



CFP SDL UK Buffettology Fund

CFP SDL Free Spirit 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

INDEX

Management and Administration

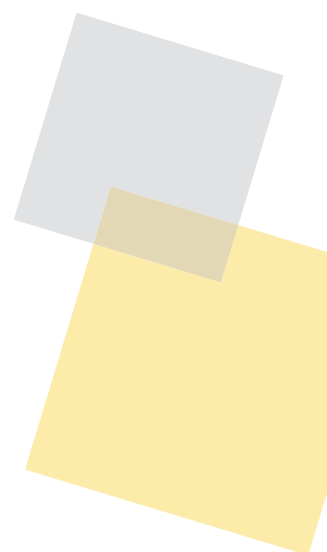
Registered Office and Directors	2
Company Information	2
Report of the ACD to the Shareholders of the Company (UNAUDITED)	2
Sub-Fund Cross-Holdings	3
Directors' Statement	3
Investment Review of Castlefield Funds	4

CFP SDL UK BUFFETTOLOGY FUND

Comparative Tables	5
Risk and Reward Indicator (RRI)	8
Investment Objective and Policy	8
Investment Review	8
Portfolio of Investments	10
Statement of Total Return	12
Statement of Change in Net Assets Attributable to Shareholders	12
Balance Sheet	13
Notes to the Financial Statements	13
Distribution Tables	14

CFP SDL FREE SPIRIT FUND

Comparative Tables	15
Risk and Reward Indicator (RRI)	17
Investment Objective and Policy	17
Investment Review	17
Portfolio of Investments	19
Portfolio of Investments	20
Portfolio of Investments	21
Statement of Total Return	22
Statement of Change in Net Assets Attributable to Shareholders	22
Balance Sheet	23
Notes to the Financial Statements	23
Distribution Tables	24



MANAGEMENT AND ADMINISTRATION

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

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 throughout the year. The report and accounts contained within the below statements refer specifically to CFP SDL UK Buffettology Fund and CFP SDL Free Spirit Fund 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.

The Umbrella Company annual report and accounts is available on request from the ACD.

REPORT OF THE ACD TO THE SHAREHOLDERS OF THE COMPANY (UNAUDITED)

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

SUB-FUND CROSS-HOLDINGS

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

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

John Eckersley

Director (of the ACD)



Susan Cohen

Director (of the ACD)



31 October 2018

CASTLEFIELD FUNDS

ABOUT THE INVESTMENT ADVISER

Castlefield Investment Partners LLP (CIP) act as the appointed Investment Adviser to the sub-Funds as referred to within this document. Sanford DeLand Asset Management (SDL) act as an Appointed Representative of CIP. The Directors of SDL, noted within this document, act as Approved Persons of CIP for the purposes of acting as the lead day-to-day managers to the respective sub-Funds.

CIP is part of the Castlefield family of investment, advisory and operational support businesses. CIP is authorised and regulated by the Financial Conduct Authority and is a member of the London Stock Exchange.

INVESTMENT REVIEW OF CASTLEFIELD FUNDS

MARKET REVIEW

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.

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.

CFP SDL UK BUFFETTOLOGY FUND

COMPARATIVE TABLES

General Shares - Income

	31 Aug 18 (pence per share)	28 Feb 18 (pence per share)	28 Feb 17 (pence per share)
Change in net assets per share			
Opening net asset value per share	279.07	231.73	191.83
Return before operating charges*	36.17	53.94	45.51
Operating charges	(5.30)	(4.71)	(3.68)
Return after operating charges*	30.87	49.23	41.83
Distributions on income units	(0.35)	(1.89)	(1.93)
Closing net asset value per share	309.59	279.07	231.73
after direct transaction costs of:**	0.34	0.84	0.65
Performance			
Return after charges	11.06%	21.25%	21.80%
Other information			
Closing net asset value (£'000)	42,267	35,797	33,019
Closing number of shares	13,652,656	12,827,000	14,249,429
Operating charges	1.80%	1.83%	1.92%
Direct transaction costs	0.11%	0.26%	0.28%
Prices			
Highest share price	311.26	286.66	236.37
Lowest share price	275.21	233.94	184.90

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

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

CFP SDL UK BUFFETTOLOGY FUND

Institutional Shares - Income

	31 Aug 18 (pence per share)	28 Feb 18 (pence per share)	28 Feb 17 (pence per share)
Change in net assets per share			
Opening net asset value per share	280.02	232.48	192.39
Return before operating charges*	37.46	53.54	45.75
Operating charges	(5.70)	(2.81)	(2.63)
Return after operating charges*	31.76	50.73	43.12
Distributions on income units	(1.10)	(3.19)	(3.03)
Closing net asset value per share	310.68	280.02	232.48
after direct transaction costs of:**	0.34	0.72	0.76
Performance			
Return after charges	11.34%	21.82%	22.41%
Other information			
Closing net asset value (£'000)	326,398	228,100	78,679
Closing number of shares	105,058,511	81,457,082	33,843,743
Operating charges	1.30%	1.33%	1.42%
Direct transaction costs	0.11%	0.26%	0.33%
Prices			
Highest share price	313.10	288.15	237.65
Lowest share price	276.23	235.55	185.77

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CFP SDL UK BUFFETTOLOGY FUND

Institutional Shares - Accumulation

	31 Aug 18 (pence per share)	28 Feb 18 (pence per share)
Change in net assets per share		
Opening net asset value per share	110.03	100.00
Return before operating charges*	14.25	11.46
Operating charges	(1.76)	(1.43)
Return after operating charges*	12.49	10.03
Distributions	(0.44)	(0.69)
Retained distribution on accumulation shares	0.44	0.69
Closing net asset value per share	122.52	110.03
after direct transaction costs of:**	0.12	0.19
Performance		
Return after charges	11.35%	10.03%
Other information		
Closing net asset value (£'000)	72,081	19,399
Closing number of shares	58,833,454	17,630,652
Operating charges	1.30%	1.33%
Direct transaction costs	0.11%	0.26%
Prices		
Highest share price	123.04	112.51
Lowest share price	108.54	100.00

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

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

CFP SDL UK BUFFETTOLOGY FUND

RISK AND REWARD INDICATOR (RRI)



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

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

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Fund is to seek to achieve an annual compounding rate of return over the long term which is superior to the performance of the UK stock market. The Fund will invest principally in a portfolio of UK equities, and may also invest in other transferable securities, money market instruments, units and/or shares in other collective investment schemes, deposits, warrants, cash and near cash. The Investment Adviser will adopt a focussed approach to investing in shares of those companies which it believes have strong operating franchises and experienced management teams and whose shares are undervalued and offer the potential for improved economic growth.

The Fund may also invest in derivatives and forward transactions (for hedging purposes). The Fund may borrow and may enter into stocklending and underwriting transactions in accordance with COLL.

INVESTMENT REVIEW

INVESTMENT PHILOSOPHY AND PROCESS

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

PERFORMANCE

The Fund's Institutional Income (I) Class share price rose by 10.6% from 283.38p at the close on 28 February 2018 to 313.43p on 31 August 2018. This compared to a 3.1% rise in the UK stock market. The Fund outperformed its benchmark index in five of the six discrete months. Measured on a total return basis, with dividends reinvested, the I Class share price rose by 11.3% compared to a rise of 5.9% for the Fund's peer group, the IA UK All Companies sector. The share price ended the review period at an all-time high. The six-month low of 276.23p was touched on 23 March 2018.

At the period end, FE Trustnet ranked the Fund 1st out of 264 funds in the IA UK All Companies sector over one year, 3rd out of 249 over three years and 4th out of 237 over five years. Lipper, Morningstar and FE Trustnet currently accord the Fund a 5 out of 5 rating. In July, Money Observer conferred on it the award of Best UK Larger Growth Fund 2018, the Fund having this year graduated from the smaller size category where it had won the equivalent award for the last three consecutive years. In June, the Fund was added to the list of 'rated funds' by the RSMR ratings agency.

PORTFOLIO ACTIVITY

The Fund benefited from net inflows each month throughout March to August totalling £120.4m. As a result of this and the investment performance, the size of the Fund rose from £285.8m to £443.2m. New investment, totalling £107.6m, was concentrated in topping up existing investments plus three new company purchases – Provident Financial, Focusrite and Berkshire Hathaway. The divestment of our existing holdings in Mattioli Woods and Domino's Pizza Group realised £8.9m.

Provident Financial needs no introduction having been a previous investee company that I had sold in July and August 2017 prior to a nasty profit warning. Since then, there has been a wholesale change of management and the re-entry price was about one-third of the level at which I sold. Likewise Berkshire Hathaway needs little introduction being the investment vehicle of Warren Buffett and Charlie Munger. It is our first overseas investment. It gives us broad exposure to the US economy via its wholly owned subsidiaries in a plethora of industries and its investments in marketable securities. It also gives us some protection from Sterling downside risk. Focusrite is a global music and audio products group that develops and markets proprietary hardware and software products used in recording studios. It was founded over three decades ago by managers steeped in the industry. Compound annual growth over the last five years has been: sales 21.2%; operating profits 29.2%; and EPS 22.8%. Operating margins are a decent 14.3% and ROE is 30.0%. Cash conversion is a bit low for me though, having averaged 63% over the last five years, influenced by lumpy R&D spending and capital requirements. Cash accounts for 43% of net assets and retained earnings make up 95% of equity.

CFP SDL UK BUFFETTOLOGY FUND

In March, I completed the divestment of Mattioli Woods, which had been in progress since late December. When the first investment was made, in December 2011, this was a business that made an operating margin of 29.2% and a return on equity of 16.1%. Six years on, those metrics had fallen to 15.4% and 9.2%, respectively. Along the way, numerous acquisitions have been made and additional shares issued. It seems to me as though the quality of the original business is being diluted by pricy M&A activity. Turning to Domino's Pizza, in the summer we had disappointing LFL sales, despite the boost the World Cup should have provided, and the shares fell sharply. Before this, I had been getting increasingly wary of the business. It is becoming more capital intensive, cash conversion has started to tail off and debt levels increase. I also harbour doubts about the international expansion. Lastly, the CEO has gone through three FDs in four years and was reported to be at loggerheads with some of the major franchisees who are vital to the future of the business. We therefore sold the entire holding in August.

During the six-month period, the investments that most benefited the Fund were Games Workshop (share price up by 49.0%), Bioventix (47.3%) and AB Dynamics (42.1%). There were 15 other double-digit and five single-digit risers. The main detractors from performance were Revolution Bars (share price down by 28.0%), Air Partner (19.4%) and Trifast (18.6%). There were two other double-digit and two single-digit fallers.

As currently constituted, the portfolio consists of six companies in the FTSE 100 Index, seven in the FTSE Mid Cap 250, seven smaller fully-listed companies, nine quoted on AIM and one in the S&P 500. At the period end, the Fund held 14.1% of its assets in unrestricted cash and a further 0.3% set aside for the interim dividend accrual.

OUTLOOK

The resilience of the stock market in general and our out-performance in the year to date has meant that it is becoming harder to find real fundamental value and cash levels have risen as a result. Rest assured this gives me the fire power to take advantage of any setback that may occur, such as the correction being seen as I write this report (in October). The course of equity markets in general will be set by what happens on Wall Street. Having just returned from several weeks in the US, I see an economy that is on fire, buoyed by President Trump's fiscal stimulus. That is why the Chairman of the Federal Reserve, Jay Powell, is talking in more hawkish tones about monetary tightening to stave off inflation. Unfortunately, the President doesn't want the fireman dousing the flames and this has led to an unseemly public spat between the two.

Perhaps of greater domestic concern is the complete mess that the Prime Minister and her cabinet have made by capitulating over Brexit. The market might like the idea of an ultra-soft Brexit and the UK being tied to the EU against the will of the public but it needs to look beyond the end of its nose. 17.4m people voted Leave in 2016 and a good number of those lent their votes to Mrs May in the 2017 General Election to carry out this mandate. Any deal based on the Chequers proposals is a betrayal. Many will shun the Conservatives next time round and, as a result, Labour will be a shoo-in. This matters. The economically illiterate policies of Comrades Corbyn and McDonnell will inflict huge damage on the UK for years to come. If my worst fears look like coming true, my best advice would be to get as much money out of the country as possible before the pound tanks and exchange controls get imposed.

After that apocalyptic warning, all I can say is that at the micro level I shall carry on trying to uncover outstanding companies where I believe pricing opportunities exist. It is no coincidence that many of these are overseas earners whose goods and services are rare or unique. At least that gives them some flexibility to where they might relocate in the event of the UK becoming a business unfriendly environment.

Keith Ashworth-Lord

12 October 2018

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

Purchases	Costs £'000	Sales	Proceeds £'000
Berkshire Hathaway Inc	10,306	Domino's Pizza Group	7,280
Focusrite	9,638	Provident Financial	2,188
Provident Financial	4,357	Mattioli Woods	1,568
MJ Gleeson	3,645	GlaxoSmithkline	76
NCC Group	3,590		
Trifast	3,492		
Air Partner	3,420		
Craneware	3,380		
AB Dynamics	3,293		
Games Workshop Group	3,068		
Total purchases during the period were	105,549	Total sales during the period were	11,112

CFP SDL UK BUFFETTOLOGY FUND

PORTFOLIO OF INVESTMENTS

As at 31 August 2018

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
BASIC MATERIALS 8.99% (10.22%)			
Chemicals 8.99% (10.22%)			
245,000	Croda International	12,588	2.86
3,025,000 *	Scapa Group	12,989	2.95
440,000	Victrex	14,028	3.18
		39,605	8.99
CONSUMER GOODS 16.52% (11.25%)			
Beverages 5.10% (5.47%)			
1,625,000	AG Barr	11,277	2.56
415,000	Diageo	11,197	2.54
		22,474	5.10
Household Goods & Home Construction 2.46% (0.00%)			
1,525,000	MJ Gleeson	10,828	2.46
		10,828	2.46
Leisure Goods 8.96% (5.78%)			
2,180,000 *	Focusrite	10,900	2.47
800,000	Games Workshop Group	28,600	6.49
		39,500	8.96
CONSUMER SERVICES 16.03% (20.16%)			
General Retailers 4.22% (4.74%)			
4,000,000	Dixons Carphone	6,746	1.53
215,000	Next	11,864	2.69
		18,610	4.22
Media 2.34% (2.21%)			
600,000	RELX	10,299	2.34
		10,299	2.34
Travel, Leisure & Catering 9.47% (13.21%)			
8,900,000	Air Partner	10,012	2.27
1,675,000 *	Dart Group	16,272	3.69
3,250,000	Restaurant Group	9,464	2.15
5,100,000	Revolution Bars Group	5,998	1.36
		41,746	9.47
FINANCIALS 11.27% (7.04%)			
Financial Services 8.78% (7.04%)			
640,000	Hargreaves Lansdown	14,080	3.19
2,225,000	Liontrust Asset Management	14,508	3.29
1,475,000	Provident Financial	10,130	2.30
		38,718	8.78
Nonlife Insurance 2.49% (0.00%)			
45	Berkshire Hathaway Inc	10,968	2.49
		10,968	2.49

CFP SDL UK BUFFETTOLOGY FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
HEALTH CARE 10.41% (9.51%)			
Pharmaceuticals & Biotechnology 10.41% (9.51%)			
595,000 *	Bioventix	19,337	4.39
505,000	Dechra Pharmaceuticals	15,807	3.59
680,000	GlaxoSmithKline	10,724	2.43
		45,868	10.41
INDUSTRIALS 16.59% (20.32%)			
Construction & Materials 2.12% (5.24%)			
2,350,000 *	James Halstead	9,353	2.12
		9,353	2.12
Industrial Engineering 9.50% (10.02%)			
1,500,000 *	AB Dynamics	18,449	4.18
3,800,000	Rotork	12,904	2.92
5,150,000	Trifast	10,558	2.40
		41,911	9.50
Support Services 4.97% (4.99%)			
10,603,846 *	Driver Group	8,059	1.83
3,000,000 *	RWS Holdings	13,830	3.14
		21,889	4.97
TECHNOLOGY 5.66% (5.09%)			
Software & Computer Services 5.66% (5.09%)			
658,000 *	Craneware	14,870	3.37
4,550,000	NCC Group	10,070	2.29
		24,944	5.66
Total Value of Investments		376,713	85.47
Net Other Assets		64,033	14.53
Total Net Assets		440,746	100.00

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

CFP SDL UK BUFFETTOLOGY FUND

STATEMENT OF TOTAL RETURN

For the period ended 31 August 2018

	31 Aug 18		31 Aug 17	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		36,999		9,887
Revenue	3,688		1,800	
Interest payable and similar charges	(4)			
Expenses	<u>(2,430)</u>		<u>(1,055)</u>	
Net revenue before taxation	1,254		745	
Taxation	<u>-</u>		<u>-</u>	
Net revenue after taxation		<u>1,254</u>		<u>745</u>
Total return before distributions		38,253		10,632
Distributions		<u>(1,254)</u>		<u>(745)</u>
Change in net assets attributable to Shareholders from investment activities		36,999		9,887

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
Opening net assets attributable to Shareholders		283,296		111,699
Amounts receivable on issue of shares	172,264		71,120	
Less: Amounts paid on cancellation of shares	<u>(52,071)</u>		<u>(24,880)</u>	
		120,193		46,239
Change in net assets attributable to Shareholders from investment activities		36,999		9,887
Retained distribution on accumulation shares		<u>258</u>		<u>-</u>
Closing net assets attributable to Shareholders		440,746		167,825

CFP SDL UK BUFFETTOLOGY FUND

BALANCE SHEET

As at 31 August 2018

	31 Aug 18 £'000	28 Feb 18 £'000
ASSETS		
Fixed assets:		
Investments	376,713	239,435
Current assets:		
Debtors	6,216	12,007
Cash and bank balances	60,455	34,399
Total Assets	443,384	285,841
LIABILITIES		
Creditors:		
Distribution payable on income shares	(1,432)	(1,602)
Other creditors	(1,206)	(943)
Total liabilities	(2,638)	(2,545)
Net assets attributable to Shareholders	440,746	283,296

On behalf of Castlefield Fund Partners Limited

John Eckersley

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.

CFP SDL UK BUFFETTOLOGY FUND

DISTRIBUTION TABLES

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

Group 1 shares purchased prior to 1st March 2018

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

Interim dividend distribution in pence per share.

General Shares - Income

	Net income	Equalisation	Distribution payable 31/10/18	Distribution Paid 27/11/17
Group 1	0.3537	-	0.3537	0.7905
Group 2	0.2103	0.1434	0.3537	0.7905

Institutional Shares - Income

	Net income	Equalisation	Distribution payable 31/10/18	Distribution Paid 27/11/17
Group 1	1.1020	-	1.1020	1.3992
Group 2	0.6102	0.4918	1.1020	1.3992

Institutional Shares - Accumulation

	Net income	Equalisation	Distribution payable 31/10/18	Distribution Paid 27/11/17
Group 1	0.4383	-	0.4383	n/a
Group 2	0.2385	0.1998	0.4383	n/a

CFP SDL FREE SPIRIT 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)
Change in net assets per share			
Opening net asset value per share	117.95	98.60	100
Return before operating charges*	8.89	22.18	(0.95)
Operating charges	(1.90)	(2.83)	(0.45)
Return after operating charges*	6.99	19.35	(1.40)
Distributions on income shares	(0.27)	0.00	0.00
Closing net asset value per share	124.67	117.95	98.60
after direct transaction costs of:**	0.26	0.82	0.35
Performance			
Return after charges	5.93%	19.62%	(1.40)%
Other information			
Closing net asset value (£'000)	1,037	560	317
Closing number of shares	831,993	474,283	321,101
Operating charges	1.55%	2.60%	1.40%
Direct transaction costs	0.19%	0.75%	0.35%
Prices			
Highest share price	126.35	120.35	100.09
Lowest share price	114.96	98.59	98.41

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

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

CFP SDL FREE SPIRIT FUND

General Shares - Accumulation

	31 Aug 18 (pence per share)	28 Feb 18 (pence per share)	28 Feb 17 (pence per share)
Change in net assets per share			
Opening net asset value per share	117.97	98.60	100
Return before operating charges*	16.86	22.01	(0.95)
Operating charges	(9.88)	(2.64)	(0.45)
Return after operating charges*	6.98	19.37	(1.40)
Distributions on income shares	(0.27)	0.00	0.00
Retained distribution on accumulation shares	0.27	0.00	0.00
Closing net asset value per share	124.95	117.97	98.60
after direct transaction costs of:**	0.26	0.85	0.35
Performance			
Return after charges	5.92%	19.65%	(1.40)%
Other information			
Closing net asset value (£'000)	13,406	9,249	1,719
Closing number of shares	10,728,529	7,840,720	1,748,826
Operating charges	1.57%	2.40%	1.40%
Direct transaction costs	0.19%	0.75%	0.35%
Prices			
Highest share price	126.36	120.36	100.09
Lowest share price	114.97	98.60	98.42

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

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

CFP SDL FREE SPIRIT FUND

RISK AND REWARD INDICATOR (RRI)



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

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

INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Fund is to seek to achieve real growth in capital and income over the long term. The Fund will invest mainly in a portfolio of UK equities listed on the LSE or quoted on AIM/ISDX and may also invest in other transferable securities, money market instruments, units and/or shares in other collective investment schemes, deposits, warrants, cash and near cash.

Real growth means growth in excess of inflation, defined as the UK Consumer Price Index (CPI) +2% per annum on average and long term means over a minimum investment horizon of five years. It is likely that the portfolio will contain between 25 and 40 holdings when fully invested.

The Investment Adviser will adopt a focussed approach to investing in the shares of those businesses with clear and sustainable competitive advantages that are difficult to replicate, thereby erecting a barrier to new entrants and generating superior returns on operating assets. In addition, these companies are likely to possess sound finances and experienced management teams focussed on the creation of long term value for shareholders. The Investment Adviser will seek to invest in such companies at valuations which offer the potential for long term appreciation in income and capital value. If valuations are not deemed attractive, cash levels within the fund may rise until suitable investment opportunities are found. The Fund may also invest in derivatives and forward transactions (for efficient portfolio management purposes). The Fund may borrow and may enter into underwriting transactions in accordance with COLL.

INVESTMENT REVIEW

Investment Philosophy and Process

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

Performance

The Fund's Accumulation Class share price rose by 6.0% from 118.48p at the close on 28 February 2018 to 125.63p at the close on 31 August 2018. This was well ahead of the stated benchmark of CPI+2% per annum, which resulted in an annualised benchmark increase of 4.3% (so 2.15% in the half year), and compared to a 3.0% increase in the UK stock market as a whole. It was achieved with average month end cash balances in the six month period of 15.9%, reflecting steady net inflows and the increasing difficulty of finding good businesses to invest in at or below fair value as the period progressed. Cash balances at the end of August 2018 were 15.4% of net assets. During the six months, the Fund's peer group, the IMA UK All Companies Sector, rose by an average of 5.91%, with the Fund placed 105th out of 265 constituents. The Fund share price started this period at 118.48p, reached a low point at 114.97p on 28th March, and a high point of 126.36p on 19th July.

CFP SDL FREE SPIRIT FUND

Market Review

The UK stock market rose by 3% between 28th February 2018 and 31st August 2018. A sharp correction in the first calendar quarter of 2018 was swiftly reversed between late March and mid May, with larger companies leading the way. More recently the market has drifted down, as investors have fretted about global trade wars and the uncertainties around the UK's Brexit negotiations. The UK economy has continued to be marked by weak consumer spending, with pay increases still lagging inflation and extreme weather conditions damaging the already fragile physical shopper numbers. Digital shopping continues to grow, but pressure on physical retailing has mounted, with a growing number of retail business failures including ToysRUs, Maplin, and Poundworld, and reconstructions such as Mothercare, Carpetright, and House of Fraser. Overseas earners have enjoyed strong global demand, and the strengthening of the US dollar against sterling has recently been helpful.

Portfolio Activity

The Fund has grown steadily during the half year from £9.8million to £14.5million of Assets Under Management. The number of holdings started and ended the period at 33.

Over the past six months, the companies contributing significantly in absolute value accretion to the Fund have been as follows: Games Workshop(+49%) which continues to reap the rewards of long term investment in its fantasy warrior games, international expansion and the honing of its store portfolio, together with more engagement on social media(its website has 2 million unique users a year); Craneware(+24%) which is seeing accelerating top line growth as it signs up more US hospitals for its Chargemaster Toolkit and Pharmacy software which can help manage costs; EKF Diagnostics(+46.5%) which has gained FDA approval in the US for its hand-held Diaspect haemoglobin analyser and subsequently signed a distribution agreement for the product with McKesson; VP(+32.8%) in anticipation of positive returns from the integration of South-West based Brandon Hire; Diploma(+31.7%) on continuing strong trading and cash flows; and Auto Trader(+24.3%) which has successfully enhanced its website so as to calculate monthly payments on used car purchases. Aveva shares advanced by 54% if one adjusts for the payment on 1st March of the £10.15 per share return of value arising from the majority acquisition of the company by Schneider Electric.

While there have been strong upward moves in the valuations of these holdings, and several others, share prices of companies that have disappointed have been punished equally sharply. Superdry(-31.1%) suffered from weather effects and the announcement that founder Julian Dunkerton was to depart the company, leaving a potential stock overhang; Revolution Bars(-28%) which was without a permanent CEO in the period also suffered from weather effects and a loss of competitive positioning in its core Revolution franchise; shares in Alfa Financial Software halved following a deferral of significant contracts into next year.

Portfolio turnover in the half year was 12.9%. Decisions were taken to sell out of Alfa Financial Software as the business was proving much lumpier and less predictable than foreseen; from Park Group following wholesale senior management departures; and from On The Beach on a reappraisal of its competitive position in the flights segment, which had deteriorated as a result of the exit of Monarch Airlines. New holdings were taken in Morgan Advanced Materials(carbon and ceramic industrial materials), SSP(foodservice at airports and railway stations) and Tatton Asset Management(portfolio management services for IFAs).

Outlook

The uncertainties generated by the all too public Brexit negotiations at home, and the unpredictable behaviour of President Trump in respect to tariffs and trade negotiations have combined with fears of rising inflation and rising interest rates in the US to cause volatility in stock markets. There is some early evidence of trade wars possibly disrupting production in the automotive sector and rising risks of stock-building in industrial supply chains. There is an uptick in UK companies entering administration or recapitalisation, notably in the retail and leisure sectors as a consequence of digital disruption, excess capacity and some weather effects. However, after a period of intense pressure, real incomes may start to improve as UK wage settlements in a tight labour market start to exceed consumer price inflation. This will likely drive up interest rates.

All this reinforces the need to invest in companies with strong balance sheets, good cash generation and strong market positions. Harder times inevitably bring opportunities to buy into excellent businesses at better prices. There are many excellent businesses around with superior returns on equity and barriers to competition and the fund manager will continue to seek these out.

Rosemary Banyard

09 October 2018

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

Purchases	Costs £'000	Sales	Proceeds £'000
Morgan Advanced Materials	452	Fidessa Group	406
Tristel	371	On the Beach Group	374
Chemring Group	364	DCC	278
SSP Group	313	Park Group	196
CLS Holdings	254	Alfa Financial Software Holdings	169
Tatton Asset Management	238	Revolution Bars Group	71
Auto TraderGroup	231	Kainos Group	38
Superdry	225	NCC Group	32
Taptica International	216	Taptica International	15
Trifast	214	Quiz	13
Total purchases during the period were	5,384	Total sales during the period were	1,592

CFP SDL FREE SPIRIT FUND

PORTFOLIO OF INVESTMENTS

As at 31 August 2018

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
BASIC MATERIALS 2.87% (3.00%)			
Chemicals 2.87% (3.00%)			
13,000	Victrex	414	2.87
		414	2.87
CONSUMER GOODS 15.36% (9.67%)			
Beverages 3.40% (3.71%)			
70,787	AG Barr	491	3.40
		491	3.40
Food Producers 0.47% (0.65%)			
20,000 *	Hotel Chocolat Group	68	0.47
		68	0.47
Household Goods & Home Construction 2.55% (0.00%)			
52,000	MJ Gleeson	369	2.55
		369	2.55
Leisure Goods 3.47% (2.45%)			
14,000	Games Workshop Group	501	3.47
		501	3.47
Personal Goods 5.47% (2.86%)			
33,000	Superdry	394	2.73
9,000	Unilever	395	2.74
		789	5.47
CONSUMER SERVICES 15.81% (19.24%)			
General Retailers 2.37% (2.75%)			
65,000	Dunelm Group	342	2.37
		342	2.37
Media 9.76% (7.63%)			
130,000	Auto Trader Group	589	4.07
27,000	RELX	463	3.21
110,000 *	Taptica International	358	2.48
		1,410	9.76
Retail 0.00% (2.82%)			
Travel & Leisure 3.68% (6.04%)			
185,000	Revolution Bars Group	218	1.51
45,000	SSP Group	314	2.17
		532	3.68

CFP SDL FREE SPIRIT FUND

PORTFOLIO OF INVESTMENTS

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
FINANCIALS 16.40% (14.75%)			
Financial Services 13.10% (12.45%)			
20,000	Hargreaves Lansdown	440	3.04
60,000	Liontrust Asset Management	391	2.71
63,000	Mortgage Advice Bureau Holding	411	2.85
16,000	S&U	395	2.73
96,483 *	Tatton Asset Management	255	1.77
		1,892	13.10
Real Estate Investment & Services 3.30% (2.30%)			
210,000	CLS Holdings	477	3.30
		477	3.30
HEALTH CARE 6.07% (0.28%)			
Health Care Equipment & Services 6.07% (0.28%)			
1,300,000 *	EKF Diagnostics Holdings	499	3.45
140,000 *	Tristel	378	2.62
		877	6.07
INDUSTRIALS 17.31% (17.30%)			
Aerospace & Defense 4.53% (2.28%)			
22,000	Avon Rubber	306	2.12
180,000	Chemring Group	348	2.41
		654	4.53
Construction & Materials 0.00% (2.79%)			
Electronic & Electrical Equipment 2.96% (0.00%)			
125,000	Morgan Advanced Materials	427	2.96
		427	2.96
General Industrials 0.00% (2.43%)			
Industrial Engineering 2.06% (1.55%)			
145,000	Trifast	297	2.06
		297	2.06
Support Services 7.76% (8.25%)			
2,000	DCC	140	0.97
33,000	Diploma	483	3.34
44,400	Vp	498	3.45
		1,121	7.76

CFP SDL FREE SPIRIT FUND

PORTFOLIO OF INVESTMENTS

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
TECHNOLOGY 10.46% (16.01%)			
Software & Computer Services 10.46% (16.01%)			
16,500	AVEVA Group	467	3.23
27,500 *	Craneware	622	4.31
90,000	Kainos Group	345	2.39
35,000	NCC Group	77	0.53
		1,511	10.46
Total Value of Investments		12,172	84.28
Net Other Assets		2,271	15.72
Total Net Assets		14,443	100.00

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

CFP SDL FREE SPIRIT FUND

STATEMENT OF TOTAL RETURN

For the period ended 31 August 2018

	31 Aug 18		31 Aug 17	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		665		215
Revenue	123		29	
Expenses	(95)		(49)	
Net revenue before taxation	28		(20)	
Taxation	(1)		(1)	
Net revenue after taxation		27		(21)
Total return before distributions		692		194
Distributions		(27)		-
Change in net assets attributable to Shareholders from investment activities		665		194

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
Opening net assets attributable to Shareholders		9,809		2,035
Amounts receivable on issue of shares	4,619		2,521	
Less: Amounts paid on cancellation of shares	(679)		(92)	
		3,940		2,429
Dilution Levy		-		9
Change in net assets attributable to Shareholders from investment activities		665		194
Retained distribution on accumulation shares		29		-
Closing net assets attributable to Shareholders		14,443		4,667

CFP SDL FREE SPIRIT FUND

BALANCE SHEET

As at 31 August 2018

	31 Aug 18 £'000	28 Feb 18 £'000
ASSETS		
Fixed assets:		
Investments	12,172	7,872
Current assets:		
Debtors	81	691
Cash and bank balances	2,207	1,558
Total Assets	14,460	10,121
LIABILITIES		
Creditors:		
Distribution payable on income shares	(2)	-
Other creditors	(15)	(312)
Total liabilities	(17)	(312)
Net assets attributable to Shareholders	14,443	9,809

On behalf of Castlefield Fund Partners Limited

John Eckersley

Director (of the ACD)



31 October 2018

Susan Cohen

Director (of the ACD)



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CFP SDL FREE SPIRIT FUND

DISTRIBUTION TABLES

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

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	0.2712	-	0.2712	n/a
Group 2	0.1061	0.1651	0.2712	n/a

General Shares - Accumulation

	Net income	Equalisation	Distribution payable 31/10/18	Distribution Paid 27/11/17
Group 1	0.2692	-	0.2692	n/a
Group 2	0.1445	0.1247	0.2692	n/a