



Both equity and bond markets started the quarter off on a positive note, buoyed by hopes of a soft landing and an earlier than anticipated end to central bank monetary tightening. This sentiment soon subsided, and a sell off followed, as central banks continued to hike interest rates in attempts to combat inflation, with readings across major global economies still showing rising prices. September saw notable volatility, as the UK Government's 'mini-budget' sent ripples across global markets and risked disrupting the UK Defined Benefit pensions market.

With volatility in both yields and exchange rates, BH Macro was one of the strategy's strongest performers, returning 6.4% over the period. The hedge fund focuses on trading FX and interest rate movements, among other macroeconomic variables, and, as such, was able to capitalise on instability in markets and provided the hedging properties that the allocation is designed to offer the strategy.

The iShares Oil and Gas ETF, a thematic holding in portfolios, also contributed positively to returns for the strategy, with heightened oil and gas prices throughout the year continuing to provide a tailwind to companies in the sector. An additional source of relative strength came from unhedged foreign currency assets whose performance was supported by weakness in the pound, which was particularly acute towards the end of the quarter.

Rising bond yields proved a drag on performance for a number of areas of the market. One area particularly impacted was Real Estate Investment Trusts (REITs) & Infrastructure Holdings, which sold off as investors deemed a 4-5% yield on 'risk-free' government bonds as attractive relative to yields of a similar level on riskier real estate assets. Against this backdrop of heightened investment market volatility, our All Weather strategy returned -2.7% over the quarter. The strategy remains positioned with capital preservation at the forefront of thinking and as such, our equity holdings remain below historic levels, with cash elevated. Our focus remains on stability during these challenging market conditions, and we are keeping a close eye on macroeconomic indicators which provide insight into the stage of the economic cycle, supporting us in capitalising on opportunities as they arise.

Performance

£1,000 invested over time:





ALL WEATHER QUARTERLY REVIEW

QUARTER THREE | TWO THOUSAND AND TWENTY TWO

Total Return	CS All Weather	Annualised
3 Months	-2.7%	-
1 Year	-7.8%	-
3 Years	0.9%	0.3%
5 Years	13.3%	2.5%
Inception	77.2%	5.0%

Top 10 Holdings	Weight	Overall Sector Breakdown as at 30 September 2022
BH Macro	7.5%	
Dodge & Cox US Stock Fund	6.8%	
Merchants Investment Trust	4.2%	
Lightman European	4.4%	
S&P US Dividend Aristocrats	4.4%	
UK(GOVT OF) 0.75% SNR 22/07/2023	4.2%	
UK(GOVT OF) IDX/LKD SNR 17/07/2024	4.1%	
Schroder Strategic Credit	3.8%	
Premier Miton US Opportunities	3.8%	
Artemis UK Select	3.1%	

Source: CS Managers Ltd as at 30/09/22

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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