



The second quarter started positively as markets continued recovering ground following the banking sector turmoil in March, with investors feeling interest rates were reaching a peak. While US inflation has been showing signs of cooling over the year to date, over the Atlantic UK inflation has proven more stubborn, with consecutive inflation surprises coming in for April and May's figures. This forced the Bank of England's hand in hiking rates by a further 50 basis points at the June meeting, contributing to an end of quarter sell off in UK-listed assets in particular.

While UK markets have been weak over the year to date, the US has fared well, supported by a seemingly tighter reign on inflation, as well as an artificial intelligence driven rally in a handful of US tech stocks. As a result, Dodge and Cox US Stock Fund was one of the stronger performers over the quarter. Japan has emerged as an area of strength this year with economic data pointing to an awakening from a 25 year slumber, combined with a renewed focus on shareholder value – we have been actively adding to this area recently.

Gold holdings detracted from returns over the quarter, with the gold price slightly softer towards the end of the quarter after flirting with all-time highs. We remain positive on the

longer-term outlook for gold given the significant central bank purchasing and safe haven status. Additionally, the above mentioned UK inflation surprises have been detrimental to UK-listed alternatives such as REITs, Infrastructure and hedge funds over the period, with share price discounts relative to net asset values widening. We reduced exposure to these areas over the quarter, retaining selective exposure following a detailed review of holdings, examining factors such as income coverage, tenant base, debt maturity and refinancing. We have been encouraged by the most recent CPI figures for June, which have provided a boost early in Q3 for the UK-listed alternatives that we have retained, and hope to see a sustained recovery going forward.

Performance

£1,000 invested over time:





ALL WEATHER QUARTERLY REVIEW

QUARTER TWO | TWO THOUSAND AND TWENTY THREE

Total Return	CS All Weather	Annualised
3 Months	-3.01%	-
1 Year	-4.57%	-
3 Years	0.60%	0.20%
5 Years	4.64%	0.91%
Inception	73.70%	4.18%

Top 10 Holdings	Weight	Overall Sector Breakdown as at 30 June 2023
UK(GOVT OF) IDX/LKD SNR 22/03/2024	9.0%	
Dodge & Cox US Stock Fund	7.3%	
BH Macro	5.4%	
Lightman European	5.2%	
JPM US Research Enhanced	5.0%	
Fundsmith Equity	4.5%	
Schroder Strategic Credit	4.4%	
Wisdomtree Physical Gold	4.0%	
Artemis UK Select	3.9%	
EJF Investments 2025 ZDP	3.8%	

Source: CS Managers Ltd as at 30/06/23

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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