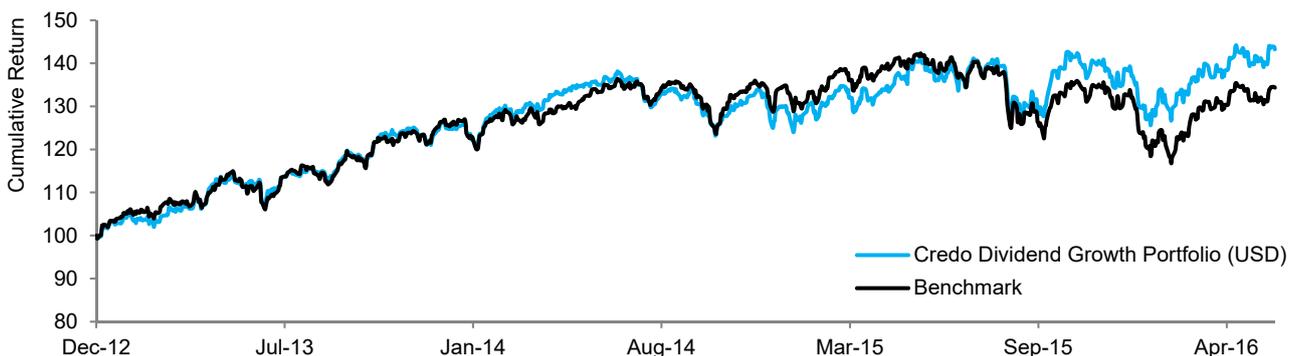
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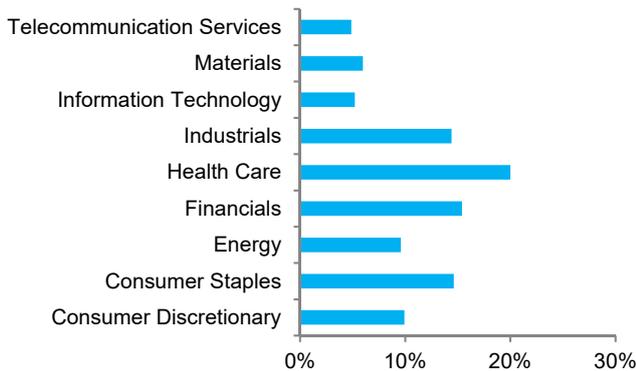
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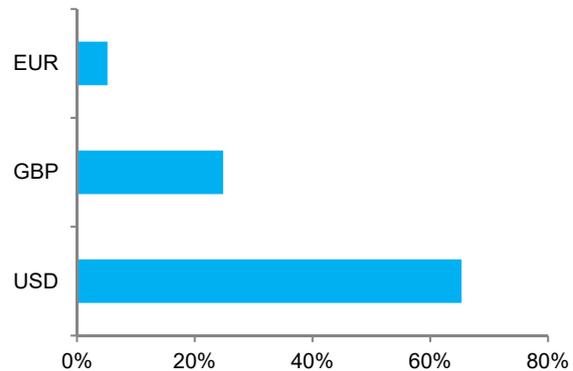
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