



Castlefield B.E.S.T Sustainable European Fund

Castlefield B.E.S.T Sustainable Income Fund

Castlefield B.E.S.T Sustainable UK Smaller Companies Fund

Castlefield B.E.S.T UK Opportunities Fund

Castlefield Real Return Fund

## **INTERIM REPORT & ACCOUNTS**

Sub-Funds of Castlefield Funds OEIC

For the Period 01 March 2018 To 31 August 2018

A UK Authorised Investment Company with Variable Capital

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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.

## **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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The 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 seven sub-Funds. The report and accounts contained within the below statements refer specifically to Castlefield B.E.S.T Sustainable European, Castlefield B.E.S.T Sustainable Income, Castlefield B.E.S.T Sustainable UK Smaller Companies, Castlefield B.E.S.T UK Opportunities and Castlefield Real Return sub-Funds of the Company.

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 unaudited Financial Statements of the Company for the period from 1 March 2018 to 31 August 2018.

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 Advisor 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%.

# MANAGEMENT AND ADMINISTRATION

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## 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.

## 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)



Susan Cohen  
Director (of the ACD)



31 October 2018

## ABOUT THE INVESTMENT ADVISER

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Castlefield Investment Partners LLP (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.

## INVESTMENT REVIEW OF CASTLEFIELD FUNDS

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Trade war tensions between the US and China overtook the Brexit rhetoric which has dominated much of the headlines for the last two years since the UK referendum. Equity markets continued their volatile streak in March as the threat of trade wars and pressure on the technology sector offset positive economic news and continued corporate merger and acquisition activity. Markets were affected by geo-politics more than macroeconomic factors in March – in particular, posturing ahead of Sino-US negotiations on North Korea. Trade war concerns continued and as markets tried to keep pace with the political whiplash from the retaliatory measures of both China and Europe to Trump's announced protectionist trade tariffs, the effect on emerging markets began to emerge, with Chinese equities bearing most of the pain as they continued to slide on signs of a slowing economy. The US Federal Reserve (Fed) continued with its plans to normalise monetary policy over the reporting period, increasing rates a further two times in March and June. This took interest rates to 2% and marked the six and seventh interest rate rises since its tightening of monetary policy began at the end of 2015, ensuing Treasury yields continued ascent and dollar strength. This proved a further headwind for sentiment towards emerging markets as is traditionally the case during periods of dollar strengthening, in part because their debt issues are frequently denominated in US dollars and therefore become costlier to repay. In stark contrast, US equities remained relatively buoyant as they continued to hit fresh all-time highs and became the longest-ever US equity bull market towards the end of August. This has been supported by strong overall economic growth and labour data as well as robust earnings reporting as the Trump tax cuts implemented at the end of 2017 start to feed into the numbers, all of which has continued to grow the disparity between US returns and wider global equities. Synchronised global growth seems no more, evidenced by the disparity of returns between the MSCI World Index of +11.14% and that of the MSCI World ex-USA index which returned +4.91% over the interim period.

Over in the Eurozone, macro-economic data headlines disappointed, with inflation remaining below its targeted level, while the European Central Bank (ECB) unsurprisingly decided to keep interest rates unchanged at its Monetary Policy meetings in April and June. During the latter, the ECB also announced that the Governing Council expect interest rates to remain at current levels until the Summer of 2019, beyond the horizon of the net asset purchase programme which is expected to conclude towards the end of this year. On the political front, whilst the inconclusive Italian elections in March had little impact on equities, markets became uneasy in May as fraught political tensions continued and saw a steep sell-off in both Italian equities and bonds. Supposed threats to Italy's future membership of the European Union loomed, as anti-establishment party Five Star gained traction, whilst doubts over a commitment to the reduction of the country's budget deficit exacerbated the problem. Fears of a second snap election, however, were put to rest as a decision was finally reached at the beginning of June after three months of negotiations and a coalition was formed between populist parties Five Star and the League. The political turmoil in Italy led to an inevitable spill over into European equities. However, just as tensions quietened and European equities began to recover, a further spanner was thrown in the works, epitomised by increased volatility within the currency markets and characterised by the Turkish Lira's decline spilling over into equity markets. With specific concerns on banks exposed to the Turkish Lira, a selloff in European banks ensued over August. The Turkish Lira's significant depreciation against major global currencies was catalysed by US sanctions following Turkey's detention of an American pastor on conspiracy to commit terrorism. Such sanctions compounded the already pressurised currency as the Turkish Central Bank had previously refrained from increasing interest rates despite mounting inflationary pressures and further exacerbated by the country's large current account deficit and dollar-denominated debt.

# MANAGEMENT AND ADMINISTRATION

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Closer to home, UK equity markets have remained mostly supportive over the reporting period although variability in returns over the six months remained high. The main index for UK equities returned +5.6% over the period and even saw the broad-based index hit an all-time high towards the end of May, supported mainly by the continued depreciation of sterling. The Brexit conundrum, which remains no closer to a deal than at the last time of writing, posed more problems as Brexit Secretary, David Davis, announced his surprise resignation at the beginning of July, shortly followed by Foreign Secretary, Boris Johnson, both citing disagreement with the Chequers plan leaving a divided cabinet and Theresa May's future leadership hanging in the balance. In stark contrast to the decisions of the ECB and Fed, the Bank of England (BoE) has developed a track record for waning on one of the most important characteristics of any central bank: consistency. Mark Carney, Governor of the BoE, has in recent months attracted the unfortunate label of the "unreliable boyfriend" for hinting at expected rate rises which then do not materialise. Despite markets pricing in a 90% probability of an interest rate hike for the May meeting, rates remained unchanged as softer GDP data revealed a weakening in growth for the beginning months of the year and a faster than expected deceleration in inflation. Into June, whilst the Committee voted to keep rates unchanged once again, there appeared to be a clear change in consensus as three Committee members voted for an interest rate rise and once again markets were flirting with the possibility of a nearing interest rate rise. This later materialised with a unanimous decision to increase rates 25 basis points taking interest rates to 0.75%, the highest seen since 2009. Despite this, sterling continued to depreciate following Mark Carney's comments of an "uncomfortably high" chance of a 'no-deal' Brexit. Even with the decline in sterling which is usually to the benefit of multi-national blue-chips as their foreign earnings become more valuable when repatriated to sterling, UK equities ebbed on Brexit fears and escalated trade tensions. Whilst UK Gilt yields moved higher at the end of July into August on the expected rate hike, they fell back thereafter following dovish comments of a likely 'gradual' path of future rate rises from the BoE. However, yields moved higher again towards the end of August as rumours circulated of an extended term for Governor Mark Carney to ensure continuity as the UK leaves the EU.

# CASTLEFIELD B.E.S.T SUSTAINABLE EUROPEAN FUND

## COMPARATIVE TABLE

For the period ended 31 August 2018:

### General Shares – Income

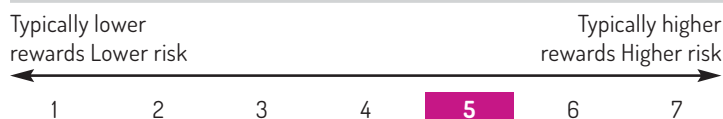
	31 Aug 18 (pence per share)	28 Feb 18 (pence per share)
<b>Change in net assets per share</b>		
Opening net asset value per share	93.03	100
Return before operating charges*	9.40	(5.59)
Operating charges	(1.30)	(1.38)
Return after operating charges*	8.10	(6.97)
Distributions on income shares	(0.46)	0.00
Closing net asset value per share	100.67	93.03
after direct transaction costs of:**	0.04	0.23
<b>Performance</b>		
Return after charges	8.71%	(6.97)%
<b>Other information</b>		
Closing net asset value (£'000)	12,505	9,690
Closing number of shares	12,421,798	10,396,137
Operating charges	1.35%	1.44%
Direct transaction costs	0.05%	0.23%
<b>Prices</b>		
Highest share price	103.17	99.45
Lowest share price	87.58	92.47

\* 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 SUSTAINABLE EUROPEAN FUND

## RISK AND REWARD INDICATOR (RRI)



The Fund is ranked as a 5 reflecting that it mainly invests in equities that are in general more volatile than bonds and deposits..

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 Fund is to seek to achieve long term capital growth. Long term means over a minimum investment horizon of five years.

The Fund will invest principally in a concentrated portfolio of the shares of companies incorporated in European countries which the Manager considers to offer opportunities for capital growth. The Fund may also invest in money market instruments, units and/or shares in other collective investment schemes, deposits, warrants, cash and near cash.

In seeking to achieve the stated investment objective, the Investment Adviser uses a responsible investment research process to identify the universe of securities from which the Fund may invest. The four criteria that need to be evidenced by each investment are reflected in the name of the Fund where "B.E.S.T" indicates Business & financial, Environmental & ecological, Social and Transparency & governance; however equal weighting may not be given to each element of these criteria when screening potential investments. The Investment Adviser then supplements this research process by selecting only those investments which, by their nature, are considered to be sustainable in order to meet the investment objective. Sustainable activities are considered to be those necessary to ensure the long term continuity of an activity, system, society or enterprise. Further information on the "B.E.S.T" criteria and the sustainability element may be obtained from the Investment Adviser upon request.

The Fund may invest in shares or units of collective investment schemes which are managed or operated by the ACD or an associate of the ACD. When investing in collective investment schemes, some of the underlying investments of that collective investment scheme may not meet all four elements of the "B.E.S.T." criteria.

The Fund may also use derivatives and forward transactions for investment purposes or efficient portfolio management (including hedging). The use of derivatives for these purposes may affect the volatility and risk profile of the Fund although this is not the ACD's intention.

## INVESTMENT REVIEW

The Castlefield B.E.S.T Sustainable European Fund has a long-term investment philosophy and a process driven by identifying valuation anomalies, researching and investing in companies whose future earnings power is not yet understood by the market. Valuation anomalies can be captured through a longer-term investment horizon of 3-5 years. This means we make sure trading is minimised which keeps costs low.

The portfolio predominantly displays quality attributes in terms of sustainable cashflows, returns on capital, and company balance sheets, as well as a focus on management teams with strong track records. We also invest in companies whose business is undergoing a transformation as this can act as a catalyst for outperformance. Typically, there needs to be a catalyst for this transformation, be it a change in management or a major acquisition. There needs to be a clear route map towards the transformation which management can evidence over time.

The high-quality nature of the portfolio should give it a more defensive property, insulating it from excessive share price volatility during market downturns. The fund should be relatively protected during pronounced sell offs in European equities. Equally, with a Beta of <1, any very sharp rally in low quality stocks will mean that the fund will lag the index during periods of fast upturns. The portfolio is concentrated with 35 holdings. With high conviction characteristics, the top ten names represent 38% of the fund. Conviction is consistent throughout the portfolio, with a target minimum allocation for the bottom ten names at 20% of the fund. This figure lies at 19.6% as at the end of the reporting period. In terms of performance, the fund returned 8.5% during the reporting period vs a European fund sector average of 3.5%.

The fund launched on 7th of November with 35 names, and the shape of the portfolio has remained stable in terms of conviction and structure. The best three performing names are Teleperformance, Ubisoft and Scout24. Founded in 1978, Teleperformance is the global leader in offshore and nearshore call centres with a 7% market share. It provides telemarketing, answering services, CRM, marketing and communication services. The firm's products include digital solutions, analytics, technical assistance, debt recovery, BPO, and other information services. The firm has operations in 74 countries, operates 340 customer service centres with 217,000 staff speaking 265 languages. The global outsourced CX (customer experience) market is valued at US\$68bn and is forecast to grow at 4% for the next three to five years. This compelling growth outlook is characterised by a fragmented market, being consolidated by its leaders. Teleperformance is present in 74 countries, more than double the number of its next competitor Convergys. The majority of listed peers are US based, and we feel that Teleperformance offers a strong investment case within the portfolio as a high quality consistent growth company. We spoke with the company in March, which confirmed our original expectations and forecasts, and a call this month is giving us greater conviction on their fast-growing specialised services which includes high margin business such as Visa Application and interpreting. Teleperformance have an excellent reputation in security and governance which means that they are in a strong position to win contracts. Scout24 is the German online portal specialising in real estate and cars.

# CASTLEFIELD B.E.S.T SUSTAINABLE EUROPEAN FUND

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Both Real Estate and Auto divisions have been driving the business so far, but the most recent growth engine is the Customer Services division, which is benefitting from targeted acquisitions, adding value to the existing franchise. We have had five engagements with the company as it is growing extremely quickly, and we feel that regular communication is important with a high conviction holding in a fast-moving market. Each time we are impressed with the clarity of message and Scout24's ability to anticipate trends in this extremely dynamic space. We also engaged with Scout24's largest competitor during the reported period, which is not held within the fund. Such peer engagement allows us to get a sense of the direction of travel within an industry. There is potential for complacency when a holding is doing well, and this is a risk we want to avoid. As the adage goes, past performance is not always a guide to future performance and thus, engagement with other companies in the industry helps bolster our process. It allows us to take a step back and ask – Is what management are saying actually happening? What are our portfolio companies doing which peers aren't? It is through such engagement that we get to really understand the intricacies of our investments and their markets. We were pleased to see a confirmation of our view through the eyes of Scout24's leading competitor.

Another company in a fast growth environment is Ubisoft, the French games maker. Having digitised its back library of publications, Ubisoft is quickly catching up with other peers in terms of profit margins. Its growth is entirely due to its excellent programming ability and we are also impressed with management's philosophy and understanding of the need for security online, especially in multi-user games. From an ESG perspective, the new generation of gamers tend to play in communities so the requirement to keep community members safe is of paramount importance in terms of gaming culture and security. We were also very pleased to see a large shareholder divest of its stake which we felt was a block on the five founding brothers Guillemot from remaining independent, and able to implement their strategy. Engagement with the company has been very positive and we feel that Ubisoft is thoroughly aware of the security and social risks to which a company in its space is exposed.

The detractors from performance are still interesting companies and although going through a period of poor performance, we understand what is driving investor sentiment and remain convinced that the longer-term outlook remains bright.

Banca Ifis is an Italian financial organisation which is primarily involved in the business of trade receivables, non-performing loans and tax receivables. Its business model is based on the consolidation of portfolios of large non-performing assets and the provision of financial factoring. It has underperformed almost entirely due to the Italian crisis which we have written about earlier this year, and the risks associated with the peripheral European economies. Whilst there has been a downdraft of earnings expectations for this year of around 20%, the share price has fallen by around half, which we feel is extraordinarily severe, and represents a huge de-rating in the valuation multiple. We have spoken with the company and their strategy of growth has been hampered by the elevated cost of Italian funding during this year and increased competition for low hanging fruit. The systems that Ifis has built up over time allows it to improve recovery rates in the secondary market, in which very few of its competition have competence. Our call with the CEO in September improved our confidence over the medium term for Banca Ifis.

Unicredit is another financial in Italy, which has suffered from the twin shock of Italian woes and Turkish Lira crisis due to its small exposure to Yapi Credit. We had a very good meeting with the company last month and wrote an article confirming our conviction in the name. Mustier has a fantastic track record in de-risking the business and from a company specific point of view, Unicredit is well managed and well capitalised. Fit for growth. Shareholders will need to display patience and a long-term perspective to allow this investment case to play out. Italian volatility and other negative news flow from a macro point of view should permit opportunities to increase our position. There is increased talk of consolidation within the European banking sector and Unicredit, given its Pan-European network is a net beneficiary of this trend.

Signify continues to be a tough story for the fund. The issue is not one of company specific risk, but of sector disruption as halogen lights and other incandescents are removed from sales by legislation. Signify is managing the transition very well and is closing its production facilities with care and attention to the workforce. We have engaged heavily with them on the issue and feel that their efforts are aligned with our expectations of good social performance practices. From a technological point of view, Signify is developing excellent new products which are all linked to the connected lighting space. This will be able to help with managing traffic systems and assist when there are road traffic accidents using light and sound sensors. We feel that Signify offers a longer-term opportunity as the lighting market goes through disruption and technology leaps. We monitor the position with interest.

During the piece we added a position to the portfolio. DIA (Distribuidora Internacional de Alimentación) is a Spanish food retailer, which operates a number of different format supermarkets in Iberia and Latin America. We identified the company through one of our screens from a valuation point of view and started to look at it in April, when we first engaged with management. It is going through substantial change in terms of its network, procurement and management due to a fierce competitive environment in Iberia. The dominant player is investing heavily. DIA operates in the discount space but offers better location and more fresh provision in its product assortment than the well-known German discounters and has a 10% market share. We spoke with the company again after the summer, after a massive de-rating of the valuation multiple of around 40%. This was mostly due to the entry of a new shareholder on the register who has two seats on the board. His interest is financial, and we feel his presence represents no risk to governance. Trading on 7x 2018 earnings is an opportunity we felt couldn't be dismissed. We appreciate that there may be more attrition in terms of the business environment in the short term due to pricing but given the asymmetrical risk reward clearly favouring significant upside, we invested at 2% of the portfolio, commensurate with a company undergoing transformation.

We are pleased to report full engagement with the portfolio companies since launch. We aim to speak with company management at least once per year, though typically this will happen more frequently, especially if things aren't going well or there is a lot of news to digest and alterations to our valuation to be implemented. We have voted for all of our companies during the reported period and when we disagree with the company on key issues such as executive pay or board composition we tend to engage directly with management to explain our position and try to understand how they have arrived at their decision. We know that we can't expect radical changes overnight, but the consistency of our approach and the long-term nature of our investment horizon means that our focus on thoughtful diplomacy can have an influence on company governance structures over the medium term.



# CASTLEFIELD B.E.S.T SUSTAINABLE EUROPEAN FUND

In the 10 months since launch we have had 70 engagements with our portfolio companies, peers and trade associations. This amounts to 100% coverage of our portfolio companies and in the majority of cases, we have engaged our companies on multiple occasions. We are excited about the prospect of the next 12 to 18 months and feel that our portfolio companies are in good shape to face their next set of challenges in terms of digitalisation, global trade volatility and upswing in global cost of capital.

**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>
Banca IFIS	346		
Unicredit	336		
Distribuidora Internacional	243		
Viscofan	110		
Kerry Group	94		
Straumann Holding	89		
Akka Technologies	70		
Partners Group	70		
Teleperformance	63		
Kingspan Group	62		
<b>Total purchases during the period were</b>	<b>2,676</b>	<b>Total sales during the period were</b>	<b>-</b>

# CASTLEFIELD B.E.S.T SUSTAINABLE EUROPEAN FUND

## PORTFOLIO OF INVESTMENTS

As at 31 August 2018

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>EQUITIES 98.47% (95.73%)</b>			
<b>Belgium 3.71% (3.90%)</b>			
12,136	Ion Beam Applications	233	1.86
3,316	Melexis	231	1.85
		<b>464</b>	<b>3.71</b>
<b>Denmark 5.64% (5.38%)</b>			
3,910	Coloplast	321	2.57
7,155	Vestas Wind Systems	384	3.07
		<b>705</b>	<b>5.64</b>
<b>Finland 3.49% (3.40%)</b>			
10,394	Kone OYJ	436	3.49
		<b>436</b>	<b>3.49</b>
<b>France 25.04% (24.60%)</b>			
8,381	Akka Technologies	508	4.06
7,024	Amundi	389	3.11
5,490	Ingenico Group	297	2.38
3,981	Orpea	413	3.30
4,567	Schneider Electric	288	2.30
3,811	Teleperformance	564	4.52
5,364	Ubisoft Entertainment	441	3.53
6,577	Valeo	230	1.84
		<b>3,130</b>	<b>25.04</b>
<b>Germany 18.02% (18.06%)</b>			
8,354	Dürr	294	2.35
9,187	GEA Group	270	2.16
531	Rational	324	2.59
4,568	SAP	424	3.39
11,110	Scout24	443	3.54
6,876	Symrise	499	3.99
		<b>2,254</b>	<b>18.02</b>
<b>Ireland 8.09% (7.04%)</b>			
5,925	Kerry Group	514	4.11
13,198	Kingspan Group	498	3.98
		<b>1,012</b>	<b>8.09</b>
<b>Italy 3.45% (5.71%)</b>			
9,738	Banca IFIS	175	1.40
22,854	UniCredit	257	2.05
		<b>432</b>	<b>3.45</b>
<b>Netherlands 6.86% (8.17%)</b>			
16,551	Accell Group	262	2.10
12,593 *	Signify	273	2.18
7,277	Unilever	323	2.58
		<b>858</b>	<b>6.86</b>

# CASTLEFIELD B.E.S.T SUSTAINABLE EUROPEAN FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
	<b>Spain 7.54% (5.58%)</b>		
76,110	Banco Santander	293	2.34
137,750	Distribuidora Internacional	256	2.05
7,004	Viscofan	394	3.15
		<b>943</b>	<b>7.54</b>
	<b>Switzerland 16.63% (13.89%)</b>		
73	Belimo Holding	283	2.26
8,496	Logitech International	321	2.57
731	Partners Group	443	3.54
2,272	Sonova Holding	329	2.63
566	Straumann Holding	351	2.81
1,914	Tecan Group	352	2.82
		<b>2,079</b>	<b>16.63</b>
	<b>Total Value of Investments</b>	<b>12,313</b>	<b>98.47</b>
	Net Other Assets	192	1.53
	<b>Total Net Assets</b>	<b>12,505</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28 February 2018

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

\*Formerly Philips Lighting, name changed 16 May 2018

# CASTLEFIELD B.E.S.T SUSTAINABLE EUROPEAN FUND

## STATEMENT OF TOTAL RETURN

For the period ended 31 August 2018

	31 Aug 18	
	£'000	£'000
<b>Income</b>		
Net capital gains		948
Revenue	176	
<b>Expenses</b>	<u>(77)</u>	
Net revenue before taxation	99	
Taxation	<u>(44)</u>	
Net revenue after taxation		<u>55</u>
Total return before distributions		1,003
Distributions		<u>(55)</u>
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>948</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 August 2018

	31 Aug 18	
	£'000	£'000
<b>Opening net assets attributable to Shareholders</b>		<b>9,690</b>
Amounts receivable on issue of shares	2,151	
Less: Amounts paid on cancellation of shares	<u>(287)</u>	
		1,864
Dilution Levy		3
Change in net assets attributable to Shareholders from investment activities		<u>948</u>
<b>Closing net assets attributable to Shareholders</b>		<b>12,505</b>

# CASTLEFIELD B.E.S.T SUSTAINABLE EUROPEAN FUND

## BALANCE SHEET

As at 31 August 2018

	31 Aug 18 £'000	28 Feb 18 £'000
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investment	12,313	9,276
<b>Current assets:</b>		
Debtors	14	60
Cash and bank balances	295	362
<b>Total Assets</b>	<b>12,622</b>	<b>9,698</b>
<b>LIABILITIES</b>		
<b>Creditors:</b>		
Distribution payable on income shares	(57)	-
Other creditors	(60)	(8)
<b>Total liabilities</b>	<b>(117)</b>	<b>(8)</b>
<b>Net assets attributable to Shareholders</b>	<b>12,505</b>	<b>9,690</b>

On behalf of Castlefield Fund Partners Limited

John Eckersley  
Managing Director (of the ACD)



31 October 2018

Susan Cohen  
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

For the period from 1st March 2018 to 31st August 2018:

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

Group 1 Shares purchased prior to 1st March 2018

Group 2 Shares purchased between 1st March 2018 to 31st August 2018

### General Shares - Income

	Net income	Equalisation	Distribution Payable 30/10/18
Group 1	0.4616	-	0.4616
Group 2	0.3256	0.136	0.4616

# CASTLEFIELD B.E.S.T SUSTAINABLE INCOME FUND

## COMPARATIVE TABLES

For the period ended 31 August 2018:

### General Shares - Income

	31 Aug 18 (pence per share)	28 Feb 18 (pence per share)	28 Feb 17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	73.92	78.41	75.66
Return before operating charges*	3.67	(0.37)	7.20
Operating charges	(1.13)	(1.19)	(1.21)
Return after operating charges*	2.54	(1.56)	5.99
Distributions on income shares	(1.75)	(2.93)	(3.24)
Closing net asset value per share	74.71	73.92	78.41
after direct transaction costs of:**	0.01	0.07	0.07
<b>Performance</b>			
Return after charges	3.44%	(1.99)%	7.92%
<b>Other information</b>			
Closing net asset value (£'000)	328	332	259
Closing number of shares	439,082	449,434	330,598
Operating charges	1.51%	1.49%	1.50%
Direct transaction costs	0.01%	0.08%	0.09%
<b>Prices</b>			
Highest share price	78.04	83.83	79.54
Lowest share price	72.28	73.95	69.79

\* 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 SUSTAINABLE INCOME FUND

## Institutional Shares - Income

	31 Aug 18 (pence per share)	28 Feb 18 (pence per share)	28 Feb 17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	76.10	80.53	77.51
Return before operating charges*	3.67	(0.39)	7.37
Operating charges	(0.97)	(1.03)	(1.03)
Return after operating charges*	2.70	(1.42)	6.34
Distributions on income shares	(1.80)	(3.01)	(3.32)
Closing net asset value per share	77.00	76.10	80.53
after direct transaction costs of:**	0.01	0.07	0.08
<b>Performance</b>			
Return after charges	3.55%	(1.76)%	8.18%
<b>Other information</b>			
Closing net asset value (£'000)	11,000	10,658	7,883
Closing number of shares	14,286,400	14,005,800	9,789,575
Operating charges	1.26%	1.26%	1.25%
Direct transaction costs	0.01%	0.08%	0.10%
<b>Prices</b>			
Highest share price	80.38	86.15	81.69
Lowest share price	74.42	76.11	71.55

\* 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 SUSTAINABLE INCOME FUND

## Charity Shares - Income

	28 Aug 18 (pence per share)	28 Feb 18 (pence per share)	28 Feb 17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	77.06	81.53	78.47
Return before operating charges*	3.72	(0.39)	7.46
Operating charges	(0.98)	(1.03)	(1.04)
Return after operating charges*	2.74	(1.42)	6.42
Distributions on income shares	(1.83)	(3.05)	(3.36)
Closing net asset value per share	77.97	77.06	81.53
after direct transaction costs of:**	0.01	0.07	0.08
<b>Performance</b>			
Return after charges	3.55%	(1.74)%	8.18%
<b>Other information</b>			
Closing net asset value (£'000)	15,102	15,076	15,523
Closing number of shares	19,638,975	19,564,071	19,040,183
Operating charges	1.26%	1.24%	1.25%
Direct transaction costs	0.01%	0.08%	0.09%
<b>Prices</b>			
Highest share price	81.39	87.22	82.70
Lowest share price	75.36	77.07	72.44

\* 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 SUSTAINABLE INCOME FUND

## RISK AND REWARD INDICATOR (RRI)



The sub-Fund is ranked as 4 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 Fund is predominantly to generate a relatively high level of current income, together with income growth and some capital growth over the long term.

This is to be achieved by investing 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, the Investment Adviser uses a responsible investment research process to identify the universe of securities from which the Fund may invest. The four criteria that need to be evidenced by each investment are reflected in the name of the Fund where "B.E.S.T" indicates Business & financial, Environmental & ecological, Social and Transparency & governance; however equal weighting may not be given to each element of these criteria when screening potential investments. The Investment Adviser then supplements this research process by selecting only those investments which, by their nature, are considered to be sustainable in order to meet the investment objective. Sustainable activities are considered to be those necessary to ensure the long term continuity of an activity, system, society or enterprise. Further information on the "B.E.S.T" criteria and the sustainability element may be obtained from the Investment Adviser upon request.

## INVESTMENT REVIEW

### PERFORMANCE

The Castlefield B.E.S.T Sustainable Income Fund returned +3.55% (as measured by the Institutional Income class) over the reported period, compared to an average return from the peer group of funds within the IA UK Equity Income sector of +4.83% over the same period.

### PORTFOLIO ACTIVITY

The top three contributors for the Fund came from Gym Group, AstraZeneca and formerly, UBM. Low cost health and fitness provider, Gym Group has continued to be one of our top contributors. We have held a position within the Group since its admission to market in late 2015. Since then, the company has grown its number of sites by over 25% per annum during the last 3 years both organically and inorganically through targeted M&A as the Group continue to consolidate the market. Its growth strategy has continued to bear fruit in increased memberships, increasing average membership prices despite remaining one of the lowest cost providers in the market and an increasing dividend. The news of the completion of their most recent acquisition which entailed 13 further gyms came slightly earlier than had been outlined in June as management become further experienced in executing and integrating newly acquired businesses. AstraZeneca, which remains the second largest holding within the Fund, benefitted from a positive opinion by the European Medicines Agency on the health care company's small-cell lung cancer treatment, Imfinzi in July and approval within Japan saw the shares move higher. With first mover advantage in this area being "the only immunotherapy approved for patients with unresectable Stage III non-small cell lung cancer" this presents positive growth opportunities for the company. UBM, was also a strong contributor for the reported period following the announcement in January of a proposed combination of media and events businesses UBM and Informa. Upon news of the tie-up between the two companies, the share price of UBM enjoyed a sharp increase and continued to hold up during market volatility seen in February despite the Informa share price retreating in line with the wider market, indicating markets favourable view of the proposed tie-up for UBM shareholders. UBM officially became Informa after the Competition and Markets Authority (the UK's competition watchdog) announced that the merger, which would create the world's largest publicly-listed event and conference organiser, would not be subject to an investigation at the end of May. UBM's shares therefore stopped trading on Thursday 14th June and in accordance with the mandate we received 1,083 new Informa shares as UBM became the junior partner in the combined group.

The three biggest detractors for the Fund came from Debenhams, Luceco and Equiniti. General retailer, Debenhams, has continued to be affected by the tough retail outlook. There has been a lot of moving news on this holding in the reported period from rumoured mergers to store closures and management change which has introduced further volatility over the period. Luceco, manufacturer and distributor of LED lighting products, wiring accessories and portable power products, has continued to be impacted from the Company's negative trading update towards the end of last year which came only 14 months after admission to the market. The Company announced an expectation of weaker gross margins attributable to stronger commodity prices in 2017 and unfavorable foreign exchange rates, the news that margin expectations were being masked by the incorrect calculation of its inventory valuation was a further setback to the share price. The Company is still in the early stages of a turnaround however, with the appointment of a new Chief Financial Officer, Matthew Web who joins with an experience in blue-chip companies, a revised currency hedging policy and easing commodity pricing pressures we remain cautiously optimistic in the Company's budding transformation with important lessons learned. The Company also continued to be supported by its largest shareholder, who have also increased its position most recently. We continue to monitor this position closely and have contacted the Company for further

# CASTLEFIELD B.E.S.T SUSTAINABLE INCOME FUND

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engagement. Equiniti Group, provider of administration, processing and payment services has suffered a recent downdraft in share price following the acquisition of Wells Fargo Shareowner Services business (WFSS) despite markets initial positive reaction to the news. We however, took the contrarian view that the recent decline was not a reflection of the company's fundamentals and decided to add to our position to take advantage of the attractive valuation. The move in fact proved timely as the share price moved higher as the Group reported its strongest reported period at the end of July with a continued positive outlook and the share price has continued to recover as we write.

With regards to portfolio activity, we have been busy deploying inflows over the period whilst also exiting and trimming a number of existing holdings. One such exit was De La Rue in April, the holding represented only a small weighting within the fund however, following its recent defeat on the 'Blue' passport contract tender and the Group declaring itself to be 'cautious' about the out-turn for the full year, we failed to see the potential for further upside and therefore felt we could no longer justify the position. We did however introduce a new holding in pharmaceutical company, Shire. The UK listed company which focuses on rare diseases had been the subject of a takeover bid from Japanese pharmaceutical company, Takeda. After the announcement that the British company had received its fifth takeover offer following rejections by Shire's management denouncing preceding offers as "undervalued", we saw an attractive entry point. We saw more value to be had from the proposed deal with Shire's portfolio looking a seemingly suitable fit for Takeda and with an increased chance of the bid being agreed, we decided to establish a position within the fund. We also participated in the placing of Gore Street Energy Storage Fund in May. As the name might suggest, the Fund invests in energy storage projects, mainly in the UK whilst also intending to expand to rapidly growing markets such as North America and Western Europe. As countries continue to commit to carbon reductions and the push for electric vehicles (EVs), critical grid infrastructure will be paramount in its success. With the strong evidence of renewable energy growth coupled with the Fund's experienced management team and investment into proven technologies we moved to take a position following our meeting with management.

As aforementioned, the shares of Gym have continued to trade higher following their most recent set off results. We therefore decided to trim our position in the month as it has naturally increased its weighting within the fund and in order to crystallise these gains. It still however, remains a high conviction position within the portfolio. We also added a new holding in Strix Group, a world leader in kettle safety controls and other components involving water controls. The Group have continued to post progressive results in maturing markets such as the UK, whilst also tackling high growth geographies such as the US where penetration of kettles is as low as 13% compared to 120% of that in the UK. The Group also scores well on ethical grounds as they continue to focus on lean and continuous improvement initiatives with a key focus leading to better production efficiency. The Company have also been very efficient in protecting its intellectual property rights following on from the success of previous legal actions, maintaining active relationships with market surveillance authorities. Whilst this provides reassurance to investors that the Group remain vigilant to competition threats, the Group also advocate this approach on safety grounds with examples of having 'copycat' kettles removed from shelves for safety reasons as well as also securing amendments to enhance the international safety standards for cordless connectors, further raising the bar. This was part-funded by a reduction in John Laing Environmental Group and Hicl Infrastructure as well also crystalized gains here and reduce our infrastructure exposure slightly. We also participated in the rights issue of Phoenix Group and capital raise of Greencoat UK Wind. We further added to Premier Technical Services Group and Alumasc Group.

We also have a number of engagements over the reported period with our investee companies. During the reported period we had two engagements with HSBC. During our initial meeting we discussed HSBC's updated strategy since the new Chairman, Mark Tucker, took office, asset quality and legacy litigation cases. We had further engagement with the Company later to discuss project finance and climate considerations, particularly in relation to the Company's commitment to the Equator Principles with the CFO of Sustainable Finance. This is a newly created role within the last 12 months and we were impressed to hear the integrated approach of the Sustainability and Risk team at HSBC. We also communicated our annual general meeting (AGM) intentions to an investee company over the reported period which led to some fruitful engagement. This is a course of action we aim to take in advance of the AGM where we have concerns significant enough to warrant an abstention or a vote against specific resolutions. In doing so, our aim is to provide an early indication of investor sentiment and to give management time to respond. We are particularly enthused to see positive developments in the Board composition following our engagement and which goes to demonstrate the power of engagement. Other notable engagements over the reporting period are Pennon Group, National Grid, Kier, Van Elle and Greencoat UK Wind, with the latter 3 names including 'on-site' visits.

# CASTLEFIELD B.E.S.T SUSTAINABLE 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>
Shire	659	John Laing Environmental Assets	285
Equiniti Group	375	Gym Group	134
Strix Group	271	HICL Infrastructure Co	68
Greencoat UK Wind	216	De La Rue	61
Gore Street Energy Storage Fund	135		
Premier Technical Services Group	121		
Alumasc Group	51		
<b>Total purchases during the period were</b>	<b>1,827</b>	<b>Total sales during the period were</b>	<b>547</b>

# CASTLEFIELD B.E.S.T SUSTAINABLE INCOME FUND

## PORTFOLIO OF INVESTMENTS

As at 31 August 2018

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>CONSUMER GOODS 2.34% (2.02%)</b>			
<b>Personal Goods 2.34% (2.02%)</b>			
14,046	Unilever	618	2.34
		<b>618</b>	<b>2.34</b>
<b>CONSUMER SERVICES 14.90% (15.38%)</b>			
<b>Food &amp; Drug Retailers 2.09% (1.80%)</b>			
207,478	Wm Morrison Supermarkets	552	2.09
		<b>552</b>	<b>2.09</b>
<b>General Retailers 4.99% (6.25%)</b>			
1,339,689	Debenhams	175	0.66
81,386 *	Joules Group	241	0.91
188,842	Marks & Spencer Group	572	2.17
215,865	N Brown Group	330	1.25
		<b>1,318</b>	<b>4.99</b>
<b>Media 2.31% (2.59%)</b>			
79,727 **	Informa	610	2.31
		<b>610</b>	<b>2.31</b>
<b>Travel, Leisure &amp; Catering 5.51% (4.74%)</b>			
15,145	Go-Ahead Group	258	0.98
368,881	Gym Group	1,201	4.53
		<b>1,459</b>	<b>5.51</b>
<b>FINANCIALS 40.91% (40.88%)</b>			
<b>Banks 2.04% (2.22%)</b>			
80,292	HSBC Holdings	538	2.04
		<b>538</b>	<b>2.04</b>
<b>Equity Investment Instruments 18.70% (18.58%)</b>			
236,619	3i Infrastructure	584	2.21
135,000	Gore Street Energy Storage Fund	135	0.51
1,206,955 *	Greencoat Renewables	1,115	4.22
1,222,834	Greencoat UK Wind	1,519	5.74
167,933	HICL Infrastructure Co	263	1.00
267,161	John Laing Environmental Asset	281	1.06
427,500	Menhaden Capital	299	1.13
678,749 *	Renewables Infrastructure Grou	747	2.83
		<b>4,943</b>	<b>18.70</b>
<b>Financial Services 0.99% (1.21%)</b>			
385,000 *	Park Group	262	0.99
		<b>262</b>	<b>0.99</b>

# CASTLEFIELD B.E.S.T SUSTAINABLE INCOME FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>Life Insurance 9.86% (7.01%)</b>			
179,285	Aviva	879	3.33
120,114	Phoenix Group Holdings	855	3.23
49,976	Prudential	872	3.30
		<b>2,606</b>	<b>9.86</b>
<b>Nonlife Insurance 2.27% (4.59%)</b>			
98,122	Lancashire Holdings	599	2.27
		<b>599</b>	<b>2.27</b>
<b>Real Estate Investment Trusts 7.05% (7.27%)</b>			
1,659,613	Assura	914	3.46
149,200	British Land	949	3.59
		<b>1,863</b>	<b>7.05</b>
<b>HEALTH CARE 10.79% (6.68%)</b>			
<b>Pharmaceuticals &amp; Biotechnology 10.79% (6.68%)</b>			
21,054	AstraZeneca	1,226	4.64
55,629	GlaxoSmithKline	877	3.32
16,684	Shire	749	2.83
		<b>2,852</b>	<b>10.79</b>
<b>INDUSTRIALS 19.52% (18.17%)</b>			
<b>Construction &amp; Materials 6.03% (6.19%)</b>			
205,000	Alumasc Group	250	0.95
150,870	Balfour Beatty	441	1.67
52,959	Kier Group	508	1.91
439,484 *	Van Elle Holdings	396	1.50
		<b>1,595</b>	<b>6.03</b>
<b>Electronic &amp; Electrical Equipment 1.69% (1.10%)</b>			
367,663	Luceco	180	0.68
160,500 *	Strix Group	266	1.01
		<b>446</b>	<b>1.69</b>
<b>General Industrials 0.00% (3.52%)</b>			
<b>Support Services 11.80% (7.36%)</b>			
450,718	Equiniti Group	994	3.76
345,976 *	Lakehouse	137	0.52
563,007 *	Premier Technical Services Group	1,041	3.94
285,075	RPS Group	687	2.60
56,253 *	RWS Holdings	259	0.98
		<b>3,118</b>	<b>11.80</b>
<b>TECHNOLOGY 2.19% (2.60%)</b>			
<b>Software &amp; Computer Services 2.19% (2.60%)</b>			
97,432	Sage Group	580	2.19
		<b>580</b>	<b>2.19</b>

# CASTLEFIELD B.E.S.T SUSTAINABLE INCOME FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>TELECOMMUNICATIONS 1.43% (1.77%)</b>			
<b>Mobile Telecommunications 1.43% (1.77%)</b>			
226,153	Vodafone Group	378	1.43
		<b>378</b>	<b>1.43</b>
<b>UTILITIES 7.74% (7.22%)</b>			
<b>Electricity 3.06% (6.10%)</b>			
63,929	SSE	809	3.06
		<b>809</b>	<b>3.06</b>
<b>Gas, Water &amp; Multiutilities 4.68% (1.12%)</b>			
107,032	National Grid	871	3.29
47,296	Pennon Group	368	1.39
		<b>1,239</b>	<b>4.68</b>
<b>Total Value of Investments</b>		<b>26,385</b>	<b>99.82</b>
Net Other Assets		46	0.18
<b>Total Net Assets</b>		<b>26,431</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28 February 2018

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

\* AIM Listed Securities

\*\* Formerly UBM, Company subject to merger event and renamed 18 June 2018

# CASTLEFIELD B.E.S.T SUSTAINABLE INCOME FUND

## STATEMENT OF TOTAL RETURN

For the period ended 31 August 2018

	31 Aug 18		31 Aug 17	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains		461		842
Revenue	633		527	
<b>Expenses</b>	<u>(156)</u>		<u>(150)</u>	
Net revenue before taxation	477		377	
Taxation	<u>(12)</u>		<u>-</u>	
Net revenue after taxation		<u>465</u>		<u>377</u>
Total return before distributions		926		1,219
Distributions		<u>(621)</u>		<u>(526)</u>
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>305</b>		<b>693</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 August 2018

	31 Aug 18		31 Aug 17	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to Shareholders</b>		<b>26,066</b>		<b>23,665</b>
Amounts receivable on issue of shares	1,525		3,043	
Less: Amounts paid on cancellation of shares	<u>(1,465)</u>		<u>(422)</u>	
		60		2,621
Change in net assets attributable to Shareholders from investment activities		<u>305</u>		<u>693</u>
<b>Closing net assets attributable to Shareholders</b>		<b>26,431</b>		<b>26,979</b>

# CASTLEFIELD B.E.S.T SUSTAINABLE INCOME FUND

## BALANCE SHEET

As at 31 August 2018

	31 Aug 18 £'000	28 Feb 18 £'000
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investment	26,385	24,689
<b>Current assets:</b>		
Debtors	197	118
Cash and bank balances	552	1,498
<b>Total Assets</b>	<b>27,134</b>	<b>26,305</b>
<b>LIABILITIES</b>		
<b>Creditors:</b>		
Distribution payable on income shares	(289)	(21)
Other creditors	(414)	(218)
<b>Total liabilities</b>	<b>(703)</b>	<b>(239)</b>
<b>Net assets attributable to Shareholders</b>	<b>26,431</b>	<b>26,066</b>

On behalf of Castlefield Fund Partners Limited

John Eckersley  
Managing Director (of the ACD)



31 October 2018

Susan Cohen  
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 B.E.S.T SUSTAINABLE INCOME FUND

## DISTRIBUTION TABLES

For the period from 1st March 2018 to 31st May 2018:

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

Group 1 Shares purchased prior to 1st March 2018

Group 2 Shares purchased between 1st March 2018 to 31st May 2018

#### General Shares - Income

	Net income	Equalisation	Distribution Paid	
			31/07/18	25/08/17
Group 1	0.9344	-	0.9344	0.6997
Group 2	0.4544	0.4800	0.9344	0.6997

#### Institutional Shares - Income

	Net income	Equalisation	Distribution Paid	
			31/07/18	25/08/17
Group 1	0.9621	-	0.9621	0.719
Group 2	0.4466	0.5155	0.9621	0.719

#### Charity Shares - Income

	Net income	Equalisation	Distribution Paid	
			31/07/18	25/08/17
Group 1	0.9742	-	0.9742	0.7282
Group 2	0.7242	0.2500	0.9742	0.7282

For the period from 1st June 2018 to 31st August 2018:

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

Group 1 Shares purchased prior to 1st June 2018

Group 2 Shares purchased between 1st June 2018 to 31st August 2018

#### General Shares - Income

	Net income	Equalisation	Distribution Payable	Distribution Paid
			31/10/18	27/11/17
Group 1	0.8163	-	0.8163	0.9089
Group 2	0.5718	0.2445	0.8163	0.9089

#### Institutional Shares - Income

	Net income	Equalisation	Distribution Payable	Distribution Paid
			31/10/18	27/11/17
Group 1	0.8410	-	0.8410	0.9361
Group 2	0.5623	0.2787	0.8410	0.9361

#### Charity Shares - Income

	Net income	Equalisation	Distribution Payable	Distribution Paid
			31/10/18	27/11/17
Group 1	0.8517	-	0.8517	0.9477
Group 2	0.3098	0.5419	0.8517	0.9477

# CASTLEFIELD B.E.S.T SUSTAINABLE UK SMALLER COMPANIES FUND

## COMPARATIVE TABLES

For the period ended 31 August 2018:

### General Shares - Income

	31 Aug 18 (pence per share)	28 Feb 18 (pence per share)	28 Feb 17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	546.42	441.35	353.82
Return before operating charges*	30.09	120.32	97.48
Operating charges	(14.92)	(15.25)	(9.95)
Return after operating charges*	15.17	105.07	87.53
Distributions on income shares	0.00	0.00	0.00
Closing net asset value per share	561.59	546.42	441.35
after direct transaction costs of:**	0.47	0.64	0.14
<b>Performance</b>			
Return after charges	2.78%	23.81%	24.74%
<b>Other information</b>			
Closing net asset value (£'000)	990	962	848
Closing number of shares	176,310	179,670	192,162
Operating charges	2.71%	2.98%	3.17%
Direct transaction costs	0.08%	0.12%	0.03%
<b>Prices</b>			
Highest share price	573.17	559.57	456.41
Lowest share price	510.3	447.62	346.26

\* 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 SUSTAINABLE UK SMALLER COMPANIES FUND

## Institutional Shares - Income

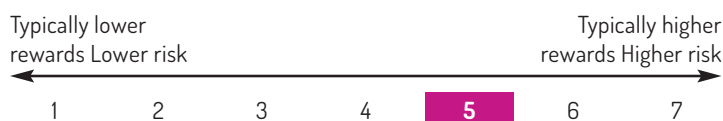
	31 Aug 18 (pence per share)	28 Feb 18 (pence per share)	28 Feb 17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	555.05	451.41	360.82
Return before operating charges*	36.22	167.45	98.65
Operating charges	(12.50)	(63.81)	(8.06)
Return after operating charges*	23.72	103.64	90.59
Distributions on income shares	(0.69)	0.00	0.00
Closing net asset value per share	578.08	555.05	451.41
after direct transaction costs of:**	0.49	0.68	0.14
<b>Performance</b>			
Return after charges	4.27%	22.96%	25.11%
<b>Other information</b>			
Closing net asset value (£'000)	7,533	5,825	4,339
Closing number of shares	1,303,245	1,058,547	961,082
Operating charges	2.20%	2.48%	2.67%
Direct transaction costs	0.08%	0.12%	0.03%
<b>Prices</b>			
Highest share price	590.27	574.51	467.72
Lowest share price	524.84	457.82	353.75

\*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 SUSTAINABLE 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 objective of the Fund is to achieve long term capital growth. The investment policy is to invest predominantly in the shares of quoted smaller UK companies, including those listed on the Alternative Investment Market.

In seeking to achieve the stated investment objective, the Investment Adviser uses a responsible investment research process to identify the universe of securities from which the Fund may invest. The four criteria that need to be evidenced by each investment are reflected in the name of the Fund where "B.E.S.T" indicates Business & financial, Environmental & ecological, Social and Transparency & governance; however equal weighting may not be given to each element of these criteria when screening potential investments. The Investment Adviser then supplements this research process by selecting only those investments which, by their nature, are considered to be sustainable in order to meet the investment objective. Sustainable activities are considered to be those necessary to ensure the long term continuity of an activity, system, society or enterprise. Further information on the "B.E.S.T" criteria and the sustainability element may be obtained from the Investment Adviser upon request.

## INVESTMENT REVIEW

### PERFORMANCE

Smaller companies in general largely tracked the wider UK market during the period, both participating in the selloff and subsequent recovery. The Fund has also followed a broadly similar path and returned +5.17% (Institutional Income Units) against its peer group IA UK Smaller Companies sector, which returned +7.13%.

Whilst positive contributors to performance were fairly widespread as the market recovered, there were a few holdings that had particularly positive developments. The Gym Group, for example, was one of the top contributors to performance. The company has continued to benefit from selective acquisitions, its organic rollout programme, and the subsequent maturing of gym sites to which has seen the shares respond positively, moving ahead by +35%.

Another prominent positive contributor was identity intelligence specialist GB Group, which released a statement in April citing profits for the year to be ahead of market expectations, causing the shares to finish more than +48% during the period, whilst others included kettle control manufacturer Strix (+29%), and advanced motor testing system provider AB Dynamics (+46%). With Strix having floated in August 2017 and announced solid results in March, we believe investors are now getting more familiar with the story and its recent strong performance is attributed to the beginnings of a rerating of the shares.

At the other end of the news flow spectrum was Autins Group, the manufacturer of noise and heat management products principally for the automotive industry. The company has also experienced some challenging times of late primarily due to softer demand from a key customer which was announced in a trading update, and subsequent Interims, in June. This has led to a prolonged spell of share price weakness, making it one of the worst performers (-57%), and contributors, for the Fund during the period. However, July saw the announcement of a new CEO, replacing the departing incumbent, which we believe should be positive for the long-term stability of the business. In addition, we had a reassuring call with the CFO. Therefore, despite the short-term headwinds, we are of the view that the business can continue to improve, and benefit from, operational efficiencies and new product investment. We believe the balance sheet to be solid, putting the company on a sure footing as it continues the acceleration of its product rollout that should, over time, lead to higher volumes from a broader customer base.

The other main headwind to performance for the Fund was from premium building supplier Alumasc, which had a couple of profit warnings during the period leading to the shares returning -27%. The company cited slower than expected performance due to 'broader economic and political uncertainties' impacting the construction sector, caused primarily by the harsher than usual weather and fallout from Carillion. Whilst this was a disappointing update, and we are conscious of the near-term risks facing the company, we continue to believe it is well positioned and invested in sustainable growth areas. As we remain positive on the longer-term outlook for the company, we took the opportunity to add to the holding on its share price weakness.

# CASTLEFIELD B.E.S.T SUSTAINABLE UK SMALLER COMPANIES FUND

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## PORTFOLIO ACTIVITY

The Fund, again, received inflows during the period, reflecting continued support following the enhancements made to the investment process of focusing on companies exhibiting sustainable business practices. In deploying this, we added to many core holdings throughout the portfolio, whilst letting some of those which had performed particularly strongly of late dilute. In addition, we introduced three new positions and exited two entirely.

The first new addition was in semiconductor designer and manufacturer CML Microsystems, which provides solutions for global communication and solid-state storage markets. A positive meeting with management earlier in the year piqued our interest in the company. Having subsequently analysed it further, we concluded that, despite the shares having performed reasonably well in the recent past, the company looked attractively valued given its strong growth profile, healthy recurring revenues and decent level of margin compared to peers. We therefore took a position in the company for the Fund and look forward to future updates.

Another new holding established was in Xeros Technology Group. Xeros have developed an environmentally friendly cleaning technology using recyclable polymer beads (or "XOrbs"). While a traditional wash cycle relies on large amounts of water, vigorous mechanical actions and chemicals, Xeros' XOrbs can replace water as the primary cleaning agent and dramatically reduce the amount of water in a cycle. The process reduces the amount of chemicals required and also saves energy, as the cleaning cycle can be run at lower temperatures. In the recent past, the company has brought in new management, who have changed the direction of the company away from manufacturing and towards the creation of revenues through the licencing of their technology. Having followed the company's progress for some years now, we believe this strategic change towards a capital-light structure is a positive step and therefore decided to initiate a small position.

Since purchase the shares in the company have moved lower despite, in our view, making a couple of positive announcements. The first, a licencing deal with a large Chinese manufacturer and distributor of commercial washing machines. The second, a shipment of several washing machines to Cape Town, South Africa. Albeit still early stage, these types of announcements indicate that the company is starting to make significant progress in delivering its machines, and technology, around the world to some of the largest and fastest growing markets. Though, with the promise of a 2018 fundraise still "live", we are not surprised to see an absence of buying in the shares. We therefore keenly await the half-yearly results in September and a subsequent call with management for an update.

Finally, support services group, Equiniti, was also introduced to the Fund. In a nutshell, Equiniti is a provider of technology and solutions for complex and regulated administration. The core of the business was born out of Lloyds TSB in 2007, which included share registration, employee share plans administration and execution-only share dealing services. Subsequent to this, Equiniti has developed and acquired new capabilities to broaden and/or enhance the suite of services offered to clients, whilst also providing them with the opportunity for the cross-selling of services. In 2018, for example, the company acquired the share registration arm of Wells Fargo giving them access to world's largest equity market in US.

Today Equiniti holds several leading positions across the markets in which it operates in and its suite of services ranges from share registration and SAYE services, pension administration to complaints handling for financial services firms and workflow solutions. As well as this strong positioning, another of the key attractions of Equiniti to us is its apparent defensive attributes. Many of its services are non-discretionary in nature and are offered to a customer base which tends to largely be blue-chip and large public sector. Furthermore, it is typical that once a customer is won they tend to be very sticky and contracts are rarely lost. Bearing these characteristics in mind, the company should have a high level of recurrent revenue and visibility into the future, whilst profits also tend to be well supported by healthy cash flow. We believe the shares offer good value for what we view as a predictable and cash generative business and thus have added it to the Fund.

Regarding the exits, these were in lawyers Gateley and construction consultancy Driver. Whilst very different business, both were sold for similar reasons, in that we felt we had sufficient, and superior, exposure to the respective sectors operated in and therefore were minded to deploy the funds from these positions elsewhere.

## OUTLOOK

UK smaller companies, by their nature, are typically more domestically focused than their medium-sized and larger peers. True to this, many of the holdings in the Fund are primarily domestically-focused businesses and, as such, more reliant on the UK economy. Therefore, despite most of recent news flow from companies held in the portfolio being reassuring, a Brexit-induced consumer confidence shock and/or an economic wobble is the biggest risk we perceive on the horizon.

However, we are of the view that many of our companies are unique in their products/services and have leading market-shares alongside high barriers to entry, keeping them somewhat insulated. So, regardless of the uncertainty Brexit brings, our approach is very much focussed on a long-term view and centres around picking quality companies that will outlive any Brexit teething problems, as well as the next "big issue" and the one after that. We are always willing to be patient.

We also put a lot of weight on the quality of management at the companies we invest in. Many management teams of companies within the Fund have been in place for a long time and have experience of dealing with destabilising events over the years. So, despite there being historic scenarios and setbacks beyond their control which one may perceive to work against smaller companies, they've navigated through, carefully and dutifully. This kind of service and experience gives us confidence our capital is in safe hands.

# CASTLEFIELD B.E.S.T SUSTAINABLE UK SMALLER COMPANIES 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>
CML Microsystems	253	Gateley Holdings	141
Park Group	138	Fevertree Drinks	100
Equiniti Group	134	Driver Group	83
City of London Investment Group	130	AB Dynamics	45
Autins Group	112	Keywords Studios	40
Anpario	108	GB Group	37
Alumasc Group	87		
Premier Technical Services Group	86		
Lakehouse	81		
Iomart Group	78		
<b>Total purchases during the period were</b>	<b>2,001</b>	<b>Total sales during the period were</b>	<b>446</b>

# CASTLEFIELD B.E.S.T SUSTAINABLE UK SMALLER COMPANIES FUND

## PORTFOLIO OF INVESTMENTS

As at 31 August 2018

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>CONSUMER GOODS 6.41% (7.79%)</b>			
<b>Automobiles &amp; Parts 1.75% (1.84%)</b>			
330,000 *	Autins Group	148	1.74
1,000,000 **	Torotrak	1	0.01
		<b>149</b>	<b>1.75</b>
<b>Beverages 0.00% (1.49%)</b>			
<b>Household Goods &amp; Home Construction 4.66% (4.46%)</b>			
45,000	Headlam Group	204	2.40
175,000 *	Springfield Properties	193	2.26
		<b>397</b>	<b>4.66</b>
<b>CONSUMER SERVICES 8.87% (7.00%)</b>			
<b>General Retailers 1.79% (1.58%)</b>			
16,500 *	CVS Group	153	1.79
		<b>153</b>	<b>1.79</b>
<b>Media 2.69% (2.00%)</b>			
175,000 *	Cello Health	229	2.69
		<b>229</b>	<b>2.69</b>
<b>Travel, Leisure &amp; Catering 4.39% (3.42%)</b>			
115,000	Gym Group	374	4.39
		<b>374</b>	<b>4.39</b>
<b>FINANCIALS 22.01% (22.32%)</b>			
<b>Equity Investment Instruments 0.00% (3.55%)</b>			
<b>Financial Services 18.62% (15.72%)</b>			
583,750 *	Arden Partners	204	2.39
313,730 ***	Capital for Colleagues	110	1.29
85,000 *	City of London Investment Group	330	3.87
610,000 *	First Property Group	348	4.08
37,500 *	Mattioli Woods	309	3.63
420,000 *	Park Group	286	3.36
		<b>1,587</b>	<b>18.62</b>
<b>Nonlife Insurance 3.39% (3.05%)</b>			
60,000 *	Personal Group Holdings	289	3.39
		<b>289</b>	<b>3.39</b>
<b>HEALTH CARE 2.52% (1.55%)</b>			
<b>Pharmaceuticals &amp; Biotechnology 2.52% (1.55%)</b>			
50,000 *	Anpario	215	2.52
		<b>215</b>	<b>2.52</b>
<b>INDUSTRIALS 39.12% (39.35%)</b>			
<b>Construction &amp; Materials 3.00% (3.70%)</b>			
210,000	Alumasc Group	256	3.00
		<b>256</b>	<b>3.00</b>

# CASTLEFIELD B.E.S.T SUSTAINABLE UK SMALLER COMPANIES FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>Electronic &amp; Electrical Equipment 4.13% (3.57%)</b>			
213,000 *	Strix Group	352	4.13
		<b>352</b>	<b>4.13</b>
<b>General Industrials 2.55% (7.57%)</b>			
215,000	Macfarlane Group	217	2.55
		<b>217</b>	<b>2.55</b>
<b>Industrial Engineering 9.08% (9.14%)</b>			
38,000 *	AB Dynamics	468	5.49
55,000	Porvair	267	3.13
65,000 *	Xeros Technology Group PLC	39	0.46
		<b>774</b>	<b>9.08</b>
<b>Support Services 20.36% (15.37%)</b>			
480,000 *	Augean	197	2.31
60,000	Equiniti Group	132	1.55
100,000 *	Gordon Dadds Group	184	2.16
1,110,000 *	Inspired Energy	231	2.71
13,000 *	Keywords Studios	255	2.99
405,000 *	Lakehouse	160	1.88
175,000 *	Premier Technical Services Group	325	3.80
22,500	Vp	252	2.96
		<b>1,736</b>	<b>20.36</b>
<b>OIL &amp; GAS 0.07% (0.15%)</b>			
<b>Alternative Energy 0.07% (0.00%)</b>			
593,879 *	Hydrodec Group	6	0.07
		<b>6</b>	<b>0.07</b>
<b>TECHNOLOGY 18.96% (16.74%)</b>			
<b>Software &amp; Computer Services 11.97% (10.42%)</b>			
6,000 *	Accesso Technology Group	161	1.89
48,000 *	GB Group	300	3.52
525,000 *	IDOX	193	2.26
90,000 *	Iomart Group	366	4.30
		<b>1,020</b>	<b>11.97</b>
<b>Technology Hardware &amp; Equipment 6.99% (6.32%)</b>			
75,000 *	Amino Technologies	149	1.75
46,000	CML Microsystems	225	2.64
225,000 *	IQE	222	2.60
		<b>596</b>	<b>6.99</b>



# CASTLEFIELD B.E.S.T SUSTAINABLE UK SMALLER COMPANIES FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
	<b>UTILITIES 1.85% (2.05%)</b>		
	<b>Electricity 1.85% (2.05%)</b>		
120,000 *	Good Energy Group	158	1.85
		<b>158</b>	<b>1.85</b>
	<b>Total Value of Investments</b>	<b>8,508</b>	<b>99.81</b>
	Net Other Assets	16	0.19
	<b>Total Net Assets</b>	<b>8,524</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28 February 2018

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

\* AIM Listed Securities

\*\* Delisted Securities

\*\*\* Nex Exchange

# CASTLEFIELD B.E.S.T SUSTAINABLE UK SMALLER COMPANIES FUND

## STATEMENT OF TOTAL RETURN

For the period ended 31 August 2018

	31 Aug 18		31 Aug 17	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains		372		922
Revenue	96		65	
<b>Expenses</b>	<u>(89)</u>		<u>(73)</u>	
Net revenue before taxation	7		(8)	
Taxation	<u>-</u>		<u>-</u>	
Net revenue after taxation		<u>7</u>		<u>(8)</u>
Total return before distributions		379		914
Distributions		<u>(8)</u>		<u>-</u>
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>371</b>		<b>914</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 August 2018

	31 Aug 18		31 Aug 17	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to Shareholders</b>		<b>6,787</b>		<b>5,187</b>
Amounts receivable on issue of shares	1,841		266	
Less: Amounts paid on cancellation of shares	<u>(494)</u>		<u>(335)</u>	
		1,347		(69)
Dilution Levy		19		-
Change in net assets attributable to Shareholders from investment activities		<u>371</u>		<u>914</u>
<b>Closing net assets attributable to Shareholders</b>		<b>8,524</b>		<b>6,032</b>

# CASTLEFIELD B.E.S.T SUSTAINABLE UK SMALLER COMPANIES FUND

## BALANCE SHEET

As at 31 August 2018

	31 Aug 18 £'000	28 Feb 18 £'000
<b>ASSETS</b>		
Fixed assets:		
Investments	8,508	6,580
<b>Current assets:</b>		
Debtors	33	7
Cash and bank balances	80	325
<b>Total Assets</b>	<b>8,621</b>	<b>6,912</b>
<b>LIABILITIES</b>		
<b>Creditors:</b>		
Distribution payable on income shares	(9)	-
Other creditors	(88)	(125)
<b>Total liabilities</b>	<b>(97)</b>	<b>(125)</b>
<b>Net assets attributable to Shareholders</b>	<b>8,524</b>	<b>6,787</b>

On behalf of Castlefield Fund Partners Limited

John Eckersley  
Managing Director (of the ACD)

Susan Cohen  
Director (of the ACD)




31 October 2018

## 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 1st March 2018 to 31st August 2018:

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

Group 1 Shares purchased prior to 1st March 2018

Group 2 Shares purchased between 1st March 2018 to 31st August 2018

### Institutional Shares - Income

	Net income	Equalisation	Distribution Paid	
			31/10/18	27/11/17
Group 1	0.6888	-	0.6888	-
Group 2	0.4424	0.2464	0.6888	-

# CASTLEFIELD B.E.S.T UK OPPORTUNITIES FUND

Comparative Tables

**For the period ended 31 August 2018:**

## General Shares - Income

	31 Aug 18 (pence per share)	28 Feb 18 (pence per share)	28 Feb 17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	375.53	369.71	337.86
Return before operating charges*	52.93	17.35	42.81
Operating charges	(7.57)	(7.14)	(5.95)
Return after operating charges*	45.36	10.21	36.86
Distributions on income shares	(3.63)	(4.39)	(5.01)
Closing net asset value per share	417.26	375.53	369.71
after direct transaction costs of:**	0.00	0.09	0.09
<b>Performance</b>			
Return after charges	12.08%	2.76%	10.91%
<b>Other information</b>			
Closing net asset value (£'000)	1,035	969	1,005
Closing number of shares	247,943	257,959	271,977
Operating charges	1.89%	1.87%	1.85%
Direct transaction costs	0.00%	0.02%	0.02%
<b>Prices</b>			
Highest share price	419.40	397.74	370.97
Lowest share price	374.43	365.25	322.64

\* 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 UK OPPORTUNITIES FUND

## Institutional Shares - Income

	31 Aug 18 (pence per share)	28 Feb 18 (pence per share)	28 Feb 17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	381.27	375.36	343.01
Return before operating charges*	52.77	17.62	43.49
Operating charges	(5.65)	(5.28)	(4.25)
Return after operating charges*	47.12	12.34	39.24
Distributions on income shares	(4.72)	(6.42)	(6.89)
Closing net asset value per share	423.67	381.27	375.36
after direct transaction costs of:**	-	0.09	0.09
<b>Performance</b>			
Return after charges	12.36%	(3.29)%	11.44%
<b>Other information</b>			
Closing net asset value (£'000)	22,836	20,784	21,670
Closing number of shares	5,390,064	5,451,124	5,772,970
Operating charges	1.39%	1.36%	1.35%
Direct transaction costs	0.00%	0.02%	0.03%
<b>Prices</b>			
Highest share price	426.36	404.09	377.09
Lowest share price	380.18	371.20	327.68

\* 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 UK OPPORTUNITIES FUND

## Charity Shares - Income

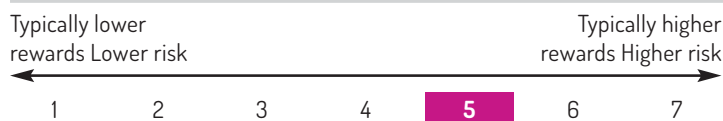
	31 Aug 18 (pence per share)	28 Feb 18 (pence per share)	28 Feb 17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	384.69	379.35	346.08
Return before operating charges*	52.75	17.16	44.50
Operating charges	(4.67)	(4.34)	(3.38)
Return after operating charges*	48.08	12.82	41.12
Distributions on income shares	(5.29)	(7.48)	(7.85)
Closing net asset value per share	427.48	384.69	379.35
after direct transaction costs of:**	0.00	0.08	0.09
<b>Performance</b>			
Return after charges	12.50%	3.38%	11.70%
<b>Other information</b>			
Closing net asset value (£'000)	7,321	7,120	9,376
Closing number of shares	1,712,697	1,850,866	2,475,716
Operating charges	1.14%	1.11%	1.10%
Direct transaction costs	0.00%	0.02%	0.03%
<b>Prices</b>			
Highest share price	430.46	407.84	380.69
Lowest share price	383.61	374.72	330.67

\* 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 UK OPPORTUNITIES FUND

## RISK AND REWARD INDICATOR (RRI)



The sub-Fund is ranked as 5 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 Fund is to invest primarily for long term capital growth from a portfolio of investments. The ACD's investment policy is actively to invest in those companies, primarily within the UK, where the manager believes there are above average opportunities for growth.

In seeking to achieve the stated investment objective, the Investment Adviser uses a responsible investment research process to identify the universe of securities from which the Fund may invest. The four criteria that need to be evidenced by each investment are reflected in the name of the Fund where "B.E.S.T" indicates Business & financial, Environmental & ecological, Social and Transparency & governance; however equal weighting may not be given to each element of these criteria when screening potential investments.

## INVESTMENT REVIEW

### Performance

During the six-month period under review, the fund returned +12.40% (as measured by the Institutional Income Share class). This compares to a return of +6.05% for the peer group of funds in the IA UK All Companies sector.

### Portfolio

The outperformance against peers and the wider stock-market was broad-based with individual stock selection and sector positioning both playing their part. It was notable that the start of the period coincided with an environment of extreme risk-aversion that had seen markets fall sharply through January and February. The fund had held up well during this period and the outperformance since then was all the more pleasing as it was not a simple cyclical rebound. Performance was driven by holdings across a range of sectors rather than overexposure to a few industries. Substantial contributors to performance included pharmaceutical holdings, specialist financial stocks, leisure industry groups and business services. It was not all positive news though with our exposure to the retailing sector costing us some performance as consumer sentiment faltered and gyrations in exchange rates put pressure on costs.

The period commenced just as one of the main portfolio holdings, Cineworld closed its acquisition of US cinema chain, Regal Cinemas. The deal was funded by a large rights issue and the completion of the deal saw the group move to become the largest holding in the portfolio. The acquisition has resulted in a substantial increase in scale of the group in what has been a consolidating industry. It now has a large presence in the US market and is the second largest chain in the world. Recent full year results announced towards the close of the period showed robust growth in pro forma box office takings supporting an increased dividend. In the pharmaceuticals sector, Shire received a bid from Japanese pharmaceutical giant Takeda. Further helping sector contributions to returns, generic and branded drug maker Hikma rebounded strongly following a period of market disappointment stemming from delays to the release of a new drug. Market expectations had shifted from being overly positive to overly negative and the rebound this period as investors again focused on fundamentals has substantially aided performance.

K3 Capital, the business sales agency and Park Plaza Hotels Europe both reported very strong trading during the period, contributing substantially to overall portfolio returns. M&A proved to be a material influence on returns during the period with several of our holdings engaged in deals. Quite apart from the acquisition by Cineworld of the US cinema chain Regal and the approach for Shire by Takeda both noted above, other portfolio constituents were revealed as bid targets over the past six months. Fenner, the manufacturer of industrial conveyor equipment was acquired by Michelin in May and the leisure group Whitbread announced the sale of its Costa chain of coffee shops to Coca-Cola of the US. The disposal of Costa, expected to complete next year, will leave Whitbread solely focused on its hotel brand, Premier Inn, which itself could be a bid target in the future.

### Outlook

This increase in corporate deal activity may itself be an indication of the late stage in the economic cycle in which we find ourselves. The recent strong performance by the US market led by tech stocks is another potential cause for concern. The recent shake-up in emerging market economies, in part prompted by the steady increase of interest rates by the Federal Reserve in the US means that a correction in markets here could easily be prompted by international developments. That is despite the problems presented by the ongoing Brexit negotiations making the headlines more prominently. We therefore enter the second half of the year with some caution and have reduced some of our largest positions after the period end, taking profits and allowing cash to build up slightly.

# CASTLEFIELD B.E.S.T UK OPPORTUNITIES FUND

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There were no purchases or sales during the period.



# CASTLEFIELD B.E.S.T UK OPPORTUNITIES FUND

## PORTFOLIO OF INVESTMENTS

As at 31 August 2018

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>BASIC MATERIALS 8.20% (8.55%)</b>			
<b>Chemicals 3.36% (3.38%)</b>			
16,380	Croda International	842	2.70
79,520	Elementis	206	0.66
		<b>1,048</b>	<b>3.36</b>
<b>Mining 4.84% (5.17%)</b>			
43,132	BHP Billiton	716	2.30
21,591	Rio Tinto	793	2.54
		<b>1,509</b>	<b>4.84</b>
<b>CONSUMER GOODS 13.10% (12.96%)</b>			
<b>Beverages 5.37% (5.11%)</b>			
92,177	Britvic	751	2.41
34,291	Diageo	925	2.96
		<b>1,676</b>	<b>5.37</b>
<b>Food Producers 4.36% (4.71%)</b>			
325,832	Devro	633	2.03
56,471	Glanbia	726	2.33
		<b>1,359</b>	<b>4.36</b>
<b>Household Goods &amp; Home Construction 1.25% (1.19%)</b>			
5,949	Reckitt Benckiser Group	391	1.25
		<b>391</b>	<b>1.25</b>
<b>Personal Goods 2.12% (1.95%)</b>			
15,038	Unilever	661	2.12
		<b>661</b>	<b>2.12</b>
<b>CONSUMER SERVICES 17.37% (15.85%)</b>			
<b>General Retailers 1.50% (2.41%)</b>			
833,399	Debenhams	109	0.35
235,394	N Brown Group	360	1.15
		<b>469</b>	<b>1.50</b>
<b>Travel, Leisure &amp; Catering 15.87% (13.44%)</b>			
752,160	Cineworld Group	2,290	7.35
102,544	PPHE Hotel Group	1,528	4.90
24,165	Whitbread	1,130	3.62
		<b>4,948</b>	<b>15.87</b>
<b>FINANCIALS 22.82% (20.43%)</b>			
<b>Banks 4.25% (5.44%)</b>			
383,422	Barclays	679	2.18
61,773 **	Irish Bank Resolution Corp	-	-
1,086,740	Lloyds Banking Group	646	2.07
		<b>1,325</b>	<b>4.25</b>

# CASTLEFIELD B.E.S.T UK OPPORTUNITIES FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>Financial Services 11.82% (7.50%)</b>			
125,000 **	Finance Ireland	13	0.04
207,442 *	H&T Group	633	2.03
177,995	IG Group Holdings	1,619	5.19
474,388 *	K3 Capital Group	1,422	4.56
283,500 **	Tersus Energy	-	-
		<b>3,687</b>	<b>11.82</b>
<b>Life Insurance 3.49% (3.98%)</b>			
62,361	Prudential	1,089	3.49
		<b>1,089</b>	<b>3.49</b>
<b>Nonlife Insurance 1.17% (1.16%)</b>			
59,878	Lancashire Holdings	366	1.17
		<b>366</b>	<b>1.17</b>
<b>Real Estate Investment Trusts 2.09% (2.35%)</b>			
1,181,290	Assura	651	2.09
		<b>651</b>	<b>2.09</b>
<b>HEALTH CARE 11.97% (8.35%)</b>			
<b>Health Care Equipment &amp; Services 2.94% (2.99%)</b>			
67,340	Smith & Nephew	918	2.94
		<b>918</b>	<b>2.94</b>
<b>Pharmaceuticals &amp; Biotechnology 9.03% (5.36%)</b>			
78,996	Hikma Pharmaceuticals	1,563	5.02
27,882	Shire	1,252	4.01
		<b>2,815</b>	<b>9.03</b>
<b>INDUSTRIALS 17.43% (24.99%)</b>			
<b>Aerospace &amp; Defense 2.53% (2.34%)</b>			
56,535	Chemring Group	109	0.35
125,901	Meggitt	680	2.18
		<b>789</b>	<b>2.53</b>
<b>Industrial Engineering 0.00% (2.41%)</b>			
<b>Support Services 14.90% (20.24%)</b>			
33,157	Aggreko	282	0.90
108,527	Babcock International Group	783	2.51
694,992 *	Begbies Traynor Group	463	1.48
417,352	Equiniti Group	920	2.95
415,734	RPS Group	1,002	3.21
259,888 *	RWS Holdings	1,198	3.85
		<b>4,648</b>	<b>14.90</b>

# CASTLEFIELD B.E.S.T UK OPPORTUNITIES FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>OIL &amp; GAS 3.82% (3.36%)</b>			
<b>Oil Equipment, Services &amp; Distribution 3.82% (3.36%)</b>			
125,246	John Wood Group	919	2.94
42,329	Petrofac	274	0.88
		<b>1,193</b>	<b>3.82</b>
<b>TELECOMMUNICATIONS 4.66% (4.94%)</b>			
<b>Fixed Line Telecommunications 2.44% (2.92%)</b>			
347,490	BT Group	762	2.44
		<b>762</b>	<b>2.44</b>
<b>Mobile Telecommunications 2.22% (2.02%)</b>			
124,284	Inmarsat	691	2.22
		<b>691</b>	<b>2.22</b>
<b>Total Value of Investments</b>		<b>30,995</b>	<b>99.37</b>
Net Other Assets		197	0.63
<b>Total Net Assets</b>		<b>31,192</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28 February 2018

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

\* AIM Listed Securities

\*\* Delisted Securities

# CASTLEFIELD B.E.S.T UK OPPORTUNITIES FUND

## STATEMENT OF TOTAL RETURN

For the period ended 31 August 2018

	31 Aug 18		31 Aug 17	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains		3,184		958
Revenue	573		606	
<b>Expenses</b>	(207)		(213)	
Interest payable and similar charges	-		-	
Net revenue before taxation	366		393	
Taxation	(4)		(1)	
Net revenue after taxation		362		392
Total return before distributions		3,546		1,350
Distributions		(362)		(392)
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>3,184</b>		<b>958</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 August 2018

	31 Aug 18		31 Aug 17	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to Shareholders</b>		<b>28,873</b>		<b>32,051</b>
Amounts receivable on issue of shares	334		826	
Less: Amounts paid on cancellation of shares	(1,199)		(1,814)	
		(865)		(988)
Dilution Levy				-
Change in net assets attributable to Shareholders from investment activities		3,184		958
<b>Closing net assets attributable to Shareholders</b>		<b>31,192</b>		<b>32,021</b>

# CASTLEFIELD B.E.S.T UK OPPORTUNITIES FUND

## BALANCE SHEET

As at 31 August 2018

	31 Aug 18 £'000	28 Feb 18 £'000
<b>ASSETS</b>		
Fixed assets:		
Investments	30,995	28,708
<b>Current assets:</b>		
Debtors	159	43
Cash and bank balances	644	194
<b>Total Assets</b>	<b>31,798</b>	<b>28,945</b>
<b>LIABILITIES</b>		
<b>Creditors:</b>		
Distribution payable on income shares	(130)	(53)
Other creditors	(476)	(19)
<b>Total liabilities</b>	<b>(606)</b>	<b>(72)</b>
<b>Net assets attributable to Shareholders</b>	<b>31,192</b>	<b>28,873</b>

On behalf of Castlefield Fund Partners Limited

John Eckersley  
Managing Director (of the ACD)



31 October 2018

Susan Cohen  
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 B.E.S.T UK OPPORTUNITIES FUND

## DISTRIBUTION TABLES

For the period from 1st March 2018 to 31st May 2018

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

Group 1 Shares purchased prior to 1st March 2018

Group 2 Shares purchased between 1st March 2018 to 31st May 2018

#### General Shares - Income

	Net income	Equalisation	Distribution Paid 31/07/18	Distribution Paid 27/08/17
Group 1	2.4653	-	2.4653	2.4247
Group 2	0.0000	2.4653	2.4653	2.4247

#### Institutional Shares - Income

	Net income	Equalisation	Distribution Paid 31/07/18	Distribution Paid 27/08/17
Group 1	3.0028	-	3.0028	2.9713
Group 2	2.4052	0.5976	3.0028	2.9713

#### Charity Shares - Income

	Net income	Equalisation	Distribution Paid 31/07/18	Distribution Paid 27/08/17
Group 1	3.2842	-	3.2842	3.2539
Group 2	1.7009	1.5833	3.2842	3.2539

For the period from 1st June 2018 to 31st August 2018

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

Group 1 Shares purchased prior to 1st June 2018

Group 2 Shares purchased between 1st June 2018 to 31st August 2018

#### General Shares - Income

	Net income	Equalisation	Distribution Payable 31/10/18	Distribution Paid 27/11/17
Group 1	1.1695	-	1.1695	1.0771
Group 2	1.0985	0.0710	1.1695	1.0771

#### Institutional Shares - Income

	Net income	Equalisation	Distribution Payable 31/10/18	Distribution Paid 27/11/17
Group 1	1.7203	0.0000	1.7203	1.5829
Group 2	1.2617	0.4586	1.7203	1.5829

#### Charity Shares - Income

	Net income	Equalisation	Distribution Payable 31/10/18	Distribution Paid 27/11/17
Group 1	2.0023	0.00	2.0023	1.8441
Group 2	2.0023	0.00	2.0023	1.8441

# CASTLEFIELD REAL RETURN FUND

## COMPARATIVE TABLES

For the period ended 31 August 2018

### General Shares - Income

	31 Aug 18 (pence per share)	28 Feb 18 (pence per share)	28 Feb 17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	217.86	221.14	203.33
Return before operating charges*	9.90	1.79	21.99
Operating charges	(4.44)	(4.56)	(4.18)
Return after operating charges*	5.46	(2.77)	17.81
Distributions on income shares	(0.25)	(0.51)	0.00
Closing net asset value per share	223.07	217.86	221.14
after direct transaction costs of:**	0.00	0.00	0.01
<b>Performance</b>			
Return after charges	2.51%	(1.25)%	8.76%
<b>Other information</b>			
Closing net asset value (£'000)	105	103	13
Closing number of shares	47,243	47,232	5,708
Operating charges	2.00%	2.04%	1.90%
Direct transaction costs	0.00%	0.01%	0.01%
<b>Prices</b>			
Highest share price	226.67	227.43	221.78
Lowest share price	215.09	218.28	204.93

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# CASTLEFIELD REAL RETURN FUND

## Institutional Shares - Income

	31 Aug 18 (pence per share)	28 Feb 18 (pence per share)	28 Feb 17 (pence per share)
<b>Change in net assets per share</b>			
Opening net asset value per share	230.83	233.66	214.81
Return before operating charges*	9.92	2.30	22.89
Operating charges	(3.52)	(3.69)	(3.30)
Return after operating charges*	6.40	(1.39)	19.59
Distributions on income shares	(0.87)	(1.44)	(0.74)
Closing net asset value per share	236.36	230.83	233.66
after direct transaction costs of:**	0.00	0.00	0.01
<b>Performance</b>			
Return after charges	2.77%	(0.59)%	9.13%
<b>Other information</b>			
Closing net asset value (£'000)	31,507	29,949	26,230
Closing number of shares	3,829,766	12,974,245	11,225,745
Operating charges	1.49%	1.55%	1.40%
Direct transaction costs	0.00%	0.01%	0.01%
<b>Prices</b>			
Highest share price	240.71	241.15	234.99
Lowest share price	227.98	231.69	216.52

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# CASTLEFIELD REAL RETURN 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 Fund aims to generate a positive annualised real 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. Real return means a return over UK CPI over a rolling 3 year time horizon.

The Fund will invest in transferable securities (both quoted and unquoted), units and/or shares in other collective investment schemes, structured products, deposits, warrants, fixed interest securities, money market instruments, and cash and near cash. The Fund may also invest in derivatives and forward transactions for investment purposes as well as for efficient portfolio management (including hedging), and may also borrow and enter into stocklending and underwriting arrangements in accordance with COLL.

## INVESTMENT REVIEW

### Performance

During the six-month period under review, the fund returned +2.91% (as measured by the Institutional Income Share class). This compares to a loss of -0.49% for the peer group of funds in the IA Targeted Absolute Return sector.

### Activity

The fund participated in the recovery of real assets from the lows witnessed during the early part of the reporting period, as risk aversion receded. Global equities, recovered as community prices gained and fears of a US initiated trade war receded.

During the period we added to a number of holdings within the “real asset” portion of the portfolio where we continue to see attractive returns. We added to one of the listed private equity holdings that is something of special situation as it is in the final stages of its life. It continues to return capital to shareholders as underlying investments are realised from the portfolio of unlisted companies. Whilst this generates steady positive returns as these payments are made from shares which currently sit at a discount to the NAV, the effect is also to reduce the size of the holding within the portfolio, so we again topped up our allocation by buying more shares in the market.

Elsewhere we were mindful of the increase in yields that have affected valuations in credit markets, particularly in emerging economies. We exited an emerging market debt fund in June before credit conditions deteriorated in markets such as Turkey and Argentina. We reinvested into a sterling bond issue from Belong Homes issued through the Retail Charity Bond (RCB) platform. Belong run a number of residential care homes and the 4.5% coupon on the 8-year issue is attractive in the current environment but more importantly, the yield represents a compelling margin over the benchmark 10-year gilt. We have also invested in two Zero Dividend Preference shares instead of adding further to conventional fixed income assets. The larger of the two, NBPE, is a listed private equity vehicle and already has one ZDP in issue (a small amount of which is held within the Castlefield Real Return Fund). The trust further extended their debt funding profile with a new issue represents the opportunity for relatively low risk, stable returns over a shorter 6-year maturity profile.

Finally, within the structured products portion of the portfolio, one note redeemed in June after hitting an early repayment threshold two years’ after first being issued. We received the original investment plus coupons over the two years. With the note referencing equity indices, we chose to reinvest after the period end as buoyant equities in developed markets failed to present an attractive entry point over the Summer.

### Outlook

Whilst political risk has superficially receded from the elevated levels at the time of the last report, the prospect for a politically-induced correction in markets remains. A failure to meaningfully progress Brexit negotiations, Emerging market crises and the imminent US mid-term elections in an already politically polarised environment could all result in a change in investor sentiment away from equities and other risk assets. At the same time, UK and US yields are rising and bonds as an asset class no longer offer investors the traditional safe-haven status as in previous cycles. We have therefore increasingly allocated towards assets that we feel will preserve investors capital in this environment, utilising the full range of investments available to us.

# CASTLEFIELD REAL RETURN 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>
NB Private Equity Partners Sicav	785	JP Morgan Structured Products 0% 06/06/2022	866
RM ZDP	500	Lazard Global Investment Funds	391
Retail Charity Bonds 4.50% 20/06/2026	462	F&C Commercial Property Trust	293
JPEL Private Equity	117		
<b>Total purchases during the period were</b>	<b>1,864</b>	<b>Total sales during the period were</b>	<b>1,549</b>

# CASTLEFIELD REAL RETURN FUND

## PORTFOLIO OF INVESTMENTS

As at 31 August 2018

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>EQUITIES 4.03% (4.23%)</b>			
<b>Ireland 2.38% (2.51%)</b>			
813,040 *	Greencoat Renewables	752	2.38
		<b>752</b>	<b>2.38</b>
<b>United Kingdom 1.65% (1.72%)</b>			
421,390	Greencoat UK Wind	523	1.65
		<b>523</b>	<b>1.65</b>
<b>STRUCTURED PLANS 36.10% (39.36%)</b>			
<b>Luxembourg 5.16% (5.18%)</b>			
1,600,000	SG Issuer 0% 14/07/2023	1,632	5.16
		<b>1,632</b>	<b>5.16</b>
<b>Netherlands 25.38% (28.47%)</b>			
1,250,000	BBVA Global Markets 0% 19/10/2023	1,207	3.82
1,250,000	BBVA Global Markets 0% 30/11/2023	1,241	3.93
1,900,000	BNP Paribas 0% 20/07/2022	838	2.65
1,000,000	BNP Paribas 0% 25/02/2022	688	2.18
500,000	BNP Paribas 0% 25/09/2020	486	1.54
1,250,000	J.P. Morgan Structured Products 0% 14/12/ 2023	1,210	3.83
1,850,000	Morgan Stanley 0% 15/02/2019	1,427	4.51
750,000	Morgan Stanley 0% 16/06/2022	924	2.92
		<b>8,021</b>	<b>25.38</b>
<b>United Kingdom 5.56% (5.70%)</b>			
750,000	Exane Finance 0% 05/01/2024	699	2.21
1,000,000	Goldman Sachs International 12/05/2023	1,058	3.35
		<b>1,757</b>	<b>5.56</b>
<b>DEBT SECURITIES 13.40% (12.67%)</b>			
<b>United Kingdom 13.40% (12.67%)</b>			
150,000	Alpha Plus Holdings 5.75% 18/12/2019	153	0.48
550,000	Burford Capital 6.125% 26/10/2024	604	1.91
300,000	Intermediate Capital 5% 24/03/2023	313	0.99
150,000	International Personal Finance 6.125% 08/05/2020	152	0.48
200,000	National Grid Floating 06/10/2021	232	0.73
500,000	Places For People Finance 4.25% 15/12/2023	509	1.61
600,000	Retail Charity Bonds 4% 31/10/2027	598	1.89
167,200	Retail Charity Bonds 4.25% 06/07/2026	172	0.55
327,900	Retail Charity Bonds 4.25% 30/03/2026	327	1.04
117,700	Retail Charity Bonds 4.375% 29/07/2021	124	0.39
153,500	Retail Charity Bonds 4.4% 30/04/2025	158	0.50
462,200	Retail Charity Bonds 4.50% 20/06/2026	466	1.48
83,900	Retail Charity Bonds 5% 12/04/2026	93	0.29
307,000	Tesco Personal Finance Floating 16/12/2019	334	1.05
		<b>4,235</b>	<b>13.40</b>

# CASTLEFIELD REAL RETURN FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>EXCHANGE TRADED FUNDS 1.18% (1.24%)</b>			
<b>Ireland 1.18% (1.24%)</b>			
1,085	iShares Global High Yield Corp	108	0.34
3,300	iShares J.P.Morgan USD EM Bond UCITS ETF-D	266	0.84
		<b>374</b>	<b>1.18</b>
<b>INVESTMENT TRUSTS 33.85% (32.94%)</b>			
<b>Bermuda 5.66% (6.97%)</b>			
416,100	UIL Finance ZDP 2020	595	1.88
1,136,400	UIL Finance ZDP 2024	1,193	3.78
		<b>1,788</b>	<b>5.66</b>
<b>Guernsey 6.64% (4.14%)</b>			
125,215	International Public Partnerships	195	0.62
350,905	JPEL Private Equity	383	1.21
50,000	NB Private Equity Partners	56	0.18
785,000	NB Private Equity Partners Sicav	811	2.56
434,782	Schroder Real Estate Investment Trust	283	0.90
413,949	UK Commercial Property Trust	370	1.17
		<b>2,098</b>	<b>6.64</b>
<b>Jersey 4.79% (4.82%)</b>			
175,855	3i Infrastructure	434	1.37
1,000,000	EJF Investments	1,080	3.42
		<b>1,514</b>	<b>4.79</b>
<b>United Kingdom 16.76% (17.01%)</b>			
550,000	AEW Long Lease REIT	523	1.65
940,701	Assura REIT	518	1.64
560,000	Ediston Property Investment Company	616	1.95
160,000	Inland ZDP	242	0.77
300,000	Menhaden Capital	210	0.66
29,152	P2P Global Investment Fund	226	0.71
33,890	Ranger Direct Lending Fund	262	0.83
512,000	Ranger Direct Lending ZDP	558	1.77
250,000	Regional REIT	323	1.02
500,000	RM ZDP	500	1.58
500,000	Schroder European Real Estate	563	1.78
635,000 *	Urban Logistics REIT	761	2.40
		<b>5,302</b>	<b>16.76</b>
<b>COLLECTIVE INVESTMENT SCHEMES 8.02% (8.24%)</b>			
<b>Bermuda 0.97% (0.00%)</b>			
203,239	Acorn Income Fund	307	0.97
		<b>307</b>	<b>0.97</b>

# CASTLEFIELD REAL RETURN FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>Guernsey 4.31% (4.14%)</b>			
108,537	Apax Global Alpha	149	0.47
550,000	Axiom European Financial Debt Fund	538	1.71
350,000	Twentyfour Income Fund	431	1.36
250,000	Twentyfour Select Monthly Income Fund	242	0.77
		<b>1,360</b>	<b>4.31</b>
<b>Ireland 2.74% (4.10%)</b>			
469,836	Lazard Global Listed Infrastructure	867	2.74
		<b>867</b>	<b>2.74</b>
<b>Total Value of Investments</b>		<b>30,530</b>	<b>96.58</b>
Net Other Assets		1,082	3.42
<b>Total Net Assets</b>		<b>31,612</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28 February 2018

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

\* AIM Listed Securities

# CASTLEFIELD REAL RETURN FUND

## STATEMENT OF TOTAL RETURN

For the period ended 31 August 2018

	31 Aug 18		31 Aug 17	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains		723		629
Revenue	348		252	
<b>Expenses</b>	(215)		(193)	
Interest payable and similar charges	<u>(3)</u>		<u>-</u>	
Net revenue before taxation	130		59	
Taxation	<u>(8)</u>		<u>-</u>	
Net revenue after taxation		<u>122</u>		<u>59</u>
		845		
Total return before distributions				688
Distributions		<u>(123)</u>		<u>(59)</u>
<b>Change in net assets attributable to Shareholders from investment activities</b>		<b>722</b>		<b>629</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 August 2018

	31 Aug 18		31 Aug 17	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to Shareholders</b>		<b>30,052</b>		<b>26,243</b>
Amounts receivable on issue of shares	2,074		3,737	
Less: Amounts paid on cancellation of shares	<u>(1,236)</u>		<u>(1,203)</u>	
		838		2,534
Change in net assets attributable to Shareholders from investment activities		<u>722</u>		<u>629</u>
<b>Closing net assets attributable to Shareholders</b>		<b>31,612</b>		<b>29,406</b>

# CASTLEFIELD REAL RETURN FUND

## BALANCE SHEET

As at 31 August 2018	31 Aug 18 £'000	28 Feb 18 £'000
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investments	30,530	29,651
<b>Current assets:</b>		
Debtors	240	739
Cash and bank balances	1,127	1,414
<b>Total Assets</b>	<b>31,897</b>	<b>31,804</b>
<b>LIABILITIES</b>		
<b>Creditors:</b>		
Distribution payable on income shares	(124)	(123)
Bank overdraft	-	(991)
Other creditors	(161)	(638)
<b>Total liabilities</b>	<b>(285)</b>	<b>(1,752)</b>
<b>Net assets attributable to Shareholders</b>	<b>31,612</b>	<b>30,052</b>

On behalf of Castlefield Fund Partners Limited

John Eckersley  
Managing Director (of the ACD)



31 October 2018

Susan Cohen  
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 REAL RETURN FUND

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## DISTRIBUTION TABLES

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For the period from 1st March 2018 to 31st August 2018

### Interim dividend distribution in pence per share.

Group 1 Shares purchased prior to 1st March 2018

Group 2 Shares purchased between 1st March 2018 to 31st August 2018

#### General Shares - Income

	Net income	Equalisation	Distribution Payable 31/10/18	Distribution Paid 27/11/17
Group 1	0.2544	-	0.2544	0.5110
Group 2	0.0805	0.1739	0.2544	0.5110

#### Institutional Shares - Income

	Net income	Equalisation	Distribution Payable 31/10/18	Distribution Paid 27/11/17
Group 1	0.8697	-	0.8697	0.4984
Group 2	0.3930	0.4767	0.8697	0.4984