

# Castlefield B.E.S.T Sustainable European Fund

Factsheet – December 2018

## Fund Information



### Fund Manager:

Rory Hammerson

### Launch Date:

1st November 2017

### Sector:

IA Europe ex UK

### Fund Size:

£10.4m

### Number of Holdings:

30-40

### ACD:

Castlefield Fund Partners Limited

## Share Class Information

Share Class	General
Min. Investment	£5,000
Initial Charge	0.00%
Investment Adviser Fee	0.75%
Ongoing Charge	1.21%
Payment Dates	30th April/31st October
ISA Eligible	Yes
ISIN	GB00BF4VR355

## Discrete Year to Quarter End Performance (%)

	Q4 2017 to Q4 2018
Best European Fund	-14.53

## Platform Availability

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

## Fund Manager

### Rory Hammerson

Rory Hammerson has over 23 years of industry experience. After graduating in Spanish from St Andrew's University, Rory joined Edinburgh Fund Managers, completing a Postgraduate MSc Diploma in Investment Analysis and Accounting at Stirling University. Rory joined Scottish Widows in 1997 to help launch the Latin American desk, where he stayed until 2004, covering emerging markets and as Global Mining analyst for the firm. In 2004, Rory switched to the European desk at Scottish Widows, where he started to manage responsible portfolios, with an emphasis on smaller companies. In 2010, he moved to Kempen Capital combining ESG investment management in small-caps with a leadership role. His fund was nominated for Investment Week's Best Sustainable Fund in 2015. Rory joined Castlefield in September 2017, managing the B.E.S.T Sustainable European Fund since November 2017.

## Fund Objective and Strategy

The investment objective of the Fund is to seek to achieve long term capital growth. Long term means over a minimum investment horizon of five years. The Fund will invest principally in a concentrated portfolio of the shares of companies incorporated in European countries which the Manager considers to offer opportunities for capital growth. The Fund may also invest in money market instruments, units and/or shares in other collective investment schemes, deposits, warrants, cash and near cash.

The investment adviser uses a responsible investment process to identify securities in which the fund may invest. The four criteria that need to be evidenced by each investment are reflected in the name of the fund where 'B.E.S.T' indicates Business & financial, Environmental & ecological, Social and Transparency & governance.

Pricing Spread: Bid-Bid ● Data Frequency: Daily ● Currency: Pounds Sterling



## Cumulative Performance (%)

	1 Mth	3 Mths	6 Mths	1 Yr	Since Launch
Best European Fund	-5.00	-15.77	-16.08	-14.53	-17.88
Sector	-5.39	-12.92	-11.51	-12.16	-12.97
Quartile	3	4	4	4	4

## Discrete Performance (%)

	2018 YTD	2017
Best European Fund	-14.53	n/a
Sector	-12.16	n/a
Quartile	4	n/a

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

**Investment in the fund carries the risk of potential loss of capital.**

Past Performance is not a guide to future performance

## Fund Commentary

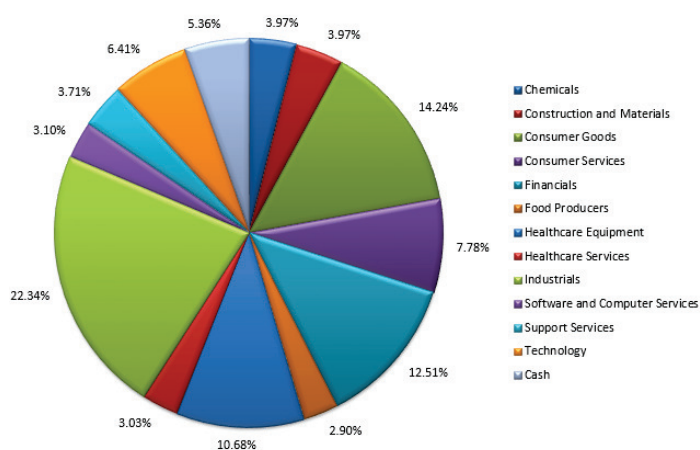
November saw more selling across the European bourses. The MSCI Europe benchmark fell about a half percent with continued woes over global trade, increasing costs and civil unrest coming to the fore in France over higher prices caused by the Exchequer's move to increase fuel and other taxes. In terms of market style, companies in the value end of the market continued to outperform those with defensive or higher quality nature. The Castlefield B.E.S.T Sustainable European Fund fell 1.11% during the month, putting it 0.6% behind the index and 0.2% behind the sector average, as the bulk of peer funds struggled during the month. We have been explicit about the impact of market rotation towards a more value bent, and our exposure to small and mid-caps where we feel most opportunity lies, is another headwind which will likely take a little time to wash through.

The best performing stock in the portfolio was Danish based Vestas Wind Systems. This time a year ago, Donald Trump caused a huge stir in the market with his threats to undo the tax subsidies for the wind industry. A year on the stock has recovered in relative terms and continues to write bigger and more technologically advanced projects. Although it missed its Q3 expectations, further good news spurred on buyers of the stock as free cashflow predictions will be higher than expected. Vestas shows the typical characteristics of a quality sustainable name in the portfolio deserving of its top ten position in the fund. The second-best performer was Accell, the Dutch based bicycle manufacturer. Concerns over the ability of new management to cut costs and shift the distribution channels, as well as complexities of Chinese dumping on European pricing, have served to keep investors on the side-lines. Renewed interest from a previous potential bidder in the form of PON Holdings who have offered to take a non-controlling stake rerated the share price sharply. We feel that new management has lots of self-help levers to transition the company into a much more powerful position and the offer from PON underlines this expectation. The third best performer comes from a very cheap stock, Banca Ifis. Share price performance of Italian financials have been atrocious this year, and we suspect there are a number of value investors bottom fishing at these levels.

November's worst performers were Orpea, Ubisoft and Partners Group. The common denominator of all these names is that they are extremely high quality. They offer investors a clear strategy implemented by proven management teams, have excellent balance sheets, sustainable margins and their clustering at the bottom of the pile highlights the current profile of market. These companies are all a significant way away from their potential upside. They are all on course to reach their goals, with consistent milestone progression steps along the way. We want to hold this type of company right through and beyond the volatility caused by the market's rotation into cheap/ or value stocks. They follow long term demographic and societal changes in the modern world. Orpea is a European care home provider which is viewed as best in class. Ubisoft develops games software for an ever-increasing global gaming community, and Partners offers private capital investment vehicles which are becoming a much more utilised asset class than traditional asset allocators might have suggested a decade ago. The risks of holding high quality companies during a sharp rotation into value are plain to see judging from the recent performance of the Castlefield B.E.S.T Sustainable European Fund. We feel that short term volatility is a function of a wider short-term mentality of seek and chase rather than the longer-term stability of a portfolio of companies whose proven track record in their industry define their market position.

Apart from the disposal of DIA, there was no portfolio activity during the month. Our outlook for The Castlefield BEST Sustainable European Fund continues set fair. The portfolio is comprised 79% of high quality companies whose business models show defensive growth characteristics. This means we have 15% in companies who are undergoing a transitional phase of their businesses providing equity investors with opportunities for outperformance. We have a little under 6% of the fund sitting in cash, which is a buffer against volatility and a war chest to take advantage of opportunities as they appear.

## Sector Allocation



## Top Ten Holdings

1.	Teleperformance SE	4.50%
2.	Kerry Group A	4.44%
3.	Symrise	3.97%
4.	Kingspan Group	3.97%
5.	Vestas Wind Systems	3.85%
6.	Akka Technologies	3.71%
7.	Kone B	3.70%
8.	Partners Group Holdings	3.46%
9.	SAP SE	3.38%
10.	Scout 24	3.28%



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## Important Information

This document provides information about the Castlefield B.E.S.T Sustainable European 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.