

# Castlefield B.E.S.T Sustainable UK Smaller Companies Fund

Factsheet - December 2018



## Fund Information

### Fund Managers:



Alistair Currie



David Elton

**Historic Yield:** N/A  
**Sector:** IA UK Small Companies

**Fund Size:** £7.53m  
**Number of Holdings:** 35-40

**ACD:** Castlefield Fund Partners Limited

**Launch Date:** 1st June 2007

## Share Class Information

Share Class	General	Institutional
<b>Min. Investment</b>	£500	£250 000
<b>Initial Charge</b>	0%	0%
<b>Investment Adviser Fee</b>	1.5%	1.0%
<b>Ongoing Charge</b>	2.21%	1.71%
<b>Payment Dates</b>	30th April, 31st October	30th April, 31st October
<b>ISA Eligible</b>	Yes	Yes
<b>ISIN</b>	GB00BIXQNF71	GB00BIXQNH95
<b>CITI CODE</b>	Z585	Z583
<b>BLOOMBERG</b>	ACDUSCI:LN	PRUKSII:LN

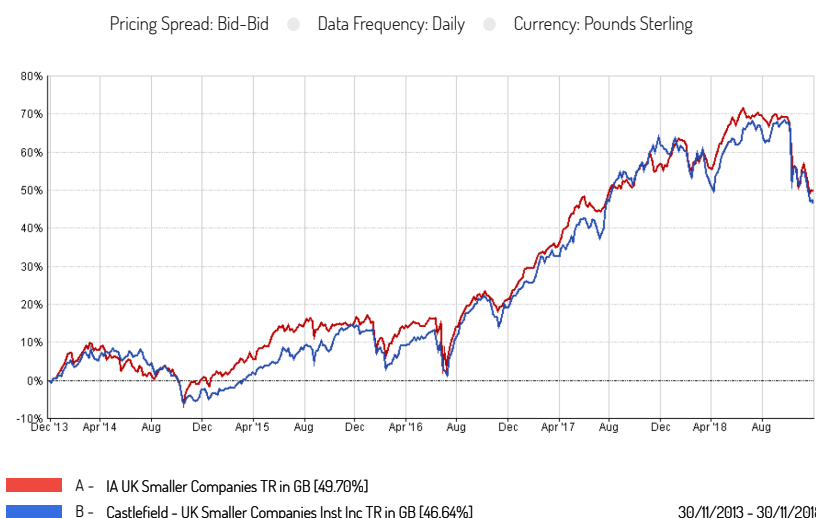
## Platform Availability

AJ Bell, Ascentric, Aviva, Cofunds, Elevate, FNZ, Hargreaves Lansdowne, Novia, Old Mutual, Zurich

## Fund Objective and Strategy

The objective of the fund is to invest in well managed UK smaller companies that are financially sound, have a distinct and sustainable competitive advantage and are capable of long term growth. In addition we seek to invest in companies with meaningful employee engagement and employee share ownership.

The investment process involves a thorough appraisal of a company's management, a detailed financial review and an assessment of its market position and the competitive environment.



## Cumulative Performance (%)

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs
<b>UK Smaller</b>	-3.41	-12.47	-9.05	-9.45	28.70	46.64
<b>Sector</b>	-1.38	-11.99	-10.74	-4.42	29.66	49.70
<b>Quartile</b>	4	2	2	4	2	3

## Discrete Performance (%)

	2018 YTD	2017	2016	2015	2014
<b>UK Smaller</b>	-13.53	30.62	9.08	18.07	-5.76
<b>Sector</b>	-11.01	27.18	8.05	14.86	-1.65
<b>Quartile</b>	3	2	2	2	4

## Discrete Year to Quarter End Performance (%)

	Q3 2017	Q3 2016	Q3 2015	Q3 2014	Q3 2013
	Q3 2018	Q3 2017	Q3 2016	Q3 2015	Q3 2014
<b>UK Smaller</b>	9.61	26.29	12.75	6.77	3.82

Source: Financial Express. as at 30/11/2018

**Past performance is not a guide to future performance.**  
Investment in the fund carries the risk of potential loss of capital.

## Fund Commentary

Following the sharp selloff of UK equities during October, the attempted bounce back during November was short lived as investor sentiment continued to wain on Brexit uncertainty and political unease. This saw the UK stock market produce another, largely indiscriminate, negative return during the month. The Fund followed suit and returned -3.4%, giving back the relative gains made against the sector in October, which returned -1.4%. The prime driver was a number of holdings which, having held up well during October, subsequently sold off as investors sought to crystallise profits further and take risk off the table. In this category were Autins, Cello Health, Personal Group and Sureserve, all of which contributed negatively.

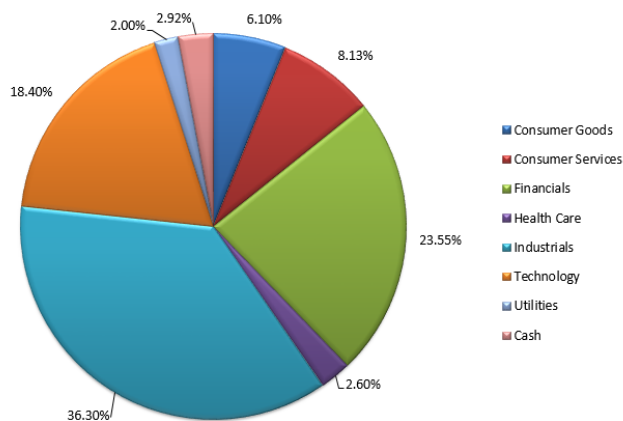
Unlike October, company newsflow was plentiful with various results and trading statements announced, of which the majority was positive. The top contributor to performance within the period was automotive test systems company AB Dynamics. Shares rose +31.5% as it announced a record year for revenue and profit. The outlook also remains favourable, as vehicle safety standards evolve and the push towards autonomous vehicles continues, reflected in its strong order book.

Another key positive contributor was waste management company Augean. It announced that it expects full-year profit to be materially ahead of market expectations and saw its shares rise +23.4%. Whilst the company still remains in dispute with HMRC, we continue to be impressed with how the management team have turned around and stabilised the underlying business. Both support services business Equiniti and renewable energy supplier Good Energy rose c.+5% during the month as they also reported positive trading. The former stated full-year results would be at the upper end of market expectations, whilst the latter traded slightly ahead with good cash generation. Finally, semiconductor company CML Microsystems' half-year report was largely as expected, whilst recent share price performance has been somewhat disappointing, a call with management was reassuring and we believe the company is to be applauded for its commitment to R&D spend which should position it well for the future.

Newsflow that contributed negatively to performance was limited primarily to veterinary-services CVS Group and our other semiconductor company IQE. CVS Group's shares fell by -22.5% during the month, mostly in response to a statement which, despite seeing continued top-line growth, cited increased employment costs as hampering margins. We believe such share price weakness is overdone given CVS' position in, and exposure to, markets of continued long-term growth. On IQE, shares fell by -20.3% as it announced that one of its largest customers was reducing shipments and consequently reducing expectations to revenue than previously expected. Having been an excellent performer in previous years, from which we have crystallised much profit, the company has had something of volatile and more lacklustre 2018. We continue to monitor the situation closely.

We introduced a new holding to the Fund during the month in market leading provider of temporary event solutions, Arena Events Plc. Arena's offerings include specialist temporary physical structures, seating, ice rinks, furniture and interiors, mostly for sporting, cultural and corporate events of a Tier 1 nature. The company focuses on creating long-term, multi-year contracts with clients (for example it has had a relationship with Wimbledon for 50 years and the Ryder Cup for 20 years) and therefore large proportion, recurring revenues are attractive. Operating in a highly fragmented marketplace, with competition tending to be sector/region-specific, and Arena's strategy is one of consolidation, organically or via bolt-on acquisition, both geographically and by product. We believe this strategy to be a sensible one as the consequential breadth and depth of service it can offer, coupled with an experienced management team and strong heritage, should position them to grow ahead of the market, enhance margins and improve asset utilisation. In funding this position, we took the opportunity to exit the last of our position in Accesso Technologies at a modest profit.

## Sector Allocation



## Top Ten Holdings

1.	AB Dynamics PLC	5.76%
2.	Park Group PLC	4.52%
3.	The Gym Group PLC	4.43%
4.	First Property Group PLC	4.23%
5.	City of London	4.37%
6.	Iomart	4.19%
7.	Premier Technical Services Group	3.92%
8.	Alumasc	3.53%
9.	Personal Group Holdings PLC	3.13%
10.	Inspired Energy PLC	3.02%

## Fund Managers

### Alistair Currie, Partner, BCom (Hons), CA.

Prior to joining Castlefield Investment Partners, Alistair managed the UK Smaller Companies Fund at Premier Fund Managers since October 2003. Previously, as the Head of Small Cap. Investment Team at Edinburgh Fund Managers (EFM). Alistair built a formidable reputation running smaller companies funds. He also had responsibility for over-seeing the team managing all of EFM's small cap portfolios, including the EFM Balanced Growth Institutional mandates.

### David Elton, Associate, CFA.

David joined Castlefield after graduating with a first-class Accounting & Finance degree in 2011. As part of his degree, he undertook a year long research role for a hedge fund. Now, in addition to his broader portfolio management and research responsibilities, David's role at Castlefield specifically includes co-managing the Castlefield B.E.S.T Sustainable UK Smaller Companies Fund and AIM IHT portfolios. David is a charter holder (Chartered Financial Analyst) of the CFA Institute, a holder of the CFA UK Investment Management Certificate and CISI Investment Advice Diploma.



Dealing Information: 0345 026 4284  
General Enquiries: 0161 233 4890



E-mail: [castlefield@maitlandgroup.co.uk](mailto:castlefield@maitlandgroup.co.uk)  
Website: [www.castlefield.com](http://www.castlefield.com)



Castlefield Fund Partners, 111  
Piccadilly, M1 2HY

## Important Information

This document provides information about the Castlefield B.E.S.T Sustainable UK Smaller Companies Fund. Castlefield Fund Partners Limited (CFP) is the Authorised Corporate Director (ACD) of the Fund and Castlefield Investment Partners LLP (CIP) is the appointed Investment Adviser. Both CFP and CIP are authorised and regulated by the Financial Conduct Authority. This document does not constitute or form part of, and should not be construed as, an initiation to buy or sell units and neither this document nor anything contained or referred to in it shall form the basis of, or be relied on in connection with, any offer or commitment whatsoever. The value of units and the income generated from them can fall as well as rise and are not guaranteed; investors may not get back the amount originally subscribed. Equity investments should always be considered as long term. Investors should not purchase the Fund referred to in this document except on the basis of information contained in the Fund's prospectus. We recommend that investors who are not professional investors should contact their professional adviser. The Fund's Prospectus and Key Investor Information Document (KIID) are available from [www.castlefield.com](http://www.castlefield.com) or direct from Castlefield.