

# INCOME UPLIFT

QUARTER ONE | TWO THOUSAND AND TWENTY THREE



CS INVESTMENT MANAGERS

Portfolio values were steady over the first two months of the year but gave up ground in March as the US banking crisis spiralled. As markets reacted to fears of a banking crisis, government bond markets went from pricing in rate hikes to discounting sizeable rate cuts in some markets. The yield on the UK 10-year Gilt moved from an intra-quarter high of 3.89% to finish at 3.49%. Overall, the Income Uplift performance fell 2.17% over the quarter, primarily led by holdings in financials and alternatives.

After complimenting BH Macro last quarter on its stellar performance through prudent interest rate management, the fund experienced a pullback in its share price in March. Although the fund was positioned for lower rates, it was negatively influenced by the significant moves in US interest rate expectations that followed the collapse of Silicon Valley Bank. Global imbalances, both within individual economies as well as between them, are at historical extremes and as a result, we believe that maintaining this holding is prudent for the coming period.

Within the alternative income sector, REITs and infrastructure continued to struggle as investors preferred high yield bonds with a higher level of capital security. Holdings such as Impact Healthcare, LXi REIT, and SDCL Energy Efficiency all gave up ground. We spoke with management of Impact Healthcare during the quarter, and it is reassuring to hear that rental payments remain at 100% and opportunities for accretive

asset management at net yields of 8%+ are in the pipeline. Additionally, the board of SDCL announced just after quarter end that they were initiating a buyback programme, at a 5% premium to the rolling market price, citing that the current share price does not accurately reflect the inherent value in the Company's portfolio. The positive moves after quarter end in these areas are encouraging and, as we move towards the end of the current programme of rising interest rates, we should start to see the relative appeal of these sectors come back.

A glimpse of light in this sector was Greencoat UK Wind, which provided a positive return. The Trust recently increased the dividend by 13.4%, the RPI inflation rate for the year to December 2022. With energy prices remaining higher and income linked to RPI, the Trust is well positioned for future growth.

CS Investment Managers Income Uplift Performance (net of fees)



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



# INCOME UPLIFT QUARTERLY REVIEW

## QUARTER ONE | TWO THOUSAND AND TWENTY THREE

Total Return	CS Investment Managers Income Uplift Strategy Portfolio	UK CPI Inflation
3 Months	-2.07%	0.8%
1 Year	-6.74%	10.2%
3 Years	16.80%	17.7%
5 Years	13.53%	22.0%
Since 31/12/2010	67.31%	41.1%

Source: CS Managers Ltd and Office for National Statistics data as at 31/03/23

### Asset Allocation

Top 10 Holdings	%	Sector	Overall Sector Breakdown as at 31 March 2023
BH Macro	5.7%	Alternatives	
UK(Govt) Index-Linked Gilt 03/24	5.2%	Fixed Income	
Premier Miton Monthly Income	4.8%	Fixed Income	
Royal London Sterling Extra Yield	4.7%	Fixed Income	
Artemis Corporate Bond Fund	4.5%	Fixed Income	
UK(Govt) Index-Linked Gilt 07/24	4.2%	Fixed Income	
Dodge & Cox US Stock Fund	3.8%	Equity	
NB Uncorrelated Strategies	3.8%	Alternatives	
Merchants Investment Trust	3.7%	Equity	
Schroder Strategic Credit	3.2%	Fixed Income	

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

Performance from 31 Dec 2010 – 30 Sept 2022 is drawn from stylised aggregate portfolios constructed from the discretionary portfolios managed by CS Investment Managers. The figures were calculated on a monthly basis, net of fees and other charges and adjusted for contributions and withdrawals. From 1 October 2022, performance figures are drawn from a composite group of non-constrained discretionary portfolios managed by CS Investment Managers under an Income Uplift investment strategy. These figures have been calculated net of fees and dealing costs and adjusted for contributions and withdrawals. Performance of individual portfolios may vary due to factors such as the portfolio size, stock selection and timing of investment transactions.

### CONTACT

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