

ALL WEATHER REVIEW

QUARTER ONE | TWO THOUSAND AND TWENTY THREE



CS INVESTMENT MANAGERS

The first quarter of 2023 started well with investors anticipating better markets, as inflation and interest rates were thought to be nearing their peak. However, this ignored the damage already caused by higher lending rates, and suddenly US and European banks looked very vulnerable in early March when banking crises erupted in California and Switzerland. Solvency issues threatened to become systemic as narrowly based deposits melted away and liquidity could not be generated from funds locked up on a long term basis. Thankfully, rapid official intervention stopped the crises spreading, at least in the short term, and markets edged forward at the end of the quarter.

BH Macro, listed in our Alternative asset category, did much better than expected last year. Disappointingly, it gave ground back in the very period it was selected to defend. Overall, it has done well for the All Weather strategy. Less surprisingly, sectors like REITs gave up some ground as investors fled in favour of the higher yields available for security in Sovereign bonds. That said, we did see positive returns from equity funds with an income bias such as Artemis UK Select, Evenlode Income, and Merchants Trust.

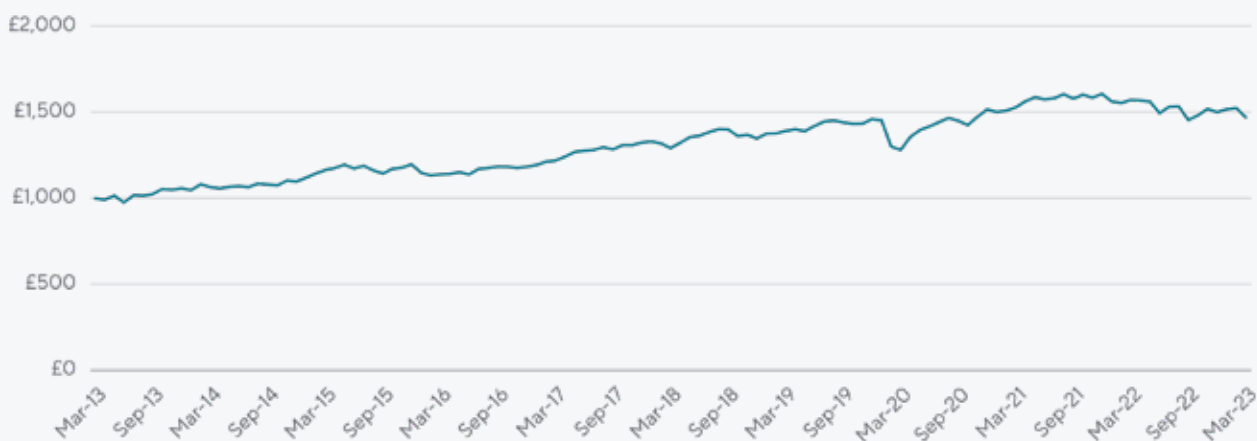
The spread of asset classes helped dampen volatility too, with Greencoat UK Wind doing well in the renewables allocation. Absolute return funds, which also have the ability to sell shares in anticipation of weaker markets, did their job as well - with Brook European Focus Absolute Return and Brook Absolute Return fund both posting useful gains.

If we can avoid further distress in the banking sector, particularly the structurally vulnerable US regional banks, we see scope for renewed progress as markets anticipate Jerome Powell at the US Fed on the interest rate front. His room for manoeuvre is limited, as Covid and the financial crash of 2008/9 created a flood of new paper issuance, that has debased the US\$.

We are likely to look at assets that will offset these trends and, if the recovery in Bitcoin does not overshadow Gold, we see bullion itself and companies involved in its production (and of other metals as well), as offsets to weaker currencies in developed markets. We also look to global equities to recover- particularly if inflation drops to or below 5%, a climate where they have prospered historically.

Performance

£1,000 invested over time:



Source: Reuters Eikon, CS Managers Ltd. Data as at 31/03/2023



ALL WEATHER QUARTERLY REVIEW

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Total Return	CS All Weather	Annualised
3 Months	-1.97	-
1 Year	-6.38%	-
3 Years	14.76%	4.70%
5 Years	13.78%	2.62%
Inception	79.09%	4.50%

Top 10 Holdings	Weight	Overall Sector Breakdown as at 31 March 2023
BH Macro	6.7%	
Dodge & Cox US Stock Fund	6.7%	
Lightman European	5.2%	
Merchants Investment Trust	5.1%	
UK(GOVT OF) IDX/LKD SNR 22/03/2024	4.2%	
S&P US Dividend Aristocrats	4.2%	
Schroder Strategic Credit	4.1%	
Premier Miton US Opportunities	3.8%	
Artemis UK Select	3.6%	
EJF Investments 2025 ZDP	3.5%	

Source: CS Managers Ltd as at 31/03/23

Performance numbers are indicative. Performance from 31 Dec 2009 – 30 Sept 2018 is of The Thesis Charlotte Square Allweather Fund. From the 30 Sept 2018 to 31 March 2022, performance is shown of the CS Investment Managers All Weather strategy, net of underlying fund costs, management fee of 0.75% + VAT, and other ancillary and dealing costs. From 31 March 2022, performance figures are drawn from a composite group of non-constrained discretionary portfolios managed by CS Investment Managers under an All Weather investment strategy. These figures have been calculated net of fees and dealing costs and adjusted for contributions and withdrawals. Please note that the performance of individual portfolios may vary due to factors such as the portfolio size, stock selection and timing of investment transactions.

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