

Investment objective

To seek a combination of income and long-term capital appreciation, but with a focus on income, with a medium risk investment profile.

Benchmark

The Fund is benchmarked against the MSCI PIMFA Income Index (Total Return) and will take active positions relative to this index on both asset allocation and stock selection. The Fund's broad asset allocation (split by equities, fixed income and alternatives) will typically be restricted to a range, relative to the benchmark, set by the CSI Investment Committee.

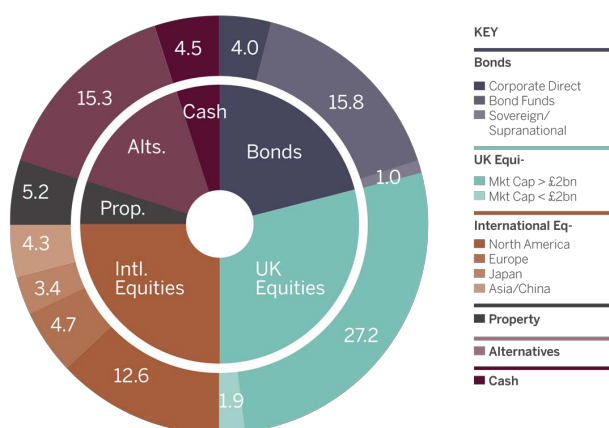
On 1 March 2017 the WMA (now PIMFA) range of Private Investor comparators replaced FTSE International with indices provided by MSCI and IHS Markit.

Investment policy

In order to achieve its objective, the Fund will invest principally in a diversified portfolio of different asset classes such as equities, equity linked securities (including warrants and convertible securities), fixed and floating rate debt securities, index linked bonds, cash and cash equivalents.

The equity part of the Fund's portfolio will contain primarily securities from the leading UK companies (FTSE 350) or their equivalents from overseas markets. The equity part of the portfolio may also consist of, but to a proportionately lesser extent, the securities of smaller companies. The bond part of the Fund's portfolio will contain mainly bonds such as sovereign debt or securities guaranteed by governments and corporate debt with the focus being on medium to high credit quality. The bond part of the portfolio may also consist of, but to a proportionately lesser extent, lower quality bonds.

Asset allocation



Key information

Benchmark: MSCI PIMFA Income Index

Unit Price (1 Dist Shares)	£1.18
Dividend Yield*	2.7%
Dividend Payment (month end)	Jan, Apr, Jul & Oct
Inception	15-Apr-13

Charges:

Class 1 Shares	
Ongoing Charges**	0.56%
Transaction Costs	0.14%
Total cost of Ownership	0.70%

Performance Fee	n/a
Exit Charge	n/a

Distribution shares SEDOL	B95JKM6
Distribution shares ISIN	LU0904712360

Fund Manager (since 26/07/19)	James Godrich, CFA
Deputy Fund Manager (since 01/07/2020)	Christopher Barrett

Top 10 direct holdings

	Percentage
1 WORKSPACE	1.5%
2 LONDONMETRIC	1.5%
3 CLOSE BROS	1.4%
4 RIO TINTO	1.4%
5 UNILEVER	1.4%
6 BURBERRY	1.3%
7 COOPER COS	1.3%
8 HARGREAVES LANSDOWN	1.3%
9 SCHRODERS VOTING SHARES	1.2%
10 JOHNSON & JOHNSON	1.2%

Top 10 fund holdings

	Percentage
1 VANGUARD S&P 500 ETF	6.2%
2 CHURCH HOUSE INV GRADE FXD INT	5.4%
3 TWENTYFOUR ABSOLUTE RETURN CREDIT	5.4%
4 CAPITAL GEARING TRUST	3.6%
5 PERSONAL ASSETS TRUST	3.5%
6 ISHARES GBP IDX-LINKED GILTS	2.6%
7 CG PORTFOLIO DOLLAR HEDGED	2.4%
8 VANGUARD PACIFIC EX JAPAN	2.1%
9 CC JAPAN INCOME & GROWTH TRUST	2.1%
10 SCHRODER ORIENTAL INC	2.1%

Cumulative performance

(% total return)

	3m	6m	1yr	3yr	5yr
CSI Income	3.2%	5.1%	12.2%	34.1%	36.8%
MSCI PIMFA Income	3.6%	4.1%	10.4%	29.6%	34.9%

Source: Cadelam and Factset

Past performance is not a reliable indicator of future results. All performance figures shown are net of underlying fund charges.

*The yield reflects historic distributions declared over the past twelve months as a percentage of the mid-market unit price, as at the date shown and after the deduction of the funds expenses.

**Ongoing charge represents the direct costs of running a fund, which are deducted from the assets of the fund and provide a comparable number for the cost of investing. The annual management charge is included in the ongoing charge.

Fund manager commentary

During the fourth quarter, the Fund returned +3.2% against the PIMFA Income Index that returned +3.6%. Relative underperformance was driven by asset allocation within international equities.

In a quarter that saw the return of at least some Covid restrictions across much of the world, global equity markets experienced a polarised performance where the North American index posted a double digit return whilst many Asian and Emerging Market indices delivered a negative performance. In addition, the dollar performed exceptionally well and so as a UK investor it paid (even more so than in recent years) in the fourth quarter of 2021 to be invested in America.

Commentators will provide myriad reasons for this performance that might include Federal Reserve communications that highlighted their intention to act soon to stave off more serious long-term inflationary concerns; a flight to safety by investors in the face of the Omicron threat; and heightened political risk over the quarter in some Emerging and Asian economies such as Turkey, Russia and China.

Against this backdrop, disappointing performance in the fourth quarter in the CSI funds was driven by a small underweight position to the North American market and to poor single stock performances, such as PayPal discussed in our market commentary last month. These were partially offset by continued strong performance from long-term holdings in both the UK and Europe such as Sage, Croda and Nestle.

Discrete 12 month performance

(% total return)

	31.12.17 31.12.16	31.12.18 31.12.17	31.12.19 31.12.18	31.12.20 31.12.19	31.12.21 31.12.20
CSI Income	7.8%	-5.4%	16.2%	2.8%	12.2%
MSCI PIMFA Income	9.1%	-4.6%	15.1%	1.9%	10.4%

+Please note that the PIMFA performance data included is blended to reflect the FTSE WMA Series up to 1 March 2017 and the PIMFA MSCI Series thereafter.

We believe that examples such as PayPal give us an opportunity to learn and we are increasingly aware of managing the balance between 'letting our winners run' and allowing too large a weight to build in businesses that we believe are temporarily over-valued. But we believe that the extreme geographic performance seen in Q4 also highlights the significant amount of uncertainty, and sometimes even luck in investing. This is why we adopt the strategy in CSI to merely 'tilt' our asset allocation bets and to focus our efforts on analysing individual stocks, assets and strategies rather than what we deem to be much less predictable macroeconomic variables.

Any quarter of poor performance is disappointing but we will continue to focus on the longer-term performance that the funds deliver. We remind ourselves at this point of a quote from our Christmas read by Michael J. Mauboussin on 'untangling skill and luck in business, sports and investing' that 'when a measure of luck is involved, a good process will have a good outcome, but only over time'. We must not forget this quote and the role of luck after an exceptionally strong quarter of performance.

Important information

Past performance is not a reliable indicator of future results. All performance figures shown are net of underlying fund charges.

The value of CSI Income may go down as well as up and you may not receive back all the money you invest. Investment should be made on the basis of the Prospectus and Key Investor Information Document (KIID), available on our website. You should seek professional advice as to the suitability of the Fund before investing. Values may be affected by fluctuations in exchange rates where assets in the Fund are denominated in currencies other than sterling.

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The fund is a Luxembourg domiciled open-ended investment company (SICAV) which is an EEA UCITS fund. The Management Company of the SICAV is Cadelux S.A., the Depositary, Administrative, Corporate and Domiciliary agent, Registrar and Transfer Agent is Delen Private Bank. JM Finn is the Investment Manager as appointed by Cadelux S.A. This Fund is not offered, sold or distributed in the United States or to US persons.

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