

Interim Short Report - 29 February 2016 to 31 August 2016
Castlefield B.E.S.T. Income Fund
Fund Facts

Launch date:	02 May 2006
Ex-dividend dates:	28 February, 31st May, 31 August and 30 November
Income dates:	27 May, 27 August, 27 November and 27 February
IMA Sector:	UK Equity Income

Investment Objective and Policy

The aim of the Fund is to pay you an income, together with income growth and some capital growth over the long term.

The Fund will mainly invest in the shares of UK companies and funds. The Fund Manager will also consider environmental, ethical, social, governance and other similar issues during the selection process. This is reflected in the name of the Fund where "BEST" is intended to indicate the investment criteria that will be applied to the Fund: Business, Environmental/ethical, Social/governance; and Transparency.

The Fund is actively managed which means that the Fund Manager will choose the investments, currencies and markets held in the Fund but always within the boundaries outlined in the Fund's objective and policy.

Investment Risks

The Fund holds equities concentrated by location in the UK. Equities, as an asset class, tend to experience higher volatility than many other asset types such as bonds or money market instruments. Funds concentrated in one geographic location are more vulnerable to market sentiment in that specific location and can carry a higher risk than funds holding more diversified assets.

Performance Record (in pence per share)

Share Class	General Income		Institutional Income		Charity Income	
	High	Low	High	Low	High	Low
2015	82.22	70.70	84.02	72.18	85.06	73.08
2016	85.20	72.59	87.12	74.36	88.20	75.28
2016 ¹	79.51	69.79	81.56	71.55	82.57	72.44

¹ To 31 August 2016

Net Asset Values (in pence per share)

Share Class	General Income	Institutional Income	Charity Income
28.02.2015	78.39	79.90	80.90
28.02.2016	75.66	77.51	78.47
31.08.2016	77.91	79.91	80.90

Dividend Distribution (in pence per share)

Period End	Paid	General Income	Institutional Income	Charity Income
28.02.2016	27.05.2016	0.7560	0.7737	0.7829
31.05.2016	27.08.2016	0.8011	0.8210	0.8312
31.08.2016	27.11.2016	0.9896	1.0143	1.027

BESTIFS/311016

Risk and Reward Indicator (RRI)

Typically lower rewards, Typically higher rewards,



1	2	3	4	5	6	7
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The Fund is ranked as five because it has experienced medium to high 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	1.54%	1.72%
Institutional Income Shares	1.29%	1.47%
Charity Income Shares	1.29%	1.47%

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).

Review & Outlook

During the period under review the portfolio produced a total return of +6.68% (Charity Income Shares), as compared with the median return for the IMA UK Equity Income peer group of +9.53%.

The beginning of the review period saw UK equities continuing to recover from the lows of mid-February, propelled by a recovery in resources stocks as concerns over Chinese economic growth subsided.

Thereafter, the UK's referendum on EU membership in late June dominated sentiment and determined the performance characteristics for the rest of the period. The surprise result was immediately felt in the currency markets with sterling falling against major currencies, triggering a positive adjustment to the share prices of companies with substantial overseas revenues or US dollar denominated asset bases. Concurrently, domestic stocks such as in the retail, construction and real estate sectors all suffered given fears of a hit to the UK economy to come.

During the period under review, activity within the Fund has again been concentrated on new holdings and incremental additions to existing holdings, with only one small sale during this time. The fund has long been supportive of the renewable infrastructure sector and to this end, holdings in both Greencoat UK Wind and The Renewables Infrastructure Group (TRIG) have been increased given their attractive and growing dividend streams plus the potential for further growth in Net Asset Value (NAV). We also added to the position in Kier Group, believing its shares to be attractively valued given its prospects as a provider of major infrastructure.

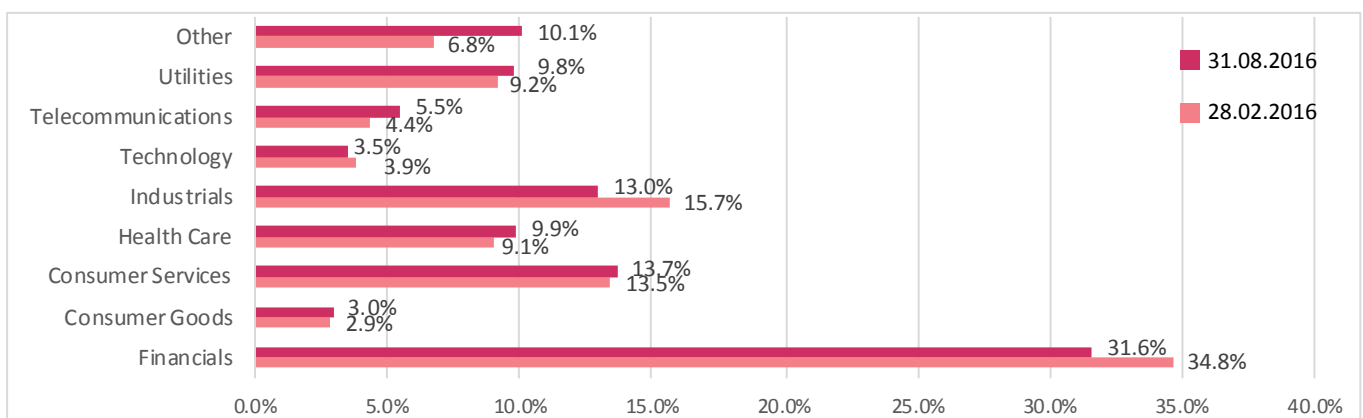
Notable new additions included RPS Group and Marks & Spencer. Via its "Plan A", the latter is one of the leading UK companies in sustainability

terms in our view and with the shares having retreated materially we felt that the likely dividend stream over the coming decade was too attractive to ignore. There is work to be done to improve the offering but we are content that we are being paid for the wait. RPS, meanwhile, is a global environmental consultancy group specialising in the Built & Natural Environment. It has a business segment focused on the Oil & Gas sector which has understandably struggled in the past two years given the backdrop of the falling oil price. However, we feel that the shares do not reflect the potential growth from its other business units and effectively discount any prospect of a recovery in the energy-related business. Whilst the historical dividend growth rate will inevitably slow, they now yield well in excess of the UK market figure and we think this represents a good long term investment opportunity.

A few months after the referendum result, the UK is no closer to leaving the EU than before it. This speaks only to possible uncertainty and whilst domestic economic data has held up well after a July blip, this perhaps reflects the fact that the UK hasn't yet left the EU and so still benefits from e.g. the single market. How policy turns out will determine the relative fortunes of the multinationals (already relatively expensively-valued) and the domestic sectors (relatively cheap to the eye). Before that is resolved, however, we have the US Presidential election to contend with and more possible market volatility should Donald Trump reach the White House. If that happens, all bets might be off.

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.

Asset Allocation



Top Ten Holdings 31.08.2016

Greencoat UK Wind	4.64%
Glaxosmithkline	4.56%
Astrazeneca	4.50%
National Grid	4.38%
Balfour Beatty	3.44%
Assura	3.32%
SSE	3.31%
Renewables Infrastructure	3.29%
Carillion	3.15%
Sage	2.96%

Top Ten Holdings 28.02.2016

Glaxosmithkline	5.44%
National Grid	4.69%
Astrazeneca	4.41%
Carillion	3.70%
SSE	3.51%
Balfour Beatty	3.48%
Assura	3.46%
Debenhams	3.34%
Greencoat UK Wind	3.33%
Aviva	3.17%

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 or by visiting their website: www.castlefield.com.

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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.

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.

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