



CASTLEFIELD FUNDS

## **INTERIM REPORT & ACCOUNTS**

For the Period 01 March 2017 To 31 August 2017

A UK Authorised Investment Company with Variable Capital



# INDEX

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# MANAGEMENT AND ADMINISTRATION

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The Authorised Corporate Director ("ACD") and registered office of the Castlefield Funds ("the Company"):

## CASTLEFIELD FUND PARTNERS LIMITED

111 Piccadilly,  
Manchester, M1 2HY

Castlefield Fund Partners Limited is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of The Investment Association ("IA").

## DIRECTORS OF THE ACD:

John Eckersley (Managing Director)  
Summayya Mosam (Head of Service Delivery)  
Susan Cohen (Head of Finance)

## INVESTMENT ADVISER:

Castlefield Investment Partners LLP is the Investment Adviser to the Castlefield Funds, and is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of the London Stock Exchange.

## DEPOSITARY:

Société Générale S.A. (London Branch),  
SG House, 41 Tower Hill,  
London, EC3N 4SG

## AUDITOR:

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

## ADMINISTRATOR

Société Générale Securities Services,  
SG House, 41 Tower Hill,  
London, EC3N 4SG

## REGISTRAR

Maitland Institutional Service Limited  
Springfield Lodge, Colchester Road,  
Chelmsford, Essex CM2 5PW

## COMPANY INFORMATION

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Castlefield Funds is an Investment Company with Variable Capital under regulation 12 of the Open-Ended Investment Company Regulations and incorporated in England and Wales under registered number IC000234 and authorised by the Financial Conduct Authority with effect from 14 May 2003. Shareholders are not liable for the debts of the Company. At the period end, the Company contained six sub-Funds.

The Company is a UCITS scheme which complies with the Financial Conduct Authority Collective Investment Schemes Sourcebook and is structured as an umbrella Company so that different sub-Funds may be established from time to time by the ACD with the approval of the Financial Conduct Authority and the agreement of the Depositary.

## REPORT OF THE ACD TO THE SHAREHOLDERS OF THE COMPANY

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The ACD, as sole director, presents its report and the audited Financial Statements of the Company for the period from 1<sup>st</sup> March 2017 to 31 August 2017.

The Investment Objectives and Policies of each sub-Fund of the Company are covered in the section for each sub-Fund. The sub-Funds of an umbrella Company should be invested as if they were a single Company. The names and addresses of the ACD, the Depositary, the Registrar, the Investment Adviser and the Auditor are detailed on page 2.

In the future there may be other sub-Funds of the company.

Where a sub-Fund invests in other Collective Investment Schemes, the maximum annual management fee that may be charged to that Collective Investment Scheme is 5% of the net asset value of such a scheme, however, it is expected that the actual annual management fee will not exceed 2%.

## SUB-FUND CROSS-HOLDINGS

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No sub-Fund held shares in any other sub-Fund within the Investment Company with Variable Capital during the current or prior year.

# MANAGEMENT AND ADMINISTRATION

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## DIRECTORS' STATEMENT

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In accordance with the Regulations, we hereby certify the report on behalf of the directors of Castlefield Fund Partners Limited.

John Eckersley  
Managing Director (of the ACD)



Summaya Mosam  
Director (of the ACD)



31 October 2017

# CASTLEFIELD FUNDS

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## ABOUT THE INVESTMENT ADVISER

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Castlefield Investment Partners (CIP) is part of the Castlefield family of investment, advisory and operational support businesses. The group adopts a unique approach to looking after money, reflecting the individual objectives of all kinds of clients – from private individuals and the businesses they own and work for, to the not-for-profit organisations they help to run. CIP is authorised and regulated by the Financial Conduct Authority and is a member of the London Stock Exchange.

Sanford DeLand Asset Management (SDL) is a trading name of Castlefield Investment Partners LLP (CIP), used under licence. Sanford DeLand Asset Management Limited, which owns the rights to the SDL brand, was established in March 2010 by a group of like-minded business professionals in order to cover the costs of establishing and seeding the first SDL-branded fund. The SDL branded Funds within this statement are sub-Funds of the Castlefield Funds OEIC umbrella.

## INVESTMENT REVIEW OF CASTLEFIELD FUNDS

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### MARKET REVIEW

The first half of the year was dominated by Theresa May's hastily called general election. The news was immediately followed by a fall in the UK stock market and sterling strengthened for a brief spell, but this was short-lived and equities soon recovered their losses. The Prime Minister decided to roll the dice, despite well documented voter fatigue and the Fixed Term Parliament Act existing to prevent just this kind of snap election being launched. The gamble, of course, did not pay off for Mrs May and she was left with a minority government. The morning after the election, UK share movements echoed those seen after the referendum almost a year previously, with domestic-focused companies weaker and the large multinational businesses with overseas currency exposure faring significantly better.

Inflation has continued to rise due to the weaker pound, directly influenced by the decision to vote for "Brexit" in last years' referendum. The average worker will inevitably be worse off than a year ago due to rises in wages not keeping up with inflation. Whilst this has pressured disposable income over the past year, denting sentiment towards UK market sectors such as retailers, there has been some signs of emerging improvement for domestic consumer stocks.

Europe saw a sweeping victory for new French President Emmanuel Macron against the French National Front. Despite the far-right being beaten back in this particular election, Europe is still dogged by the populist rhetoric and anti-immigrant sentiment that has dominated political discord across the continent. This was evidenced most recently in the German election which saw Angela Merkel's position weakened and the far-right Alternative for Deutschland (AfD) party ride into prominence. Elsewhere, discussion over the Catalan independence referendum put the cat among the pigeons in Spain. Speculation over whether or not it would go ahead came to fruition recently but debate over the legality of the move still rages.

Across the Atlantic, June saw a high-profile announcement as President Trump confirmed the rumours that he intended to withdraw the US from the 2015 Paris Climate Agreement. The Paris Agreement was a triumph of global political will to tackle a critical issue that affects not only society and the environment as a whole but also financial markets. The agreement has been key to encouraging investors to question the valuation basis for the world's largest oil companies and to consider the need to mitigate against the potential for increased incidence of natural disasters. Although dispiriting to hear, more heartening was the number of Chief Executives of American companies and Mayors of US cities that reaffirmed their intention to meet their pledges under the Agreement. The President's words are impotent in the face of such actions.

Impotence seems to be a recurring theme for the Trump presidency. His inability to pass proposed healthcare reforms despite the Republicans controlling all branches of the government has cast doubts on whether Trump's other planned policy changes will go ahead. August saw Trump announce plans to cut corporation tax to 15% from the current rate of 35%. This saw the resumption of the "reflation trade" that was first triggered by his election. However, there is only a small margin of error for Trump to see his reforms realised. If a few Republicans in both the Senate and the House of Representatives decide that the proposed tax policy is unsuitable then it cannot be passed without Democratic votes, which Trump is unlikely to receive. US equities have consequently responded in cautiously optimistic fashion, moving higher anticipating more favourable tax rates but mindful of the policy deadlock that has characterised much of the first year of the Trump Presidency.

Governance in a corporate sense has been the key talking point with the release of the third Castlefield Stewardship Report. Castlefield promotes open dialogue with investee companies which we see as an important part of being Thoughtful Investors. In practical terms, this can mean avoiding those companies where poor corporate behaviour can result in subsequent regulatory fines or civil lawsuits. It can also mean taking account of a broader consideration of environmental risk when making investment decisions. The importance of this factor was thrown into sharp focus with the devastation caused by several hurricanes over the last quarter. Changing weather patterns as a consequence of climate change highlight that companies providing solutions to the problems of global warming and abating emissions are well positioned to mitigate climate related natural disasters and deliver long term value.

### OUTLOOK

The UK election result has resulted in a constrained mandate for the Prime Minister, which has led to an erosion of confidence within her abilities to lead on Brexit discussions. It is still unclear whether a measured, consensual approach to Brexit talks will be taken (commonly known as a "soft Brexit") or whether "no deal is better than a bad deal" will be the tone that steers the negotiations.

The Bank of England is tasked with keeping inflation at 2% and Mark Carney's recent comments indicate a normalising of interest rates from their post-Brexit record low of 0.25%, although no official decision has yet been made. Should the BoE press ahead with tightening rates however, this nascent recovery may be halted in its tracks. The effect of a rate rise will have far reaching consequences for everyone from pensioners, to workers to businesses although not all of which need be negative. Indeed, pensioners are set to see a benefit of increased inflation. The triple lock pension system means that pensioners, and some of those currently saving into private pensions, will see significant benefits. Under the triple lock guarantee, pensions rise by either 2.5%, earnings or prices, whichever is the higher. With inflation being the highest, pensions will be up-rated by 3% in April next year.

Source: Castlefield Investment Partners, October 2017.

# CASTLEFIELD B.E.S.T INCOME FUND

## COMPARATIVE TABLES

### General Shares - Income

	31 Aug 17 (pence per share)	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	78.41	75.66	81.56
Return before operating charges*	4.78	7.20	(1.04)
Operating charges*	(1.03)	(1.21)	(1.37)
Return after operating charges*	3.75	5.99	(2.41)
Distributions on income units	(1.61)	(3.24)	(3.49)
Closing net asset value per share	80.55	78.41	75.66
after direct transaction costs of:**	0.04	0.07	0.02
<b>Performance</b>			
Return after charges	4.78%	7.92%	(2.95)%
<b>Other information</b>			
Closing net assets value (£'000)	315	259	262
Closing number of shares	390,800	330,598	346,908
Operating charges*	1.47%	1.50%	1.72%
Direct transaction costs**	0.06%	0.09%	0.03%
<b>Prices</b>			
Highest share price	83.83	79.54	85.20
Lowest share price	78.46	69.79	72.59

\* Operating charges, otherwise known as OCF is the ratio of the sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CASTLEFIELD B.E.S.T INCOME FUND

## Institutional Shares - Income

	31 Aug 17 (pence per share)	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	80.53	77.51	83.35
Return before operating charges *	4.81	7.37	(1.07)
Operating charges*	(0.85)	(1.03)	(1.20)
Return after operating charges*	3.96	6.34	(2.27)
Distributions on income units	(1.66)	(3.32)	(3.57)
Closing net asset value per share	82.83	80.53	77.51
after direct transaction costs of:**	0.05	0.08	0.02
<b>Performance</b>			
Return after charges	4.91%	8.18%	(2.72)%
<b>Other information</b>			
Closing net assets value (£'000)	9,633	7,883	5,112
Closing number of shares	11,629,468	9,789,575	6,595,192
Operating charges*	1.22%	1.25%	1.47%
Direct transaction costs**	0.06%	0.10%	0.03%
<b>Prices</b>			
Highest share price	86.15	81.69	87.12
Lowest share price	80.60	71.55	74.36

\* Operating charges, otherwise known as OCF is the ratio of the sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in as sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CASTLEFIELD B.E.S.T INCOME FUND

## Charity Shares - Income

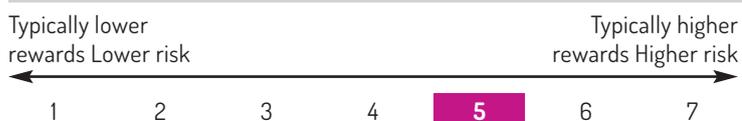
	31 Aug 17 (pence per share)	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	81.53	78.47	84.38
Return before operating charges *	4.87	7.46	(1.07)
Operating charges	(0.86)	(1.04)	(1.22)
Return after operating charges*	4.00	6.42	(2.29)
Distributions on income units	(1.68)	(3.36)	(3.62)
Closing net asset value per share	83.86	81.53	78.47
after direct transaction costs of:**	0.05	0.08	0.02
<b>Performance</b>			
Return after charges	4.91%	8.18%	(2.71)%
<b>Other information</b>			
Closing net assets value (£'000)	17,031	15,523	11,028
Closing number of shares	20,309,217	19,040,183	14,054,109
Operating charges*	1.22%	1.25%	1.47%
Direct transaction costs**	0.06%	0.09%	0.03%
<b>Prices</b>			
Highest share price	87.22	82.70	88.20
Lowest share price	81.60	72.44	75.28

\* Operating charges, otherwise known as OCF is the ratio of the sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CASTLEFIELD B.E.S.T INCOME FUND

## RISK AND REWARD INDICATOR (RRI)



The sub-Fund is ranked as 5 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.

The Risk and Reward Indicator demonstrates where the sub-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 indication of the future risk profile of the sub-Fund.

## INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Castlefield B.E.S.T Income Fund is to predominantly generate a relatively high level of current income, together with income growth and some capital growth over the long term. The investment policy of the sub-Fund is to invest principally in a portfolio of UK equities, although money market instruments, collective investment schemes, deposits, warrants, derivatives (for hedging purposes) and other permitted investments and transactions may also be invested in.

In seeking to achieve the stated investment objective, consideration will be given not only to traditional business and financial criteria, but also to environmental, ethical, social, governance and other similar issues. This is reflected in the name of the Fund where "B.E.S.T" is intended to indicate the investment criteria that will be applied to the Fund: Business, Environmental/ethical, Social/governance; and Transparency.

## INVESTMENT REVIEW

### PERFORMANCE

During the period, the fund achieved a return of +5.00% (Institutional Income Units) against its peer group IA UK Equity Income sector, which returned +4.93%.

### MARKET REVIEW

The reporting period saw significant inflows into the Fund allowing for purchases of new holdings and additions to existing holdings alike. We took the opportunity to increase our position in Debenhams. Whilst, General Retailers as a whole experienced a tough period with consumer confidence remaining fragile and pressure on the growth of consumers' "real" disposable incomes, we viewed concerns with Debenhams to be overdone as management continue to restructure the store portfolio to meet the changes in consumer shopping habits. The group is on track with reducing debt and continues to develop, refine and grow the internet retailing channel, so we took advantage of recent weakness to add to the holding. Premier Technical Service Group (PTSG) has moved from strength to strength over the year as the company continues to identify attractive and accretive acquisitions and with plenty of further opportunities presenting themselves. In July, we took part in a placing by PTSG to fund the acquisition of a market leading lightning protection and steeplejack company. August then revealed this incremental top-up to be a timely move as our optimism was confirmed towards the end of the month as interim results revealed strong performance and gave a 30% boost to the share price. A further addition to the Fund came via the €270m initial public offering on the London AIM market of a renewable energy infrastructure company, Greencoat Renewables. Proceeds from the listing will be used to fund a portfolio of onshore wind farms in Ireland. The final new holding added to the Fund was in premium building products provider, Alumasc Group. Alumasc has built strong positions, and leading brands, in a number of niche markets, particularly those which add value in conserving and managing the scarce resources of energy and water in the built environment. The shares offer an attractive initial yield whilst, given the specialism in sustainable building products, its business activities, importantly, screen well against our B.E.S.T remit. Turning to disposals, we came to the decision to exit our position in Glanbia. Having been holders of the food producer since 2014 we have been able to enjoy its price appreciation from initial investment until our exit.

### OUTLOOK

With the consumer price index (CPI) rising to 3% shortly after the period end, inflation now stands at the highest level since 2012. As unemployment rates are now at their lowest since records began in 1975, the Bank of England's past justifications for keeping rates at their historic lows now appear untenable. With market participants increasingly expecting a rate hike before the year-end, we are likely to see a further increase in the pound relative to the dollar should this come to fruition. The fund's diversified nature should help to mitigate any fluctuations from currency moves however with uncertain macroeconomic conditions further heightened by the noise of Brexit, we remain alive to such factors. We do not allow these to guide investment decisions though, preferring to base our investment decisions on company fundamentals. A strong focus on robust balance sheets, healthy cash flows and sustainable and growing dividends whilst also importantly, ensuring all holdings meet our B.E.S.T remit are central to our approach

Source: Castlefield Investment Partners, October 2017.

# CASTLEFIELD B.E.S.T INCOME FUND

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The top ten purchases and total sales during the period were as follows:

<b>Purchases</b>	<b>Costs £'000</b>	<b>Sales</b>	<b>Proceeds £'000</b>
Greencoat Renewables	1,106		
Aviva	312		
Debenhams	275		
SSE	274		
The Gym	229		
Lancashire Holdings	189		
Assura	185		
AstraZeneca	166		
Prudential	156		
National Grid	148		
<b>Total purchases during the period were</b>	<b>4,416</b>	<b>Total sales during the period were</b>	<b>-</b>

# CASTLEFIELD B.E.S.T INCOME FUND

## PORTFOLIO OF INVESTMENTS

As at 31 August 2017

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>CONSUMER GOODS 2.68% (2.67%)</b>			
<b>Food Producers 0.34% (0.41%)</b>			
6,232	Glanbia	91	0.34
		<b>91</b>	<b>0.34</b>
<b>Personal Goods 2.34% (2.26%)</b>			
14,046	Unilever	632	2.34
		<b>632</b>	<b>2.34</b>
<b>CONSUMER SERVICES 15.54% (13.68%)</b>			
<b>Food &amp; Drug Retailers 1.88% (1.76%)</b>			
207,478	WM Morrison Supermarkets	506	1.88
		<b>506</b>	<b>1.88</b>
<b>General Retailers 7.73% (6.23%)</b>			
1,339,689	Debenhams	536	1.99
81,386 *	Joules Group	244	0.90
188,842	Marks & Spencer Group	601	2.23
215,865	N Brown Group	705	2.61
		<b>2,086</b>	<b>7.73</b>
<b>Media 1.79% (2.33%)</b>			
73,617	UBM	483	1.79
		<b>483</b>	<b>1.79</b>
<b>Travel, Leisure &amp; Catering 4.14% (3.36%)</b>			
15,145	Go-Ahead Group	270	1.00
410,881	Gym Group	848	3.14
		<b>1,118</b>	<b>4.14</b>
<b>FINANCIALS 38.08% (32.18%)</b>			
<b>Banks 2.24% (2.19%)</b>			
80,292	HSBC Holdings	605	2.24
		<b>605</b>	<b>2.24</b>
<b>Equity Investment Instruments 17.97% (14.33%)</b>			
299,718	3i Infrastructure	587	2.18
1,206,955	Greencoat Renewables	1,179	4.37
937,362	Greencoat UK Wind/Funds	1,140	4.22
209,933	HICL Infrastructure Co/Fund	342	1.27
537,161	John Laing Environmental Assets Group	572	2.12
427,500	Menhaden Capital - Preference	291	1.08
678,749	Renewables Infrastructure Group	736	2.73
		<b>4,847</b>	<b>17.97</b>
<b>Financial Services 2.75% (2.83%)</b>			
51,169	Intermediate Capital Group	451	1.67
385,000 *	Park Group	292	1.08
		<b>743</b>	<b>2.75</b>

# CASTLEFIELD B.E.S.T INCOME FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>Life Insurance 6.85% (5.38%)</b>			
179,285	Aviva	941	3.48
49,976	Prudential	908	3.37
		<b>1,849</b>	<b>6.85</b>
<b>Nonlife Insurance 2.51% (2.09%)</b>			
98,122	Lancashire Holdings	678	2.51
		<b>678</b>	<b>2.51</b>
<b>Real Estate Investment Trusts 5.76% (5.36%)</b>			
1,562,672	Assura	1,022	3.79
87,485	British Land Co	532	1.97
		<b>1,554</b>	<b>5.76</b>
<b>HEALTH CARE 6.68% (7.28%)</b>			
<b>Pharmaceuticals &amp; Biotechnology 6.68% (7.28%)</b>			
21,054	AstraZeneca	950	3.53
55,629	GlaxoSmithKline	851	3.15
		<b>1,801</b>	<b>6.68</b>
<b>INDUSTRIALS 21.27% (21.18%)</b>			
<b>Construction &amp; Materials 6.06% (7.24%)</b>			
228,102	Balfour Beatty	598	2.22
52,959	Kier Group	614	2.28
439,484 *	Van Elle Holdings	422	1.56
		<b>1,634</b>	<b>6.06</b>
<b>Electronic &amp; Electrical Equipment 3.08% (2.72%)</b>			
367,663	Luceco	831	3.08
		<b>831</b>	<b>3.08</b>
<b>General Industrials 3.03% (1.47%)</b>			
496,007 *	Premier Technical Services Group	818	3.03
		<b>818</b>	<b>3.03</b>
<b>Support Services 9.10% (9.75%)</b>			
36,399	Capita	234	0.87
224,788	Carillion	99	0.37
12,930	De La Rue	81	0.30
315,693	Equiniti Group	863	3.19
345,976	Lakehouse	114	0.42
285,075	RPS Group	833	3.09
56,253 *	RWS Holdings	232	0.86
		<b>2,456</b>	<b>9.10</b>

# CASTLEFIELD B.E.S.T INCOME FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>TECHNOLOGY 3.07% (2.84%)</b>			
<b>Software &amp; Computer Services 3.07% (2.84%)</b>			
250,000 *	IDOX	150	0.56
97,432	Sage Group	678	2.51
		<b>828</b>	<b>3.07</b>
<b>TELECOMMUNICATIONS 2.96% (3.36%)</b>			
<b>Fixed Line Telecommunications 1.12% (1.45%)</b>			
103,978	BT Group	302	1.12
		<b>302</b>	<b>1.12</b>
<b>Mobile Telecommunications 1.84% (1.91%)</b>			
226,153	Vodafone Group	496	1.84
		<b>496</b>	<b>1.84</b>
<b>UTILITIES 8.64% (7.70%)</b>			
<b>Electricity 3.37% (2.94%)</b>			
63,929	SSE	908	3.37
		<b>908</b>	<b>3.37</b>
<b>Gas, Water &amp; Multiutilities 5.27% (4.76%)</b>			
107,032	National Grid	1,038	3.85
47,296	Pennon Group	384	1.42
		<b>1,422</b>	<b>5.27</b>
<b>Total Value of Investments</b>		<b>26,688</b>	<b>98.92</b>
Net Other Assets		291	1.08
<b>Total Net Assets</b>		<b>26,979</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28 February 2017

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

\* AIM Quoted Securities

# CASTLEFIELD B.E.S.T INCOME FUND

## STATEMENT OF TOTAL RETURN

For the period ended 31 August 2017

	31 Aug 17		31 Aug 16	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains		842		674
Revenue	527		409	
<b>Expenses</b>	(150)		(119)	
Net revenue before taxation	377		290	
Taxation	-		-	
Net revenue after taxation		377		290
Total return before distributions		1,219		964
Distributions		(526)		(409)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>693</b>		<b>556</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 August 2017

	31 Aug 17		31 Aug 16	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>23,665</b>		<b>16,402</b>
Amounts receivable on issue of shares	3,043		1,926	
Amounts payable on cancellation of shares	(422)		(243)	
		2,621		1,683
Dilution Levy		-		-
Change in net assets attributable to shareholders from investment activities		693		556
<b>Closing net assets attributable to shareholders</b>		<b>26,979</b>		<b>16,641</b>

# CASTLEFIELD B.E.S.T INCOME FUND

## BALANCE SHEET

As at 31 August 2017

	31 Aug 17 £'000	28 Feb 17 £'000
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investment assets	26,688	21,511
<b>Current assets:</b>		
Debtors	151	94
Cash and bank balances	464	2,275
<b>Total Assets</b>	<b>27,303</b>	<b>23,880</b>
<b>LIABILITIES</b>		
<b>Creditors:</b>		
Distribution payable on income units	(305)	(186)
Other creditors	(19)	(29)
<b>Total liabilities</b>	<b>(324)</b>	<b>(215)</b>
<b>Net assets attributable to shareholders</b>	<b>26,979</b>	<b>23,665</b>

On behalf of Castlefield Fund Partners Limited

John Eckersley  
Managing Director (of the ACD)



31 October 2017

Summaya Mosam  
Director (of the ACD)



# CASTLEFIELD B.E.S.T INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice "Financial Statements of Authorised Funds", issued by The Investment Association in May 2014, the Financial Conduct Authority's Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

### DISTRIBUTION TABLES

For the period from 1 March 2017 to 31 May 2017:

#### First Interim dividend distribution in pence per share.

##### General Shares - Income

	Net income	Equalisation	Distribution Paid	
			25/08/17	27/08/16
Group 1	0.6997	-	0.6997	0.8011
Group 2	0.6811	0.0186	0.6997	0.8011

##### Institutional Shares - Income

	Net income	Equalisation	Distribution Paid	
			25/08/17	27/08/16
Group 1	0.7190	-	0.7190	0.8210
Group 2	0.4339	0.2851	0.7190	0.8210

##### Charity Shares - Income

	Net income	Equalisation	Distribution Paid	
			25/08/17	27/08/16
Group 1	0.7282	-	0.7282	0.8312
Group 2	0.6545	0.0737	0.7282	0.8312

For the period from 1 June 2017 to 31 August 2017:

#### Second Interim dividend distribution in pence per share.

##### General Shares - Income

	Net income	Equalisation	Distribution Paid	
			25/11/17	26/11/16
Group 1	0.9090	-	0.9090	0.9896
Group 2	0.8223	0.0867	0.9090	0.9896

##### Institutional Shares - Income

	Net income	Equalisation	Distribution Paid	
			25/11/17	26/11/16
Group 1	0.9361	-	0.9361	1.0143
Group 2	0.5060	0.4301	0.9361	1.0143

# CASTLEFIELD B.E.S.T INCOME FUND

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## DISTRIBUTION TABLES (CONTINUED)

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### Charity Shares - Income

	Net income	Equalisation	Distribution Paid	
			25/11/17	26/11/16
Group 1	0.9477	-	0.9477	1.0270
Group 2	0.7551	0.1926	0.9477	1.0270

# CASTLEFIELD MANAGED MULTI-ASSET FUND

## COMPARATIVE TABLES

### General Shares - Income

	31 Aug17 (pence per share)	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	221.14	203.33	211.60
Return before operating charges *	8.24	21.99	(3.83)
Operating charges*	(4.00)	(4.18)	(4.44)
Return after operating charges*	4.24	17.81	(8.27)
Distributions on income units	-	-	-
Closing net asset value per share	225.38	221.14	203.33
after direct transaction costs of:**	-	0.01	0.01
<b>Performance</b>			
Return after charges	1.92%	8.76%	(3.91)%
<b>Other information</b>			
Closing net assets value (£'000)	58	13	11
Closing number of shares	25,630	5,708	5,708
Operating charges*	1.82%	1.90%	2.12%
Direct transaction costs**	-	0.01%	-
<b>Prices</b>			
Highest share price	227.30	221.78	214.15
Lowest share price	221.87	204.93	201.42

\* Operating charges, otherwise known as OCF is the ratio of the sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CASTLEFIELD MANAGED MULTI-ASSET FUND

## Institutional Shares - Income

	31 Aug 17 (pence per share)	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	233.66	214.81	222.44
Return before operating charges *	9.05	22.89	(4.07)
Operating charges*	(3.05)	(3.30)	(3.57)
Return after operating charges*	6.00	19.59	(7.64)
Distributions on income units	(0.50)	(0.74)	-
Closing net asset value per share	239.16	233.66	214.81
after direct transaction costs of:**	-	0.01	0.01
<b>Performance</b>			
Return after charges	2.57%	9.13%	(3.43)%
<b>Other information</b>			
Closing net assets value (£'000)	29,348	26,230	17,582
Closing number of shares	12,271,442	11,225,745	8,184,982
Operating charges*	1.32%	1.40%	1.62%
Direct transaction costs**	-	0.01%	-
<b>Prices</b>			
Highest share price	241.15	234.99	225.26
Lowest share price	234.70	216.52	212.76

\*Operating charges, otherwise known as OCF is the ratio of the sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-Fund and is calculated based on the last period's figures.

\*\*Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CASTLEFIELD MANAGED MULTI-ASSET FUND

## RISK AND REWARD INDICATOR (RRI)



The sub-Fund is ranked as 3 because the sub-Fund and Portfolios holding similar assets have 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.

The Risk and Reward Indicator demonstrates where the sub-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 indication of the future risk profile of the sub-Fund.

## INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Castlefield Managed Multi-Asset Fund is to generate a positive annualised return over a rolling 3 year basis. However, there is no guarantee that this objective will be achieved over that specific, or any, time period and there is always a risk of loss to your original capital. The sub-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 sub-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 REVIEW

### PERFORMANCE

The fund returned 2.57% (as measured by the Institutional Income class), compared to an increase in UK CPI inflation during the 6 months under review of 1.08% and an average return from the peer group of funds within the IA Targeted Absolute Return Sector of 2.05%.

### MARKET REVIEW

During the six months under review, equity markets generated relatively modest gains as bouts of volatility affected risk assets globally. On the domestic front, the announcement of a snap general election in the UK saw shares move lower as investors switched to bonds before subsequently reverting to trend after the election itself. A reduced majority with no overall control for the government was perceived to be riskier for gilt investors but conversely better for equities with the government being forced to engage to a greater extent with those holding a more moderate view of what a “Brexit” should look like. Currencies were the other main asset class to be influenced by such moves during the period with sterling beginning to reverse some of the losses against the dollar returned since the Brexit referendum. A full twelve-month period since the referendum result in June 2016 is now behind us and a weaker currency over that time-frame has seen UK inflation pick up materially, moving ahead of the Bank of England’s target of 2%. Recent comments from the Bank have hinted heavily at a rate rise in the remainder of the year and sterling has consequently appreciated against the dollar by just under 5% during the period under review.

### PORTFOLIO ACTIVITY

Within the portfolio, the relatively buoyant market backdrop over the past several years meant that we received the proceeds from a number of structured products which were redeeming in the period. We worked to reinvest into some similarly attractive issues, again using some of the same strategies that have worked well for us in the past such as “defensive autocalls” alongside some newer strategies.

With the “Autocall” notes, we selected replacement holdings with a defensive return profile, typically incorporating either a declining hurdle for achieving returns or a deeply discounted final barrier, providing much greater certainty over the receipt of the final proceeds at the end of the term. This provides an attractive risk-reward profile in conjunction with the coupons on offer. The strong run of underlying equity markets has influenced our thinking here. Whilst equity markets continue to make advances we have also observed that returns have moderated over the past year and introducing more defensive holdings in this area should mitigate against any unforeseen negative developments.

We dealt with the prospect of rising yields in the domestic fixed income market by acquiring some new bonds at the point of primary issuance, providing the potential for more attractive returns as well as some cushion should yields materially pick up. These issues came to market from very conservatively structured borrowers with low levels of overall borrowings and although each issue was unsecured, the issuing organisations have good fixed asset cover on their respective balance sheets.

The remainder of net inflows was invested into infrastructure and real estate holdings where the investments represent additions to existing holdings or related funds. The Pacific Industrial and Logistics REIT focuses on light industrial units across the UK and has been a beneficiary of the boom in internet retailing and associated logistics. We first invested in late 2016 as part of a capital raising to fund an acquisition of a property portfolio that they were completing and then took part in a similar placing this August. We also added a new fund from Greencoat to the portfolio. Greencoat manage portfolios of renewable energy assets and their focus on distributing cash flows to investors leads to a disciplined process. We already hold one fund managed by Greencoat and we have invested in their most recent offering which is an AIM listed operating company focusing on Irish wind farm assets.

# CASTLEFIELD MANAGED MULTI-ASSET FUND

## OUTLOOK

With the BoE having hinted strongly that UK base-rates will likely rise in the near term but the number of MPC meetings remaining before the end of the year rapidly diminishing, we still expect an increase to be announced at either the November or December meetings. Whilst this will only have the effect of reversing the emergency 0.25% cut enacted shortly after the Brexit referendum in August 2016, recent moves of sterling against the dollar suggests that there may be a further rebound of sterling to come through. Whilst we remain cautiously optimistic, our portfolio positioning has taken this view into account with more defensive structured product and bond positioning being implemented over the past six months.

Source: Castlefield Investment Partners, October 2017.

## The top ten purchases and total sales during the period were as follows:

<b>Purchases</b>	<b>Costs £'000</b>	<b>Sales</b>	<b>Proceeds £'000</b>
BNP Paribas 20/07/2022	1,161	Barclays 0% 04/03/17	715
Goldman Sachs International 12/05/2023	1,000	SG Issuer SA 03/08/2020	697
GS Issuer 14/07/2023	1,000	Royal Bank of Scotland Cert 29/03/2017	692
Greencoat Renewables	745	Canadian Imperial Bank of Commerce 08/07/2021	580
AEW UK Long Lease REIT	550	SGA Societe Generale Acceptance NV 27/03/2017	412
JPEL Private Equity Limited	400	Pacific Industrial Private Placing	385
Pacific Industrial Private Placing	385	M&G High Income Investment Trust	246
Pacific Industrial & Logistics REIT	385		
Retail Charity Bonds 4.25% 30/03/2026	328		
International Public Partnerships	188		
<b>Total purchases during the period were</b>	<b>6,476</b>	<b>Total sales during the period were</b>	<b>3,727</b>

# CASTLEFIELD MANAGED MULTI-ASSET FUND

## PORTFOLIO OF INVESTMENTS

As at 31 August 2017

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>EQUITIES 11.68% (12.75%)</b>			
<b>Guernsey 0.69% (1.76%)</b>			
125,215	International Public Partnerships	203	0.69
		<b>203</b>	<b>0.69</b>
<b>Ireland 2.70% (0.00%)</b>			
813,040	Greencoat Renewables	794	2.70
		<b>794</b>	<b>2.70</b>
<b>United Kingdom 8.29% (4.74%)</b>			
550,000	AEW UK Long Lease REIT	547	1.86
940,701	Assura	615	2.09
421,390	Greencoat UK Wind/Funds	513	1.74
635,000	Pacific Industrial & Logistics REIT	763	2.60
		<b>2,438</b>	<b>8.29</b>
<b>WARRANTS 0.00% (4.18%)</b>			
<b>Curacao 0.00% (1.55%)</b>			
<b>United Kingdom 0.00% (2.63%)</b>			
<b>STRUCTURED PLANS 35.25% (34.20%)</b>			
<b>France 0.00% (2.15%)</b>			
<b>Luxembourg 10.67% (10.51%)</b>			
500,000	Natixis 0% 10/12/2021	514	1.75
755,000	Natixis 0% 31/12/2018	613	2.08
1,250,000	SG Inverse Reverse CV 10% VXX 13/02/18 0% 13/02/2018	1,015	3.45
1,000,000	SG Issuer 0% 14/07/2023	996	3.39
		<b>3,138</b>	<b>10.67</b>
<b>Netherlands 21.16% (18.83%)</b>			
750,000	BBVA Global Markets BV 0% 28/09/2022	798	2.71
1,000,000	BNP Paribas 0% 25/02/2022	729	2.48
500,000	BNP Paribas 0% 25/09/2020	483	1.64
1,500,000	BNP Paribas 0% 20/07/2022	1,082	3.69
750,000	JP Morgan Structured products 0% 06/06/2022	826	2.81
750,000	JP Morgan Structured products 0% 09/11/2022	792	2.69
750,000	Morgan Stanley 0% 16/06/2022	866	2.94
500,000	Morgan Stanley BV 0% 25/09/2020	647	2.20
		<b>6,223</b>	<b>21.16</b>
<b>United Kingdom 3.42% (2.71%)</b>			
1,000,000	Goldman Sachs 0% 12/05/2023	1,007	3.42
		<b>1,007</b>	<b>3.42</b>

# CASTLEFIELD MANAGED MULTI-ASSET FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>DEBT SECURITIES 11.91% (11.33%)</b>			
<b>United Kingdom 11.91% (11.33%)</b>			
150,000	Alpha Plus Holdings 5.75% 18/12/2019	158	0.54
550,000	Burford Capital 6.125% 26/10/2024	600	2.04
300,000	Intermediate Capital Group 5% 24/03/2023	317	1.08
150,000	International Personal Finance 6.125% 08/05/2020	147	0.50
200,000	National Grid Floating 06/10/2021	243	0.83
500,000	Places for People Finance 4.25% 15/12/2023	511	1.74
167,200	Retail Charity Bonds 4.25% 06/07/2026	170	0.58
327,900	Retail Charity Bonds 4.25% 30/03/2026	328	1.12
117,700	Retail Charity Bonds 4.375% 29/07/2021	125	0.43
153,500	Retail Charity Bonds 4.4% 30/04/2025	158	0.54
83,900	Retail Charity Bonds 5% 12/04/2026	93	0.32
307,000	Tesco Personal Finance Floating 16/12/2019	348	1.18
200,000	United Kingdom Gilt Inflation Linked Floating 22/11/2017	283	0.96
		<b>3,481</b>	<b>11.84</b>
<b>EXCHANGE TRADED FUNDS 2.50% (2.81%)</b>			
<b>Ireland 1.38% (1.56%)</b>			
1,085	iShares Global High Yield Corp	111	0.38
3,300	iShares J.P. Morgan USD EM Bond UCITS ETF USD Dist	295	1.00
		<b>406</b>	<b>1.38</b>
<b>Jersey 1.12% (1.25%)</b>			
27,075	ETFs Gold	328	1.12
		<b>328</b>	<b>1.12</b>
<b>INVESTMENT TRUSTS 20.71% (22.58%)</b>			
<b>Bermuda 5.32% (5.79%)</b>			
203,239	Acorn Income Fund	294	1.00
440,000	UIL - Preference - 31/10/2018	686	2.34
416,100	UIL - Preference - 31/10/2020	583	1.98
		<b>1,563</b>	<b>5.32</b>
<b>Guernsey 4.71% (3.92%)</b>			
108,537	Apax Global Alpha	166	0.56
211,000	F&C Commercial Property Trust	316	1.08
316,897	JPEL Private Equity - Preference	314	1.08
250,000	JPEL Private Equity	263	0.89
50,000	NB Private Equity Partners - Preference	54	0.18
434,782	Schroder Real Estate Investment Trust	272	0.92
		<b>1,385</b>	<b>4.71</b>
<b>Jersey 1.48% (1.65%)</b>			
222,750	3i Infrastructure	436	1.48
		<b>436</b>	<b>1.48</b>

# CASTLEFIELD MANAGED MULTI-ASSET FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>United Kingdom 9.20% (11.22%)</b>			
250,000	Conygar Investment Co - Preference	313	1.06
160,000	Inland ZDP - Preference	228	0.78
300,000	Menhaden Capital - Preference	204	0.69
29,152	P2P Global Investments/Fund	246	0.84
33,890	Ranger Direct Lending Fund	259	0.88
512,000	Ranger Direct Lending ZDP - Preference	517	1.76
500,000	Schroder European Real Estate	565	1.92
413,949	UK Commercial Property Trust	374	1.27
		<b>2,706</b>	<b>9.20</b>
<b>COLLECTIVE INVESTMENT SCHEMES 10.22% (10.97%)</b>			
<b>Guernsey 3.97% (4.39%)</b>			
550,000	Axiom European Financial Debt	517	1.76
350,000	TwentyFour Income Fund	404	1.37
250,000	TwentyFour Select Monthly Income Fund	246	0.84
		<b>1,167</b>	<b>3.97</b>
<b>Ireland 4.33% (4.41%)</b>			
3,612	Lazard Global Investment Funds	407	1.38
469,836	Lazard Global Listed Infrastructure	867	2.95
		<b>1,274</b>	<b>4.33</b>
<b>Luxembourg 1.92% (2.17%)</b>			
485,877	Ignis Absolute Return Government	564	1.92
		<b>564</b>	<b>1.92</b>
<b>Total Value of Investments</b>		<b>27,113</b>	<b>92.20</b>
Net Other Assets		2,293	7.80
<b>Total Net Assets</b>		<b>29,406</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28 February 2017

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

# CASTLEFIELD MANAGED MULTI-ASSET FUND

## STATEMENT OF TOTAL RETURN

For the period ended 31 August 2017

	31 Aug 17 £'000	£'000	31 Aug 16 £'000	£'000
<b>Income</b>				
Net capital gains		629		1,164
Revenue	252		189	
<b>Expenses</b>	(193)		(146)	
Interest payable and similar charges	-		-	
Net revenue before taxation	59		43	
Taxation	-		-	
Net revenue after taxation		59		43
Total return before distributions		688		1,207
Distributions		(59)		(43)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>629</b>		<b>1,164</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 August 2017

	31 Aug 17 £'000	£'000	31 Aug 2016 £'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>26,243</b>		<b>17,593</b>
Amounts receivable on issue of shares	3,737		3,542	
Amounts payable on cancellation of shares	(1,203)		(465)	
		2,534		3,077
Change in net assets attributable to shareholders from investment activities		629		1,164
<b>Closing net assets attributable to shareholders</b>		<b>29,406</b>		<b>21,834</b>

# CASTLEFIELD MANAGED MULTI-ASSET FUND

## BALANCE SHEET

As at 31 August 2017

	31 Aug 17 £'000	28 Feb 17 £'000
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investment assets	27,113	23,820
<b>Current assets:</b>		
Debtors	85	69
Cash and bank balances	2,291	2,425
<b>Total Assets</b>	<b>29,489</b>	<b>26,314</b>
<b>LIABILITIES</b>		
<b>Creditors:</b>		
Distribution payable on income units	(61)	(28)
Other creditors	(22)	(43)
<b>Total liabilities</b>	<b>(83)</b>	<b>(71)</b>
<b>Net assets attributable to shareholders</b>	<b>29,406</b>	<b>26,243</b>

On behalf of Castlefield Fund Partners Limited

John Eckersley  
Managing Director (of the ACD)



Summaya Mosam  
Director (of the ACD)



31 October 2017

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice "Financial Statements of Authorised Funds", issued by The Investment Association in May 2014, the Financial Conduct Authority's Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

## DISTRIBUTION TABLES

For the period from 1 March 2017 to 31 August 2017

Interim dividend distribution in pence per share.

### Institutional Shares - Income

	Net income	Equalisation	Distribution Paid	
			27/11/2017	25/11/2016
Group 1	0.4984	-	0.4984	0.4904
Group 2	0.2852	0.2132	0.4984	0.4904

# CASTLEFIELD UK OPPORTUNITIES FUND

## COMPARATIVE TABLES

### General Shares - Income

	31 Aug 17 (pence per share)	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	369.71	337.86	365.50
Return before operating charges *	20.90	42.81	(16.22)
Operating charges*	(6.76)	(5.95)	(6.83)
Return after operating charges*	14.14	36.86	(23.05)
Distributions on income units	(3.50)	(5.00)	(4.59)
Closing net asset value per share	380.35	369.71	337.86
after direct transaction costs of:**	-	0.09	-
<b>Performance</b>			
Return after charges	3.83%	10.91%	(6.31)%
<b>Other information</b>			
Closing net assets value (£'000)	999	1,005	1,158
Closing number of shares	262,520	271,977	342,882
Operating charges*	1.85%	1.85%	1.93%
Direct transaction costs**	-	0.02%	-
<b>Prices</b>			
Highest share price	387.95	370.97	377.83
Lowest share price	368.07	322.64	313.11

\* Operating charges, otherwise known as OCF is the ratio of the sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CASTLEFIELD UK OPPORTUNITIES FUND

## Institutional Shares - Income

	31 Aug 17 (pence per share)	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	375.36	343.01	371.08
Return before operating charges *	20.81	43.49	(16.48)
Operating charges*	(4.94)	(4.25)	(5.13)
Return after operating charges*	15.87	39.24	(21.61)
Distributions on income units	(4.55)	(6.89)	(6.46)
Closing net asset value per share	386.67	375.36	343.01
after direct transaction costs of:**	-	0.09	-
<b>Performance</b>			
Return after charges	4.23%	11.44%	(5.82)%
<b>Other information</b>			
Closing net assets value (£'000)	21,973	21,670	19,766
Closing number of shares	5,682,483	5,772,970	5,762,299
Operating charges*	1.35%	1.35%	1.43%
Direct transaction costs**	-	0.03%	-
<b>Prices</b>			
Highest share price	393.90	377.09	384.07
Lowest share price	373.86	327.68	318.20

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\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CASTLEFIELD UK OPPORTUNITIES FUND

## Charity Shares - Income

	31 Aug 17 (pence per share)	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	379.35	346.08	374.39
Return before operating charges *	20.15	44.50	(16.61)
Operating charges	(4.01)	(3.38)	(4.28)
Return after operating charges*	16.14	41.12	(20.89)
Distributions on income units	(5.10)	(7.85)	(7.42)
Closing net asset value per share	390.40	379.35	346.08
after direct transaction costs of:**	-	0.09	-
<b>Performance</b>			
Return after charges	4.26%	11.70%	(5.58)%
<b>Other information</b>			
Closing net assets value (£'000)	9,050	9,376	8,867
Closing number of shares	2,318,137	2,475,716	2,562,074
Operating charges*	1.10%	1.10%	1.18%
Direct transaction costs**	-	0.03%	-
<b>Prices</b>			
Highest share price	397.45	380.69	387.74
Lowest share price	377.29	330.67	321.20

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\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CASTLEFIELD UK OPPORTUNITIES FUND

## RISK AND REWARD INDICATOR (RRI)



The sub-Fund is ranked as 6 because it has experienced relatively 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.

The Risk and Reward Indicator demonstrates where the sub-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 indication of the future risk profile of the sub-Fund.

## INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Castlefield UK Opportunities Fund is to invest primarily for long term capital growth from a portfolio of investments. The investment policy of the sub-Fund is to actively invest in those companies, primarily within the UK, where the Manager believes there are above average opportunities for growth.

## INVESTMENT REVIEW

### PERFORMANCE

The fund returned 4.23% (as measured by the Institutional Income class), compared to an average return from the peer group of funds within the IA UK All Companies Sector of 5.92%.

### MARKET REVIEW

With the market enjoying a buoyant start to the year, Theresa May called a snap general election in April prompting a sharp reversal in UK equities. After the initial sell-off a swift rebound followed driven by more domestic-focused stocks. The pound regained some of the ground lost to other currencies after the election result confirmed that the government had a weakened majority and equity investors considered the prospect of a more business-friendly outcome to the Brexit negotiations. As the period progressed, there was a rebound for more cyclical sectors despite the wider geopolitical uncertainty as a result of the actions of North Korea. However, with sterling continuing to rise on the back of comments from the BoE that it would begin tightening rates, some stocks with a high proportion of overseas earnings or assets again started to slip. Disposable incomes were squeezed during the period as rising inflation, prompted by the sharp fall of sterling after the Brexit referendum just over a year ago.

### PORTFOLIO ACTIVITY

During the period, we have taken some profits in a number of holdings that had performed particularly well, often bucking the wider trends within their respective sectors. In the Leisure sector, often seen as an industry that performs in a similar manner to the retailers, we sold some of our shares in the cinema-chain Cineworld and hotel operator Park Plaza Europe, reducing our holdings in each but retaining a sizeable stake. Cineworld continues to gradually expand its portfolio of cinemas in this country but has a greater capacity to expand its estate of multiplexes across eastern Europe where it also has operations. Park Plaza also performed very strongly as a direct result of portfolio expansion. It has a rolling programme of redevelopments predominantly across its London-based hotels and also new openings across continental Europe. Hotels are concentrated in destination cities aimed at the business or mid-market leisure customer. It has a Croatian holiday business which it has consolidated during the period that has seen good levels of trading despite being something of an "outlier" to the rest of its hotel portfolio. The weakness of sterling during the period has benefited the company two-fold, prompting an increase in the value of its overseas assets once converted back in to a sterling-denominated "net asset value" and also making the UK a more attractive holiday destination to overseas travellers. Revenue per room in the London hotels was therefore up over 10% on stronger pricing as a result. With a further raft of extensions and redevelopments planned and underway, the company is still a key holding and we have simply taken some profits following a sharp appreciation in the share price.

We added a holding of K3 Capital to the portfolio towards the start of the period when the group listed on the AIM market in April. We followed this up with a further purchase after the period end following a further placing of shares. The Bolton-headquartered group provides business-listing and vending services, typically acting on sales of up to £50m. The trends outlined in the maiden results announcement released in early September pointed to a continuation of the positive trading apparent at the IPO. Key operating metrics tracked by the company such as initial enquires and numbers of mandates awarded all point to a further expansion of market share. Winning larger mandates also directly increases profitability and the group's billing structure results in excellent cash generation resulting in a full-year forecast dividend yield of over 6%.

### OUTLOOK

We have, as noted above, taken profits in some stocks as a risk-control measure following a strong run in several key holdings. This has led us to be increasingly vigilant of headwinds to equities following this otherwise positive run. The recent much publicised increase in inflation is making headlines but is not necessarily a negative for equities. Stable, moderately positive inflation is no hindrance to growing corporate earnings, unlike deflation or excessive inflation which can both be disastrous.

# CASTLEFIELD UK OPPORTUNITIES FUND

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Whilst CPI at 3% might feel like “excessive inflation” In the current low return environment, it is not very high in an historical context. We therefore await the reaction of the Bank of England mindful that a greater risk to equities is an increase to interest rates being pursued at a pace that economic growth cannot bear. A gradual exit of extraordinarily low rates is more than overdue but we would argue for a measured reaction to the current inflation figures.

Source: Castlefield Investment Partners, October 2017

## The top ten purchases and total sales during the period were as follows:

<b>Purchases</b>	<b>Costs £'000</b>	<b>Sales</b>	<b>Proceeds £'000</b>
RWS Holdings	598		
Intermediate Capital Group	374		
Prudential	325		
Park Plaza Hotels	260		
Aveva Group	229		
<b>Total purchases during the period were</b>	<b>1,785</b>	<b>Total sales during the period were</b>	

# CASTLEFIELD UK OPPORTUNITIES FUND

## PORTFOLIO OF INVESTMENTS

As at 31 August 2017

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>BASIC MATERIALS 7.76% (7.01%)</b>			
<b>Chemicals 3.24% (3.04%)</b>			
21,455	Croda International	825	2.57
79,520	Elementis	214	0.67
		<b>1,039</b>	<b>3.24</b>
<b>Mining 4.52% (3.97%)</b>			
43,132	BHP Billiton	634	1.98
21,591	Rio Tinto	811	2.54
		<b>1,445</b>	<b>4.52</b>
<b>CONSUMER GOODS 12.58% (11.62%)</b>			
<b>Beverages 5.97% (5.14%)</b>			
92,177	Britvic	698	2.17
47,066	Diageo	1,214	3.80
		<b>1,909</b>	<b>5.97</b>
<b>Food Producers 3.14% (3.33%)</b>			
68,772	Glanbia	1,006	3.14
		<b>1,006</b>	<b>3.14</b>
<b>Household Goods &amp; Home Construction 1.36% (1.32%)</b>			
5,949	Reckitt Benckiser Group	435	1.36
		<b>435</b>	<b>1.36</b>
<b>Personal Goods 2.11% (1.79%)</b>			
15,038	Unilever	677	2.11
		<b>677</b>	<b>2.11</b>
<b>CONSUMER SERVICES 14.93% (14.79%)</b>			
<b>General Retailers 3.44% (2.90%)</b>			
833,399	Debenhams	333	1.04
235,394	N Brown Group	769	2.40
		<b>1,102</b>	<b>3.44</b>
<b>Media 1.79% (2.04%)</b>			
87,174	UBM	572	1.79
		<b>572</b>	<b>1.79</b>
<b>Travel, Leisure &amp; Catering 9.70% (9.85%)</b>			
150,432	Cineworld Group	960	3.00
137,700	PPHE Hotel Group	1,253	3.90
24,165	Whitbread	895	2.80
		<b>3,198</b>	<b>9.70</b>

# CASTLEFIELD UK OPPORTUNITIES FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>FINANCIALS 20.93% (21.21%)</b>			
<b>Banks 4.44% (5.04%)</b>			
383,422	Barclays	732	2.29
61,773 **	Irish Bank Resolution Corp/Old	-	-
1,086,740	Lloyds Banking Group	689	2.15
		<b>1,421</b>	<b>4.44</b>
<b>Financial Services 7.98% (7.56%)</b>			
125,000 **	Finance Ireland	13	0.04
207,442 *	H&T Group	653	2.04
211,764	IG Group Holdings	1,3661	4.26
59,392	Intermediate Capital Group	524	1.64
283,500 **	Tersus Energy	-	-
		<b>2,556</b>	<b>7.98</b>
<b>Life Insurance 4.33% (4.74%)</b>			
76,266	Prudential	1,386	4.33
		<b>1,386</b>	<b>4.33</b>
<b>Nonlife Insurance 1.29% (1.30%)</b>			
59,878	Lancashire Holdings	414	1.29
		<b>414</b>	<b>1.29</b>
<b>Real Estate Investment Trusts 2.89% (2.57%)</b>			
1,413,800	Assura	925	2.89
		<b>925</b>	<b>2.89</b>
<b>HEALTH CARE 9.66% (12.46%)</b>			
<b>Health Care Equipment &amp; Services 3.33% (2.89%)</b>			
76,650	Smith & Nephew	1,066	3.33
		<b>1,066</b>	<b>3.33</b>
<b>Pharmaceuticals &amp; Biotechnology 6.33% (9.57%)</b>			
78,996	Hikma Pharmaceuticals	969	3.03
27,882	Shire	1,058	3.30
		<b>2,027</b>	<b>6.33</b>
<b>INDUSTRIALS 23.41% (20.67%)</b>			
<b>Aerospace &amp; Defense 4.23% (3.95%)</b>			
56,535	Chemring Group	99	0.31
243,403	Meggitt	1,255	3.92
		<b>1,354</b>	<b>4.23</b>
<b>Industrial Engineering 1.57% (1.28%)</b>			
146,923	Fenner	502	1.57
		<b>502</b>	<b>1.57</b>

# CASTLEFIELD UK OPPORTUNITIES FUND

	Investment	Market Value £'000	Total Value of Sub-Fund %
	<b>Support Services 17.61% (16.07%)</b>		
33,157	Aggreko	295	0.92
108,527	Babcock International Group	877	2.74
694,992 *	Begbies Traynor Group	414	1.29
390,287	Equiniti Group	1,065	2.26
295,327	K3 Capital Group	378	1.18
415,734	RPS Group	1,215	3.79
338,868 *	RWS Holdings	1,397	4.36
		<b>5,641</b>	<b>17.61</b>
	<b>OIL &amp; GAS 2.71% (4.11%)</b>		
	<b>Oil Equipment, Services &amp; Distribution 2.71% (4.11%)</b>		
125,246	John Wood Group	697	2.94
42,329	Petrofac	171	1.17
		<b>868</b>	<b>2.71</b>
	<b>TECHNOLOGY 0.00% (0.69%)</b>		
	<b>Software &amp; Computer Services 0.00% (0.69%)</b>		
	<b>TELECOMMUNICATIONS 5.96% (6.34%)</b>		
	<b>Fixed Line Telecommunications 3.16% (3.56%)</b>		
347,490	BT Group	1,010	3.16
		<b>1,010</b>	<b>3.16</b>
	<b>Mobile Telecommunications 2.80% (2.78%)</b>		
124,284	Inmarsat	898	2.80
		<b>898</b>	<b>2.80</b>
	<b>Total Value of Investments</b>	<b>31,361</b>	<b>97.94</b>
	Net Other Assets	660	2.06
	<b>Total Net Assets</b>	<b>32,021</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28 February 2017

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

\* AIM Quoted Securities

\*\* Delisted Securities

# CASTLEFIELD UK OPPORTUNITIES FUND

## STATEMENT OF TOTAL RETURN

For the period ended 31 August 2017

	31 Aug 17 £'000	£'000	31 Aug 16 £'000	£'000
<b>Income</b>				
Net capital gains		958		2,037
Revenue	606		602	
<b>Expenses</b>	(213)		(208)	
Interest payable and similar charges	-		(1)	
Net revenue before taxation	393		393	
Taxation	(1)		-	
Net revenue after taxation		392		393
Total return before distributions		1,350		2,430
Distributions		(392)		(393)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>958</b>		<b>2,037</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 August 2017

	31 Aug 17 £'000	£'000	31 Aug 16 £'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>32,051</b>		<b>29,791</b>
Amounts receivable on issue of shares	826		267	
Amounts payable on cancellation of shares	(1,814)		(706)	
		(988)		(439)
Change in net assets attributable to shareholders from investment activities		958		2,037
<b>Closing net assets attributable to shareholders</b>		<b>32,021</b>		<b>31,389</b>

# CASTLEFIELD UK OPPORTUNITIES FUND

## BALANCE SHEET

As at 31 August 2017

	31 Aug 17 £'000	28 Feb 17 £'000
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investment assets	31,361	31,899
<b>Current assets:</b>		
Debtors	151	65
Cash and bank balances	665	323
<b>Total Assets</b>	<b>32,177</b>	<b>32,287</b>
<b>LIABILITIES</b>		
<b>Creditors:</b>		
Bank overdrafts	-	(87)
Distribution payable on income shares	(138)	(85)
Other creditors	(18)	(64)
<b>Total liabilities</b>	<b>(156)</b>	<b>(236)</b>
<b>Net assets attributable to shareholders</b>	<b>32,021</b>	<b>32,051</b>

On behalf of Castlefield Fund Partners Limited

John Eckersley  
Managing Director (of the ACD)



31 October 2017

Summaya Mosam  
Director (of the ACD)



## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice "Financial Statements of Authorised Funds", issued by The Investment Association in May 2014, the Financial Conduct Authority's Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

# CASTLEFIELD UK OPPORTUNITIES FUND

## DISTRIBUTION TABLES

For the period from 1 March 2017 to 31 May 2017

**First Interim dividend distribution in pence per share.**

### General Shares - Income

	Net income	Equalisation	Distribution Paid	
			25/08/17	26/08/16
Group 1	2.4247	-	2.4247	2.1030
Group 2	0.5040	1.9207	2.4247	2.1030

### Institutional Shares - Income

	Net income	Equalisation	Distribution Paid	
			25/08/17	26/08/16
Group 1	2.9713	-	2.9713	2.5864
Group 2	1.5272	1.4441	2.9713	2.5864

### Charity Shares - Income

	Net income	Equalisation	Distribution Paid	
			25/08/17	26/08/16
Group 1	3.2539	-	3.2539	2.8344
Group 2	2.0151	1.2389	3.2539	2.8344

For the period from 1 June 2017 to 31 August 2017

**Second Interim dividend distribution in pence per share.**

### General Shares - Income

	Net income	Equalisation	Distribution Paid	
			27/11/17	25/11/16
Group 1	1.0771	-	1.0771	1.4071
Group 2	0.3437	0.7334	1.0771	1.4071

### Institutional Shares - Income

	Net income	Equalisation	Distribution Paid	
			27/11/17	25/11/16
Group 1	1.5829	-	1.5829	1.8801
Group 2	1.0298	0.5531	1.5829	1.8801

### Charity Shares - Income

	Net income	Equalisation	Distribution Paid	
			27/11/16	25/11/16
Group 1	1.8441	-	1.8441	2.1240
Group 2	0.8674	0.9767	1.8441	2.1240

# CASTLEFIELD UK SMALLER COMPANIES FUND

## COMPARATIVE TABLES

### General Shares - Income

	31 Aug 17 (pence per share)	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	441.35	353.82	340.03
Return before operating charges *	89.46	97.48	27.10
Operating charges*	(10.53)	(9.95)	(13.31)
Return after operating charges*	78.93	87.53	13.79
Distributions on income units	-	-	-
Closing net asset value per share	520.28	441.35	353.82
after direct transaction costs of:**	0.26	0.14	0.21
<b>Performance</b>			
Return after charges	17.88%	24.74%	4.06%
<b>Other information</b>			
Closing net assets value (£'000)	1,026	848	979
Closing number of shares	197,214	192,162	276,653
Operating charges*	3.14%	3.17%	3.58%
Direct transaction costs**	0.05%	0.03%	0.06%
<b>Prices</b>			
Highest share price	529.36	456.41	395.20
Lowest share price	450.62	346.26	343.12

\* Operating charges, otherwise known as OCF is the ratio of the sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-Fund and is calculated based on the last period's figures.

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# CASTLEFIELD UK SMALLER COMPANIES FUND

## Institutional Shares - Income

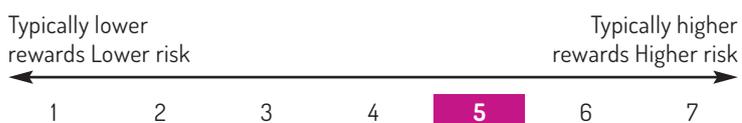
	31 Aug 17 (pence per share)	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	451.41	360.82	345.04
Return before operating charges *	90.24	98.65	27.44
Operating charges*	(8.13)	(8.06)	(11.66)
Return after operating charges*	82.11	90.59	15.78
Distributions on income units	-	-	-
Closing net asset value per share	533.52	451.41	360.82
after direct transaction costs of:**	0.26	0.14	0.22
<b>Performance</b>			
Return after charges	18.19%	25.11%	4.57%
<b>Other information</b>			
Closing net assets value (£'000)	5,006	4,339	3,536
Closing number of shares	938,278	961,082	980,160
Operating charges*	2.64%	2.67%	3.08%
Direct transaction costs**	0.05%	0.03%	0.06%
<b>Prices</b>			
Highest share price	542.78	467.72	402.53
Lowest share price	461.05	353.75	348.19

\*Operating charges, otherwise known as OCF is the ratio of the sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-Fund and is calculated based on the last period's figures.

\*\*Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CASTLEFIELD UK SMALLER COMPANIES FUND

## RISK AND REWARD INDICATOR (RRI)



The sub-Fund is ranked as 5 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.

The Risk and Reward Indicator demonstrates where the sub-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 indication of the future risk profile of the sub-Fund.

## INVESTMENT OBJECTIVE AND POLICY

The investment philosophy of the Castlefield UK Smaller Companies 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. 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. We also look to invest in companies that can demonstrate a high level of employee engagement and where employees are encouraged to become shareholders.

## INVESTMENT REVIEW

### PERFORMANCE

For the period from 1st March to 31st August 2017, the Castlefield UK Smaller Companies Fund, as measured by the Institutional Income units, recorded a total return of 18.1%, compared to a total return from the IA UK Smaller Companies sector average of 13.2%.

### MARKET REVIEW

Stock markets seem understandably uncertain at present, given the confluence of expensive valuations (in the US at least), geopolitical concerns around North Korean missile tests and the lack of direction over the UK's exit from the EU. Whilst the Article 50 notification has been given, and negotiations have begun, they have yielded little so far. This, partly due to the surprise general election called by Theresa May and fallout that ensued, dominating much of the period. The Prime Minister rolled the dice, apparently seeking a clear mandate for the negotiations to withdraw from the European Union. As we now know however the gamble backfired and instead of a landslide victory she was left with a minority government. The shock result left analysts scrambling to decipher what this meant for markets, whilst the contrast with the sweeping victory for new French President Emmanuel Macron could not have been clearer. One thing we do know however is that inflation in the UK continues to pick up and it is now materially above the levels of wage growth, signalling an income squeeze.

UK smaller companies however have seemingly shrugged off this backdrop of enduring political uncertainty and performed well both in absolute and relative terms. The Numis Smaller Companies Index (excluding Investment Companies) in total return terms rose by 10.3%, outperforming larger capitalisation companies and the wider market.

### PORTFOLIO ACTIVITY

There was a significant amount of activity within the Fund over the period as we crystallised gains from some of the Fund's stronger performers, such as IQE and Fevertree, and reduced exposure to resource related sectors, given our caution here. We also exited a couple of smaller, non-core positions, as well as the holding in Waterman Group following an approach by Japanese consulting engineer CTI at a c.80% premium to the prevailing share price.

Proceeds from these sales were redeployed into a combination of current core holdings and several new holdings, with detail on the latter as follows. PTSG is a niche service provider to markets focused on safety at height and/or characterised by being highly regulated in nature. Iomart Group is a leading provider of secure managed hosting and cloud services. Keywords Studios is an outsourced technical services provider to the global video games industry which has been growing very strongly. The Gym Group is a fast-growing budget gym club chain in the UK, focusing purely on affordability and flexibility. Two of the remaining new holdings were by way of newcomers to the AIM market. The first being Strix Group, a global leader in the design, manufacture and supply of kettle safety controls, whilst the second, Gordon Dadds, is an acquisitive law firm in the highly fragmented UK legal services market. The final significant holding introduced to the Fund was in a more established listed company, Alumasc Group. Having floated in 1986, Alumasc has a long-standing heritage of excellence in the manufacture and supply of a variety of products. It is now however a focused supplier of building products to niche markets, with a focus on the management of scarce resources, such as water and energy, in the built environment. Finally, a smaller position was initiated in leading renewable energy supplier, Good Energy.

# CASTLEFIELD UK SMALLER COMPANIES FUND

## OUTLOOK

Having carried out a partial reorganisation of the Fund, and with encouraging news flow from most of the companies held in the portfolio, we believe that the portfolio is well placed for the coming months. While the recent exceptional performance from smaller companies is unlikely to be repeated in the short term, the UK economy still appears to be making reasonable steps despite challenging headwinds, which we also believe provides a solid background for the continued progress of the Fund. Against such a background UK Small Companies' performance will continue to be heavily influenced by the direction of the UK stockmarket as a whole. However recent news from most of the companies held in the portfolio has been reassuring. The UK economy continues to make progress against challenging headwinds and we believe that the portfolio is well placed to make further progress in coming months.

Source: Castlefield Investment Partners, October 2017.

## The top ten purchases and total sales during the year were as follows:

<b>Purchases</b>	<b>Costs £'000</b>	<b>Sales</b>	<b>Proceeds £'000</b>
iomart Group	190	IQE	348
The Gym Group	162	Avon Rubber	245
Work Group RG Placing	122	Fevertree Drink	156
Keywords Studios	113	Sound Energy	138
Premier Technical Services Group	89	Faroe Petroleum	103
Strix Group IPO Placing	85	Waterman	98
Arden Partners Placing	80	AB Dynamics	89
Strix Group	68	Gresham House Strategic	70
Amino Technologies	50	Clarkson	58
Premier Technical Services Group	48	Vianet	25
<b>Total purchases during the year were</b>	<b>1,119</b>	<b>Total sales during the year were</b>	<b>1,383</b>

# CASTLEFIELD UK SMALLER COMPANIES FUND

## PORTFOLIO OF INVESTMENTS

As at 31 August 2017

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>CONSUMER GOODS 10.33% (11.41%)</b>			
<b>Automobiles &amp; Parts 1.56% (2.04%)</b>			
61,800 *	Autins Group	91	1.51
1,000,000	Torotrak	3	0.05
		<b>94</b>	<b>1.56</b>
<b>Beverages 5.11% (5.40%)</b>			
12,500 *	Fevertree Drinks	308	5.11
		<b>308</b>	<b>5.11</b>
<b>Household Goods &amp; Home Construction 3.66% (3.97%)</b>			
35,000	Headlam Group	221	3.66
		<b>221</b>	<b>3.66</b>
<b>CONSUMER SERVICES 6.40% (3.45%)</b>			
<b>Food &amp; Drug Retailers 1.39% (1.33%)</b>			
7,000	Greggs	84	1.39
		<b>84</b>	<b>1.39</b>
<b>General Retailers 0.07% (0.06%)</b>			
100,000	Flying Brands	4	0.07
		<b>4</b>	<b>0.07</b>
<b>Media 1.92% (2.06%)</b>			
93,500 *	Cello Group	116	1.92
		<b>116</b>	<b>1.92</b>
<b>Travel, Leisure &amp; Catering 3.02% (0.00%)</b>			
88,432	Gym Group	182	3.02
		<b>182</b>	<b>3.02</b>
<b>FINANCIALS 24.57% (26.14%)</b>			
<b>Equity Investment Instruments 1.96% (3.47%)</b>			
30,000	City of London Investment Group	118	1.96
		<b>118</b>	<b>1.96</b>
<b>Financial Services 17.44% (17.23%)</b>			
340,000 *	Arden Partners	139	2.30
313,730 ***	Capital for Colleagues	125	2.07
610,000 *	First Property Group	323	5.36
37,500 *	Mattioli Woods	313	5.19
200,000 *	Park Group	152	2.52
		<b>1,052</b>	<b>17.44</b>
<b>Nonlife Insurance 5.17% (5.44%)</b>			
20,000	Lancashire Holdings	138	2.29
44,000 *	Personal Group Holdings	174	2.88
		<b>312</b>	<b>5.17</b>

# CASTLEFIELD UK SMALLER COMPANIES FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>INDUSTRIALS 35.61% (30.66%)</b>			
<b>Aerospace &amp; Defense 0.00% (4.70%)</b>			
<b>Construction &amp; Materials 1.91% (1.95%)</b>			
25,666	Costain Group	101	1.95
		<b>101</b>	<b>1.95</b>
<b>Electronic &amp; Electrical 0.00% (0.04%)</b>			
<b>Electronic &amp; Electrical Equipment 2.83% (0.00%)</b>			
135,023	Strix Group	171	2.83
		<b>171</b>	<b>2.83</b>
<b>General Industrials 6.35% (3.18%)</b>			
266,667	Macfarlane Group	173	2.87
127,154	Premier Technical Services Group	210	3.48
		<b>383</b>	<b>6.35</b>
<b>Industrial Engineering 9.39% (7.83%)</b>			
56,500 *	AB Dynamics	331	5.49
50,000	Porvair	235	3.90
		<b>566</b>	<b>9.39</b>
<b>Industrial Transportation 3.32% (2.81%)</b>			
5,000	Clarkson	140	2.32
		<b>140</b>	<b>2.32</b>
<b>Support Services 12.81% (9.68%)</b>			
103,846 *	Driver Group	49	0.81
86,872	Gordon Dadds Group	123	2.04
600,000 *	Inspired Energy	128	2.12
200,000 *	InterQuest Group	80	1.33
13,000	Keywords Studios	178	2.95
106,742	Lakehouse	35	0.58
22,500	Vp	180	2.98
		<b>773</b>	<b>12.81</b>
<b>OIL &amp; GAS 0.15% (12.34%)</b>			
<b>Oil &amp; Gas Producers 0.15% (7.58%)</b>			
593,879 *	Hydrodec Group	9	0.15
		<b>9</b>	<b>0.15</b>
<b>TECHNOLOGY 18.63% (15.58%)</b>			
<b>Software &amp; Computer Services 10.24% (7.91%)</b>			
65,000 *	GB Group	250	4.14
290,000 *	IDOX	174	2.88
62,000	Iomart Group	194	3.22
		<b>618</b>	<b>10.24</b>

# CASTLEFIELD UK SMALLER COMPANIES FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
	<b>Technology Hardware &amp; Equipment 8.39% (7.67%)</b>		
66,000 *	Amino Technologies	124	2.06
275,000 *	IQE	382	6.33
		<b>506</b>	<b>8.39</b>
	<b>UTILITIES 0.86% (0.00%)</b>		
	<b>Electricity 0.86% (0.00%)</b>		
22,500	Good Energy Group	52	0.86
		<b>52</b>	<b>0.86</b>
	<b>Total Value of Investments</b>	<b>5,824</b>	<b>96.55</b>
	Net Other Assets	208	3.45
	<b>Total Net Assets</b>	<b>6,032</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28 February 2017

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

\* AIM Quoted Securities

\*\*\* Social Stock Exchange

# CASTLEFIELD UK SMALLER COMPANIES FUND

## STATEMENT OF TOTAL RETURN

For the period ended 31 August 2017

	31 Aug 17 £'000	£'000	31 Aug 16 £'000	£'000
<b>Income</b>				
Net capital gains		922		558
Revenue	65		62	
<b>Expenses</b>	(73)		(74)	
Net expense before taxation	(8)		(12)	
Taxation	-		-	
Net expense after taxation		(8)		(12)
Total return before distributions		914		546
Distributions		-		-
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>914</b>		<b>546</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 August 2017

	31 Aug 2017 £'000	£'000	31 Aug 2016 £'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>5,187</b>		<b>4,515</b>
Amounts receivable on issue of shares	266		155	
Amounts payable on cancellation of shares	(335)		(300)	
		(69)		(145)
Change in net assets attributable to shareholders from investment activities		914		546
<b>Closing net assets attributable to shareholders</b>		<b>6,032</b>		<b>4,916</b>

# CASTLEFIELD UK SMALLER COMPANIES FUND

## BALANCE SHEET

As at 31 August 2017

	31 Aug 17 £'000	28 Feb 17 £'000
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investment	5,824	5,165
<b>Current assets:</b>		
Debtors	162	30
Cash and bank balances	56	44
<b>Total Assets</b>	<b>6,042</b>	<b>5,239</b>
<b>LIABILITIES</b>		
<b>Creditors:</b>		
Bank overdrafts	-	-
Other creditors	(10)	(52)
<b>Total liabilities</b>	<b>(10)</b>	<b>(52)</b>
<b>Net assets attributable to shareholders</b>	<b>6,032</b>	<b>5,187</b>

On behalf of Castlefield Fund Partners Limited

John Eckersley  
Managing Director (of the ACD)



31 October 2017

Summaya Mosam  
Director (of the ACD)



## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice "Financial Statements of Authorised Funds", issued by The Investment Association in May 2014, the Financial Conduct Authority's Collective Investment Schemes Sourcebook and the Instrument of Incorporation.

## DISTRIBUTION TABLES

Expenses exceeded revenue during the period, as a result no distributions were paid (2016:same).

# CFP SDL UK BUFFETTOLOGY FUND

## COMPARATIVE TABLES

### General Shares - Income

	31 Aug 17 (pence per share)	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	231.73	191.83	169.29
Return before operating charges *	22.91	45.51	26.97
Operating charges*	(4.38)	(3.68)	(3.78)
Return after operating charges*	18.53	41.83	23.19
Distributions on income units	(0.79)	(1.93)	(0.65)
Closing net asset value per share	249.47	231.73	191.83
after direct transaction costs of:**	0.36	0.65	0.43
<b>Performance</b>			
Return after charges	7.99%	21.80%	13.70%
<b>Other information</b>			
Closing net assets value (£'000)	36,802	33,019	18,153
Closing number of shares	14,752,269	14,249,429	9,462,802
Operating charges*	1.83%	1.92%	2.05%
Direct transaction costs**	0.14%	0.28%	0.23%
<b>Prices</b>			
Highest share price	254.95	236.37	204.85
Lowest share price	234.68	184.90	167.25

\* Operating charges, otherwise known as OCF is the ratio of the sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CFP SDL UK BUFFETTOLOGY FUND

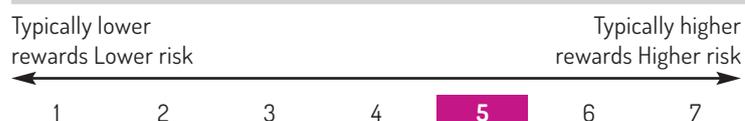
## Institutional Shares - Income

	31 Aug 17 (pence per share)	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	232.48	192.39	169.71
Return before operating charges *	22.96	45.75	27.15
Operating charges*	(3.15)	(2.63)	(2.96)
Return after operating charges*	19.81	43.12	24.19
Distributions on income units	(1.40)	(3.03)	(1.51)
Closing net asset value per share	250.89	232.48	192.39
after direct transaction costs of:**	0.36	0.76	0.44
<b>Performance</b>			
Return after charges	8.52%	22.41%	14.25%
<b>Other information</b>			
Closing net assets value (£'000)	131,023	78,679	14,000
Closing number of shares	52,222,616	33,843,783	7,277,159
Operating charges*	1.33%	1.42%	1.55%
Direct transaction costs**	0.14%	0.33%	0.23%
<b>Prices</b>			
Highest share price	256.36	237.65	205.82
Lowest share price	235.55	185.77	167.69

\* Operating charges, otherwise known as OCF is the ratio of the sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

## RISK AND REWARD INDICATOR (RRI)



The sub-Fund is ranked as 5 because it has experienced medium to high rises and falls in value over the past five years. As there is less than five years of available data for this Fund, for illustrative purposes a similar type of investment has been used to calculate the risk/reward profile. Please note that even the lowest ranking does not mean a risk-free investment.

The Risk and Reward Indicator demonstrates where the sub-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 indication of the future risk profile of the sub-Fund.

# CFP SDL UK BUFFETTOLOGY FUND

## INVESTMENT OBJECTIVE AND POLICY

The objective of the Fund is to seek to achieve an annual compounding rate of return over the long-term that is superior to the performance of the UK stock market. The Fund Manager's investment methodology is based upon the principle of Business Perspective Investing. Companies selected for investment consideration must exhibit several important criteria showing them to possess: an enduring franchise with pricing power and growth potential; highly profitable returns on capital employed; strong conversion of earnings into free cash flow; strong balance sheet and a management that acts with the owner's eye and allocates capital rationally. The Fund has a concentrated portfolio of investments and the aim of keeping portfolio turnover down.

## INVESTMENT REVIEW

### PERFORMANCE

The Fund's I Class share price rose by 7.92% from 232.48p at the close on 28 February 2017 to 250.89p at the close on 31 August 2017. This compared to a 3.02% increase in the benchmark FTSE All-Share Index, representing relative outperformance of 11.0%. The Fund outperformed the Index during four discrete months of the period. Based on total return with dividends reinvested, the Fund rose by 8.54% over this time, compared to 5.95% for its peer group, the IA UK All Companies sector. This placed the Fund in the top quartile of the sector, finishing 45th out of 265 funds. The Fund share price reached a high of 256.36p on 17 August and touched a low of 235.55p on 28 March. In July, it won Money Observer's Best Smaller UK Growth Fund award for the third year running and has been included in the Investors Chronicle Top 100 Funds categorisation for the fourth consecutive year.

### MARKET REVIEW

One surprising feature during the review period was the low state of volatility in the stock market. This was despite the triggering in late March of Article 50 setting the UK on a path out of the EU and the inconclusive General Election that followed this on 8 June. Elsewhere, the 'European Spring' failed to materialise with no wins for 'populist' parties in Holland and France. With Angela Merkel having secured a fourth term as German Chancellor and an avowed Europhile ensconced in the Élysée Palace, markets heaved a sigh of relief at the removal of uncertainty and pressed on to new highs. Whether this will prove to be complacency, time alone will tell. Global tensions remain high and global indebtedness is not getting any better.

### PORTFOLIO ACTIVITY

The Fund continued to experience net inflows each month throughout March to August, totalling £46.3m. As a result of this and the investment performance, its size rose from £111.1m to £168.9m. The mainstay of investment activity was of the top-up variety, where justified on valuation grounds. However, there were three new company purchases: Next, Craneware and Dignity. We also lost Lavendon Group from the portfolio on its take-over by Loxam SA and I sold our holdings in WYG and Provident Financial ahead of the profit warnings that hit their share prices in August. These actions contributed to an increase in our portfolio turnover to 9.3% (based on a 12-month moving average) but saved us £millions in eroded capital. Also we had a take-over bid for Revolution Bars in July with Stonegate Pub offering 203p in cash. This, and the interest of a potential rival bidder, Deltic, is ongoing.

Of the new investments made, Next needs no introduction being an instantly recognisable brand name. The share price had halved from its peak of over £81 in late 2015 in reaction to challenging conditions on the high street, and the effects of the weakness of sterling, national living wage and business rate hikes on input costs. However, the margin resilience has been remarkable and the returns on equity and cash generation, as ever, superb. I have the utmost confidence in Simon Wolfson and his team to navigate Next through the current choppy waters. Indeed we have already been rewarded with a sizeable rise in the share price on the back of the most recent trading statement. Craneware is a US business domiciled in Scotland. It sells software to American hospitals that track all aspects of patient care and billing. Its customers are sticky with 3-5 year contracts and renewal rates of over 85%. Its return on capital is around 20%, it converts 120% of earnings into cash and has a strong balance sheet sporting net cash. It spends heavily on R&D and sales and marketing. In August, I spent several days revisiting the investment case for Dignity and decided to take the plunge. As readers of my book 'Invest in the Best' will testify, for me Dignity is one of the most predictable business models around and the only issue has ever been the entry price. My assessment is that we have paid a workmanlike price rather than obtain a bargain on this occasion.

During the 6 month period, the continuing investments that most benefited the Fund were Games Workshop (share price up by 84.8%), NCC Group (59.0%), Bioventix (41.6%), Liontrust Asset Management (27.8%), RWS Holdings (24.9%) and Scapa Group (22.7%). There were six other double-digit and nine single-digit risers. The main detractors from performance were Dixons Carphone (share price down by 42.0%), Domino's Pizza Group (30.3%) and James Halstead (12.3%). Five other companies suffered single-digit share price falls.

### OUTLOOK

Brexit negotiations could mean a more volatile UK stock market though there is only minor evidence of slowing economic activity. However, there is still much cash sat on the sidelines. One small worry is the manner in which the share prices of companies reporting in line or slightly better than expectations seem to get little or no credit. Conversely even mild disappointments get crucified. That is consistent with a market where high expectations may be priced in. In response, I shall continue to cautiously commit fresh capital to outstanding companies where I believe pricing opportunities prevail and shun those that appear fully valued. That is the essence of the Business Perspective Investing methodology that I practice.

Keith Ashworth-Lord

10 October 2017

Source : Castlefield Investment Partners, October 2017

# CFP SDL UK BUFFETTOLOGY FUND

The top ten purchases and total sales during the period were as follows:

<b>Purchases</b>	<b>Costs £'000</b>	<b>Sales</b>	<b>Proceeds £'000</b>
Next	4,189	Provident Financial	3,127
Dignity	4,154	WYG	1,948
Craneware	3,990	Dechra Pharmaceuticals	97
Bioventix	2,217	Mattioli Woods	9
Liontrust Asset Management	1,685		
Hargreaves Lansdown	1,617		
Scapa Group	1,530		
James Halstead	1,530		
AB Dynamics	1,512		
Provident Financial	1,472		
<b>Total purchases during the period were</b>	<b>47,424</b>	<b>Total sales during the period were</b>	<b>5,181</b>

# CFP SDL UK BUFFETTOLOGY FUND

## PORTFOLIO OF INVESTMENTS

As at 31 August 2017

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>BASIC MATERIALS 10.24% (9.96%)</b>			
<b>Chemicals 10.24% (9.96%)</b>			
125,000	Croda International	4,810	2.87
1,725,000 *	Scapa Group	7,702	4.59
230,000	Victrex	4,667	2.78
		<b>17,179</b>	<b>10.24</b>
<b>CONSUMER GOODS 11.28% (8.70%)</b>			
<b>Beverages 5.72% (5.20%)</b>			
765,000	A.G. Barr	4,823	2.88
185,000	Diageo	4,773	2.84
		<b>9,596</b>	<b>5.72</b>
<b>Leisure Goods 5.56% (3.50%)</b>			
575,000	Games Workshop Group	9,338	5.56
		<b>9,338</b>	<b>5.56</b>
<b>CONSUMER SERVICES 18.87% (16.68%)</b>			
<b>General Retailers 6.03% (2.16%)</b>			
175,000	Dignity	3,943	2.35
1,200,000	Dixons Carphone	2,099	1.25
100,000	Next	4,073	2.43
		<b>10,115</b>	<b>6.03</b>
<b>Travel, Leisure &amp; Catering 12.84% (14.51%)</b>			
4,150,000	Air Partner	5,405	3.21
900,000 *	Dart Group	4,604	2.74
1,275,000	Domino's Pizza Group	3,416	2.04
1,150,000	Restaurant Group	3,935	2.34
2,000,000	Revolution Bars Group	4,210	2.51
		<b>21,570</b>	<b>12.84</b>
<b>FINANCIALS 9.66% (13.98%)</b>			
<b>Financial Services 9.66% (13.98%)</b>			
320,000	Hargreaves Lansdown	4,429	2.64
1,250,000	Liontrust Asset Management	6,097	3.64
680,000 *	Mattioli Woods	5,678	3.38
		<b>16,204</b>	<b>9.66</b>
<b>HEALTH CARE 10.32% (9.61%)</b>			
<b>Pharmaceuticals &amp; Biotechnology 10.32% (9.61%)</b>			
400,000 *	Bioventix	8,600	5.12
250,000	Dechra Pharmaceuticals	4,750	2.83
260,000	GlaxoSmithKline	3,975	2.37
		<b>17,325</b>	<b>10.32</b>

# CFP SDL UK BUFFETTOLOGY FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>INDUSTRIALS 19.75% (20.32%)</b>			
<b>Construction &amp; Materials 4.90% (5.16%)</b>			
955,000 *	James Halstead	4,214	2.51
660,000	MJ Gleeson	4,016	2.39
		<b>8,230</b>	<b>4.90</b>
<b>Industrial Engineering 9.35% (10.18%)</b>			
955,000 *	AB Dynamics	5,587	3.33
1,800,000	Rotork	4,093	2.44
2,800,000	Trifast	5,999	3.58
		<b>15,679</b>	<b>9.35</b>
<b>Support Services 5.50% (4.99%)</b>			
6,000,000	Driver Group	2,820	1.68
1,555,000 *	RWS Holdings	6,414	3.82
		<b>9,234</b>	<b>5.50</b>
<b>TECHNOLOGY 4.63% (1.42%)</b>			
<b>Software &amp; Computer Services 4.63% (1.42%)</b>			
325,000	Craneware	4,112	2.45
1,950,000	NCC Group	3,651	2.18
		<b>7,763</b>	<b>4.63</b>
<b>Total Value of Investments</b>		<b>142,233</b>	<b>84.75</b>
Net Other Assets		25,592	15.25
<b>Total Net Assets</b>		<b>167,825</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28 February 2017

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

\* AIM Quoted Securities

# CFP SDL UK BUFFETTOLOGY FUND

## STATEMENT OF TOTAL RETURN

For the period ended 31 August 2017

	31 Aug 17		31 Aug 16	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains		9,887		2,934
Revenue	1,800		632	
<b>Expenses</b>	(1,055)		(367)	
Interest payable and similar charges	-		(1)	
Net revenue before taxation	745		264	
Taxation	-		-	
Net revenue after taxation		745		264
Total return before distributions		10,632		3,198
Distributions		(745)		(263)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>9,887</b>		<b>2,935</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 August 2017

	31 Aug 2017		31 Aug 2016	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>111,699</b>		<b>32,153</b>
Amounts receivable on issue of shares	71,120		32,472	
Amounts payable on cancellation of shares	(24,880)		(10,195)	
		46,239		22,277
Change in net assets attributable to shareholders from investment activities		9,887		2,935
<b>Closing net assets attributable to shareholders</b>		<b>167,825</b>		<b>57,365</b>

# CFP SDL UK BUFFETTOLOGY FUND

## BALANCE SHEET

As at 31 August 2017

	31 Aug 17 £'000	28 Feb 17 £'000
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investment assets	142,233	90,100
<b>Current assets:</b>		
Debtors	4,182	3,664
Cash and bank balances	23,969	20,790
<b>Total Assets</b>	<b>170,384</b>	<b>114,554</b>
<b>LIABILITIES</b>		
<b>Creditors:</b>		
Distribution payable on income units	(847)	(653)
Other creditors	(1,712)	(2,202)
<b>Total liabilities</b>	<b>(2,559)</b>	<b>(2,855)</b>
<b>Net assets attributable to shareholders</b>	<b>167,825</b>	<b>111,699</b>

On behalf of Castlefield Fund Partners Limited

John Eckersley  
Managing Director (of the ACD)



31 October 2017

Summaya Mosam  
Director (of the ACD)



# CFP SDL UK BUFFETTOLOGY FUND

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice "Financial Statements of Authorised Funds", issued by The Investment Association in May 2014, the Financial Conduct Authority's Collective Investment Schemes sourcebook and the Instrument of Incorporation.

### DISTRIBUTION TABLES

For the period from 1 March 2016 to 31 August 2017

#### Interim dividend distribution in pence per share.

##### General Shares - Income

	Net income	Equalisation	Distribution Paid	
			27/11/2017	25/11/2016
Group 1	0.7905	-	0.7905	0.9844
Group 2	0.4314	0.3591	0.7905	0.9844

##### Institutional Shares - Income

	Net income	Equalisation	Distribution Paid	
			27/11/2017	25/11/2016
Group 1	1.3992	-	1.3992	1.4993
Group 2	0.7575	0.6417	1.3992	1.4993

# CFP SDL FREE SPIRIT FUND

## COMPARATIVE TABLES

### General Shares - Income

	31 Aug 17 (pence per share)	28 Feb 17 (pence per share)
<b>Change in net asset value per share</b>		
Opening net asset value per share	98.60	100
Return before operating charges *	8.89	(0.95)
Operating charges*	(1.68)	(0.45)
Return after operating charges*	7.21	(1.40)
Distributions on income units	-	-
Closing net asset value per share	105.81	98.60
after direct transaction costs of:**	0.48	0.35
<b>Performance</b>		
Return after charges	7.31	(1.40)%
<b>Other information</b>		
Closing net assets value (£'000)	386	317
Closing number of shares	364,498	321,101
Operating charges*	2.65%	1.40%
Direct transaction costs**	0.45%	0.35%
<b>Prices</b>		
Highest share price	106.76	100.09
Lowest share price	98.79	98.41

\* Operating charges, otherwise known as OCF is the ratio of the sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CFP SDL FREE SPIRIT FUND

## General Shares - Accumulation

	31 Aug 17 (pence per share)	28 Feb 17 (pence per share)
<b>Change in net asset value per share</b>		
Opening net asset value per share	98.60	100
Return before operating charges *	8.68	(0.95)
Operating charges*	(1.67)	(0.45)
Return after operating charges*	7.01	(1.40)
Closing net asset value per share	105.61	98.60
Retained distributions on accumulation shares	-	-
after direct transaction costs of:**	0.48	0.35
<b>Performance</b>		
Return after charges	7.11%	(1.40)%
<b>Other information</b>		
Closing net assets value (£'000)	4,281	1,719
Closing number of shares	4,054,057	1,748,825
Operating charges*	2.65%	1.40%
Direct transaction costs**	0.45%	0.35%
<b>Prices</b>		
Highest share price	106.76	100.09
Lowest share price	98.80	98.42

\* Operating charges, otherwise known as OCF is the ratio of the sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CFP SDL FREE SPIRIT FUND

## RISK AND REWARD INDICATOR (RRI)



The sub-Fund is ranked as 5 because investments of this type experienced medium to high rises and falls in value over the past five years. As there is less than five years of available data for this Fund, for illustrative purposes a similar type of investment has been used to calculate the risk/reward profile. Please note that even the lowest ranking does not mean a risk-free investment.

The Risk and Reward Indicator table demonstrates where the sub-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 indication of the future risk profile of the sub-Fund.

## INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Fund is to seek to achieve real growth in capital and income over the long term. Real growth means growth in excess of inflation, defined as the UK Consumer Price Index(CPI)+2% per annum on average and long term means over a minimum investment horizon of five years. The Fund Manager's investment methodology is based upon the principle of Business Perspective Investing. Companies selected for investment must possess clear and sustainable competitive advantages that are difficult to replicate, thereby erecting a barrier to new entrants and generating superior returns on operating assets. In addition these companies are likely to possess sound finances and experienced management teams focused on the creation of long term value for shareholders. The Fund Manager will seek to invest in such companies at below their intrinsic value, derived from discounting their estimated future cash flows to their present value. If valuations are not deemed attractive, cash levels may rise until suitable opportunities are found. The Fund aims to hold a concentrated portfolio of between 25 and 40 holdings.

## INVESTMENT REVIEW

### PERFORMANCE

The Fund's Accumulation Class share price rose by 7.11% from 98.60p at the close on 28 February 2017 to 105.61p at the close on 31 August 2017. This was well ahead of the stated benchmark of CPI+2% per annum, and of a 3.02% increase in the FTSE All-Share Index. It was achieved with average month end cash balances in the six month period of 26.6%, reflecting the initial investment phase following the Fund launch in January. Cash balances at the end of August were 18% of net assets.

### MARKET REVIEW

One surprising feature during the review period was the low state of volatility in the stock market. This was despite the triggering in late March of Article 50 setting the UK on a path out of the EU and the inconclusive General Election that followed this on 8 June. Elsewhere, the 'European Spring' failed to materialise with no wins for 'populist' parties in Holland and France. With Angela Merkel having secured a fourth term as German Chancellor and an avowed Europhile ensconced in the Élysée Palace, markets heaved a sigh of relief at the removal of uncertainty and pressed on to new highs. Whether this will prove to be complacency, time alone will tell. Global tensions remain high and global indebtedness is not getting any better.

### PORTFOLIO ACTIVITY

The Fund Manager has carefully made an initial selection of investments, with the number of holdings reaching 30 at the end of August, compared to 17 at the end of February. The largest holding at the end of August is AGBarr, manufacturer and marketer of various soft drinks, of which the most significant brands are Irn Bru and Rubicon. Barr exhibits consistently good returns on capital and has recently completed a major new phase of capital investment. Management now feels sufficiently confident of generating cash surplus to requirements that it has supplemented dividend payments with share buy backs. The second largest holding is Alfa Financial Software, a very successful main market IPO in the period. Alfa has developed market leading and highly configurable software for specialists in asset finance, whether of cars, equipment or planes. The business has been developed organically without external funding, and is winning market share internationally among customers who are continually having to grapple with regulatory, fiscal and accounting changes. The third largest holding is Revolution Bars, currently the subject of a cash bid. As well as the bid for Revolution Bars, the Fund also benefitted from a bid for its holding in Quantum Pharma during the six months.

### OUTLOOK

Brexit negotiations could mean a more volatile UK stock market though there is only minor evidence of slowing economic activity. However, there is still much cash sat on the sidelines. One small worry is the manner in which the share prices of companies reporting in line or slightly better than expectations seem to get little or no credit. Conversely even mild disappointments get crucified. That is consistent with a market where high expectations may be priced in. In response, I shall continue to evaluate thoroughly new potential investments, looking to recycle capital from bid situations and possibly to add to the existing roster.

Rosemary Banyard

10 October 2017

Source : Castlefield Investment Partners, October 2017

# CFP SDL FREE SPIRIT FUND

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The top ten purchases and total sales during the period were as follows:

<b>Purchases</b>	<b>Costs £'000</b>	<b>Sales</b>	<b>Proceeds £'000</b>
Revolution Bars Group	156	Ishares FTSE 100 UCITS ETF	122
Taptica International	146	CLS Holdings	83
Alfa Financial Software Holdings	143	Tribal Group	50
On the Beach Group	141	Character Group	50
Unilever	139		
Supergroup	127		
Barr	116		
Kainos Group	115		
Dunelm Group	108		
Fidessa Group	106		
<b>Total purchases during the period were</b>	<b>1,297</b>	<b>Total sales during the period were</b>	<b>305</b>

# CFP SDL FREE SPIRIT FUND

## PORTFOLIO OF INVESTMENTS

As at 31 August 2017

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>BASIC MATERIALS 2.94% (3.64%)</b>			
<b>Chemicals 2.94% (3.64%)</b>			
6,767	Victrex	137	2.94
		<b>137</b>	<b>2.94</b>
<b>CONSUMER GOODS 14.40% (3.29%)</b>			
<b>Beverages 4.18% (3.29%)</b>			
31,000	A.G. Barr	195	4.18
		<b>195</b>	<b>4.18</b>
<b>Food Producers 1.29% (0.00%)</b>			
20,000	Hotel Chocolat	60	1.29
		<b>60</b>	<b>1.29</b>
<b>Leisure Goods 2.98% (0.00%)</b>			
8,582	Games Workshop	139	2.98
		<b>139</b>	<b>2.98</b>
<b>Personal Goods 5.95% (0.00%)</b>			
8,000	SuperGroup	127	2.72
3,336	Unilever	151	3.23
		<b>278</b>	<b>5.95</b>
<b>CONSUMER SERVICES 12.14% (0.00%)</b>			
<b>General Retailers 2.16% (0.00%)</b>			
17,500	Dunelm	101	2.16
		<b>101</b>	<b>2.16</b>
<b>Media 2.98% (0.00%)</b>			
37,500	Taptica international	139	2.98
		<b>139</b>	<b>2.98</b>
<b>Travel, Leisure &amp; Catering 7.02% (0.00%)</b>			
35,000	On the Beach	150	3.21
85,000	Revolution Bars	178	3.81
		<b>328</b>	<b>7.02</b>
<b>FINANCIALS 11.76% (18.97%)</b>			
<b>Financial Services 9.45% (16.86%)</b>			
28,500	Liontrust Asset Management	139	2.98
215,373 *	Park Group	164	3.51
6,954	S&U	138	2.96
		<b>441</b>	<b>9.45</b>
<b>Real Estate Investment &amp; Services 2.31% (2.11%)</b>			
50,000	CLS Holdings	108	2.31
		<b>108</b>	<b>2.31</b>

# CFP SDL FREE SPIRIT FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>HEALTH CARE 3.79% (0.00%)</b>			
<b>Health Care Equipment &amp; Services 0.86% (0.00%)</b>			
18,518	Medica	40	0.86
		<b>40</b>	<b>0.86</b>
<b>Pharmaceuticals &amp; Biotechnology 2.93% (0.00%)</b>			
200,000	Quantum Pharma	137	2.93
		<b>137</b>	<b>2.93</b>
<b>INDUSTRIALS 18.84% (19.26%)</b>			
<b>Construction &amp; Materials 3.30% (3.10%)</b>			
25,167	MJ Gleeson	154	3.30
		<b>154</b>	<b>3.30</b>
<b>Electronic &amp; Electrical Equipment 0.75% (0.00%)</b>			
4,500	Dialight	35	0.75
		<b>35</b>	<b>0.75</b>
<b>General Industrials 1.93% (0.00%)</b>			
50,000	Quiz	90	1.93
		<b>90</b>	<b>1.93</b>
<b>Industrial Engineering 2.01% (0.00%)</b>			
43,824	Trifast	94	2.01
		<b>94</b>	<b>2.01</b>
<b>Support Services 10.85% (16.16%)</b>			
4,450	Bunzl	102	2.19
1,832	DCC	129	2.76
13,022	Diploma	139	2.99
17,000	Vp	136	2.917
		<b>506</b>	<b>10.85</b>
<b>TECHNOLOGY 17.85% (11.74%)</b>			
<b>Software &amp; Computer Services 17.85% (11.74%)</b>			
42,047	Alfa Financial Software	192	4.12
5,000	Aveva Group	96	2.06
13,466 *	Craneware	171	3.66
7,200	Fidessa Group	149	3.19
46,419	Kainos	132	2.91
49,836	NCC Group	93	1.99
		<b>833</b>	<b>17.85</b>
<b>Total Value of Investments</b>		<b>3,815</b>	<b>81.74</b>
Net Other Assets		852	18.26
<b>Total Net Assets</b>		<b>4,667</b>	<b>100.00</b>

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

\* AIM Quoted Securities

# CFP SDL FREE SPIRIT FUND

## STATEMENT OF TOTAL RETURN

For the period ended 31 August 2017

	31 Aug 17	
	£'000	£'000
<b>Income</b>		
Net capital losses		215
Revenue	29	
<b>Expenses</b>	<u>(49)</u>	
Net expenses before taxation	(20)	
Taxation	<u>(1)</u>	
Net expenses after taxation		<u>(21)</u>
Total return before distributions		194
Distributions		<u>-</u>
<b>Change in net assets attributable to shareholders from investment activities</b>		<u>194</u>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 August 2017

	31 Aug 17	
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		2,035
Amounts receivable on issue of shares	2,521	
Amounts payable on cancellation of shares	<u>(92)</u>	
		2,429
Dilution Levy		9
Change in net assets attributable to shareholders from investment activities		<u>194</u>
<b>Closing net assets attributable to shareholders</b>		<u>4,667</u>

# CFP SDL FREE SPIRIT FUND

## BALANCE SHEET

As at 31 August 2017

	31 Aug 17 £'000	28 Feb 17 £'000
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investment assets	3,815	1,158
<b>Current assets:</b>		
Debtors	67	108
Cash and bank balances	885	852
<b>Total Assets</b>	<b>4,767</b>	<b>2,118</b>
<b>LIABILITIES</b>		
<b>Creditors:</b>		
Other creditors	(100)	(83)
<b>Total liabilities</b>	<b>(100)</b>	<b>(83)</b>
<b>Net assets attributable to shareholders</b>	<b>4,667</b>	<b>2,035</b>

On behalf of Castlefield Fund Partners Limited

John Eckersley  
Managing Director (of the ACD)



31 October 2017

Summaya Mosam  
Director (of the ACD)



## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

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### DISTRIBUTION TABLES

Expenses exceeded revenue during the period, as a result no distributions were paid.



THE THOUGHTFUL INVESTOR

