

# Castlefield B.E.S.T Sustainable Income Fund

Factsheet - November 2019



## Fund Information

	<b>Fund Manager:</b>
	Mark Elliott
<b>Historic Yield:</b>	<b>Sector:</b>
4.50%*	IA UK Equity Income
<b>Fund Size</b>	<b>Number of Holdings:</b>
£27.49m	40-50
<b>ACD:</b>	
Castlefield Fund Partners Limited	
<b>Launch Date:</b>	
2nd May 2006 Current strategy since 8th July 2012	
<b>Rating:</b>	
Morningstar - 4 Globes Sustainability Rating	
<b>Platform Availability</b>	
Aegon, AJ Bell, Aviva, Elevate, CoFunds, FNZ, Hargreaves Lansdown, James Hay, Novia, Transact, Zurich	

**Active Share Calculation\*** 82.90%

\* Active Share calculation measures how much the portfolio holdings differ to the benchmark. i.e. A portfolio identical to benchmark would have a 0% active share. Source: FactSet

## Share Class Information

Share Class	General
<b>Min. Investment</b>	£500
<b>Initial Charge</b>	0%
<b>Investment Adviser Fee</b>	0.75%
<b>Ongoing Charge</b>	1.26%
<b>Payment Dates</b>	Quarterly
<b>ISA Eligible</b>	Yes
<b>ISIN</b>	GB00B13NPH48
<b>CITI CODE</b>	K6LW
<b>Bloomberg</b>	PRESIN: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 30/09/2019.

Holdings within other share classes of the Fund previously active were converted to the 'General Income Class' reflected within the document as of 1<sup>st</sup> July 2019.

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## Fund Objective and Strategy

The investment objective of the Fund is predominantly to generate a relatively high level of current income, together with income growth and some capital growth over the long term, 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 Equity Income 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 fund adopts a unique investment process designed to consider factors beyond traditional business and financial criteria, as outlined in the fund's name:

<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.



Legend: A - IA UK Equity Income [32.16%], B - Castlefield B.E.S.T Sustainable Inc General [22.37%]  
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>B.E.S.T</b>	1.66	3.14	6.49	8.81	8.61	22.37
<b>Sector</b>	0.06	-0.14	-0.18	5.59	14.38	32.16
<b>Quartile</b>	1	1	1	1	4	4

## Discrete Performance (%)

	2019 YTD	2018	2017	2016	2015
<b>B.E.S.T</b>	15.26	-11.93	3.91	3.54	7.32
<b>Sector</b>	12.05	-10.54	11.32	8.84	6.20
<b>Quartile</b>	1	3	4	4	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>B.E.S.T</b>	2.11	-4.74	10.12	3.41	8.69

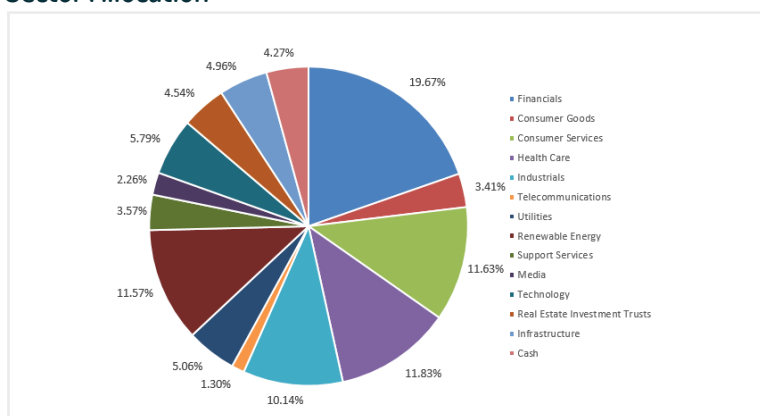
## Fund Commentary

The Castlefield B.E.S.T Sustainable Income Fund returned +1.7% for the month of October, comfortably ahead its sector peers which was flat and the high yielding index which returned -2.2%.

October's top contributor to the fund was healthcare real estate investment trust Assura plc. Assura works with general practitioners, health professionals, and the National Health Service, and invests and develops property for the healthcare sector. The share price reacted positively to its first half trading update. The property portfolio is being managed with 14 disposals during the period, sold at a premium to their net asset value, and 9 new purchases\*. The current portfolio of 560\* properties is undergoing value adding development, and management remain confident in their outlook for the rest of the year. Assura is one of our top conviction investments in the fund. The biggest detractor for the fund came from Tyman plc. The Group supply wood hardware, sealing products, smartware and high riser doors to the door and window industry. This is a new holding for the fund and the weakness in the share price during the month came in the aftermath of a couple of investors looking to pick up stock in September. We are not surprised to see the share price consolidating at these levels. We have good conviction on the name and see the valuation as being far too cheap given its strong brand portfolio and high cash generation. The Group is also being led by a new management team which boast impressive CV's, have significant industry experience and whom are working on employing 'self-help' measures which we believe should all help to see its share price converge to its intrinsic value, which we see as substantially above where it currently trades. \*Source: Assura plc Trading Update For the first half of the year to 30 September 2019

We exited our position within Sureserve Group. Sureserve engage in the improvement, maintenance, and development of buildings and services for social housing, schools and colleges, public buildings, energy services, and industrial and commercial buildings. It operates through two segments: Compliance and Energy Services. 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. We recycled the proceeds into Impax Asset Management, one of the world's leading investment managers dedicated to investing in the transition to a more sustainable economy. The firm's overall investment strategy is based on the view that capital markets will be shaped profoundly by global sustainability challenges, including climate change, pollution and essential investments in human capital, infrastructure and resource efficiency. The company was founded in 1998 by Ian Simm who is currently the Chief Executive. Impax manages £13.3bn\*\* (as at 31/03/19) across a range of listed equity, fixed income, smart beta and real asset strategies. Impax has an impressive track record of growing AuM through its collective funds and segregated accounts for institutional investors. This was supplemented in 2018 by the acquisition of Pax World Management LLC (Pax), a US-based investment advisor to Pax World Funds - subsequently renamed Impax NH. The Group is incredibly cash generative, which has allowed it to pay a progressive dividend and repay their term debt quickly. Impax have suggested they will announce a new dividend policy this year which will likely be a more generous target pay-out ratio of earnings. This considered with the Group's investment philosophy which aligns perfectly with Castlefield, we decided to build a position in October. With regards to engagement, we had a call with the management of 3i Infrastructure who raised £223m in an equity placing at a 19.4% premium to the latest disclosed net asset value.\*\*\* The proceeds will be used to repay drawings under their revolving credit facility, providing liquidity to fund their healthy pipeline of potential investments. \*\*Source: Impax Asset Management Group plc Interim results to 31 March 2019. \*\*\*Source: LSE RNS 5518P 3i Infrastructure plc 11 October 2019

## Sector Allocation



## Top Ten Holdings

1.	Glaxosmithkline	6.13%
2.	Astrazeneca	5.70%
3.	Greencoat UK Wind	5.56%
4.	Greencoat Renewables	4.59%
5.	Assura REIT	4.54%
6.	Equiniti	3.57%
7.	National Grid	3.52%
8.	The Gym Group	3.38%
9.	Avast	3.24%
10.	Phoenix Group	3.04%

## 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 within the institutional investment and fund management division of private bank, Brown Shiple. In addition to being the lead manager of the Castlefield B.E.S.T Sustainable Income Fund, 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 B.E.S.T Sustainable Income 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.

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