


Castlefield Real Return Fund

Factsheet - November 2019



Fund Information

| | |
|--|----------------------------|
|  | Fund Manager: |
| | Mark Elliott |
| Historic Yield: | Sector: |
| 0.90%* | UT Targeted Absolute Rtn |
| Fund Size | Number of Holdings: |
| £40.94m | 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 | 4.25% |
|--|-------|

Share Class Information

| Share Class | General |
|-------------------------------|-------------------------|
| Min. Investment | £500 |
| Initial Charge | 0% |
| Investment Adviser Fee | 1.0% |
| Ongoing Charge | 1.48% |
| Payment Dates | 30th April 31st October |
| ISA Eligible | Yes |
| ISIN | GB00B12V1482 |
| CITI CODE | ET32 |
| Bloomberg | PRCMMII:LN |

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 | 0.68 | 0.10 | 2.86 | 7.60 | 9.66 | 17.89 |
| Sector | 0.12 | 0.27 | 1.26 | 1.68 | 2.99 | 7.69 |
| Quartile | 1 | 3 | 1 | 1 | 1 | 1 |

Discrete Performance (%)

| | 2019 YTD | 2018 | 2017 | 2016 | 2015 |
|-------------------------|----------|-------|------|------|------|
| Real Return Fund | 10.20 | -3.57 | 2.88 | 5.84 | 0.45 |
| Sector | 2.86 | -2.74 | 2.97 | 0.97 | 2.20 |
| Quartile | 1 | 3 | 2 | 1 | 3 |

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 |
| Real Return Fund | 4.66 | 0.79 | 4.12 | 5.90 | 0.73 |

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 received by the fund in the preceding 12 months before the deduction of all expenses including management fees.

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

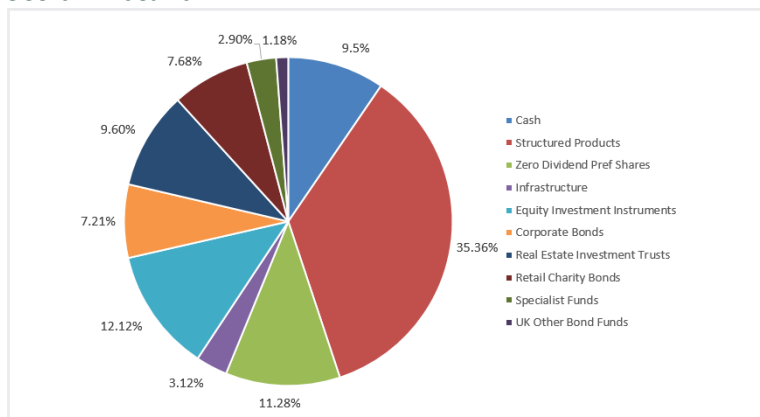
The Castlefield Real Return Fund performed well during October, returning 0.68% versus a sector return of 0.12%. The month was a positive one for global equities, with the US market reaching all-time highs. The UK, however, was relatively weak, as a rally in sterling impacted the share prices of internationally focused multinationals which derive a large percentage of revenues outside of the UK. Political drama continued in the US, with the ongoing enquiry into Trump's dealings with the Ukrainian President-elect, as well as the closer to home in the UK where Brexit continues to heavily impact market sentiment. A meaningful vote on Boris Johnson's new deal with the European Union was delayed by MPs refusing to rush through the legislation ahead of the end of October deadline. An additional extension to 31st January 2020 has been agreed, and a General Election will now be held on December 12th, as the Prime Minister seeks a new Parliamentary majority to pass his deal.

In fixed income markets, corporate credits outperformed government bonds. In the US, we saw the third interest rate cut from the Federal Reserve in the space of four months, lowering the target for its benchmark rate by a further 25 basis points (0.25%). Federal Reserve Chair Jerome Powell indicated that this was expected to be the last cut for some time, stating that monetary policy was 'in a good place'.

Fund activity during the month was relatively quiet. We took the opportunity to sell our position in the RM Secured Direct Lending zero-dividend preference shares and reinvest an equal value into the ordinary shares. With the ZDPs trading at a premium, the reduced gross redemption yield, made a sale attractive when combined with the opportunity to enter a position in the ordinary share class at a discount to the prevailing price.

The Fund's largest positive contributor during the month was Urban Logistics REIT. The real estate investment trust published a trading update mid-month which pointed to an uplift in portfolio valuation of 3.8% and 100% occupancy across its 38 sites. Management have completed several acquisitions during the year including six logistics properties from Connect Group. A select few disposals during the year have also realised gains above the book value of the sites. Management have reaffirmed their expectations for the current financial year and are expected to publish their half year results mid-November.

Sector Allocation



Top Ten Holdings

| | | |
|-----|---|-------|
| 1. | MORGAN STANLEY INVERSE REVERSE 11/20 | 3.95% |
| 2. | GOLDMAN SACHS INTL 19-25 IDX | 3.78% |
| 3. | CREDIT SUISSE AUTOCALL EURO ESG 100 06/25 | 3.72% |
| 4. | JPM AUTOCALL 7.30% 2 INDICES 12/2023 | 3.43% |
| 5. | BBVA AUTOCALL 8.02% 3 INDICES 11/2023 | 3.37% |
| 6. | BBVA AUTOCALL 7.25 3 INDICES 10/2023 | 3.34% |
| 7. | UIL FINANCE LTED ZDP 2024 | 3.25% |
| 8. | SG INVERSE REVERSE 07/20 | 2.98% |
| 9. | EJF INVESTMENTS ZDP 2022 | 2.87% |
| 10. | 3i INFRASTRUCTURE PLC | 2.61% |

Fund Manager

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 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.

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.

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