

Castlefield Real Return Fund

Factsheet - July 2019

Fund Information

Fund Managers:



Mark Elliott



Simon Holman

Historic Yield: 0.89%* **Sector:** UT Targeted Absolute Return

Fund Size: £35.6m **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

Rolling 3 Year Month End Volatility 3.5%

Share Class Information

Share Class	General
Min. Investment	£500
Initial Charge	0%
Investment Adviser Fee	1.00%
Ongoing Charge	1.48%
Payment Dates	30th April, 31st October
ISA Eligible	Yes
ISIN	GB00B12V1482
CITI CODE	ET32
Bloomberg	PRCMMII: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.

Fund Objective and Strategy

The Fund aims to generate a positive annualised real return over a rolling 3 year basis. However, there is no guarantee that this objective will be achieved over that specific, or any, time period and there is always a risk of loss to your original capital. Real return means a return over UK CPI over a rolling 3 year time horizon. 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.



Cumulative Performance (%)

	1 Mth	3 Mths	6 Mths	1 Yr	3 Yrs	5 Yrs
Real Return Fund	0.95	3.43	8.78	5.18	13.42	16.76
Sector	1.02	1.16	2.42	0.24	4.89	8.22
Quartile	2	1	1	1	1	2

Discrete Performance (%)

	2019 YTD	2018	2017	2016	2015
Real Return Fund	8.78	-3.57	2.88	5.84	0.45
Sector	2.42	-2.74	2.97	0.97	2.20
Quartile	1	3	2	1	3

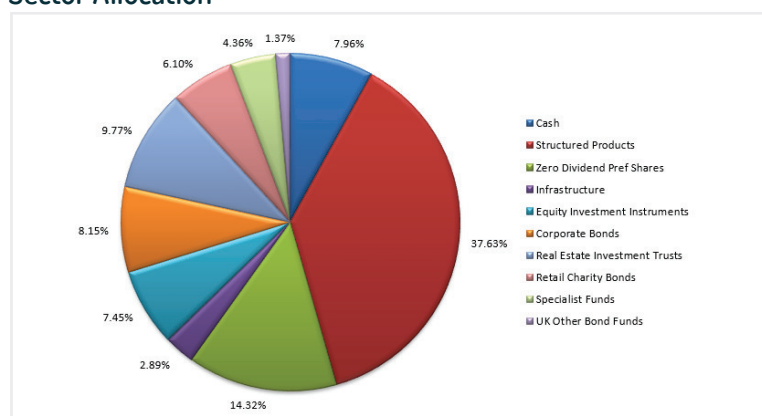
Discrete Year to Quarter End Performance (%)

	Q2 2018	Q2 2017	Q2 2016	Q2 2015	Q2 2014
	Q2 2019	Q2 2018	Q2 2017	Q2 2016	Q2 2015
Real Return Fund	5.18	-0.19	8.03	-0.13	3.27

Fund Commentary

June saw the Castlefield Real Return Fund perform broadly in line with the wider sector, returning 0.95% versus the Targeted Absolute Returns sector, which returned 1.02%. UK equities saw gains of 3.2% during the month, against global equity returns of 5.3%. Stocks and bonds rallied mid-month as the European Central Bank and Federal Reserve shifted towards more dovish stances. Geopolitical risks remain present and global equities edged lower over the last week of the month in the lead up to the meeting between Donald Trump and Xi Jinping. In terms of fund activity for the month, we added a new holding in the form of the First State Sustainable Listed Infrastructure Fund. The fund is a relatively recent launch from the First State, but the team have a good track record in investing in global listed infrastructure and we feel the added sustainability considerations, issues which often have immediate and material impacts, will enhance an already robust investment process. The team use a forward-looking positive approach and invest in companies which show commitment to sustainable development. They may seek out companies which are already best-in-class as well as those companies which are undergoing a transition towards a more sustainable way of doing business. Like Castlefield, they view company engagement as a fundamental method of influencing strategic direction and are very active shareholders. Further utilising some of the cash within the fund, we have added a new bond holding towards the end of the month. The issuer, Alpha Plus Holdings, a leading independent schools group, has two bond issues currently outstanding and the fund has an existing holding in the first of these two issues, which is set to redeem later this year. Given the upcoming redemption, we have taken the opportunity to take a position in the second issue which was offering an attractive gross redemption yield and a good degree of asset backing. We also saw Ranger Direct Lending announce the early redemption of their zero dividend preference shares (ZDPs) at the beginning of the month. The terms of the agreed redemption allowed for a significant premium over the current price to reflect the shorter maturity.

Sector Allocation



Top Ten Holdings

1.	SG ISSUER 14/07/2023	5.02%
2.	CREDIT SUISSE AG LONDON BRANCH 09/06/25	4.26%
3.	JP MORGAN STRUCTURED PRODUCTS 14/12/23	3.83%
4.	BBVA GLOBAL MARKETS BV 19/10/2023	3.72%
5.	BBVA GLOBAL MARKETS BV 30/11/2023	3.69%
6.	UIL FINANCE LTD PREFERRED SHARES	3.64%
7.	SG ISSUER 14/07/2020	3.38%
8.	EJF INVESTMENTS ACCUM SHS 2022 ZDP GBP	3.25%
9.	DEUTSCHE BANK AG 15/10/2021	2.86%
10.	BNP PARIBAS ISSUANCE BV 20/07/2022	2.79%

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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