

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.

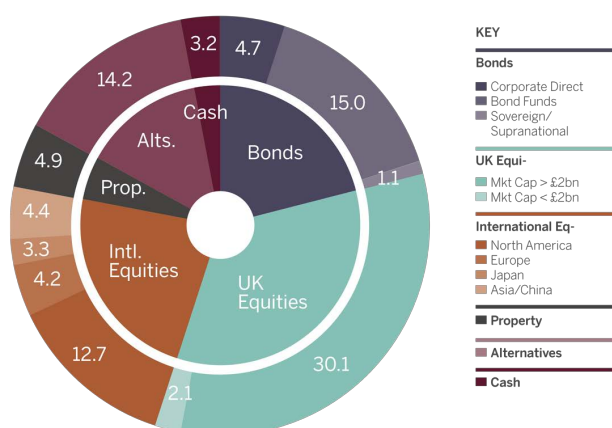
On 1 March 2017 the WMA (now PIMFA) range of Private Investor comparators replaced FTSE International with indices provided by MSCI and IHS Markit.

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)	£1.16
Dividend Yield*	2.3%
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 UNILEVER	1.7%
2 CLOSE BROS	1.7%
3 DIAGEO	1.6%
4 SCHRODERS VOTING SHARES	1.6%
5 RELX	1.6%
6 WORKSPACE	1.5%
7 BURBERRY GROUP	1.4%
8 DECHRA PHARMACEUTICALS	1.4%
9 GENUS	1.4%
10 HARGREAVES LANSDOWN	1.4%

Top 10 fund holdings

	Percentage
1 VANGUARD S&P 500 ETF	6.1%
2 TWENTYFOUR ABSOLUTE RETURN CREDIT	5.6%
3 SVS CHURCH HOUSE INV GRADE FXD INT	4.4%
4 CAPITAL GEARING TRUST	3.6%
5 PERSONAL ASSETS TRUST	3.4%
6 ISHARES GBP IDX-LINKED GILTS	2.5%
7 CG PORTFOLIO DOLLAR HEDGED	2.5%
8 VANGUARD PACIFIC EX JAPAN	2.3%
9 CC JAPAN INCOME & GROWTH TRUST	2.2%
10 SCHRODER ORIENTAL	2.1%

Cumulative performance

(% total return)

	3m	6m	1yr	3yr	5yr
CSI Income	1.9%	6.7%	16.4%	21.0%	34.6%
MSCI PIMFA Income	0.5%	4.9%	13.9%	16.9%	32.6%

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 quarter, the Fund returned +1.9%, against the PIMFA Income Index that returned +0.5%. Relative outperformance was driven stock selection in international equities.

As the third quarter of 2021 drew to a close all eyes were on Government bond yields, which had shifted sharply in response to commentary from central bankers that hinted interest rate rises might be more likely and sooner than currently expected.

The victims of these rate rises have been some of the finest businesses and the market's most prized assets who are richly valued. These moves highlight the continued importance of valuation even in a strategy that focusses on high quality businesses. Put simply, it has been a reminder to us all that great businesses are not always great investments.

To illustrate this point, consider Cisco Systems, a business that is not held in the Coleman Street funds but is one of the global leaders in technology and cyber-security. Over the last twenty-one years, Cisco has been able to grow sales at a compounded annual growth rate of nearly 5% and profits at nearly 7%. They have been able to hold gross margins flat at around 60% throughout that time and have consistently achieved operating profit margins north of 20%. They have generated buckets of cash, which they have reinvested at a very high return on capital, and they have always held a net cash position on the balance sheet.

Discrete 12 month performance

(% total return)

	30.09.17 30.09.16	30.09.18 30.09.17	30.09.19 30.09.18	30.09.20 30.09.19	30.09.21 30.09.20
CSI Income	5.7%	5.3%	5.4%	-1.4%	16.4%
MSCI PIMFA Income	7.0%	5.9%	6.4%	-3.5%	13.9%

+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.

Over the same twenty-one years, the compounded annual return to shareholders has been just 0.02% versus the S&P at 5.4% and significantly less than inflation. By almost anyone's definition, Cisco has been a great business but a disappointing investment.

Valuation remains an important part of our investment philosophy in the Coleman Street funds. We will only seek to invest in what we deem to be great businesses but we will not pay more than what we deem to be a fair price - usually based on the cash that we think that business can produce over its useful life.

As a couple of examples, we have continued to add to our positions in Next and Hargreaves Lansdown in the UK, Kering and Nordnet in Europe and Berkshire Hathaway and Etsy in the US.

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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