

INCOME UPLIFT

QUARTER TWO | TWO THOUSAND AND TWENTY TWO



CS INVESTMENT MANAGERS

The second quarter proved to be a tricky period for investors as both equities and bonds came under pressure due to rising inflation figures, hawkish central banks, and persistent fears of economic recession. Both the Bank of England (BoE) and Federal Reserve raised interest rates during the quarter, with the BoE raising by a combined 50 basis points to 1.25%. Yields across the board moved markedly higher but importantly, the gap between the US 2-year and US 10-year narrowed to 4 basis points (0.04%). From an economic perspective, an inversion in the yield curve is noteworthy as it implies that the near term is riskier.

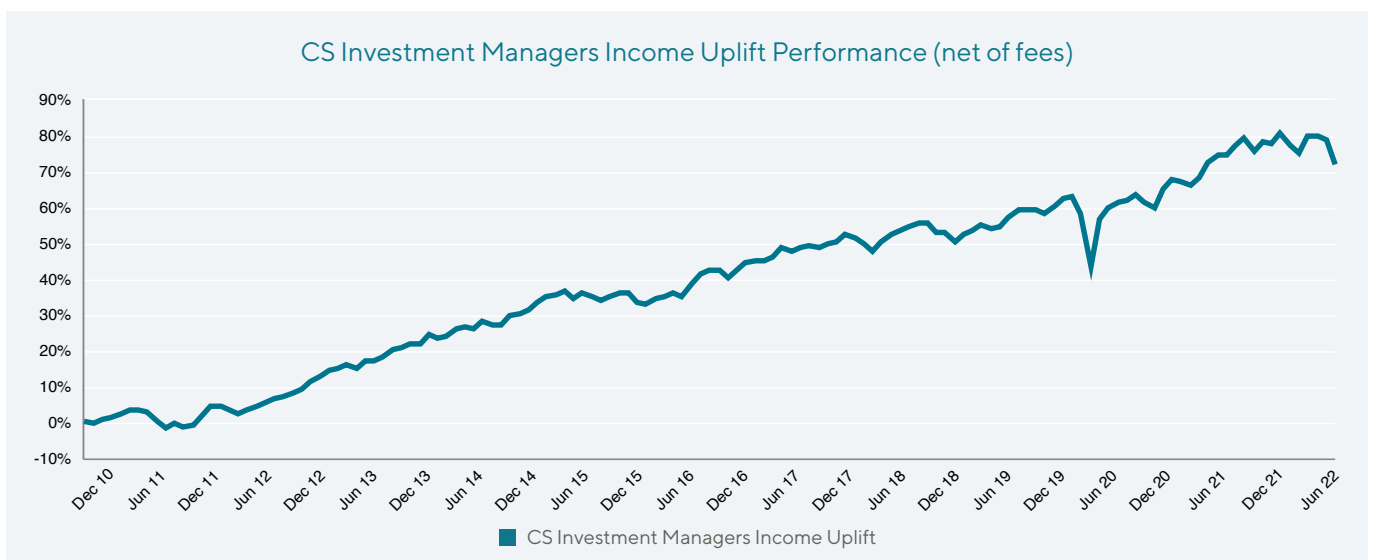
In terms of underlying holding performance, while it does not contribute to the income generation, our current holding in BH Macro has certainly proved to be a good source of upside in these turbulent markets. The fund invests across a range of asset class derivatives ranging from commodities to currencies, and seeks to benefit not only from market direction, but changes in the underlying return volatility of these asset classes. The fund has a strong track record of outperforming equities during significant market sell-offs and steady annual returns during periods of market calm. This has been underlined by performance year to date, where solid gains were made towards the end of March and start of April, then again during the wider market sell-off in June.

We took advantage of rising power prices by adding exposure to the renewable energy sector in some portfolios, complementing existing holdings such as Greencoat UK Wind, Next Energy Solar and SDCL Energy Efficiency, by initiating a position in Downing Renewables and Infrastructure Trust. We like the diversified approach of this

Trust, investing in Hydro, Wind and Solar, all of which have benefited from the rising power prices of late. Compared to some other renewable energy investment trusts, we like the investment in Hydro, which accounts for the largest share of clean energy generation in Europe.

Russia's war on Ukraine and the associated spike in energy prices have underscored the need for Europe to rid itself of its fossil fuel dependence and accelerate the switch to renewables. The associated much higher than average power prices compared to fossil fuels reinforces the argument for investing in renewable sources of energy and may accelerate the process over the medium term.

We expect there to be continued volatility for the remainder of the year and our defensive positioning should help with our preservation focus. As we see an unwinding of inflation fears, we will look to re-invest cash into areas that are showing strong value in the new market cycle.



Source: CS Managers Ltd. Data as at 30/06/22



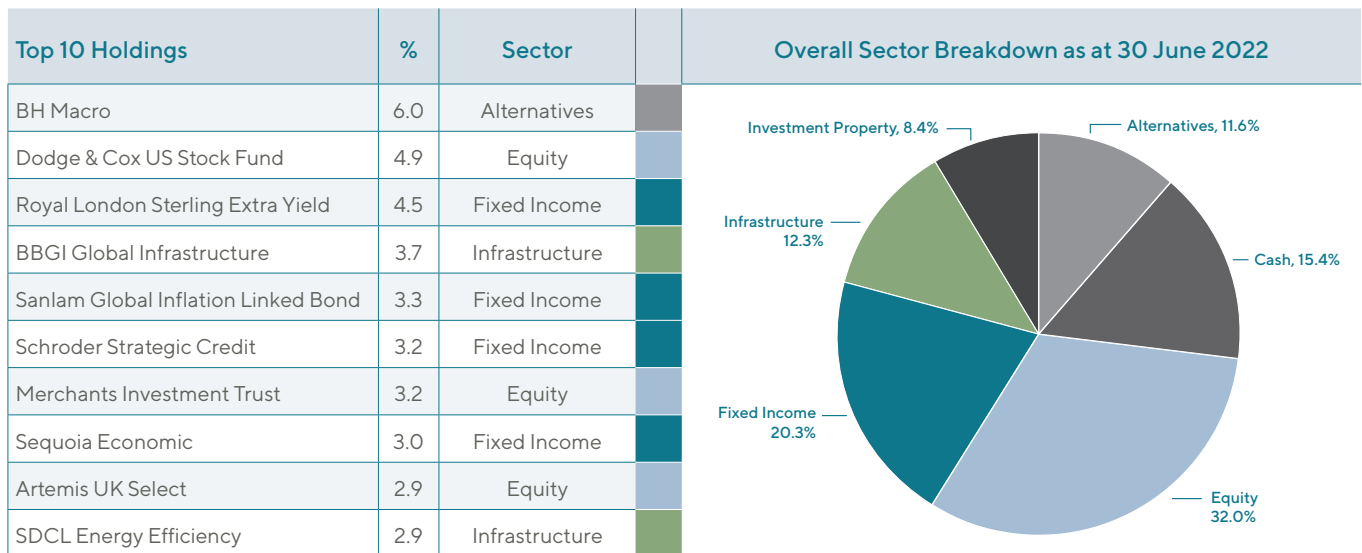
INCOME UPLIFT QUARTERLY REVIEW

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Total Return	CS Investment Managers Income Uplift Strategy Portfolio	UK CPI Inflation
3 Months	-4.4%	4.3%
1 Year	-1.4%	9.2%
3 Years	9.5%	12.2%
5 Years	16.3%	17.2%
Since 31/12/2010	71.6%	33.6%

Source: CS Managers Ltd and Office for National Statistics data as at 30/06/22

Asset Allocation



Source: CS Managers Ltd as at 30/06/22

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.

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IMPORTANT INFORMATION

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