



CHARLOTTE SQUARE
INVESTMENT MANAGERS

INCOME UPLIFT QUARTERLY REVIEW

QUARTER FOUR | TWO THOUSAND AND EIGHTEEN

The turn of the year frequently encourages investors to reassess their views of investment prospects. Our concern this time last year centred around the shift from global easing to global tightening on the monetary policy front, notably in the US, where the Federal Reserve raised rates four times during the year. The hawkish stance filtered through into equity and bond markets, with 2018 being a poor year for most assets. Our Income Uplift strategy managed to remain relatively stable.

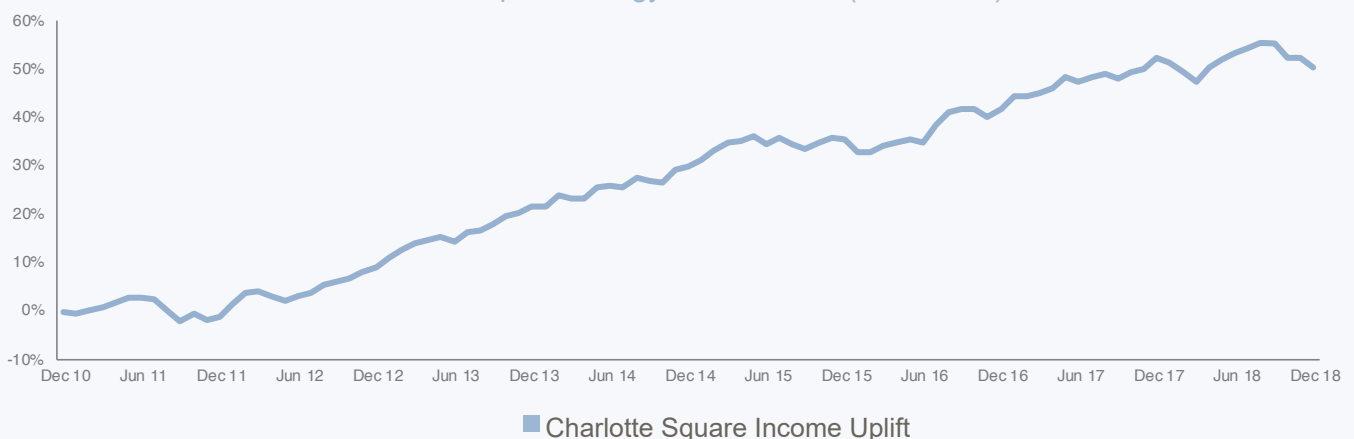
2019 is likely to begin with a shift in stance from the Fed, to avoid markets going into a full blown melt-down. We expect some withdrawal of the hawkish rhetoric to a more balanced and “data dependent” approach to monetary policy.

Within the Income Uplift strategy, we are relatively cautiously positioned, seeking real diversification on our income producing assets, beyond that of a traditional bond heavy portfolio – in case global monetary policy continues to tighten aggressively (which will hurt bond prices).

We have recently introduced some inflation protection in the strategy, via the introduction of index-linked bonds and gold. Our equity investments remain focused to solid income producing collectives – UK investors are well rewarded within the large cap space with the yield on the MSCI UK Large Cap over 4% as of the end of 2018.

We aim to achieve a yield around 3.5%, with an annualised total return (including capital growth) objective of around 5% per annum over the medium to long term.

Income Uplift Strategy Performance (net of fees)



Source: Charlotte Square data as at 31/12/18



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Total Return	Charlotte Square Discretionary Income Uplift Clients Total Return	Halifax Fixed Saver Rates
3 Months	-3.2%	0.2%
1 Year	-1.2%	0.5%
3 Years	10.9%	4.9%
5 Years	23.6%	10.4%
Since 31/12/2010	50.3%	

Source: Charlotte Square data as at 31/12/18. Halifax Fixed Saver account rates as at 31/08/18.

Top 10 Holdings	%	Sector	Overall Sector Breakdown as at 31 December 2018
SCHRODER STRATEGIC CREDIT	5.1	Fixed Income	
ETFs METAL SECURITY GOLD	4.7	Alternatives	
SEQUOIA ECONOMIC	4.4	Infrastructure	
ROYAL LONDON EXTRA YIELD	4.4	Fixed Income	
IMPACT HEALTHCARE	3.8	Investment Property	
NEXTENERGY SOLAR	3.7	Infrastructure	
TROY TROJAN	3.7	Alternatives	
CIVITAS SOCIAL HOUSING	3.6	Investment Property	
GCP INFRASTRUCTURE	3.6	Infrastructure	
FUNDSMITH LLP EQUITY	3.5	Equity	

Source: Charlotte Square, data as at 31/12/18

Performance figures are indicative, drawn from a stylised aggregate portfolio constructed from our individual discretionary Income Uplift Portfolios. The figures are calculated on a monthly basis, net of Charlotte Square’s Annual Management Charge and additional Dealing Charges, and are adjusted for cash contributions and withdrawals. 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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