

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

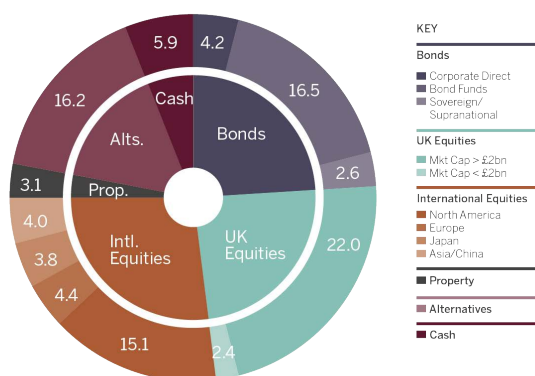
The Fund is benchmarked against the MSCI PIMFA Income Index (Total Return) and will take active positions relative to this index on both asset allocation and stock selection. The Fund's broad asset allocation (split by equities, fixed income and alternatives) will typically be restricted to a range,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

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. Debt securities (including sovereign and corporate) as well as higher yielding equities will be the dominant asset classes.

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 (A Acc/A Dist Shares) | £1.40/£0.98 |
| Dividend Yield* | 3.4% |
| Dividend Payment (month end) | Jan, Apr, Jul, Oct |
| Inception | 15-Apr-13 |

Charges:

| | |
|-------------------------|-------|
| Ongoing Charges** | 1.27% |
| Transaction Costs | 0.12% |
| Total Cost of Ownership | 1.39% |

| | |
|-----------------|-----|
| Performance Fee | n/a |
| Exit Charge | n/a |

| | |
|-----------------------|-----------------------------|
| Acc/Dist shares SEDOL | B9MBLH7/B94L4T8 |
| Acc/ Dist shares ISIN | LU0904711123 / LU0904711479 |

| | |
|---|---------------------|
| Fund Manager (since 26/07/19) | James Godrich, CFA |
| Deputy Fund Manager (since 01/07/20) | Christopher Barrett |
| Assistant Fund Manager (since 01/01/2023) | Nina Etherton |

Top 10 direct holdings

| | Percentage |
|-----------------------------|------------|
| 1 UK TREASURY 5% 07/03/2025 | 2.2% |
| 2 JP MORGAN CHASE | 1.2% |
| 3 NEXT | 1.2% |
| 4 BERKSHIRE HATHAWAY | 1.1% |
| 5 COOPER COS | 1.1% |
| 6 GAMES WORKSHOP | 1.1% |
| 7 DIAGEO | 1.1% |
| 8 SHELL | 1.1% |
| 9 JOHNSON & JOHNSON | 1.1% |
| 10 UNILEVER | 1.0% |

Top 10 fund holdings

| | Percentage |
|-----------------------------------|------------|
| 1 TWENTYFOUR ABSOLUTE RETURN | 6.3% |
| 2 VANGUARD S&P 500 ETF | 5.6% |
| 3 CHURCH HOUSE INV GRADE FXD INT | 5.3% |
| 4 PERSONAL ASSETS TRUST | 4.0% |
| 5 CAPITAL GEARING TRUST | 3.8% |
| 6 HSBC S&P 500 ETF | 2.8% |
| 7 CC JAPAN INCOME & GROWTH TRUST | 2.6% |
| 8 CG PORTFOLIO DOLLAR | 2.4% |
| 9 ISHARES II IDX-LINKED GILTS ETF | 2.4% |
| 10 3I INFRASTRUCTURE | 2.3% |

Cumulative performance

(% total return)

| | 3m | 6m | 1yr | 3yr | 5yr |
|-------------------|--------|-------|-------|-------|-------|
| CSI Income | -1.5% | -0.3% | 1.3 % | 8.0 % | 10.2% |
| MSCI PIMFA Income | -0.5 % | 2.1% | 2.4 % | 10.3% | 14.4% |

Source: Cadelam and Factset

Discrete 12 month performance

(% total return)

| | 30.06.19 30.06.18 | 30.06.20 30.06.19 | 30.06.21 30.06.20 | 30.06.22 30.06.21 | 30.06.23 30.06.22 |
|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| CSI Income | 5.3% | -3.1% | 15.4% | -7.7% | 1.3% |
| MSCI PIMFA Income | 4.6% | -1.0% | 13.4% | -5.0% | 2.4% |

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 second quarter, the Fund returned -1.5% against the PIMFA Income Index that returned -0.5%. Relative underperformance was driven by stock selection in international equities.

After the fastest rate hiking cycle in history in the US and UK interest rates at their highest point since 2008, the greatest surprise to many – including the policymakers enacting those rate hikes - is that the global economy hasn't yet fallen in on itself.

Employment statistics continue to confound economist predictions, recession in much of the developed world has already missed its expected time of arrival and company results across many sectors and geographies remain robust.

As an example, during June, UK retailer, **Next** – a holding across the CSI funds - released an 'unscheduled trading update' in which they said that "trading in the last seven weeks has been materially better than the guidance we issued in May". They went on to say that "sales were up +9.3% versus last year. This compares to our guidance of -5%". That is some difference!

There is no law that says that interest rates of 1%, 5% or 10% must certainly cause a recession and stifle inflation. Indeed, we have for some time had sympathy with the argument that higher rates would be required as a result of structural change in the global supply-demand balance driven by deglobalisation, baby boomers leaving the workforce, the end of fiscal austerity and increased spending on the green transition to name a few.

Against an uncertain backdrop we humbly retain our stance that we do not know exactly where inflation and rates are heading and when. We continue to run a balanced portfolio – or as we have been calling it, a barbell strategy. A weighting in cash and short dated fixed income, alongside a weighting in cyclical businesses such as retailers and financials. It is not impossible that the economy and markets continue to climb the wall of worry.

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.