

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

Factsheet - February 2019



## Fund Information

### Fund Managers:



Alistair Currie



David Elton

**Historic Yield:** 0.14% **Sector:** IA UK Small Companies

**Fund Size:** £7.45m **Number of Holdings:** 35-40

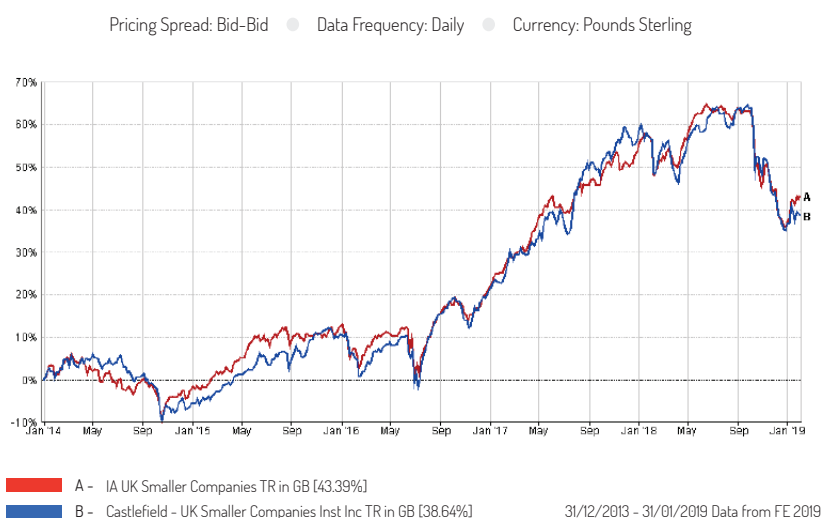
**ACD:** Castlefield Fund Partners Limited

**Launch Date:** 1st June 2007

## 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.



## 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

## Cumulative Performance (%)

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs
<b>UK Smaller</b>	1.49	-6.52	-14.31	-11.37	30.51	36.57
<b>Sector</b>	4.71	-2.09	-12.35	-8.11	33.72	41.18
<b>Quartile</b>	4	4	4	4	2	3

## Discrete Performance (%)

	2019 YTD	2018	2017	2016	2015
<b>UK Smaller</b>	1.49	-13.84	30.62	9.08	18.07
<b>Sector</b>	4.71	-11.70	27.18	8.05	14.86
<b>Quartile</b>	4	3	2	2	2

## Platform Availability

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

## Discrete Year to Quarter End Performance (%)

	Q4 2017	Q4 2016	Q4 2015	Q4 2014	Q4 2013
	Q4 2018	Q4 2017	Q4 2016	Q4 2015	Q4 2014
<b>UK Smaller</b>	-13.84	30.62	9.08	18.07	-5.76

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.

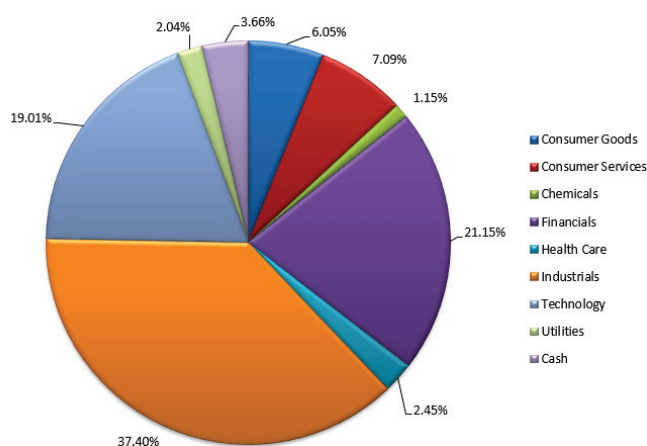
## Fund Commentary

Markets rebounded during January after a weak final quarter of 2018. Whilst the Fund participated in this - returning +1.5% - it lagged the sector which returned +4.6%. News flow also picked up, with an increased number of companies missing on expectations as geopolitical challenges took their toll. In addition, it was interesting to observe the subsequent market reaction to companies coming up short, with those falling in this camp being treated with severity. Approximately half of the holdings within the Fund had news. Several announced in-line trading statements, whilst those with fuller results were also broadly as expected and well received. Finally, niche service provider, PTSG announced the acquisition of a specialist in fire and security systems. This significantly extends the company's offering whilst also providing a good opportunity to cross-sell current service lines.

The Fund also had its fair share of companies feeling the above mentioned global pressures and the market's "twitchy" nature. The largest detractor was The Gym Group (-22.3%), after the release of a statement which - despite citing continued strong, profitable growth - was tempered by site openings being more weighted toward the second half. We believe this to solely be a timing issue and consider the market response to be overdone, and so took the opportunity to add to our holding. Another detractor was event specialist Arena Events (-34.5%), which announced that profit for the year was to be significantly lower than previous expectations. The prime reason for this related to lost profit on two contracts where the company had "overtraded", following business into regions not ordinarily operated in. This apparent lack of control and oversight on key contracts greatly concerned us and, whilst we believe some attractions of the business remain, we lost confidence in the execution and therefore decided to exit the position. We also saw weakness in veterinary firm CVS Group (-39.2%) as the uncertain political backdrop fed through into a decreased availability of vets and nurses. Therefore, whilst revenue growth was broadly as expected, the company indicated margins had come under further pressure due to this higher than expected employment cost. In addition, the company stated that its ability make acquisitions was becoming challenged as the multiples being sought were at elevated levels. We reassess the investment case considering these developments.

We were able to speak with management of five holdings during the month. Of note was the update on the results from social housing safety compliance and energy services group, Sureserve (+29.3%). The company was reporting on a year of transition which looks to be now largely complete and its outlook is starting to reflect this.

## Sector Allocation



## Top Ten Holdings

1.	AB Dynamics PLC	5.67%
2.	IOMART GROUP	4.40%
3.	City of London	4.18%
4.	Premier Technical Services	4.13%
5.	Strix Group	4.07%
6.	Park Group	3.91%
7.	First Property Group	3.45%
8.	Mattioli Woods	3.45%
9.	The Gym Group PLC	3.42%
10.	Inspired Energy	3.18%

## 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 EFMs' 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,

## 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.