

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.

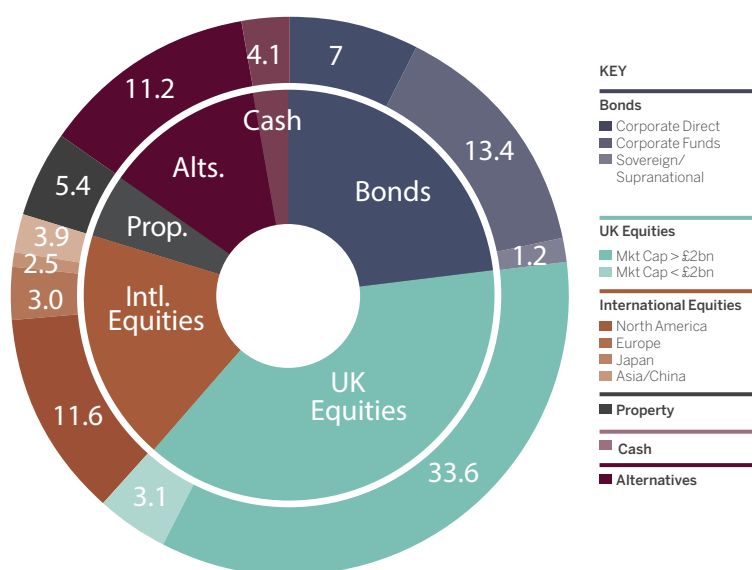
On 1 March 2017 the WMA (now PIMFA) range of Private Investor comparators replaced FTSE International with indices provided by MSCI and IHS Markit.

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. 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 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)	£1.07
Historical Yield*	2.6%
Dividend Payment (month end)	Jan, Apr, Jul, Oct
Inception	15-Apr-13

Charges:

Ongoing Charges**	1.28%
Transaction Costs	0.14%
Total Cost of Ownership	1.42%

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	2.1%
2 RELX	2.0%
3 CLOSE BROS GROUP	1.9%
4 SCHRODERS VOTING SHARES	1.9%
5 UNILEVER	1.8%
6 GENUS	1.7%
7 EUROPEAN INVESTMENT BANK FRN 5/2021	1.7%
8 HARGREAVES LANSDOWN	1.6%
9 DIAGEO ORD	1.6%
10 BURBERRY GROUP	1.5%

Top 10 fund holdings

	Percentage
1 VANGUARD S&P 500 ETF	6.2%
2 TWENTYFOUR ABSOLUTE RETURN CREDIT	4.7%
3 SVS CHURCH HOUSE INV GRADE FXD INT	4.5%
4 PERSONAL ASSETS TRUST	3.0%
5 CAPITAL GEARING TRUST	2.9%
6 VANGUARD PACIFIC EX JAPAN	2.4%
7 ISHARES INDEX LINKED ETF	2.2%
8 CG PORTFOLIO DOLLAR HEDGED	2.1%
9 HICL INFRASTRUCTURE	1.9%
10 GREENCOAT UK WIND PLC	1.8%

Cumulative performance

(% total return)

	3m	6m	1yr	3yr	5yr
CSI Income	1.8%	8.8%	20.7%	19.8%	34.1%
MSCI PIMFA Income	1.6%	8.6%	19.7%	18.0%	39.8%

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.

Discrete 12 month performance

(% total return)

	31.03.17 31.03.16	31.03.18 31.03.17	31.03.19 31.03.18	31.03.20 31.03.19	31.03.21 31.03.20
CSI Income	12.3%	-0.3%	7.0%	-7.3%	20.7%
MSCI PIMFA Income	16.1%	21%	6.1%	-7.1%	19.7%

+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.

Fund manager commentary

During the first quarter, the Fund returned 1.79%, against the PIMFA Income Index that returned 1.59%. Outperformance was driven by asset allocation within our overweight UK equities position.

At the end of the first quarter the UK became the fourth country behind Israel, the UAE and Chile to have administered more than 50 vaccination doses per 100 people in its population. As this remarkable progress is made we hope that the Covid 19 pandemic will no longer be front and centre of our market commentary.

It is right to reflect upon the last year as one of many challenges, sadness and difficulty but perhaps it is also right, at this point, to look forward and concentrate on the positive outcomes and the opportunities that have been created. It appears that in 2021, financial markets certainly began the process of the latter and the dominant themes in the quarter were of relief, optimism and hope often described by commentators as a backdrop of 'reflation'.

That same sentiment can be seen in the performance of the underlying stocks within the funds over the quarter with tailwinds coming from cyclically exposed businesses such as **Close Brothers** and **Electrocomponents**, offset by headwinds from defensive businesses such as **Unilever** and **Experian**.

Over the last 18 months we have steadily increased our exposure to cyclical businesses in the funds and took another step in that direction in the quarter with a new holding in arguably the UK's best retailer in **Next**.

Whilst so many of their peers have suffered and fallen, Next have been able to deliver consistent and impressive returns to shareholders. Excluding special dividends (of which there have been a number) and pre Coronavirus, dividends had compounded at 5.0% per year over the most recent 5 years and 11.6% per year over the most recent 10 years. The business was able to grow and survive in an incredibly challenging 15 year period. As supply is now falling rapidly out of the market and demand appears strongly pent up we hope that Next is a business that can now grow and thrive over the next 15 years.

The question on the lips of investors now is whether continued optimism causes further outperformance of cyclically exposed businesses or whether a cautious consumer means a pause for breath and a return to strength for defensive earnings. Through a diversified portfolio of exceptional businesses we don't think it is necessary to decide. Indeed, we prefer to follow the words of Nobel Prize winning economist, Harry Markowitz when he said that 'diversification is the only free lunch in investing' – as the pubs, bars and restaurants re-open in the UK, perhaps now is exactly the right time to tuck in!

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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