

“COVID loser” stocks were once again the largest gainers over the quarter, thanks to the continued roll out of the vaccine and further US fiscal stimulus. President Biden confirmed a fiscal stimulus package of \$1.9 trillion, which was then followed up with an additional package of \$2 trillion in infrastructure spending. Energy and financial stocks were the big gainers across most geographies.

Over the quarter, we made two key asset allocation changes to the All Weather strategy. Firstly, we took profits by reducing our exposure to gold producers. Whilst we are still bullish on the longer-term fundamentals of gold (we still hold a meaningful exposure to gold and silver, both physical and shares), we felt there were better opportunities to deploy in the shorter term. With the proceeds, we increased exposure to Asian and US equities. We believe that there will be plenty opportunities over the coming years for businesses who have struggled because of COVID to make up lost ground and grow sales and earnings. The premium placed on growth stocks will be of lower significance, thus our continued rotation to value stocks.

With most government and corporate bonds offering low returns and limited protective qualities, we need to be more creative in portfolio diversification and protections.

Given that, our second change was the reduction of fixed income and subsequent redeployment into property and infrastructure. We feel that these investments can provide enhanced capital and income returns whilst keeping the overall volatility of the portfolio fairly low. Long-term total returns of REITs are highly correlated to value stocks, given the similar broad cyclical drivers which affect both asset classes. The current market outlook is exhibiting trends which bode well in the case of both, such as rising inflation expectations, employment, business confidence and high personal savings rates. An increased allocation to REITs at this moment in time, therefore, seems to be prudent.

## Performance

£1,000 invested over time:



Source: Reuters Eikon, CS Managers Ltd. Data as at 31/03/2021



Top 10 Holdings	Weight	Overall Sector Breakdown as at 31 March 2021
S&W Global Inflation Linked Bond Fund	8.0%	<p>Other assets 19.8%</p> <p>Cash 3.2%</p> <p>Fixed Income 23.2%</p> <p>Equities 48.1%</p> <p>Commodities 5.8%</p>
Dodge&Cox US Stock Fund	5.7%	
Artemis UK Select	5.5%	
Schroder Strategic Credit Fund	5.3%	
Merian UK Mid Cap	5.2%	
Ruffer Investment Company	5.2%	
Schroder Global Cities	5.1%	
Muzinich Short Duration High Yield Fund	5.0%	
TwentyFour Dynamic Bond Fund	4.9%	
BH Global	4.8%	

Source: CS Managers Ltd as at 31/03/21

Performance numbers are indicative and drawn from two sources. Performance from 31 Dec 2009 - 30 Sept 2018 is of The Thesis Charlotte Square Allweather Fund. From the 30 Sept 2018 onwards, performance is shown of the CS Investment Managers All Weather strategy, net of underlying fund costs, management fee of 0.75% + VAT, and other ancillary and dealing costs. Please note that the performance of individual portfolios may vary due to factors such as the portfolio size, stock selection and timing of investment transactions.

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