

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

Factsheet - November 2019



## Fund Information

### Fund Managers:



Alistair Currie



David Elton

### Historic Yield:

0.60%\*

### Sector:

IA UK Small Companies

### Fund Size

£9.25m

### 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 31/10/2019.

### 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 31/10/2019.

## 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>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.



■ A - Castlefield BEST Sust UK Smaller Co General Income [63.43%]

■ B - IA UK Smaller Companies [59.85%]

31/10/2014 - 31/10/2019 Data from FE 2019

## Cumulative Performance (%)

	1 Mth	3 Mths	6 Mths	1 Yr	3 Yrs	5 Yrs
<b>UK Smaller</b>	2.60	-0.32	3.99	3.33	34.54	63.43
<b>Sector</b>	1.30	-0.30	-1.26	4.59	32.54	59.85
<b>Quartile</b>	1	3	1	3	2	2

## Discrete Performance (%)

	2019 YTD	2018	2017	2016	2015
<b>UK Smaller</b>	12.19	-13.84	30.62	9.08	18.07
<b>Sector</b>	11.74	-11.70	27.18	8.05	14.86
<b>Quartile</b>	3	3	2	2	2

## Discrete Year to Quarter End Performance (%)

	Q3 2018	Q3 2017	Q3 2016	Q3 2015	Q3 2014
	Q3 2019	Q3 2018	Q3 2017	Q3 2016	Q3 2015
<b>UK Smaller</b>	-8.92	9.61	26.29	12.75	6.77

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

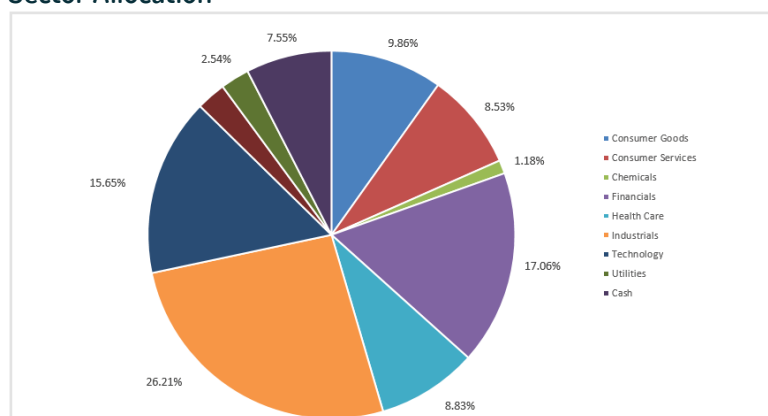
The Fund registered a total return of +2.6% in October, compared to the sector which returned +1.3% over the same period.

The highest three contributors to performance during the month were Augean (+43.5%), Tristel (+12.0%), and GB Group (+11.4%). Augean, the waste management company, has been discussed in several of our commentaries given the speed and strength of recovery within the business since initiating on the name. During the month, the company saw a continuation of this trend, announcing that, due to a strong third quarter, the Group's profit for the year is expected to be "materially ahead" of current expectations. Infection prevention and contamination control group Tristel released full year results in which revenues grew by 18%. This was driven by strong international markets alongside a solid UK performance, the latter higher than in recent years due to the launch of new products. The company also took the opportunity to set new three-year financial targets, increasing revenues in a range of 10% to 15% per annum, at the same time as maintaining the profitability of the group at a 25% EBITDA margin (earnings before interest, tax, depreciation and amortisation). Finally, GB Group, the identity management specialist, cited positive first-half performance and is on course to hit full-year targets. It delivered strong organic growth in each of its three core solutions (Location, Identity and Fraud) and target geographies. This organic performance was complemented by the successful integrations of recent acquisitions leading to total revenue growth expected to be at 64%.

The lowest three contributors to performance were energy procurement business Inspired Energy (-7.0%), motor testing systems supplier AB Dynamics (-4.6%), and gift voucher/card company Park Group (-5.1%). None of these made an announcement during the period and the performance solely reflects the usual fluctuations of UK smaller company share prices.

No new holdings were introduced to the Fund during the month, whilst the position in Sureserve was exited in its entirety. Shares in the asset and energy support services group have been held since its IPO in 2015. However, the business has had a series of governance-related issues which has culminated in us calling into question the original investment case. Despite the recovery potential following the current management team's stabilisation of the business, we remain concerned that some of these historical issues will continue to overhang it. Therefore, with a preference of deploying our capital elsewhere, we have opted to crystallise the recovery in the shares year-to-date and exit the holding. Cash at month end was elevated, sitting above 7%.

## Sector Allocation



## Top Ten Holdings

1.	AB Dynamics	4.77%
2.	Augean	4.55%
3.	The Gym Group	4.20%
4.	Strix Group	4.12%
5.	Tristel	4.04%
6.	GB Group	3.97%
7.	Inspired Energy	3.74%
8.	City of London	3.64%
9.	Tracsis	3.31%
10.	Iomart	3.22%

## 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](http://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@maitlandgroup.co.uk](mailto:castlefield@maitlandgroup.co.uk)

**W:** [www.castlefield.com](http://www.castlefield.com)