

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

Factsheet - July 2019



Fund Information

Fund Managers:



Alistair Currie



David Elton

Historic Yield:

0.31%*

Sector:

IA UK Small Companies

Fund Size

£8.86m

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

Share Class Information

Share Class

General

Min. Investment

£500

Initial Charge

0%

Investment Adviser Fee

0.75%

Ongoing Charge

1.65%

Payment Dates

30th April, 31st October

ISA Eligible

Yes

ISIN

GB00B1XQNH95

CITI CODE

Z583

Bloomberg

PRUKSII: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.

Fund Objective and Strategy

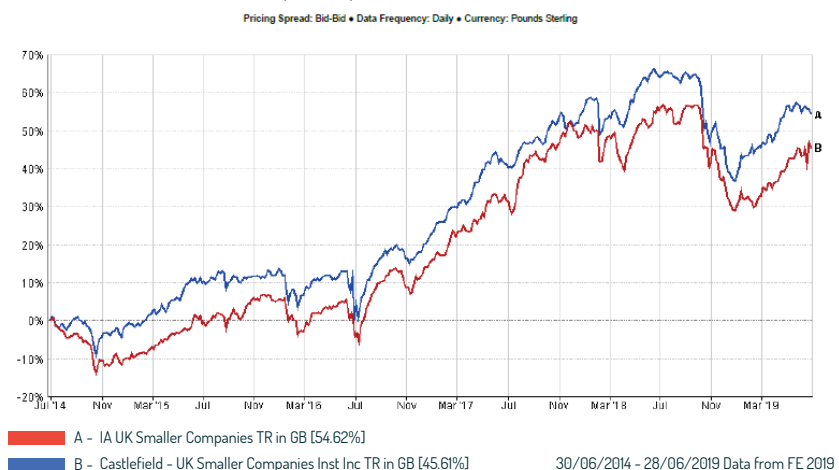
The objective of the Fund is to achieve long term capital growth, which is superior to the median performance of all of the funds forming the official peer group of which the Fund is a part. 'Peer group' is defined as being the Investment Association sector to which the Fund has been allocated (currently being the UK Smaller Companies 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 investment policy is to invest predominantly in the shares of quoted smaller UK companies, including those listed on the Alternative Investment Market. We seek to invest in companies with meaningful employee engagement and employee share ownership.

B	Business & financial	S	Social
E	Environmental & ecological	T	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
UK Smaller	0.81	6.93	11.57	-6.92	50.69	45.61
Sector	-1.08	4.67	11.91	-6.15	49.94	54.62
Quartile	1	1	3	3	2	3

Discrete Performance (%)

	2019 YTD	2018	2017	2016	2015
UK Smaller	11.57	-13.84	30.62	9.08	18.07
Sector	11.91	-11.70	27.18	8.05	14.86
Quartile	3	3	2	2	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
UK Smaller	-6.92	19.13	35.90	-2.47	-0.92

*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 Commentary

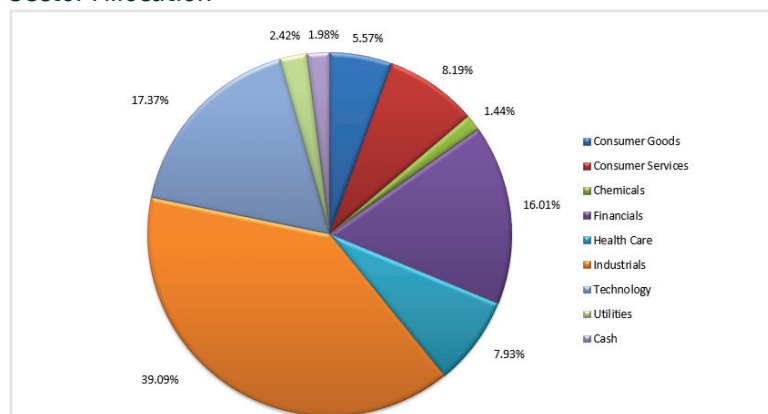
The Fund registered a total return of +0.8% in June, compared to the sector which returned -1.1% over the same period.

The top three absolute movers on the month were PTSG (+198.4%), VP (+20.8%), and CVS Group (+11.5%). Most noteworthy of these was niche specialist service provider PTSG which received a takeover offer from a subsidiary of Australian investment bank Macquarie. The Fund has been invested in the company for some time and we have been impressed with its continued growth and disciplined approach to acquisitions. However, in recent months the share price has moved lower despite upbeat trading statements and continued strategic acquisitions. Whilst we maintained a vigilant eye on the position, part of which has involved liaising with management on topics which were causing the market concern, we felt that the scale of the decline in the share price was unwarranted. It was therefore pleasing to see our investment case validated with the offer valuing PTSG at a premium of over 140% to the market price. Equipment-rental firm VP delivered a positive set of full year results and an upbeat outlook. This brought some relief to investors, with the share price having been under pressure since the announcement of an investigation by the Competition & Markets Authority in April. Albeit no further clarification on this was provided, as VP continue to assist with the investigation, it was pleasing to see the business trading well with key financial metrics ahead of last year and acquisition integration progressing. Finally, veterinary services group CVS moved higher as it said that it expects earnings to beat market forecasts. This is following action taken by management to improve its performance by reducing employment costs, which had previously been a headwind to the company and led to a profit warning earlier this year.

The top three detractors to performance were Arden Partners (-33.3%), GB Group (-11.0%), and Alumasc Group (-15.3%). The former two fell despite there not being any specific news reported by the companies. For stockbroker Arden, it is not overly surprising given the negative sentiment around the sector from a changing regulatory backdrop, weaker markets and a slowdown in deal making. Identity specialist GB Group gave back some of the strong gains from previous months. The shares of premium building provider Alumasc, however, fell largely in the wake of an announcement citing the underperformance of its architectural screening, solar shading and balconies business which continued to experience project delays. We were able to have a call with management immediately following the news, making it one of the 8 investee companies engaged with during the period.

One new holding was introduced to the Fund. This was in Consort Medical, a pharmaceutical formulator and delivery device manufacturer. The stock provides opportunity for exposure to the healthcare industry and corresponding secular trends, without overreliance on a single product. It is a well invested, and established, business with strong IP, whether from a manufacturing know-how, regulatory, or customer relationship perspective. Whilst growth has somewhat lost its sparkle in recent years, we believe it has de-rated to the extent that the above characteristics are not being fully appreciated and thus have taken a position.

Sector Allocation



Top Ten Holdings

1.	Premier Technical Services	6.58%
2.	AB Dynamics	5.59%
3.	The Gym Group	3.95%
4.	GB Group	3.75%
5.	Strix Group	3.73%
6.	City of London	3.70%
7.	Keywords Studios	3.33%
8.	Augean	3.25%
9.	Mattioli Woods	3.14%
10.	Porvair	3.13%

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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