

Castlefield Real Return Fund

Factsheet - June 2019



Fund Information

Fund Managers:



Mark Elliott



Simon Holman

Historic Yield:

0.91%*

Sector:

UT Targeted Absolute Return

Fund Size

£34.07m

Number of Holdings:

55-65

ACD:

Castlefield Fund Partners Limited

Launch Date:

06/06/2003 (restructured 01/03/2011)

Platform Availability

Aegon, AJ Bell, Alliance, Aviva, Elevate, FNZ, Hargreaves Lansdown, James Hay, Novia, Old Mutual, Zurich

Share Class Information

Share Class	General	Institutional
Min. Investment	£500	£250,000
Initial Charge	0%	0%
Investment Adviser Fee	1.5%	1.0%
Ongoing Charge	2.00%	1.49%
Payment Dates	30th April 31st October	30th April 31st October
ISA Eligible	Yes	Yes
ISIN	GB0033149799	GB00B12V1482
CITI CODE	Q132	ET32
Bloomberg	ACDGBE:LN	PRCMMI:LN

Source: Financial Express. as at 31/05/2019

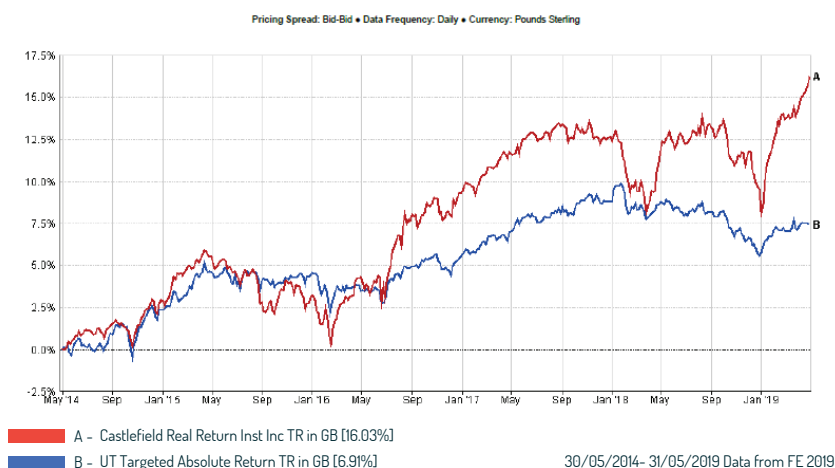
Past performance is not a guide to future performance.

Investment in the fund carries the risk of potential loss of capital.

*Historic Yield reflects the historic dividend income received by the fund in the preceding 12 months before the deduction of all expenses including management fees.

Fund Objective and Strategy

The Fund aims to generate a positive annualised return over a rolling 3 year basis. In aiming to produce positive capital returns, whilst also seeking to control the magnitude of any losses, the Fund will invest in a wide range of asset classes inclusive of structured products, government and corporate bonds, securities, exchange traded funds and more.



Rolling 3 Year Month End Volatility

3.70%

Cumulative Performance (%)

	1 Mth	3 Mths	6 Mths	1 Yr	3 Yrs	5 Yrs
Real Return Fund	0.58	2.79	4.62	4.39	12.37	16.03
Sector	-0.16	0.21	0.58	-0.95	3.45	6.91
Quartile	1	1	1	1	1	1

Discrete Performance (%)

	2019 YTD	2018	2017	2016	2015
Real Return Fund	7.76	-3.57	2.88	5.84	0.45
Sector	1.41	-2.74	2.97	0.97	2.20
Quartile	1	3	2	1	3

Discrete Year to Quarter End Performance (%)

	Q1 2018	Q1 2017	Q1 2016	Q1 2015	Q1 2014
	Q1 2019	Q1 2018	Q1 2017	Q1 2016	Q1 2015
Real Return Fund	5.12	-2.55	8.04	-2.10	5.66

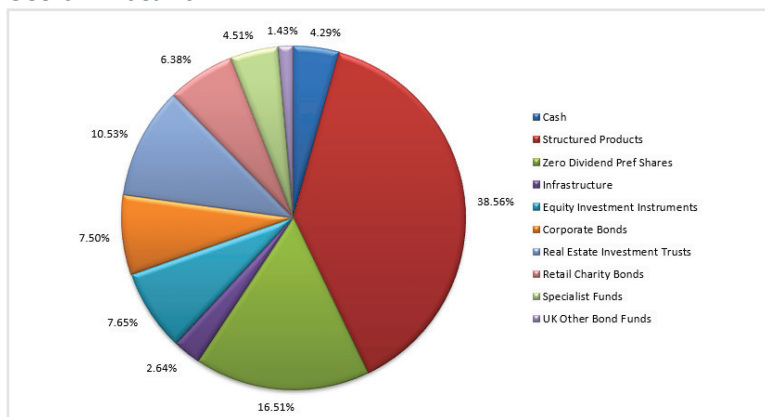
Fund Commentary

May was a positive month for the Castlefield Real Return Fund which returned 0.58% for the month, outperforming the wider Targeted Absolute Return sector which returned -0.15% over the same period. Global equity markets stumbled in May after four successive months of gains, having more than recovered the losses seen over last year's fourth quarter. The sell-off was sparked early in the month by a series of tweets from Donald Trump announcing a hike in tariffs on Chinese goods despite officials previously indicating that they were nearing a deal. The President followed through on this threat on May 10th and after seeing retaliation in kind by China, effectively banned any US company doing business with telecom giant Huawei. The selloff intensified towards the end of the month when, not content with China, Trump threatened a hike in tariffs on Mexican goods, leading the vice president of the European Central Bank to warn that 'a trade war is the main risk to the economy globally'. Unsurprisingly, political stability in the UK did not fare much better with Theresa May's resignation introducing further uncertainty to an already fraught situation. Bond yields took a hit over the month as investors moved towards traditionally safer assets, leading to a yield curve inversion for US 10-year Treasury bonds.

In terms of activity over the month, a new structured product has been introduced to the portfolio. This takes the form of a relatively defensive strategy that has the potential to pay out even in the event of falling equity markets. Given the above noted economic backdrop, this was the type of strategy that we felt more comfortable allocating to, even on a medium term outlook. Such "auto-call" strategies reference an equity index in order to determine the pay-out for the product over the life of the note. For this particular product, we have selected an ESG-screened equity index. This is the very first time that we have used an ESG-screened index as the reference for a note and we felt strongly that as such considerations gain ever-greater traction with individual and institutional investors, the potential returns from these indices demanded greater attention. We have selected an index based on the Euronext Eurozone 100 index which is then independently screened and re-weighted by Vigeo-Eiris, a ESG research consultancy. The product has a maximum 6 year maturity and has the potential to pay a return of 6.5% for each year in issue even if the index falls by 22%.

The month saw news flow for Urban Logistics, a real estate investment trust focused on strategically located, mid-sized single let industrial and logistics properties. Results were positive, seeing a total accounting return (net asset value plus dividend) of over 17%. Demand for logistics space from online or multichannel retailers is increasing whereas supply of these assets is restricted by the fact that the cost of new-builds is generally above the current valuations for those that Urban Logistics target. Assura also had a positive month with share up over 7% after announcing full year results and the acquisition of primary care developer GPI mid-month. The acquisition has added a further £92m to the company's development pipeline, which now stands at close to £292m, while the current portfolio is just under £2bn.

Sector Allocation



Top Ten Holdings

1.	SG ISSUER 14/07/2023	5.00%
2.	CREDIT SUISSE AG LONDON BRANCH 09/06/25	4.40%
3.	JP MORGAN STRUCTURED PRODUCTS 14/12/23	3.91%
4.	BBVA GLOBAL MARKETS BV 19/10/2023	3.76%
5.	BBVA GLOBAL MARKETS BV 30/11/2023	3.74%
6.	UIL FINANCE LTD PREFERRED SHARES	3.67%
7.	SG ISSUER 14/07/2020	3.44%
8.	EJF INVESTMENTS ACCUM SHS 2022 ZDP GBP	3.37%
9.	BNP PARIBAS ISSUANCE BV 20/07/2022	3.00%
10.	DEUTSCHE BANK AG 15/10/2021	2.97%

Fund Managers

Mark Elliott, Partner, MChem (Hons), CFA, Chartered MCSI

Mark was one of the founding members of the Castlefield investment management business, having previously worked with the other co-founders institutional investment and fund management division of private bank, Brown Shipley. In addition to being the lead manager of the Castlefield Real Return Fund, Castlefield B.E.S.T Sustainable Income Fund and the Castlefield B.E.S.T UK Opportunities Fund, Mark is also responsible for managing segregated accounts for the firm's discretionary clients. A charter holder (Chartered Financial Analyst) of the CFA Institute as well as an individually Chartered Member of the Chartered Institute for Securities & Investment (CISI), Mark has over 15 years industry experience.

Simon Holman, Partner, MA Hons, MSc, CFA

Simon Holman is a graduate of Spanish from Edinburgh University and has also completed a Post-graduate Masters qualification in Investment Analysis at Stirling University. Simon combines an investment role (that includes being the lead manager of the Castlefield B.E.S.T Portfolio Fund and co-manager of the Castlefield Real Return Fund) with analysing developments in the ethical investment world. Simon is also a charter holder (Chartered Financial Analyst) of the CFA Institute and has over 10 years industry experience.

Important Information

This document provides information about the Castlefield Real Return Fund. Castlefield Fund Partners Limited (CFP) is the Authorised Corporate Director (ACD) of the Fund and Castlefield Investment Partners LLP (CIP) is the appointed Investment Adviser. Both CFP and CIP are authorised and regulated by the Financial Conduct Authority. This document does not constitute or form part of, and should not be construed as, an initiation to buy or sell units and neither this document nor anything contained or referred to in it shall form the basis of, or be relied on in connection with, any offer or commitment whatsoever. The value of units and the income generated from them can fall as well as rise and are not guaranteed; investors may not get back the amount originally subscribed. Equity investments should always be considered as long term. Investors should not purchase the Fund referred to in this document except on the basis of information contained in the Fund's prospectus. We recommend that investors who are not professional investors should contact their professional adviser. The Fund's Prospectus and Key Investor Information Document (KIID) are available from www.castlefield.com or direct from Castlefield.

Contact Information

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