

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

Factsheet - June 2019



Fund Information

Fund Managers:



Alistair Currie



David Elton

Historic Yield:

0.32%*

Sector:

IA UK Small Companies

Fund Size

£8.57m

Number of Holdings:

35-40

ACD:

Castlefield Fund Partners Limited

Launch Date:

1st June 2007

Platform Availability

AJ Bell, Ascentric, Aviva, Cofunds, Elevate, FNZ, Hargreaves Lansdown, Novia, Old Mutual, Zurich

Fund Objective and Strategy

The objective of the fund is to invest in well managed UK smaller companies that are financially sound, have a distinct and sustainable competitive advantage and are capable of long term growth. In addition we seek to invest in companies with meaningful employee engagement and employee share ownership.

The investment process involves a thorough appraisal of a company's management, a detailed financial review and an assessment of its market position and the competitive environment.

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



A - IA UK Smaller Companies TR in GB [53.00%]

B - Castlefield - UK Smaller Companies Inst Inc TR in GB [45.69%]

30/05/2014 - 31/05/2019 Data from FE 2019

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	2.21%	1.71%
Payment Dates	30th April, 31st October	30th April, 31st October
ISA Eligible	Yes	Yes
ISIN	GB00BIXQNF71	GB00BIXQNH95
CITI CODE	Z585	Z583
Bloomberg	ACDUSCI:LN	PRUKSII: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.

Cumulative Performance (%)

	1 Mth	3 Mth	6 Mth	1 Yr	3 Yrs	5 Yrs
UK Smaller	2.58	8.42	5.53	-4.02	37.32	45.69
Sector	-0.05	7.27	7.35	-4.17	38.22	53.00
Quartile	1	2	3	2	2	3

Discrete Performance (%)

	2019 YTD	2018	2017	2016	2015
UK Smaller	10.67	-13.84	30.62	9.08	18.07
Sector	13.11	-11.70	27.18	8.05	14.86
Quartile	4	3	2	2	2

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
UK Smaller	-3.83	14.62	20.73	7.49	-4.10

Fund Commentary

The Fund registered a total return of +2.6% in May, compared to the sector which returned -0.1% over the same period.

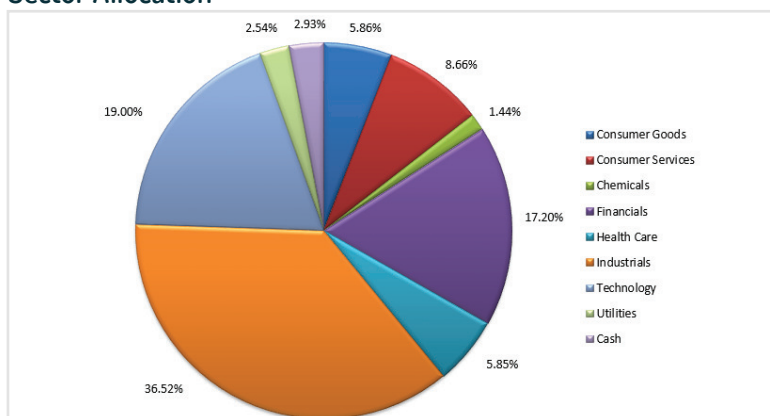
The largest positive contributors to performance were supplier of premium building solutions Alumasc, waste management company Augean, and advanced motor testing systems provider AB Dynamics. Firstly, Alumasc more than reversed last month's negative share price move, finishing the month up +20.5%. The company has been moving ahead with its transition to the AIM market of which we are supportive and believe that it will lead to a more supportive, longer-term shareholder base. Augean announced that, due to stronger trading performance across most waste types in the first quarter, profit for the year is expected to be materially ahead of market expectations. This saw the shares return +19.0% during the month. Finally, AB Dynamics had yet another good month as it announced plans to raise funds for its stated strategy; financing potential acquisition opportunities, adding production capacity and ongoing working capital requirements. Given the strong momentum behind the business, the placing was heavily oversubscribed, pushing the shares ahead by +11.4%. The Fund took part in the fundraise by way of its allocation in the Open Offer element.

The top three detractors were Inspired Energy (-10.8%), Anpario (-8.6%) and VP (-8.1%). The share prices of these names fell despite there not being any specific news reported by the companies. We can, however, point to potential external drivers of sentiment for each. In Inspired Energy's case - which offers energy solutions to commercial, industrial and public sector energy consumers - concerns over the future nationalisation of utility companies hit sentiment towards the company. International producer and distributor of natural animal feed additives Anpario, likely suffered in the wake of the continued spread of African swine flu in China. The company had previously cited this as a headwind and we remain comfortable that appropriate steps have been taken to mitigate the risk as best as possible. The shares of equipment rental specialist VP continued to suffer in wake of the Competition and Mergers Authority investigation announced in April. The company did, however, also make an acquisition during May of Sandhurst Limited, a specialist excavator rental company serving the construction and civil engineering sectors, as it continued to execute on its growth plans.

Overall, fifteen companies held within the Fund provided some form of update during the month. It was pleasing to note that all were in-line with, or ahead of, our expectations.

One new holding was also introduced to the Fund during the month, software company Tracsis. Tracsis is a developer and aggregator of software, technology and services that solve mission critical resource management problems within the transport sector. Demand for the company's software and services is generated by factors related to the management of cost, performance, capacity and safety. We were also attracted to the nature of its products and services which inherently make for a more efficient transport system by aiming to minimise wasted time and energy. It is a strongly cash generative business with high recurring revenue, and we believe that the current valuation does not reflect the company's dominant market position with high barriers to entry, and its future earnings potential. We therefore believe it warrants inclusion in the portfolio.

Sector Allocation



Top Ten Holdings

1.	AB Dynamics	6.04%
2.	GB Group	4.15%
3.	Strix Group	4.01%
4.	City of London	3.96%
5.	The Gym Group	3.90%
6.	Augean	3.37%
7.	Mattioli Woods	3.35%
8.	Iomart Group	3.30%
9.	Park Group	3.15%
10.	Tracsis	3.11%

Fund Managers

Alistair Currie, Partner, BCom (Hons), CA.

Prior to joining Castlefield Investment Partners, Alistair managed the UK Smaller Companies Fund at Premier Fund Managers since October 2003. Previously, as the Head of Small Cap. Investment Team at Edinburgh Fund Managers (EFM). Alistair built a formidable reputation running smaller companies funds. He also had responsibility for over-seeing the team managing all of EFM's small cap portfolios, including the EFM Balanced Growth Institutional mandates.

David Elton, Associate, CFA.

David joined Castlefield after graduating with a first-class Accounting & Finance degree in 2011. As part of his degree, he undertook a year long research role for a hedge fund. Now, in addition to his broader portfolio management and research responsibilities, David's role at Castlefield specifically includes co-managing the Castlefield B.E.S.T Sustainable UK Smaller Companies Fund and AIM IHT portfolios. David is a charter holder (Chartered Financial Analyst) of the CFA Institute, a holder of the CFA UK Investment Management Certificate and CISI Investment Advice Diploma.

Important Information

This document provides information about the Castlefield B.E.S.T Sustainable UK Smaller Companies 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.

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