

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

Factsheet - September 2019



Fund Information

Fund Managers:



Alistair Currie



David Elton

Historic Yield:

0.56%*

Sector:

IA UK Small Companies

Fund Size

£8.88m

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 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.

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.



■ A - IA UK Smaller Companies [48.77%]

■ B - Castlefield BEST Sust UK Smaller Co General Income [48.29%]

31/07/2014 - 31/08/2019 Data from FE 2019

Cumulative Performance (%)

	1 Mth	3 Mths	6 Mths	1 Yr	3 Yrs	5 Yrs
UK Smaller	-2.68	-1.03	7.30	-8.58	30.19	48.29
Sector	-3.23	-4.10	2.86	-9.41	28.70	48.77
Quartile	2	1	1	2	2	3

Discrete Performance (%)

	2019 YTD	2018	2017	2016	2015
UK Smaller	9.53	-13.84	30.62	9.08	18.07
Sector	8.46	-11.70	27.18	8.05	14.86
Quartile	2	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 -2.7% in August, compared to the sector which returned -3.2% over the same period.

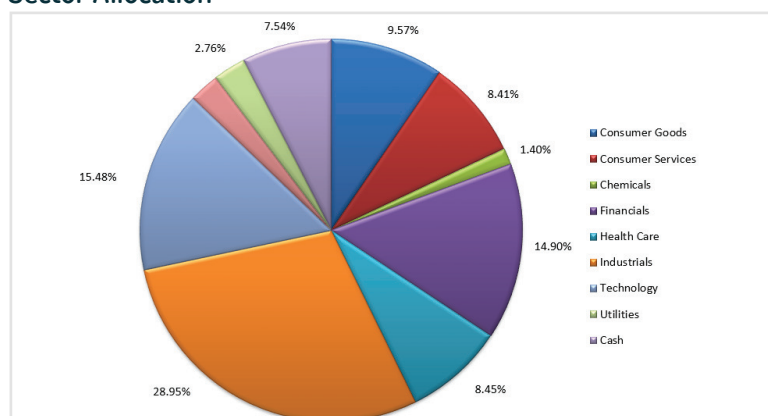
As usual, August was a quiet month in equity markets with only 10 of the holdings within the Fund making some form of announcement.

The top three contributors to performance during the month were Inspired Energy (+27.1%), AB Dynamics (+7.4%), and Consort Medical (+4.0%). Energy procurement business Inspired Energy recovered some of the share price weakness seen in recent months. We have been adding to this holding in the belief that the fall in the share price was unjustified given the company's strong underlying fundamentals. Consort Medical, the pharmaceutical formulator and delivery device manufacturer, also recovered some ground following the announced "incident" at its plant last month. We did engage with the company following this and, despite the disappointment of it happening, we were encouraged by the speed and transparency of the company's response. We also take reassurance from the forensic examination taking place to identify the root cause. Finally, AB Dynamics, the motor testing systems supplier, continued to benefit from recent news flow and positive momentum behind the story.

The top three absolute movers on the downside were Augean (-14.0%), IQE (-22.5%), and Autins Group (-21.1%). Waste management company Augean has been a consistently strong contributor to performance of the Fund over recent months and therefore it is unsurprising to see some profit taking in the market. This was largely triggered by the company announcing it had received some further tax notices from HMRC. Despite Augean having previously advised the market these could be issued, the shares pulled back. The company continues to challenge and appeal these claims, with a tax tribunal expected in 2020 to conclude matters. Semiconductor wafer maker IQE continued to suffer as the impact of the ongoing trade war impacted, amongst other areas, the smartphone handset market. Autins Group, the automotive acoustic and thermal insulation solutions provider, carried out a fundraise during the month at a reasonable discount resulting in a move lower for the shares. The Fund participated in the placing of shares that raised around £3.5m. The proceeds from this are to be used to fund the automation of manufacturing processes, accelerate development in certain market segments, and for general working capital purposes. We believe that, whilst the company has faced significant short-term headwinds leading to this point, the fundraise should help position the company better for long-term growth and stability as well as benefitting from operational efficiencies and new product investment.

Trades were limited to those at the margin in current holdings with no new holdings introduced, nor any exited. Cash also remained elevated at month end at above 7%.

Sector Allocation



Top Ten Holdings

1.	AB Dynamics	6.19%
2.	The Gym Group	4.05%
3.	GB Group	3.93%
4.	Strix Group	3.92%
5.	Inspired Energy	3.76%
6.	City of London	3.69%
7.	Tracsis	3.47%
8.	Tristel	3.34%
9.	Porvair	3.04%
10.	Iomart Group	3.04%

Fund Managers

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 lead 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.

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.

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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