

# INCOME UPLIFT

QUARTER FOUR | TWO THOUSAND AND TWENTY ONE



CS INVESTMENT MANAGERS

The emergence of the Omicron variant along with elevated levels of inflation stole headlines throughout Q4. Notably, the US Federal Reserve turned increasingly hawkish in November, with suggestions of tapering being accelerated. Whilst there were no rate rises, investors are currently speculating that there will be three or four rate hikes over the course of 2022 to help reduce inflationary pressures. In the UK, after falling most of October and November, the 10-year Treasury Yield finished 5 basis points higher at 0.98%. The turnaround in December can be attributed to the Bank of England's decision to raise the base interest rate to 0.25%.

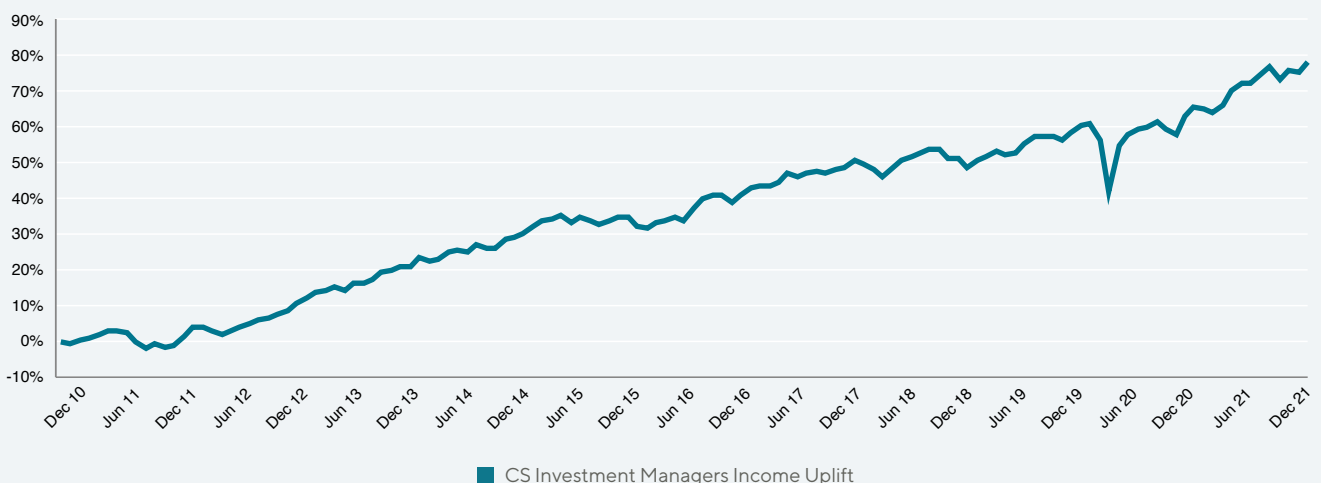
Overall, the Income Uplift strategy group returned a solid 2.8% over the quarter, primarily lead by strong REIT performance. Civitas Social Housing, Urban Logistics, Impact Healthcare and BMO Commercial Property all produced double-digit total returns.

After set back at the end of last quarter, Civitas started making steps towards a recovery. The company was subject to an attack from activist short seller Shadowfall. They had criticised Civitas' business model and raised questions about the viability of its rental stream & transparency of investments. Civitas have consistently denied the allegations and in their latest half year results, restated the board's confidence in the revenue streams and assets of the company. This was demonstrated by the undertaking of several share buybacks at the depressed levels. Since hitting a low of 87.5p, the shares made solid ground over the quarter, reaching 97p.

Staying with the REITs, Urban Logistics raised £250m in December through an oversubscribed placing. Last mile or last touch logistics properties have become an increasingly important part of the supply chain, especially during COVID times. Urban logistics has put themselves in a market leading position and the proceeds of the placing will be used to fund their pipeline of strategically located properties to complement and enhance the existing portfolio.

Lastly, BMO Commercial Property also continued its strong recovery and during the quarter, modestly increased their dividend. It now stands at 75% of the pre-COVID level and we would expect a further increase over the coming period as Covid related rental relief for tenants is due to be removed from government policy in March 2022.

CS Investment Managers Income Uplift Performance (net of fees)



Source: CS Managers Ltd. Data as at 31/12/21



# INCOME UPLIFT QUARTERLY REVIEW

QUARTER FOUR | TWO THOUSAND AND TWENTY ONE

Total Return	CS Investment Managers Income Uplift Strategy Portfolio	UK RPI Inflation
3 Months	2.8%	2.4%
1 Year	7.8%	6.9%
3 Years	16.2%	10.5%
5 Years	27.1%	18.4%
Since 31/12/2010	80.4%	40.8%

Source: CS Managers Ltd and Office for National Statistics data as at 31/12/21

## Asset Allocation

Top 10 Holdings	%	Sector	Overall Sector Breakdown as at 31 December 2021
Dodge & Cox US Stock Fund	4.9	Equity	
BH Macro	4.8	Alternatives	
Sanlam Global Inflation Linked Bond	4.4	Fixed Income	
Royal London Sterling Extra Yield	4.2	Fixed Income	
Artemis UK Select	3.9	Equity	
Sequoia Economic	3.7	Fixed Income	
TwentyFour Dynamic Bond Fund	3.7	Fixed Income	
Schroder Strategic Credit	3.6	Fixed Income	
BBGI Global Infrastructure	3.5	Infrastructure	
Merchants Investment Trust	3.0	Equity	

Source: CS Managers Ltd as at 31/12/21

Performance figures are indicative, drawn from stylised aggregate portfolios constructed from the discretionary portfolios managed by CS Investment Managers. The figures are calculated on a monthly basis, net of fees and other charges and adjusted for contributions and withdrawals. Performance of individual portfolios may vary due to factors such as the portfolio size, stock selection and timing of investment transactions.

## CONTACT

William Forsyth | CEO & Investment Director | Email: [wforsyth@csmanagers.com](mailto:wforsyth@csmanagers.com)

CS Investment Managers, 43 Charlotte Square, Edinburgh, EH2 4HQ | Tel: 0131 624 7709 / 0207 556 0929 | [www.csmanagers.com](http://www.csmanagers.com)

## IMPORTANT INFORMATION

CS Investment Managers is a trading name of CS Managers Ltd. CS Managers Ltd is authorised and regulated by the Financial Conduct Authority.

## DISCLAIMERS & RISK WARNINGS

Opinions constitute our judgement as of this date and are subject to change without warning. This investment product may not be suitable for all investors. The value of investments, and the income from them, can go down as well as up, and investors may not recover the amount of their initial investment. Tax benefits and allowances described in this factsheet are based on current legislation and HM Revenue & Customs practice and depend on personal circumstances. These may change from time to time and are not guaranteed. Where an investment involves exposure to a foreign currency, changes in rates of exchange may cause the value of the investment, and the income from it, to go up or down. Past performance is not a reliable indicator of future results. Neither CS Managers Ltd, nor any connected party accepts responsibility for any direct or indirect or consequential loss suffered by you or any other person as a result of your acting, or deciding not to act, in reliance upon any information contained in this document. Before contemplating any transaction, you should consider whether you require advice from your Financial Adviser.