INCOME UPLIFT

QUARTER THREE | TWO THOUSAND AND TWENTY TWO

CS INVESTMENT MANAGERS

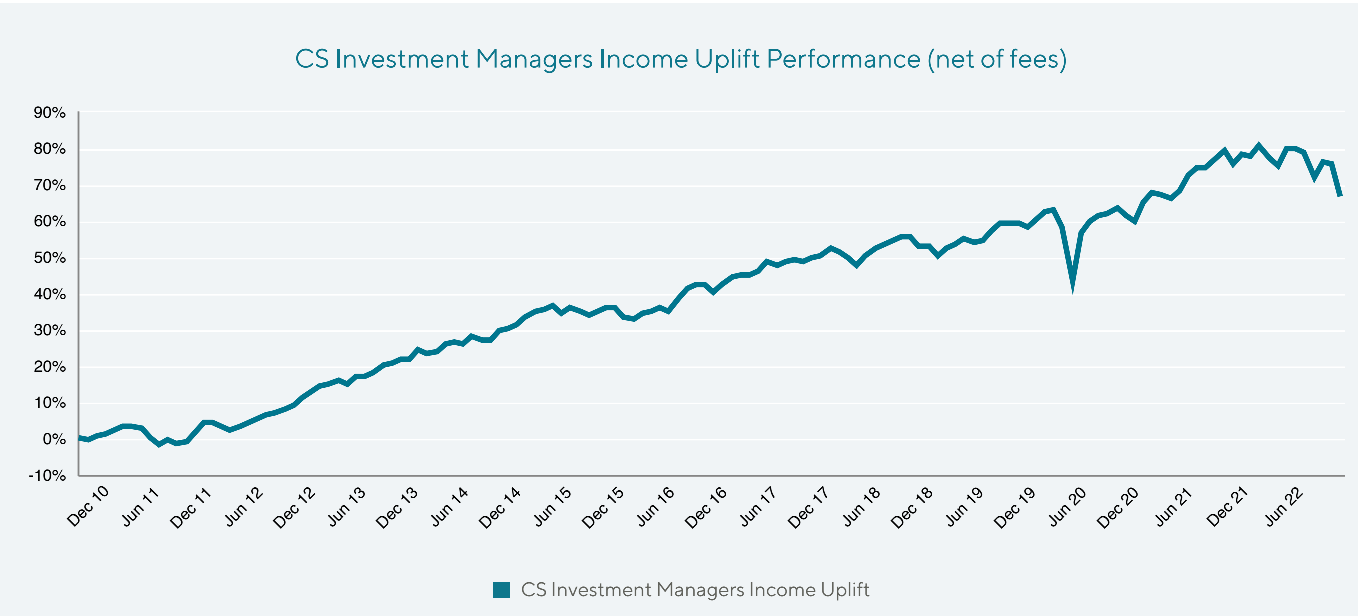
Following a difficult first half of the year, markets saw some respite in July as concerns over a global economic slowdown were offset by steady operating results, reduced inflation fears and subsequently a reduction in future interest rate rises. Although most companies continued to report solid trading in August and September, investor focus turned back to global macro-economic concerns which included rising European gas prices, persistent inflationary pressures, and rapidly rising interest rates on both sides of the Atlantic.

While global markets do not usually pivot around UK domestic politics, lately the UK's economic policy twists and turns have dominated investor attention. The aftermath of the 'mini-budget' produced a significant rise in the 10-year yield and areas of the market which have been defensive in nature, i.e. (Real Estate Investment Trusts) REITs and infrastructure, came under some pressure. Fundamentally, many of our REITs are showing lower void rates and strong rental growth but purchasing activity has slowed down. With the 10-year UK Gilt yield rising as high as 4.5%, many investors took risk off the table by reducing exposure to these areas. With further interest rate pressures ahead, we also modestly reduced our exposure to these sectors. Given this climate, our Income Uplift service fell by 3.2%.

Fixed income, a historically defensive asset class, has also failed to protect capital with rising interest rates significantly hampering bond prices. While we have been underweight fixed income for the last year, the exposure we do have has been biased towards shorter duration (i.e. bonds with a shorter time to maturity and lower interest rate sensitivity), which has helped reduce the impact of rising rates.

Although not income producers, we continue to hold core positions in the likes of BH Macro and NB Uncorrelated Strategies. By employing various trading strategies which invest in the likes of foreign currency, interest rate movements, equities, and global bonds, they have been able to capitalise on these volatile markets.

The world continues to face a variety of economic and geopolitical headwinds. In this context, we remain cautious on markets in the near term and are keeping a focus on capital preservation. Clearly a point will come where we will reach a trough in equity and bond markets, but for now, we expect further volatility in the short term and continue underweighting bonds and equities and overweighting of cash.



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

INCOME UPLIFT QUARTERLY REVIEW

QUARTER THREE | TWO THOUSAND AND TWENTY TWO

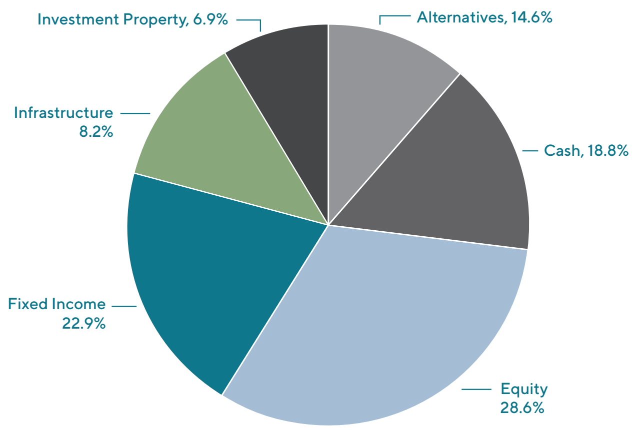
Total Return	CS Investment Managers Income Uplift Strategy Portfolio	UK CPI Inflation
3 Months	-3.2%	1.9%
1 Year	-5.4%	10.1%
3 Years	4.6%	13.8%
5 Years	12.1%	18.8%
Since 31/12/2010	66.1%	34.2%

Source: CS Managers Ltd and Office for National Statistics data as at 30/09/22

Asset Allocation

Top 10 Holdings	%	Sector
BH Macro	6.8	Alternatives
UK(Govt) Gilt 07/23	4.9	Fixed Income
NB Uncorrelated Strategies	4.4	Alternatives
Royal London Sterling Extra Yield	4.4	Fixed Income
Dodge & Cox US Stock Fund	4.1	Equity
UK(Govt) Index-Linked Gilt 07/24	4.0	Investment Property
Merchants Investment Trust	3.1	Equity
Schroder Strategic Credit	2.9	Fixed Income
Shell PLC	2.6	Equity
Sequoia Economic	2.6	Fixed Income

Overall Sector Breakdown as at 30 September 2022



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

Performance figures are indicative, drawn from stylised aggregate portfolios constructed from the discretionary portfolios managed by CS Investment Managers. The figures are calculated on a monthly basis, net of fees and other charges 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.

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IMPORTANT INFORMATION

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