

**Interim Short Report – 29 February 2016 to 31 August 2016**
**Castlefield Managed Multi-Asset Fund**
**Fund Facts**

Launch date:	06 June 2003 (Restructured 1 March 2011)
Ex-dividend dates:	28 February and 31 August
Income dates:	27 May and 27 November
IMA Sector:	Targeted Absolute Return

**Investment Objective and Policy**

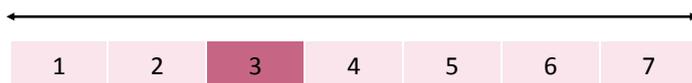
To generate a positive annualised return over a rolling 3 year basis. However, there is no guarantee that this objective will be met and there is always the potential of loss to some, or all, of your original capital. The Fund will invest in transferable securities (both quoted and unquoted), units and/or shares in other collective investment schemes, structured products, deposits, warrants, fixed interest securities, money market instruments, and cash and near cash. The Fund may also invest in derivatives and forward transactions for investment purposes as well as for efficient portfolio management (including hedging), and may also borrow and enter into stocklending and underwriting arrangements in accordance with COLL.

**Investment Risks**

The Fund has exposure to a wide range of asset classes including equities arising mainly from its structured product investments. Equities, as an asset class, tend to experience higher volatility but this is tempered in the Fund by diversification across other asset classes such as corporate bonds and government bonds which tend to experience lower volatility.

**Risk and Reward Indicator (RRI)**

Typically lower rewards, Typically higher rewards,



The Fund is ranked as three because it has experienced low to medium rises and falls in value over the past five years. Please note that even the lowest ranking does not mean a risk-free investment.

**Ongoing Charges Figures (OCF)**

	31.08.2016	28.02.2016
General Income Shares	2.16%	2.12%
Institutional Income Shares	1.66%	1.62%

The ongoing charges figure is based on the last year's expenses for the period ending 31 August 2016 and may vary from year to year. It excludes the costs of buying or selling assets for the Fund (unless these assets are shares of another fund).

**Performance Record (in pence per share)**

Share Class	General Income		General Accumulation		Institutional Income	
	High	Low	High	Low	High	Low
2014	198.67	193.97	198.67	193.81	207.64	201.89
2015	212.24	198.46	199.06 <sup>2</sup>	198.46 <sup>2</sup>	223.11	207.43
2016	214.15	201.42	-	-	225.26	212.76
2016 <sup>1</sup>	217.00	204.93	-	-	229.80	216.52
2016 <sup>1</sup>	217.00	204.93	-	-	229.80	216.52

<sup>1</sup> To 31 August 2016

<sup>2</sup> To 14 March 2014

**Net Asset Values (in pence per share)**

Share Class	General Income	General Accumulation	Institutional Income
28.02.2014	194.96	201.10	210.18
28.02.2015	211.60	199.01	222.44
28.02.2016	203.33	-	214.81
31.08.2016			228.19

**Dividend Distribution (in pence per share)**

Period End	Paid	General Income	Institutional Income
31.08.2016	27.11.2016	-	0.4904

General Income Shares, expenses exceeded revenue during this period, and as a result no distribution was paid.  
MMAIFS/311016

## Review & Outlook

The fund returned +6.13% (as measured by the Institutional Income class), compared to an increase in UK CPI inflation during the 6 months under review of +1.1% and a return from the wider IA Targeted Absolute Return sector of +1.28%.

Risk assets recovered strongly from the lows towards the end of the last reporting period. Most obviously, crude oil bounced from a low of \$27/barrel in late January, rising up through \$50/barrel at one point before closing the period at \$46.97/barrel by the end of August. The renewed optimism about the Chinese economy as well as the receding probability of another imminent US Fed rate hike both saw risk assets climb. On the domestic front, the UK referendum to exit the EU initially sent shockwaves through markets but from the period immediately preceding the vote through to the end of August, UK shares have actually posted absolute gains and even more so when taking the starting point from the rather depressed conditions at the end of February. The weakening of sterling against other major currencies has to some extent helped in the short term, at least for those companies with overseas earnings or asset bases. The actual impact on the UK economy will have to be assessed further down the line when negotiations to actually exit have concluded (or at the very least begun!).

During the period, we committed to a relatively large number of new opportunities as funding by corporates reached a near term high point. Whilst this might give pause for thought in the coming years, the recent round of bond issuance has presented some attractive opportunities in some relatively lower risk and higher yielding issues. We acquired new bonds from Burford Capital, the specialist litigation financing firm – itself structured as a UK listed investment trust, the group has built scale in a sector where others have failed to sufficiently diversify case loads. We also

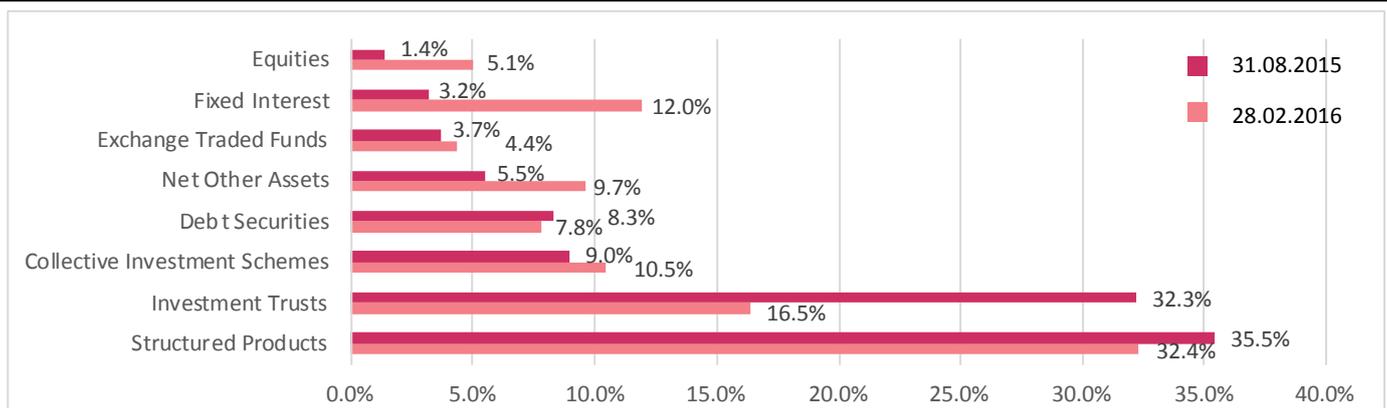
participated in the new placing of bonds via the Retail Charity Bond platform, this time an issue from the Charities Aid Foundation (CAF). The group

provides banking and investment management services to the charity sector as well as services designed to facilitate donating to charities or managing bequests. We also took part in new issues within the Zero Dividend Preference Share sub-sector. A new holding was initiated in a ZDP from Ranger Direct Lending, a UK listed investment trust where we already hold the Ordinary shares. The group provides specialist lending to predominantly US SMEs (Small and Medium-sized Enterprises) with loans sourced via online platforms but then subject to higher levels of due diligence, with the aim of the ZDP to boost the overall level of the loan portfolio after being added to the \$230m NAV of the fund. Within the structured products portion of the portfolio we took advantage of some of the weakness in underlying equity markets earlier in the period to add a new note which references the FTSE and EuroStoxx 50 indices.

In the build-up to the US election, and immediately after the Brexit vote, markets have enjoyed something of a remarkable recovery when all was doom and gloom at the start of the period. We are mindful that the Fed is currently signalling a further tightening of US interest rates in December, after the US election on the 8th November. Whilst the polls currently point to a Clinton win, the chances of a negative reaction by markets should there be a result which is perceived to be “unfavourable” must now be viewed through the prism of experience of the UK market immediately post-Brexit. Whilst the initial surprise moved markets negatively with immediate effect, the actual impact on the underlying economy is as yet still being assessed but certainly not the immediate financial Armageddon many predicted and we are continuing to find good investment opportunities in a range of markets and asset classes.

Source: Castlefield Investments, October 2016. Performance taken from FE Analytics, based on General Income shares on a bid to bid, total return, UK Sterling basis. Past performance is not a guide to future returns.

## Performance Record (in pence per share)



### Top Ten Holdings 31.08.2016

Cash	9.65%
Morgan Stanley Equity Linked Notes 2022	3.52%
JPM Euro Medium Term Note 2022	3.46%
Barclays_FTSE 100 Synthetic ZPD 10/04/2017	3.24%
Lazard Global Active Listed Infrastructure	3.21%
RBS Eurostoxx + S&P 500 Synthetic ZPD 29/03/2017	3.13%
Deutsche Bank Index Linked 24/08/2020	3.13%
UIL Finance Limited ZPD 2018	3.01%
Schroders REIT Shares	2.76%
SG Issuer 0% NTS 10/08/2020	2.72%

MMAIFS/311016

### Top Ten Holdings 28.02.2016

Barclays_FTSE 100 Synthetic ZPD 10/04/2017	3.91%
Royal Bank of Canada 04/06/2021	3.87%
RBS Eurostoxx + S&P 500 Synthetic ZPD 29/03/2017	3.83%
Lazard Global Active Listed Infrastructure	3.72%
UIL Finance Limited ZPD 2018	3.65%
Deutsche Bank Index Linked 24/08/2020	3.65%
Ignis Absolute Return Government Bond 'I'	3.24%
BNP Paribas 25/02/2022	3.05%
UIL Finance Limited ZPD 2018	2.98%
Schroders REIT Shares	2.93%

## What Does it Mean?

If you come across the odd word or phrase within your report that you are unfamiliar with, here is a glossary to help explain a few key terms.

### Accumulation Shares

Any income made by the Fund will be reinvested to grow the value of your investment.

### Alternative Assets

Types of non-traditional investments, which could include hedge funds and commodities for example and which are designed to help diversify a portfolio as they tend not to move in the same direction as the stock market.

### Autocall

An autocall structured product has the potential to mature before the end of the product's life, if certain predetermined market conditions are reached. The investor will usually receive a pre-defined return.

### Bonds

Issued by companies or governments and similar to a loan in nature, usually paying a fixed or variable interest rate.

### Corporate Bonds

Issued by companies and similar to a loan in nature, usually paying a fixed rate of interest.

### Credit Rating

A score awarded by an independent rating agency to indicate the financial strength of the issuer of a corporate bond, and the potential for a default on interest and principal payments. Bonds issued and backed by developed market governments are generally considered superior to bonds rated 'AAA'. The top credit rating is 'AAA'. The lowest rating to be considered 'investment grade' is 'BBB'. Below 'BBB', bonds are termed 'sub investment grade' or 'high yield'.

### Credit Spreads

Can be used to describe the difference in yield between securities, due to different credit quality.

### Duration

A measure of the price sensitivity of a fixed income investment / fund to a change in interest rates.

### Equities

Another name for shares in a company.

### Fixed Income Assets

Investments that pay out a set level of income, such as bonds or gilts.

### FTSE® 100 INDEX

A share index of the 100 largest companies, by market capitalisation, listed on the UK stock exchange and could include, for example, familiar household names such as BP, Marks & Spencer and Vodafone.

### Funds

A general term used to describe collective

investment schemes, such as unit trusts, open-ended investment companies and closed-ended investment companies.

### GDP

Gross Domestic Product (GDP) refers to the market value of all officially recognised final goods and services produced within a country in a given period.

### Gilts

A bond issued by the UK government.

### Hedging

A way of offsetting the potential losses that may be incurred by an investment.

### Income Shares

Any income made by the Fund will be paid out to you.

### Inflation Hedge

A way in which to protect capital against the effects of inflation.

### Investment Grade Bond

A bond that is assigned a rating in the top four categories by commercial credit rating companies. S&P classifies investment grade bonds as BBB or higher, and Moody's classifies investment grade bonds as BAA or higher.

### Investment Trust

A company set up to buy and sell shares in other companies and is run by a Board of Directors.

### LIBOR

The average interest rate estimated by leading banks in London that they would be charged if borrowing from other banks.

### Market Capitalisation (market cap)

The total value of the shares of a company.

### Net Asset Value (NAV)

Used to value shares of a company, calculated by taking the total assets and deducting the total liabilities.

### OEIC

An 'Open Ended Investment Company' – this is similar to a unit trust. Investors pool their money together to invest in a range of different assets such as bonds, equities, property, cash etc. Each OEIC will have an investment objective, stated in a prospectus document, which could be to produce long term growth or generate a regular income.

### OCF

The Ongoing Charges Figure (OCF) is designed to give you an accurate measure of what it costs to invest in a fund and helps you compare this cost between different funds. It includes the annual

management charge (used to pay the investment manager, fund accountant and fund administrator for example) and other operating costs, such as fees paid to the Trustee, Auditor, Custodian and Regulator.

### Options

A financial contract that enables the holder to purchase or sell a certain number of shares at a future date and at a known price.

### Quantitative Easing

A government policy used to increase the money supply within an economy, by flooding the financial system with money.

### RRI

The Risk and Reward Indicator (RRI) demonstrates where a fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indicator of the future risk profile of the Fund.

### Structured Products/Investments

A group of financial instruments which frequently combine the potential upside of market performance with limited downside. They may also provide a fixed return in exchange for accepting a degree of risk or may generate gains from market falls. They can also be used within a Fund to help manage the impact of large stockmarket fluctuations.

### Synthetic Zeros

A form of structured product which also has a pre defined return profile and a set maturity date whilst being exposed to a degree of credit and equity market risk. Synthetic zeros are usually linked to major, well known indices, such as the FTSE 100, but with much less risk than investing directly in the index itself.

### Top Down Asset Allocation

An investment approach that looks to review the economic landscape prior to delving down into sector and company specifics.

### Transferable Securities

A general term used to describe a broad range of investments such as bonds and company shares for example.

### Volatility

Refers to the frequency and severity with which the price of an investment goes up and down.

### Weighted Average Maturity (WAM)

The average time until maturity of all the underlying holdings of a fund.

### Yield

The amount of income paid or expected to be paid from each share held. The yield is calculated and quoted as a percentage.



## Important Information

On 13 June 2016, Beever & Struthers, Chartered Accountants, replaced KPMG LLP as auditor of the Castlefield Funds.

Authorised Corporate Director Change - From 13 June 2016, Premier Portfolio Managers Limited ("Premier") will retire as the authorised corporate director ("ACD") of the Company in favour of Castlefield Fund Partners Limited ("Castlefield"), which is also an FCA authorised and regulated firm, who will then become the company's ACD. The Financial Conduct Authority (FCA) has provided confirmation that the changes being proposed will not affect the ongoing authorisation of the Company.

Also on this date the names of the funds will change to the following:

**New OEIC name:**

Castlefield Funds

**New Sub-Fund name:**

Castlefield Managed Multi-Asset Fund

Castlefield B.E.S.T. Income Fund

Castlefield UK Opportunities Fund

Castlefield UK Smaller Companies Fund

CFP SDL UK Buffettology Fund

Additional changes to the Depositary, Auditor, Administrator and Registrar can be found in the letter to Shareholders dated 8 April 2016.

For enquiries following the transfer to Castlefield, please contact them on 0161 233 4890 or by e-mail [funds@castlefield.com](mailto:funds@castlefield.com) or by visiting their website: [www.castlefield.com](http://www.castlefield.com).

**Authorised Corporate Director:**

Castlefield Fund Partners Limited (ACD)  
Registered Office:  
111 Piccadilly, Manchester, M1 2HY

**Auditor:**

Beever & Struthers,  
St George's House,  
215-219 Chester Road, Manchester, M15 4JE

**Depositary:**

Societe Generale London Branch,  
41 Tower Hill, London, EC3N 4SG

**Administrator & Registrar:**

Maitland Institutional Services Limited,  
Springfield Lodge,  
Colchester Road,  
Chelmsford, CM2 5PW.

**Administration Queries:**

Castlefield Fund Partners, Springfield Lodge,  
Colchester Road,  
Chelmsford, CM2 5PW.  
Email [Castlefield@phoenixfundservices.com](mailto:Castlefield@phoenixfundservices.com)

This document has been produced for retail clients.

It is designed for information purposes only and does not constitute advice. Reference to any particular stock or sector does not constitute a recommendation to buy or sell the stock or sector and the investment manager may already have bought or sold any stocks mentioned. If any of the information is unclear we recommend contacting a financial adviser.

You should remember that past performance is not a guide to the future. The price of shares and the income from them may go down as well as up and you may get back less than you invested. A free, English language copy of the Funds' full prospectus, the Key Investor Information Document and Supplementary Information Document, which include all the important information you need to consider before making an investment decision, are available at [www.castlefield.com](http://www.castlefield.com).

Issued by Castlefield Fund Partners Limited which is authorised and regulated by the Financial Conduct Authority of 25 the North Colonnade, Canary Wharf, London E14 5HS. The registered address of the company is 111 Piccadilly, Manchester, M25 3AW. Registered in England No. 1235867.

**Contact us:**

Castlefield Fund Partners Limited, 111 Piccadilly, Manchester, Lancashire, M25 3AW.  
Tel: 0161 233 4890  
Email: [Funds@castlefield.com](mailto:Funds@castlefield.com)  
Web: [www.castlefield.com](http://www.castlefield.com)

For your protection, calls may be monitored and recorded for training and quality assurance purposes.