

# Castlefield Real Return Fund

Factsheet - February 2019



## Fund Information



### Fund Managers:

Mark Elliott, Simon Holman

### Historic Yield:

0.77%

### Sector:

IA Targeted Absolute Return

### Fund Size

£31.98m

### Number of Holdings:

55-65

### ACD:

Castlefield Fund Partners Limited

### Launch Date:

06/06/2003 (restructured 01/03/2011)

## Share Class Information

Share Class	General	Institutional
Min. Investment	£500	£250,000
Initial Charge	0%	0%
Investment Adviser Fee	1.5%	1.0%
Ongoing Charge	2.00%	1.49%
Payment Dates	30th April 31st October	30th April 31st October
ISA Eligible	Yes	Yes
ISIN	GB0033149799	GB00B12V1482
CITI CODE	Q132	ET32
BLOOMBERG	ACDGBE:LN	PRCMMI:LN

## Fund Objective and Strategy

The Fund aims to generate a positive annualised return over a rolling 3 year basis. In aiming to produce positive capital returns, whilst also seeking to control the magnitude of any losses, the Fund will invest in a wide range of asset classes inclusive of structured products, government and corporate bonds, securities, exchange traded funds and more.

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



A - Castlefield Real Return Inst Inc TR in GB [4.82%]  
B - UT Targeted Absolute Return TR in GB [7.28%]

31/12/2013 - 31/01/2019 Data from FE 2019

## Rolling 3 Year Month End Volatility

3.70%

## Cumulative Performance (%)

	1 Mth	3 Mths	6 Mths	1 Yr	3 Yrs	5 Yrs
Real Return Fund	3.67	1.22	-0.61	1.14	10.38	14.53
Sector	1.26	0.11	-1.40	-2.03	3.43	7.22
Quartile	1	1	2	1	1	1

## Discrete Performance (%)

	2019 YTD	2018	2017	2016	2015
Real Return Fund	3.67	-3.57	2.88	5.84	0.45
Sector	1.26	-2.74	2.97	0.97	2.20
Quartile	1	3	2	1	3

## 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
Real Return Fund	-3.57	2.88	5.84	0.45	5.01

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

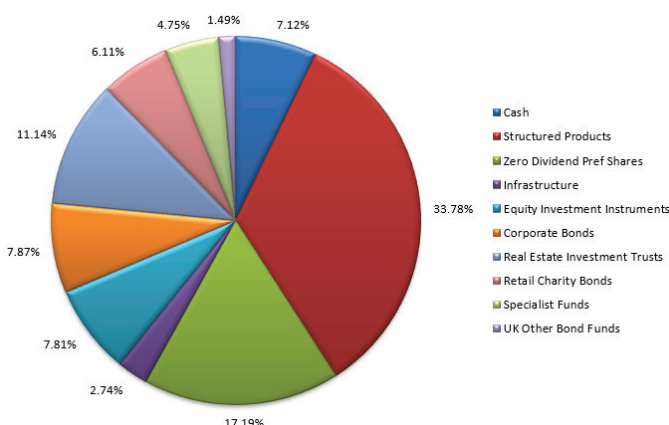
January was a positive month for global equities, with strong corporate earnings leading to a rebound in markets after the falls in 2018. Optimism concerning the US-China trade war contributed to strong returns in the US which were furthered as the Federal Reserve promised a 'patient' approach after holding rates steady. The month also saw UK equity markets posting monthly gains for the first time since Q3 2018. These gains were moderated by the rise in sterling which resulted from the tentative backing by the House of Commons of Theresa May's Brexit withdrawal agreement. The news was welcomed by the market but the strength in sterling posed a headwind to larger and more internationally focused companies compared to domestically focused areas of the market. Despite these positives and gains for equities overall, the UK lagged behind the US and Emerging Markets.

In terms of activity during the months, one key factor was the decision to exit the VXX inverse ETF structured product which had been introduced in January 2018. The product was designed to benefit from reducing levels of equity-market volatility over the course of its one-year term. Since purchase, volatility in markets failed to subside with spikes upwards both at the beginning and towards the tail-end of the year. This was in marked contrast to previous periods, in part a result of Sino-US trade tariffs and other geopolitical risk such as Brexit and an EU slowdown. As a result, volatility levels were hovering around the level between which the product would generate a return or would incur losses had the underlying index gained further ground. With the final observation date approaching, we took the decision to de-risk the portfolio and exit the note two weeks earlier than scheduled, unwinding the trade with the issuer for approximately a 2% gain above the average entry price. Favourable currency moves once converted back into sterling added a further 11% again.

Some of the funds raised from exiting the note were directed to an existing fixed-income holding in an Intermediate Capital Group bond. The bond has a maturity date in 2023 and offers a 5% running yield and with four years left on the note, a gross redemption yield of 4.2%.

A positive trading statement from Assura Plc combined with some M&A activity in its sector saw the shares rise just over 13% for the month. Assura develops and manages healthcare properties across the UK. A positive trading statement saw further portfolio growth with their rent roll increase to £99.8m. Listed peers MedicX and Primary Health Properties subsequently announced an all-share merger which focused investor attention on the sector and led to further gains.

## Sector Allocation



## Top Ten Holdings

1.	SG ISSUER 14/07/2023	4.86%
2.	JP MORGAN STRUCTURED PRODUCTS 14/12/23	3.92%
3.	UIL FINANCE LTD PREFERRED SHARES	3.90%
4.	BBVA GLOBAL MARKETS BV 19/10/2023	3.74%
5.	BBVA GLOBAL MARKETS BV 30/11/2023	3.68%
6.	EJF INVESTMENTS ACCUM SHS 2022 ZDP GBP	3.41%
7.	GOLDMAN SACHS INTERNATIONAL 12/05/2023	3.19%
8.	DEUTSCHE BANK AG 15/10/2021	2.98%
9.	BNP PARIBAS ISSUANCE BV 20/07/2022	2.92%
10.	MORGAN STANLEY BV 16/06/2022	2.85%

## Management Team

### 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.

### 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. 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 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.



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## Important Information

This document provides information about the Castlefield Real Return 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.