

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	99.7%	84.8%	15.0%
3 Year	62.9%	50.1%	12.8%
1 Year	33.6%	28.3%	5.3%

Short Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
YTD	33.6%	28.3%	5.3%
3 Months	8.0%	7.0%	1.0%
1 Month	3.7%	3.7%	0.0%

Market Commentary

The final month of 2016 saw the FTSE 100 experience a “Santa rally” as the market closed at an all-time high of 7,142 points and finished the month up 5.4%. Results around Europe were equally impressive with the CAC 40 and DAX rising 6.4% and 7.9% respectively as the ECB extended its QE program until December 2017. In the US, the DJIA continued its post-Trump rise 3.4% and coming within touching distance of a 20,000 close. In Asia, the Nikkei 225 rose 4.5% as the yen continued to weaken against the dollar. In global government bond markets, major European yields fell slightly, including UK 10-year gilts dropping 18bps to 1.2%. Meanwhile US 10-year Treasury yields rose to 2.4% as the Fed raised its target federal funds rate to a range of 0.50 to 0.75%.

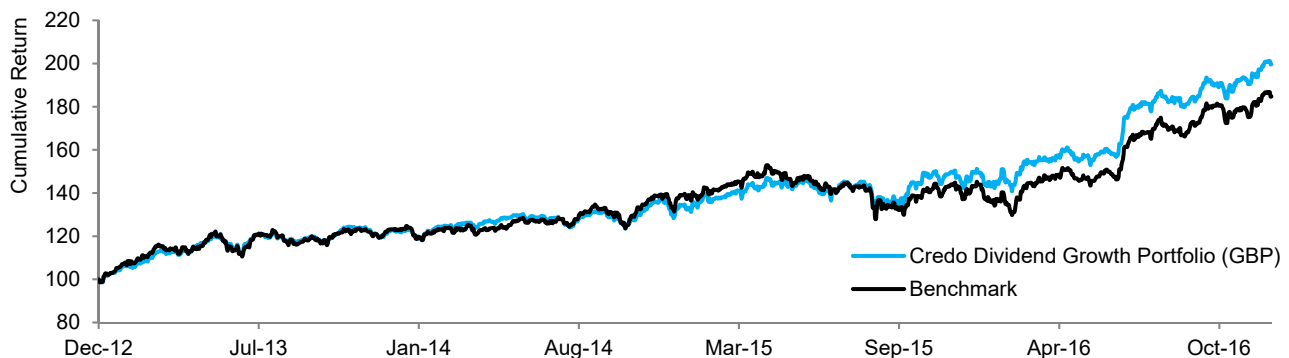
Key Contributors to Return

BP’s shares increased by 10.9% as the market digested OPEC’s (supported by certain non-OPEC countries) agreement to cut oil production. Whitbread’s shares increased by 9.0% on the back of positive hotel industry statistics.

Key Detractors from Return

Las Vegas Sands’ shares declined by -12.6% on the back of concerns over tightening Chinese capital controls. Meggitt’s shares declined by -2.9% without obvious cause.

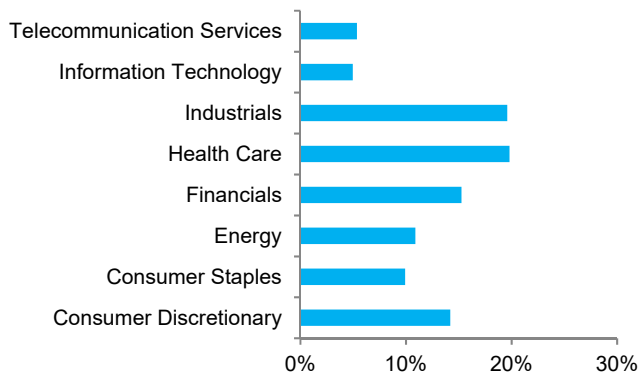
Performance Since Inception (28/12/2012)²



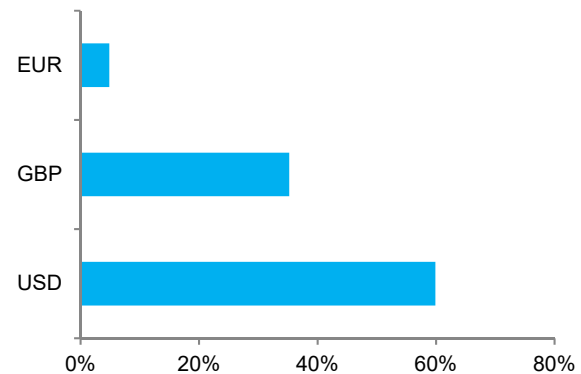
Sample Portfolio Statistics²

	Current Price	Trailing 12 Month P/E	12 Month Forward P/E	Dividend Yield
Chubb Ltd	\$132.1	14.0x	12.7x	2.1%
Microsoft Corp	\$62.1	29.5x	19.9x	2.5%
Pepsico Inc	\$104.6	21.9x	20.2x	2.9%
Total Portfolio Average		21.0x	15.3x	3.3%
MSCI World		22.0x	16.3x	2.5%

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. Benchmark is calculated net of withholding tax. Following additions or removals, each holding is rebalanced to a 5% weighting.

(2) Source: Bloomberg pricing as of 31/12/2016 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	53.4%	41.9%	11.5%
3 Year	21.4%	11.8%	9.6%
1 Year	11.9%	7.5%	4.4%

Short Term Returns	Dividend Growth Portfolio	MSCI World	Relative Return
YTD	11.9%	7.5%	4.4%
3 Months	2.8%	1.9%	0.9%
1 Month	2.4%	2.4%	0.0%

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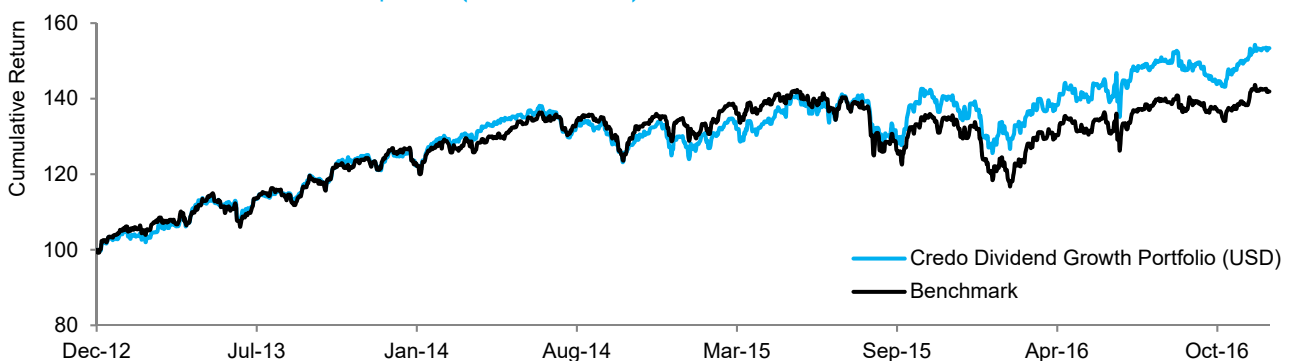
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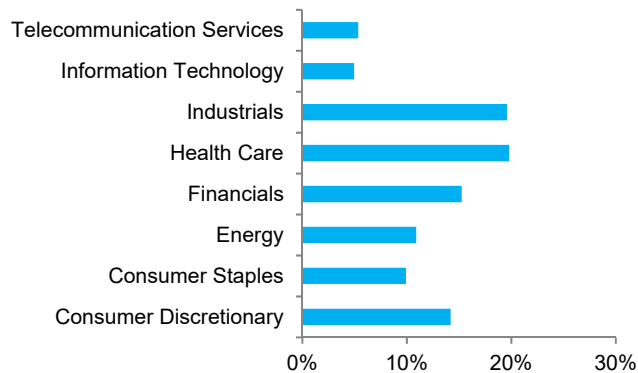
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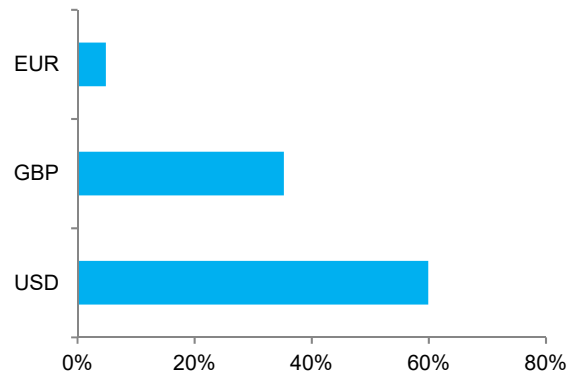
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