

# Castlefield B.E.S.T Sustainable Portfolio Fund

Factsheet - June 2019



## Fund Information



<b>Sector:</b>	IA Mixed Investment 40-85
<b>Number of Holdings:</b>	25-35
<b>Historic Yield:</b>	2.27%*

<b>Fund Manager:</b>	<b>Fund Size:</b>
Simon Holman	£20.84m
<b>Launch Date:</b>	
1st February 2018	
<b>ACD:</b>	
Castlefield Fund Partners Limited	
<b>Platform Availability:</b>	
AJ Bell, Aviva, Elevate, FNZ, Novia.	

\*Historic Yield: reflects distributions declared over the past 12 months as a percentage of the mid-market price. It does not include any preliminary change & investors may be subject to tax.

## Share Class Information

<b>Share Class</b>	<b>General</b>
<b>Min. Investment</b>	£500
<b>Initial Charge</b>	0%
<b>Investment Adviser Fee</b>	0.50%
<b>Ongoing Charge</b>	1.53%
<b>Payment Dates</b>	Quarterly
<b>ISA Eligible</b>	Yes
<b>ISIN</b>	GB00BYXG3H04

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.

For additional information, please refer to Fund Composition on our website:

[www.thethoughtfulinvestor.com/](http://www.thethoughtfulinvestor.com/)

## Fund Objective and Strategy

The Fund aims to achieve growth in capital and income over the long term. Long term means over a minimum investment horizon of five years.

The Fund will invest mainly in collective investment schemes with exposure to both UK and non-UK equities and fixed income securities. The Fund may also invest in transferable securities (both quoted and unquoted), money market instruments, 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 is expected to be limited however it may affect the volatility or risk profile of the Fund although this is not the ACD's intention.

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



■ A - Castlefield B.E.S.T Sustainable Portfolio Gen TR in GB [3.39%]

■ B - IA Mixed Investment 40-85% Shares TR in GB [1.49%]

01/02/2018 - 31/05/2019 Data From FE 2019

## Cumulative Performance (%)

	1 Mth	3 Mths	6 Mths	1 Yr	Since Launch
<b>Portfolio Fund</b>	-0.97	3.58	3.84	0.02	3.39
<b>Sector</b>	-1.60	2.88	3.57	0.46	1.49
<b>Quartile</b>	1	2	2	3	2

## Discrete Performance (%)

	2019 YTD	2018	2017	2016	2015
<b>Portfolio Fund</b>	8.25	-	-	-	-
<b>Sector</b>	7.79	-	-	-	-
<b>Quartile</b>	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
<b>Portfolio Fund</b>	2.26	-	-	-	-

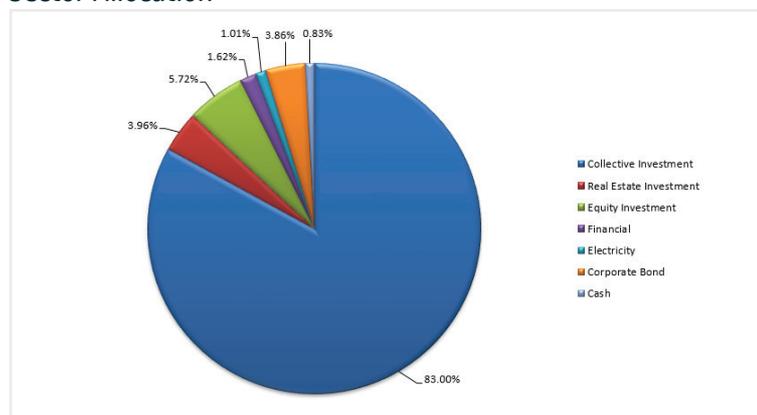
## Fund Commentary

The Castlefield B.E.S.T Sustainable Portfolio Fund held up relatively well over May, returning -1.00% compared to its sector peers which returned -1.6%. Over the month of May, 2018's most touted topics - namely trade wars, Brexit and the threat to Theresa May's leadership - resurfaced with a vengeance on the global macro stage. Towards the beginning of the month, US President Donald Trump decided to implement a tariff hike on \$200bn of Chinese imports from 10% to 25% after initially putting this on hold "until further notice" earlier in the year, whilst also threatening further levies on goods not covered by the current tariffs. This ultimately led to a retaliation by China, on \$60bn of US goods imported into China and also threatened to stop exporting its rare earth minerals to the US. As expected, global equities sold over off the month, with US equities coming off their all-time high from April. Furthermore, markets increasingly pricing in rate cuts from the US Federal Reserve over 2019 and 2020 saw US Treasuries bond yields decline. Towards the end of the month, British Prime Minister Theresa May resigned from her office as expected after failing for a fourth time to get her Brexit deal through Parliament. With no further clarity on a Brexit outcome and now no sailor to steer the ship through choppy waters, sterling, inevitably, declined further. As a result, UK large cap stocks which derive the majority of its revenues from overseas marginally outperformed their small cap peers (as they gain on repatriation of overseas profits to sterling).

With regards to fund activity, a key performance contributor to the fund over the month came from the Castlefield B.E.S.T Sustainable UK Smaller Companies Fund. The Fund returned +2.3% over the month, putting it significantly ahead of the smaller cap index and sector peers which fell -3.0% and -0.1%, respectively. This was itself led by AB Dynamics, who design, manufacture and supply advanced testing and systems to the global automotive market, as the stock continues to re-rate following its standout half-yearly results released in April. The company later announced a proposed £45m placing, with the proceeds intended to fund its future growth strategy. Weighing on performance was the WHEB Sustainability Fund. During bouts of global volatility, as seen during May, we would expect to see this global equity fund, which focuses on the opportunities created by the global transition to more sustainable, resource-efficient and energy-efficient economies, potentially giving back some performance and thus, May's weakness came as no surprise. Conversely, our holding in another global equity fund, the Stewart Investors Worldwide Sustainability fund, was our second biggest positive contributor to performance. The Stewart fund has a different style to the WHEB offering and our aim is to blend strategies such that different parts of the portfolio will perform better in varying market conditions.

Finally, as noted in last month's commentary, our holding in Triple Point Social Housing has hurt performance since the addendum to the Regulator's Sector Risk Report was released in April. During May, we had a call with management in order to discuss the findings of the report. On the call, management noted they welcomed the report, echoing its statement following the release, while continuing to work with the regulator to improve its perception of the industry. Our view of the long-term prospects remains intact for a sector which is grossly underinvested and thus believe its positive impacts and fundamentals will out over time. With regards to fund activity, we incrementally topped up several holdings following inflows into the fund.

## Sector Allocation



## Top Ten Holdings

1.	Castlefield B.E.S.T Sustainable Income Fund	17.22%
2.	First State Stewart Investments Worldwide Fund	9.00%
3.	Castlefield B.E.S.T Sustainable European Fund	7.92%
4.	FP Wheb Asset Management Sustainability Fund	7.76%
5.	Castlefield B.E.S.T Sustainable UK Smaller Co.	7.66%
6.	Rathbone Ethical Bond Fund	5.98%
7.	Sarasin Funds	5.52%
8.	Castlefield Real Return Fund	4.77%
9.	Kames Capital	4.12%
10.	Edentree Investment Funds	3.40%

## Fund Manager

### 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. He spent several years as an equity analyst and then fund manager at Aegon Asset Management (now known as Kames Capital) before returning home to Cheshire to join Castlefield. Simon combines an investment role (that includes being the lead manager of the Castlefield B.E.S.T Sustainable 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 B.E.S.T Sustainable Portfolio 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](http://www.castlefield.com) or direct from Castlefield.

## Contact Information

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