

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

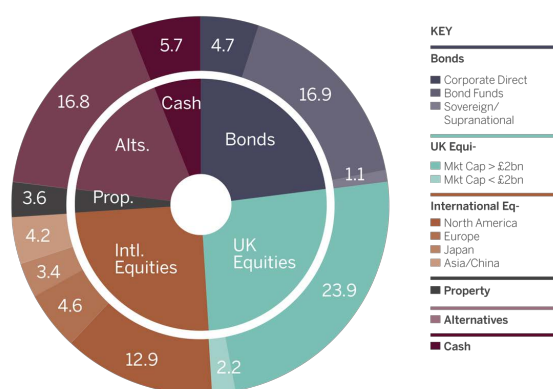
The Fund is benchmarked against the MSCI PIMFA Income Index (Total Return) and will take active positions relative to this index on both asset allocation and stock selection. The Fund's broad asset allocation (split by equities, fixed income and alternatives) will typically be restricted to a range, 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 Dist Shares)	£1.00
Historical Yield*	3.3%
Dividend Payment (month end)	Jan, Apr, Jul, Oct
Inception	15-Apr-13

Charges:

Ongoing Charges**	1.27%
Transaction Costs	0.19%
Total Cost of Ownership	1.46%

Performance Fee	n/a
Exit Charge	n/a

Distribution shares SEDOL	B94L4T8
Distribution shares ISIN	LU0904711479

Fund Manager (since 26/07/19)	James Godrich, CFA
Deputy Fund Manager (since 01/07/20)	Christopher Barrett

Top 10 direct holdings

	Percentage
1 RIO TINTO	1.3%
2 GAMES WORKSHOP	1.2%
3 JP MORGAN CHASE	1.2%
4 NEXT	1.2%
5 UNILEVER	1.2%
6 BURBERRY	1.1%
7 CLOSE BROS	1.1%
8 BP	1.1%
9 HARGREAVES LANSDOWN	1.1%
10 BERKSHIRE HATHAWAY	1.1%

Top 10 fund holdings

	Percentage
1 CHURCH HOUSE INV GRADE FXT INT	6.3%
2 TWENTYFOUR ABSOLUTE RETURN CREDIT	5.9%
3 VANGUARD FUNDS S&P 500 ETF	5.5%
4 PERSONAL ASSETS TRUST	4.0%
5 CAPITAL GEARING TRUST	3.9%
6 CG PORTFOLIO DOLLAR HEDGED	2.4%
7 CC JAPAN INCOME & GROWTH TRUST	2.3%
8 3I INFRASTRUCTURE	2.3%
9 INTERNATIONAL PUBLIC PARTNERSHIP	2.3%
10 ISHARES IDX-LINKED GILTS ETF	2.3%

Cumulative performance

(% total return)

	3m	6m	1yr	3yr	5yr
CSI Income	4.6%	1.6%	-10.6%	1.8%	11.2%
MSCI PIMFA Income	4.3%	0.5%	-8.3%	3.2%	13.3%

Source: Cadelam and Factset

Discrete 12 month performance

(% total return)

	31.12.18 31.12.17	31.12.19 31.12.18	31.12.20 31.12.19	31.12.21 31.12.20	31.12.22 31.12.21
CSI Income	-5.2%	15.2%	1.9%	11.7%	-10.6%
MSCI PIMFA Income+	-4.6%	15.1%	1.9%	10.4%	-8.3%

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 4.6% against the PIMFA Income Index that returned 4.3%. Relative outperformance was driven by stock selection in International Equities.

After a challenging year, it is pleasing to be able to report a strong performance in the fourth quarter, both on a relative and an absolute basis, in the CSI funds. A combination of a reduction in the rate of growth in global inflation, the dramatic end to China's zero-Covid policy and a string of surprisingly positive earnings updates provided reason for optimism amongst mostly-sceptical investors.

Included within that optimism were a number of retail businesses who had performed poorly but for which we felt opportunities had presented themselves to add to positions. The quarter saw impressive returns for fellow shareholders in **LVMH** (+11.4%), **Burberry** (+12.3%), **Next** (+20.9%), **Nike** (+40.8%) and **Games Workshop** (+47.8%) and we are pleased to report having added to our positions in these businesses at lower prices. Our perseverance amongst gloomy media headlines appears to have received some support (or at least some respite); however even after an exceptional quarter in the share price of some of these high quality franchises, we continue to look forward with great optimism.

Perseverance in investment however does not always pay off and during the quarter we chose to move on from **Strix**; a business held within the funds for a little under 18 months – a very brief stay on our preferred

'til death do us part' time horizon. During that period, we were disappointed with the capital allocation and the communication from the management team who we felt often, and increasingly so, over-promised and under-delivered. We continue to believe that the core kettle controls product offering in **Strix** offers attractive cash flow and characteristics but our confidence and trust in management as custodians of that fortunate position has diminished – we believe that the investment case had changed. We recycled the majority of the capital into **Autotrader** – another UK business with a monopolistic core offering but with a much greater record on nurturing, allocating and distributing their, and ultimately our, capital.

Whilst our hope is to take advantage of the often short term swings in markets through a long term approach to investment in businesses, we believe that there are times when it is appropriate to move on, give up or quit. Our sale criteria remains unchanged from that described in our June 2021 commentary where we wrote that; we follow the philosophy on when to sell that Philip Fisher sets out in his seminal book, 'Common Stocks and Uncommon Profits'. In it he says that, "there are three reasons and three reasons only, for the sale of any common stock...when a mistake has been made...[adverse] changes resulting from the passage of time...to switch into a situation with seemingly better prospects." It is this approach that led to us buying more of **LVMH**, **Burberry**, **Next**, **Nike** and **Games Workshop** and selling our holding in **Strix**.

Important information

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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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