

Castlefield Real Return Fund

Factsheet - September 2019



Fund Information

Fund Managers:



Mark Elliott



Simon Holman

Historic Yield:

1.10%*

Sector:

UT Targeted Absolute Return

Fund Size

£40.19m

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 3.44%

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 31/08/2019

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 31/08/2019.

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.



A - Castlefield Real Return Gen Inc TR in GB [16.49%]

B - IA Targeted Absolute Return TR in GB [8.99%]

31/08/2014- 31/08/2019 Data from FE 2019

Cumulative Performance (%)

	1 Mth	3 Mths	6 Mths	1 Yr	3 Yrs	5 Yrs
Real Return Fund	-1.02	1.12	3.95	4.57	9.44	16.49
Sector	0.14	1.52	2.23	1.12	4.55	8.99
Quartile	4	3	2	1	1	2

Discrete Performance (%)

	2019 YTD	2018	2017	2016	2015
Real Return Fund	8.97	-3.57	2.88	5.84	0.45
Sector	3.45	-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

The Castlefield Real Return Fund returned -1.02% during August versus the Targeted Absolute Return sector, which returned -0.01%.

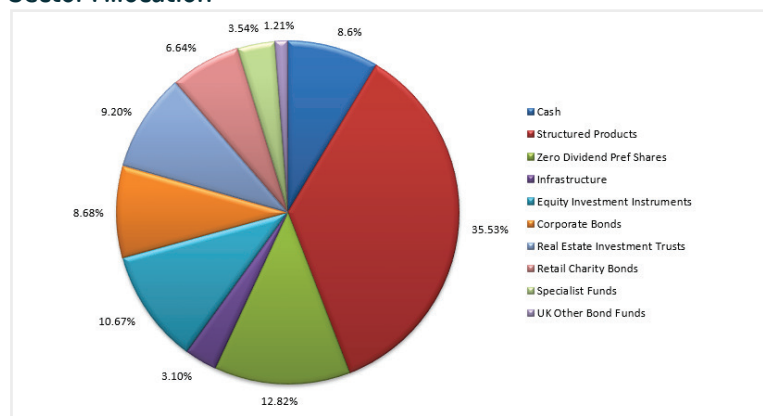
Markets saw high levels of volatility during the month, with Donald Trump's unveiling of a new retaliatory tariff setting the tone. The UK could not escape continued political turmoil and we anticipate much more to come. Boris Johnson's controversial decision to request a suspension of parliament for five weeks saw the likelihood of a no-deal Brexit increase and fierce backlash from politicians and the public. Having recovered slightly at the beginning of the month, sterling fell 1% on the day and shares in UK companies exposed to Brexit risk pulled markets lower, led by housebuilders. Already low yields were depressed even further, falling from around 60 basis points to around 45bp for the UK 10-year gilts, which saw prices rise correspondingly.

Positive contribution during the month came from Greencoat Renewables, the euro-denominated renewable infrastructure fund which moved 8.7% higher in sterling terms over the month despite no news flow. With Brexit dominating the headlines, holdings with exposure to overseas revenues found favour with investors. The trust's underlying earnings stream and its shares are both quoted in euro and the currency strengthened relative to sterling, enhancing the attractiveness of the fund to investors during the period. The fund also benefited from the sharp downward move in bond yields as risk aversion gripped equity markets. The resulting yield compression boosted the value of bond proxies and the shares now command a sizeable premium to NAV.

There was plenty of activity during the month, with inflows to the fund seeing top ups to a number of holdings. We exited one structured product in favour of another to take advantage of recent levels of market volatility. Mid-month, we chose to exit a structured product that was nearing the end of its 6-year term. The note included a capital-guaranteed element to the return and in the context of falling yields, we deemed it an appropriate time to exit the note early and book the gains to date in order to seek better opportunities elsewhere.

The proceeds from the sale of the above product were reinvested into a further variation of an existing note which aims to benefit from falling levels of volatility. By taking advantage of the recent spike in market volatility we have been able to opportunistically strike this new 15 month maturity note. It comes with an improved 14.5% coupon which is conditional upon market volatility remaining below a certain level by the end of the term. The product adds a further diversification element to the fund as it is not dependent on the direction of equity markets, providing attractive risk-adjusted performance from a less correlated source of returns.

Sector Allocation



Top Ten Holdings

1.	MORGAN STANLEY INVERSE REVERSE 11/20	4.09%
2.	GOLDMAN SACHS AUTOCALL ERGSD 08/25	3.77%
3.	CREDIT SUISSE AUTOCALL EURO ESG 100 06/25	3.65%
4.	JPM AUTOCALL 7.30% 2 INDICES 12/2023	3.38%
5.	UIL FINANCE LTED ZDP 2024	3.31%
6.	BBVA AUTOCALL 8.02% 3 INDICES 11/2023	3.22%
7.	BBVA AUTOCALL 7.25 3 INDICES 10/2023	3.19%
8.	SG INVERSE REVERSE 07/20	2.95%
9.	EJF INVESTMENTS ZDP 2022	2.91%
10.	3i INFRASTRUCTURE PLC	2.78%

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

Castlefield Fund Partners

111 Piccadilly, Manchester, M1 2HY

Dealing Information: 0345 026 4284

General Enquiries: 0161 233 4890

E: castlefield@mitlandgroup.co.uk

W: www.castlefield.com