

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	82.9%	69.5%	13.4%
3 Year	56.4%	45.9%	10.5%
1 Year	32.6%	24.6%	8.0%

Short Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
YTD	22.3%	17.7%	4.6%
3 Months	15.3%	13.9%	1.4%
1 Month	0.9%	0.7%	0.1%

Market Commentary

August saw equity markets continue to advance after recovering from a small pullback in the first week of the month. European equities outperformed with the MSCI Europe ex UK up 0.78% in USD terms versus 0.14% for the S&P500. UK equities were again amongst the strongest performers in both local currency and USD terms – though contrasting the YTD trend it was smaller companies which outperformed during August as MSCI UK Small Cap increased 1.68% against 0.84% for the large cap index. Whilst bond yields in the US rose slightly to 1.58% during the period, yields in the UK and Germany continued to decline. Having been moving in line with US Treasuries, above 2% just over 18 months ago, 10 yr UK gilts ended the month yielding below 0.65%. Having seen a decline down below 1.29 in the middle of the month, Sterling saw a reversal against the dollar to end August over 1.31.

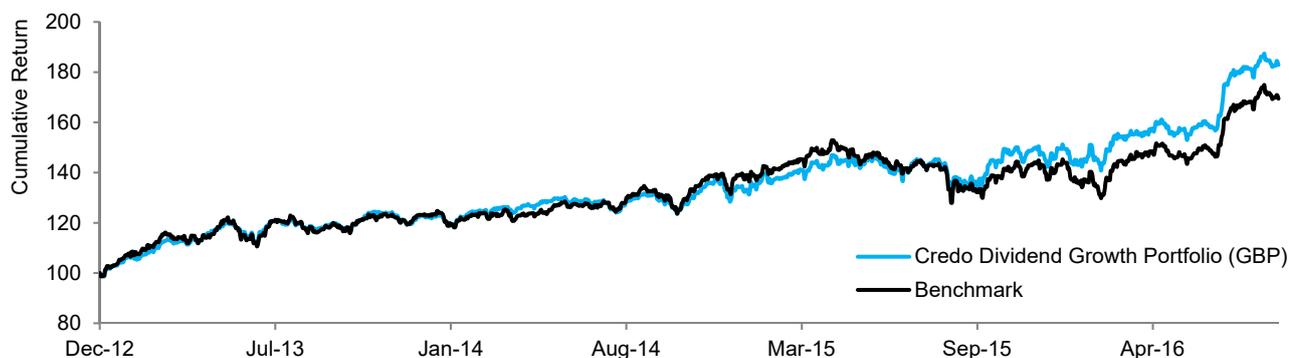
Key Contributors to Return

Whitbread's shares increased by 9.2%, supported by economic data coming out of the UK which, while still early days, points to a much better picture than expected by many following Brexit. Wells Fargo's shares increased by 7.5% as the market started pricing in a higher probability of interest rate hikes.

Key Detractors from Return

Sanofi's shares declined by -8.7% after reporting weaker than expected revenues in the second quarter. Verizon's shares declined by -4.9% also on the back of weaker than expected second quarter earnings.

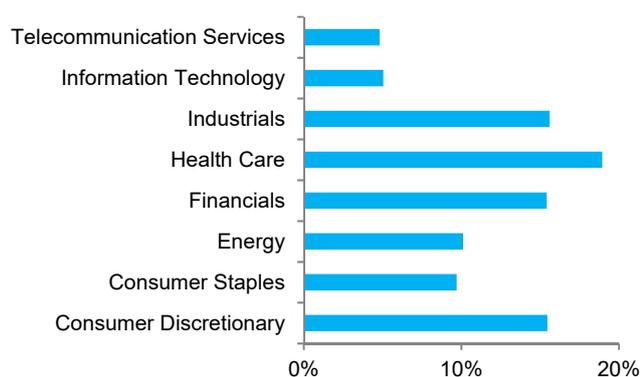
Performance Since Inception (28/12/2012)²



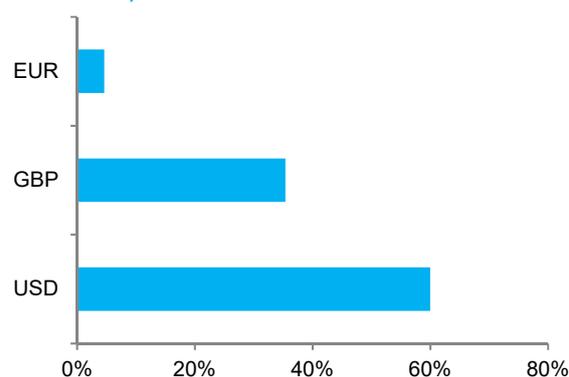
Sample Portfolio Statistics²

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
Quest Diagnostics Inc	\$82.8	17.9x	16.2x	1.9%
Pepsico Inc	\$106.8	22.5x	22.4x	2.8%
Prudential Plc	1363.5p	24.0x	11.4x	2.9%
Total Portfolio Average		24.2x	18.8x	3.3%
MSCI World		22.2x	17.5x	2.6%

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 31/08/2016 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	49.5%	38.6%	10.9%
3 Year	32.8%	23.9%	8.9%
1 Year	13.5%	6.7%	6.8%

Short Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
YTD	9.1%	5.0%	4.1%
3 Months	4.4%	3.1%	1.2%
1 Month	0.2%	0.1%	0.1%

Market Commentary

August saw equity markets continue to advance after recovering from a small pullback in the first week of the month. European equities outperformed with the MSCI Europe ex UK up 0.78% in USD terms versus 0.14% for the S&P500. UK equities were again amongst the strongest performers in both local currency and USD terms – though contrasting the YTD trend it was smaller companies which outperformed during August as MSCI UK Small Cap increased 1.68% against 0.84% for the large cap index. Whilst bond yields in the US rose slightly to 1.58% during the period, yields in the UK and Germany continued to decline. Having been moving in line with US Treasuries, above 2% just over 18 months ago, 10 yr UK gilts ended the month yielding below 0.65%. Having seen a decline down below 1.29 in the middle of the month, Sterling saw a reversal against the dollar to end August over 1.31.

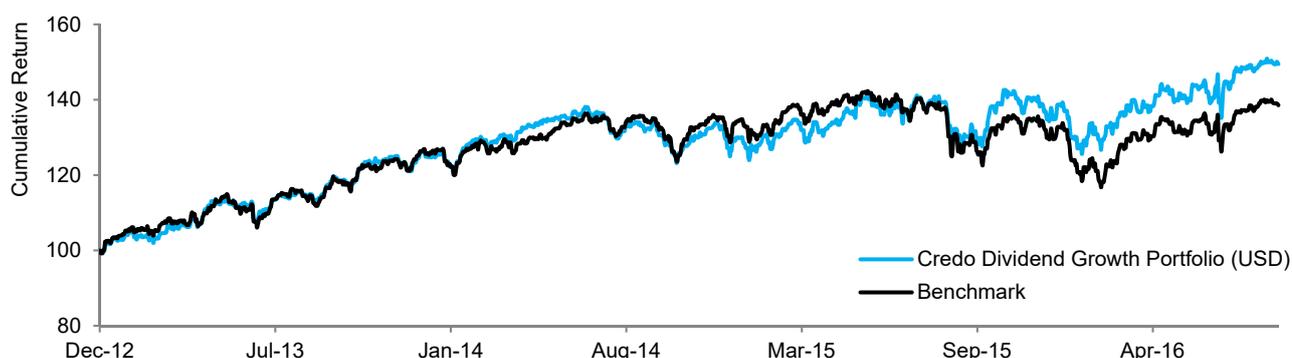
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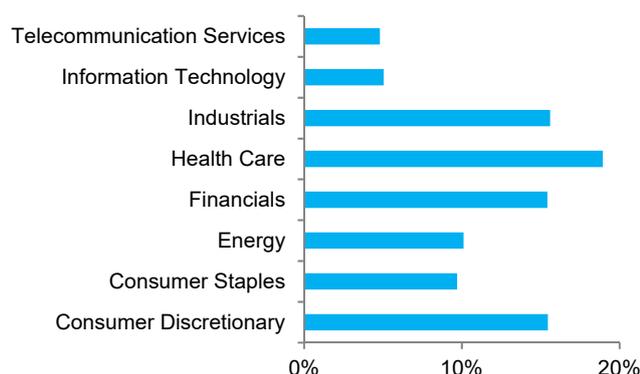
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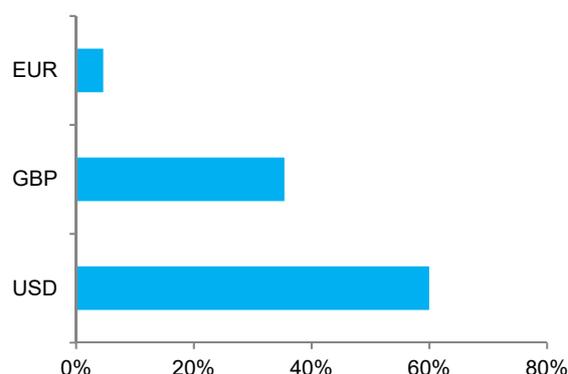
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