


Castlefield B.E.S.T UK Opportunities Fund

Factsheet - February 2019

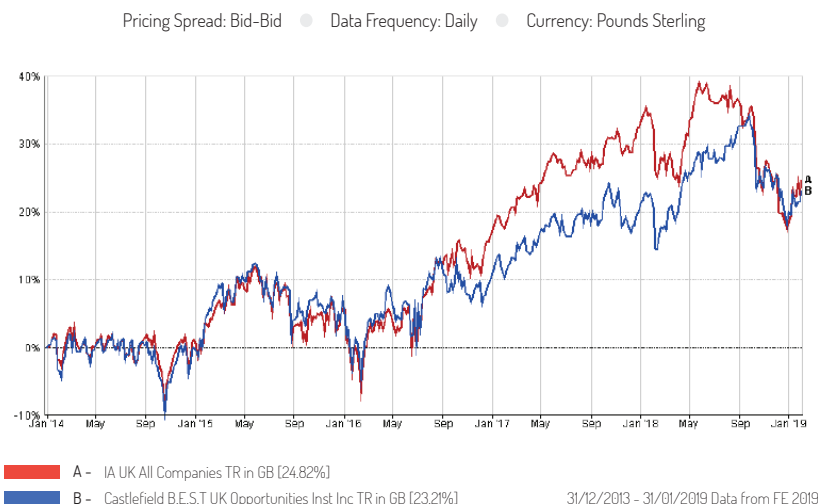


Fund Information

	Fund Manager:
	Mark Elliott
Historic Yield:	Sector:
1.97%	IA UK All Companies
Fund Size	Number of Holdings:
£28.16m	40-45
ACD:	
Castlefield Fund Partners Limited	
Launch Date:	
1st June 2007	

Fund Objective and Strategy

The fund invests primarily in UK based companies where the manager perceives there to be above average opportunities for capital growth over a long term investment horizon. The fund has an unconstrained investment approach, allowing investment across a range of market capitalisations and sectors, focusing on company fundamentals. The fund consists of a concentrated portfolio of investments, representing 'conviction' plays of companies that reflect our conclusions toward the long term outlook of an investments growth potential.



Share Class Information

Share Class	General	Institutional	Charity
Min. Investment	£500	£250,000	£500
Initial Charge	0%	0%	0%
Investment Adviser Fee	1.5%	1.0%	0.75%
Ongoing Charge	1.89%	1.39%	1.14%
Payment Dates	Quarterly	Quarterly	Quarterly
ISA Eligible	Yes	Yes	Yes
ISIN	GB00BIXQN911	GB00BIXQNC41	GB00B8J7Y492
CITI CODE	Z589	Z587	G74X
BLOOMBERG	ACDUKAI:LN	ACDUKII:LN	CONBRUO:LN

Active Share Calculation*

77.89%

* Active Share calculation measures how much the portfolio holdings differ to the benchmark (UK Equity Income). i.e. A portfolio identical to benchmark would have a 0% active share.

Cumulative Performance (%)

	1 Mth	3 Mths	6 Mths	1 Yr	3 Yrs	5 Yrs
UK Opps	2.72	-1.25	-5.79	2.17	21.62	28.42
Sector	5.41	-1.09	-9.41	-5.62	24.80	27.86
Quartile	4	3	1	1	3	3

Discrete Performance (%)

	2019	2018	2017	2016	2015
UK Opps	2.72	-1.05	9.51	3.62	7.17
Sector	5.41	-11.19	13.99	10.82	4.86
Quartile	4	1	4	4	2

Discrete Year to Quarter End Performance (%)

	Q4 2017 Q4 2018	Q4 2016 Q4 2017	Q4 2015 Q4 2016	Q4 2014 Q4 2015	Q4 2013 Q4 2014
UK Opps	-1.05	9.51	3.62	7.17	-0.33

Source: Financial Express, as at 31/01/2019

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

Fund Commentary

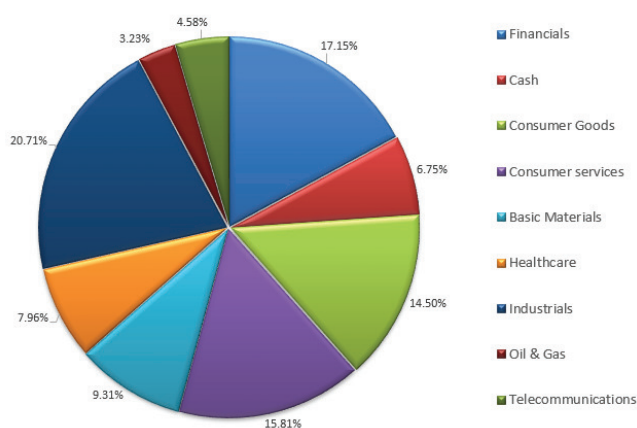
January brought relief to global markets with equities across the board posting positive returns. The broad UK market saw an overall rise of just over 4% although this lagged behind other global markets somewhat. Gains in sterling stemming from fears of a 'no deal' Brexit were slightly eased when the Prime Minister's withdrawal agreement was eventually given the House of Commons' backing – although still subject to amends. For the month, the fund returned 2.72% compared to a sector return of 5.41%.

H&T Group was a positive contributor to returns as its shares were up over 14% for the month following a trading statement which announced strong Q4 trading. Good performance in its lending operations and foreign exchange segment were a key driver of returns. Conversely, half year results from K3 Capital which had been a top performer in 2018 saw the shares give back some of its previous gains. It reported a moderate decrease in revenue and profit with the group blaming delays to a small number of larger deals.

During the month, we exited the fund's position in Barclays. Barclays has performed similarly to the other domestic UK-listed banks over recent years although this has been in spite of a number of unrelated but high-profile investigations against the bank involving issues as varied as sales and investment activity extending back to the financial crisis up to more recent whistleblowing allegations concerning current management. Whilst financial sanctions levelled against Barclays have not individually been onerous and in many cases less than global peers, these have eroded returns over an extended period of time. More worryingly, they also point to a pattern whereby Barclays has been unable to isolate such issues to broadly "historical activities" which raises serious concerns about current governance. Furthermore, unlike Lloyds and RBS, Barclays has been unencumbered by competition constraints as it did not receive a state-funded bailout at the time of the financial crisis. It has been unable to translate this relative operational freedom into superior financial returns, generating a remarkably similar capital return to its domestic peers since then.

We also see a reduction in exposure to UK banks as a sensible move considering the ongoing political turmoil that is Brexit and have reinvested the proceeds of the sale by building a position in the internationally focussed asset manager City of London Investment Group. The group specialises in closed-end funds and has current assets under management of \$4.6bn. Their client list is overwhelmingly US-based institutional investors and over the years the group has built up a successful performance track record, establishing some very long-term client relationships. The group has already started to launch new strategies to further broaden its appeal to its core investors covering "Developed", "Frontier" and "Opportunistic Value" strategies. These will be bolstered this year with the launch to external investors of two Real Estate Investment Trust (REIT) funds which have already been seeded with internal money. As the new strategies build up track records of their own, they should be able to drive further inflows with these newer funds already accounting for 18% of group funds under management. High profitability, returns on equity in excess of 50%, and a commitment to pay out a significant proportion of earnings as dividends means that the group also enjoys a high and sustainable dividend yield. In addition, they sit on a substantial amount of net cash (we estimate over £18m even after accounting for regulatory capital) that we feel in time could boost shareholder returns further.

Sector Allocation



Top Ten Holdings

1.	Park Plaza Hotels	6.39%
2.	Hikma Pharmaceuticals	4.50%
3.	Cineworld Group	4.46%
4.	RWS Holdings	4.30%
5.	K3 Capital Group	4.26%
6.	Whitbread	4.23%
7.	IG Group Holdings	3.98%
8.	Diageo	3.52%
9.	Smith & Nephew	3.46%
10.	Prudential PLC	3.31%

Fund Manager

Mark Elliott, Partner, MChem (Hons), CFA, Chartered MCSI

Mark was one of the founding members of the Castlefield investment management business, having previously worked with the other co-founders within the institutional investment and fund management division of private bank, Brown Shipley. In addition to being the lead manager of the Castlefield Real Return Fund and the Castlefield B.E.S.T UK Opportunities Fund, Mark is also responsible for managing segregated accounts for the firm's discretionary clients. A charter holder (Chartered Financial Analyst) of the CFA Institute as well as an individually Chartered Member of the Chartered Institute for Securities & Investment (CISI), Mark has over 15 years industry experience.



Dealing Information: 0345 026 428
General Enquiries: 0161 233 4890



E-mail: castlefield@mailtlandgroup.co.uk
Website: www.castlefield.com



Castlefield Fund Partners, 111 Piccadilly,
Manchester, M1 2HY

Important Information

This document provides information about the Castlefield B.E.S.T UK Opportunities 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 or direct from Castlefield.