

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

Factsheet - February 2019

## Fund Information



**Fund Manager:**

Simon Holman

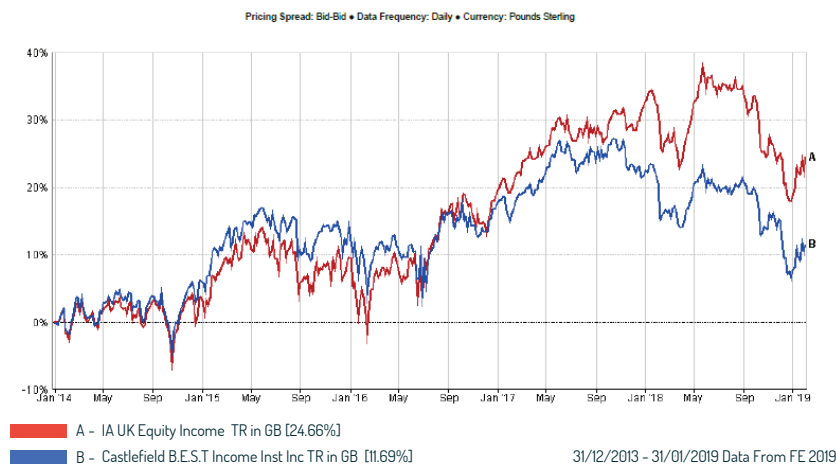
<b>Historic Yield:</b>	<b>Sector:</b>
4.64%*	IA UK Equity Income
<b>Fund Size</b>	<b>Number of Holdings:</b>
£24m	40-50
<b>ACD:</b>	
Castlefield Fund Partners Limited	
<b>Launch Date:</b>	
2nd May 2006 Current strategy since 8th July 2012	
<b>Rating:</b>	
Morningstar - 4 Globes Sustainability Rating	
<b>Platform Availability</b>	
Aegon, AJ Bell, Aviva, Elevate, CoFunds, FNZ, Hargreaves Lansdown, James Hay, Novia, Transact, Zurich	

## Fund Objective and Strategy

The Fund aims to achieve a relatively high level of current income, coupled with income growth & capital growth over the long term. The fund adopts a unique investment process designed to consider factors beyond traditional business and Financial criteria, as outlined in the fund's name:

<b>B</b>	Business & financial	<b>S</b>	Social
<b>E</b>	Environmental & ecological	<b>T</b>	Transparency & governance

The fund uses detailed Filters across key areas of concern to decide which stocks and sectors are excluded from investment. We then use the B.E.S.T criteria to help Find positive themes to support. The remaining names are assessed to select a portfolio capable of generating an appropriate level of income.



**Active Share Calculation\*** 78.16%

\* 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.

## Share Class Information

Share Class	General	Institutional	Charity
<b>Min. Investment</b>	£500	£250,000	£500
<b>Initial Charge</b>	0%	0%	0%
<b>Investment Adviser Fee</b>	1.0%	0.75%	0.75%
<b>Ongoing Charge</b>	1.51%	1.26%	1.26%
<b>Payment Dates</b>	Quarterly	Quarterly	Quarterly
<b>ISA Eligible</b>	Yes	Yes	Yes
<b>ISIN</b>	GB00B13NP853	GB00B13NPH48	GB00B13NPD00
<b>CITI CODE</b>	MJZI	K6LW	ET85
<b>Bloomberg</b>	PRESUB:LN	PRESIN:LN	PRESIN:LN

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.

## Cumulative Performance (%)

	1 Mth	3 Mths	6 Mths	1 Yr	3 Yrs	5 Yrs
<b>B.E.S.T</b>	3.62	-2.17	-6.85	-7.35	0.73	13.60
<b>Sector</b>	4.97	-1.10	-8.19	-5.11	18.92	27.58
<b>Quartile</b>	4	4	1	4	4	4

## Discrete Performance (%)

	2019 YTD	2018	2017	2016	2015
<b>B.E.S.T</b>	3.62	-11.93	3.91	3.54	7.32
<b>Sector</b>	4.97	-10.54	11.32	8.84	6.20
<b>Quartile</b>	4	3	4	4	2

## 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>B.E.S.T</b>	-11.93	3.91	3.54	7.32	5.98

\*Gross Yield reflects the historic dividend income received by the fund in the preceding 12 months before the deduction of all expenses including management fees.

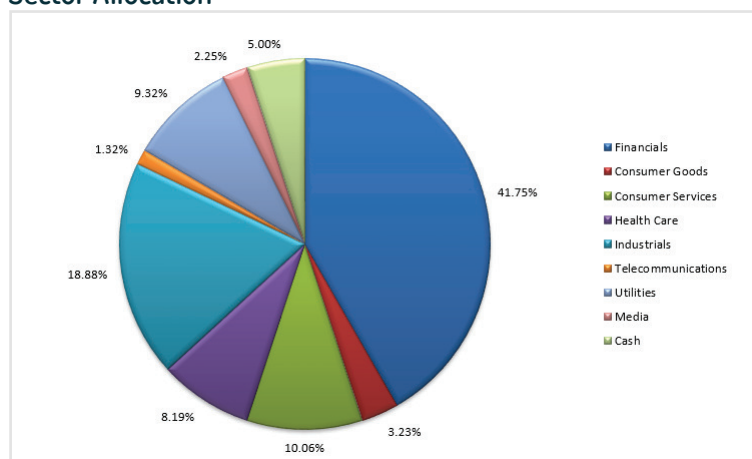
## Fund Commentary

The first month of 2019 saw UK equities bounce back after their dismal performance in December. Aided by seemingly dovish comments by Chairman of the Federal Reserve, Jeremy Powell, on the path of future US interest rates coupled with optimism of a deal to end the ongoing US-China trade war as President Trump announced an intention to meet with the Chinese President, Xi Jinping, in February. Furthermore, reports of support from the Democratic Unionist Party for Theresa May's Brexit Plan B saw sterling strengthen, helping more domestically-focused companies, a reverse of the trend seen over much of the last 18 months. The strength in the British pound, however, saw UK equities underperform their global peers as the larger, more internationally-focused constituents lagged. The fund performed well relative to the UK higher-yielding index returning +3.62% compared to 3.40%.

The top contributor for the Fund was Luceco Group. Luceco began to recover during the middle of January, devoid of any new news. However, towards the end of the month it published its full year trading update confirming results to be in line with market expectations. Margin recovery, coupled with initiatives to de-risk the business through enhanced efficiency in working capital, reduced net debt and investment into its finance function, are viewed as future-proofing the Group for growth. Directors buying shares signalled management's confidence for the Group. A detractor came in the shape of Gym Group. Despite a trading update towards the middle of the month reporting strong growth in revenue, memberships and profit, shares continued to trend down.

With regards to fund activity, we exited our position in RWS Group. We first invested at the end of 2016 with an entry point of £3.01 and closed this position at c.£4.58. We decided to exit, capitalising on its strong performance and crystallising the gains with a view to recycling the proceeds into a higher yielding stock. We used these proceeds to fund a new purchase in asset management Group, City of London Investment Group. The group specialises in investment strategies focused on closed-end funds (CEF) and has current assets under management of \$4.6bn. Its 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. Growing funds in aggregate is something that the group has always sought to do in a very cost-controlled manner and a key attribute of the group is managing its cost base to preserve operating margins. 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, a substantial amount of net cash (we estimate over £18m even after accounting for regulatory capital) that we feel in time could further boost shareholder returns.

## Sector Allocation



## Top Ten Holdings

1.	GREENCOAT UK WIND PLC	6.79%
2.	ASTRAZENECA PLC	4.81%
3.	GREENCOAT RENEWABLES PLC	4.61%
4.	ASSURA PLC REIT	4.14%
5.	PREMIER TECHNICAL SERVICE	3.89%
6.	EQUINITY GROUP	3.85%
7.	NATIONAL GRID	3.66%
8.	BRITISH LAND CO REIT	3.60%
9.	GLAXOSMITHKLINE PLC	3.38%
10.	RENEWABLES INFRASTRUCTURE GROUP	3.32%

## Fund Manager

### Simon Holman, Partner, MA Hons, MSc, CFA

Simon Holman is a graduate of Spanish from Edinburgh University and has also completed a Post-graduate Masters qualification in Investment Analysis at Stirling University. He spent several years as an equity analyst and then fund manager at Aegon Asset Management (now known as Kames Capital) before returning home to Cheshire to join Castlefield. Simon combines an investment role (that includes being the lead manager of the Castlefield B.E.S.T Sustainable Income Fund and the Castlefield B.E.S.T Sustainable Portfolio Fund as well as the co-manager of the Castlefield Real Return Fund) with analysing developments in the ethical investment world. Simon is also a charter holder (Chartered Financial Analyst) of the CFA Institute and has over 10 years industry experience.

## Important Information

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

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