

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

Factsheet - July 2019



## Fund Information

	<b>Fund Manager:</b>
	Mark Elliott
	*Assumed management responsibility for the strategy as of 1st April 2019.
<b>Historic Yield:</b>	<b>Sector:</b>
4.37%*	IA UK Equity Income
<b>Fund Size</b>	<b>Number of Holdings:</b>
£26.06m	40-50
<b>ACD:</b>	
Castlefield Fund Partners Limited	
<b>Launch Date:</b>	
2nd May 2006 Current strategy since 8th July 2012	
<b>Rating:</b>	
Morningstar - 4 Globes Sustainability Rating	
<b>Platform Availability</b>	
Aegon, AJ Bell, Aviva, Elevate, CoFunds, FNZ, Hargreaves Lansdown, James Hay, Novia, Transact, Zurich	

**Active Share Calculation\*** 78.78%

\* Active Share calculation measures how much the portfolio holdings differ to the benchmark (UK Equity Income).i.e. A portfolio identical to benchmark would have a 0% active share.

## Share Class Information

Share Class	General
<b>Min. Investment</b>	£500
<b>Initial Charge</b>	0%
<b>Investment Adviser Fee</b>	0.75%
<b>Ongoing Charge</b>	1.23%
<b>Payment Dates</b>	Quarterly
<b>ISA Eligible</b>	Yes
<b>ISIN</b>	GB00B13NPH48
<b>CITI CODE</b>	K6LW
<b>Bloomberg</b>	PRESIN:LN

Source: Financial Express. as at 28/06/2019

**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 paid from the fund in the preceding 12 months as at 28/06/2019.

\*Holdings within other share classes of the Fund previously active were converted to the 'General Income Class' reflected within the document as of 1st July 2019.

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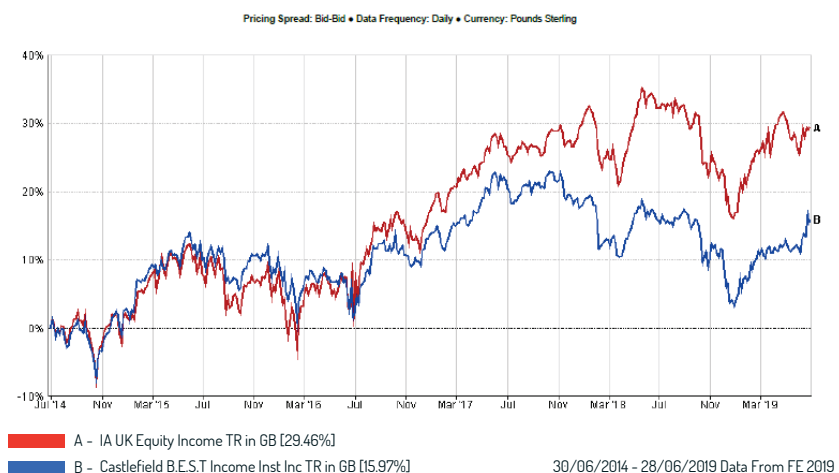
## Fund Objective and Strategy

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, which is superior to the median performance of all of the funds forming the official peer group of which the Fund is a part. 'Peer group' is defined as being the Investment Association sector to which the Fund has been allocated (currently being the UK Equity Income Sector) or to which it may be allocated in future, as determined by that body. Long term means over a minimum investment horizon of five years. The fund adopts a unique investment process designed to consider factors beyond traditional business and financial criteria, as outlined in the fund's name:

<b>B</b> Business & financial	<b>S</b> Social
<b>E</b> Environmental & ecological	<b>T</b> Transparency & governance

The investment adviser uses a responsible investment process to identify securities in 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.

\* Further information on the 'B.E.S.T' criteria and sustainability element may be obtained from the Investment Adviser upon request.



## Cumulative Performance (%)

	1 Mth	3 Mths	6 Mths	1 Yr	3 Yrs	5 Yrs
<b>B.E.S.T</b>	3.99	4.51	11.17	-0.25	12.73	15.97
<b>Sector</b>	2.51	1.82	10.70	-2.63	23.21	29.46
<b>Quartile</b>	1	1	2	1	4	4

## Discrete Performance (%)

	2019 YTD	2018	2017	2016	2015
<b>B.E.S.T</b>	11.17	-11.93	3.91	3.54	7.32
<b>Sector</b>	10.70	-10.54	11.32	8.84	6.20
<b>Quartile</b>	2	3	4	4	2

## Discrete Year to Quarter End Performance (%)

	Q2 2018	Q2 2017	Q2 2016	Q2 2015	Q2 2014
	Q2 2019	Q2 2018	Q2 2017	Q2 2016	Q2 2015
<b>B.E.S.T</b>	-0.25	-3.45	17.05	-5.87	9.28

## Fund Commentary

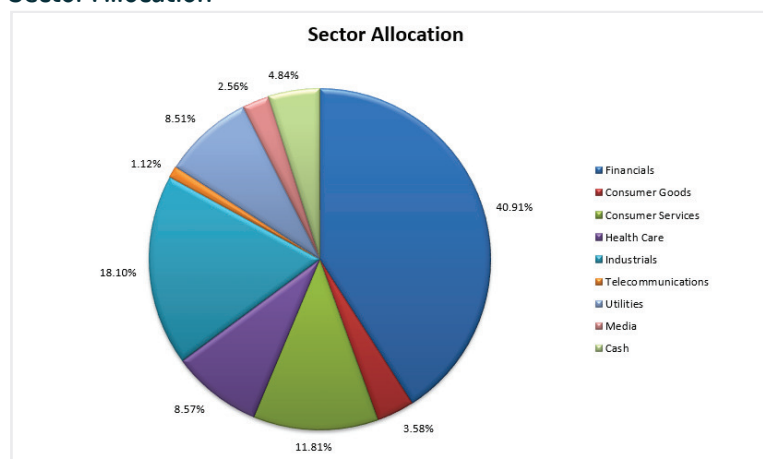
Fund performance for the month of June was pleasing, returning +4.0%, as compared to the high-yielding index and sector peers which returned +4.1% and +2.5% respectively, putting the Fund 1<sup>st</sup> quartile for June and marking a second successive month of solid returns compared to the sector.

The sore point for the month came from construction company, Kier. A trading update at the beginning of the month revealed lower than expected profits following volume pressure in its Highways, Utilities and Housing Maintenance business and lower than expected revenues in its Building division despite double digit growth in its FY19 order book, as well as higher restructuring costs for its 'Future Proofing Kier' (FPK) programme. We spoke with management subsequent to the update, as we had at the time of the rights issue in December, before assessing the prospects following the strategic review, which the company released earlier than expected. Although the steps taken are logical given the company's current situation, we felt that the risk/reward balance continues to be skewed against investors and so exited the position. It is disappointing how quickly the trading position has deteriorated since the rights issue and although sweeping changes in the boardroom may herald a tighter grip on the business, we lack sufficient conviction to accompany them on the next steps.

June was generally a busy month on the news front for the Fund's holdings. One top contributor to the fund came from the largest holding, AstraZeneca Group, which received a string of drug approvals across Europe and Japan. Most notably, its Lynparza drug, which was developed alongside US pharmaceutical company Merck Sharp & Dohme (MSD) for the treatment of ovarian cancer, was approved in Europe for first-line maintenance following favourable trial results and then subsequently approved in Japan. The move was welcome for the company, whose shares have been volatile of late as Democratic hopefuls for the 2020 US Presidential Elections outline their potential policies, most notably Bernie Sanders's 'Medicare for All', which aims to extend healthcare cover and incorporate a tightening on drug prices and which has led to negative sentiment in the wider pharmaceutical sector.

However, the standout contributor to the Fund was support services firm, Premier Technical Services Group (PTSG), after the announcement of an all-cash offer by Bernard Bidco, a wholly-owned subsidiary of Australian investment bank, Macquarie, which saw the shares rise 140% on the day alone. The offer of 210.1 pence per share (a price taking into consideration the 0.9p dividend payable to shareholders in July) represented a 141.5% premium to the Group's closing price the day prior to the announcement and was welcomed by PTSG management, who plan to remain within the business. It has been a round trip for the shares in recent months and so the bid was somewhat opportunistic. We would ideally remain investors in the company for several years given its strong market positioning and an undemanding valuation, however we expect the bid to go through and to receive the short-term benefit from the price achieved. Elsewhere, the cash level has nudged up while we consider a number of new possible holdings.

## Sector Allocation



## Top Ten Holdings

Rank	Company	Percentage
1.	GREENCOAT UK WIND PLC	5.64%
2.	ASTRAZENECA PLC	5.20%
3.	PREMIER TECHNICAL SERVICES	5.13%
4.	GREENCOAT RENEWABLES PLC	4.69%
5.	ASSURA PLC REIT	4.07%
6.	EQUINITY GROUP	3.81%
7.	NATIONAL GRID	3.43%
8.	GLAXOSMITHKLINE PLC	3.37%
9.	PRUDENTIAL PLC	3.27%
10.	PHOENIX GROUP	3.26%

## Fund Manager

**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 within the 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.

## Important Information

This document provides information about the Castlefield B.E.S.T Sustainable Income 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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