

Castlefield B.E.S.T Sustainable Income Fund

Factsheet - January 2020

Fund Information

	Fund Manager:
	Mark Elliott
Historic Yield:	Sector:
4.30%*	IA UK Equity Income
Fund Size	Number of Holdings:
£28.43m	40-50
ACD:	
Castlefield Fund Partners Limited	
Launch Date:	
2nd May 2006 Current strategy since 8th July 2012	
Rating:	
Morningstar - 4 Globes Sustainability Rating	
Platform Availability	
Aegon, AJ Bell, Aviva, Elevate, CoFunds, FNZ, Hargreaves Lansdown, James Hay, Novia, Transact, Zurich	
Active Share Calculation**	83.30%

** 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
Min. Investment	£500
Initial Charge	0%
Investment Adviser Fee	0.75%
Ongoing Charge	1.26%
Payment Dates	Quarterly
ISA Eligible	Yes
ISIN	GB00B13NPH48
CITI CODE	K6LW
Bloomberg	PRESIN:LN

Source of performance data: Financial Express. as at 31/12/2019

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 31/12/2019.

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.

TNINCF5/080120

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 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 Equity Income [38.26%]
■ B - Castlefield B.E.S.T Sustainable Inc General [23.74%]

31/12/2014 - 31/12/2019 Data From FE 2019

Cumulative Performance (%)

	1 Mth	3 Mths	6 Mths	1 Yr	3 Yrs	5 Yrs
B.E.S.T	3.73	7.32	9.45	21.67	11.35	23.74
Sector	3.99	7.26	8.38	20.14	19.65	38.30
Quartile	2	2	2	2	4	4

Discrete Performance (%)

	2019	2018	2017	2016	2015
B.E.S.T	21.67	-11.93	3.91	3.54	7.32
Sector	20.14	-10.54	11.32	8.84	6.20
Quartile	2	3	4	4	2

Discrete Year to Quarter End Performance (%)

	Q4 2018	Q4 2017	Q4 2016	Q4 2015	Q4 2014
B.E.S.T	21.67	-11.93	3.91	3.54	7.32

Fund Commentary

The Castlefield B.E.S.T Sustainable Income Fund returned +3.73% for the final month of 2019, slightly behind sector peers which returned +3.99% but ahead of the high yielding index which returned +3.32%. This took the full year performance of the fund to +21.67%, comfortably ahead of its sector and high yielding index which returned +20.14 and +14.35%, respectively. UK equities were propped up by the UK Election result towards the middle of the month which saw Boris Johnson maintain his leadership, a clear victory for the Conservative party, winning a decisive majority. The result was seen as an end to some uncertainty surrounding Brexit, as it is clear that under Boris' control, Brexit will "get done".

December's top three contributors to the fund came from, retail company, N Brown Group (+27.1%); diversified REIT, British Land (+11%) and utility group, National Grid (+6.1%). Whilst this was not driven by any specific news, the holdings were beneficiary to the rally in domestic mid-caps following the UK Election result. National Grid also saw a relief rally as the threat of nationalisation under a Labour government was averted. The biggest detractor for the fund came from consumer goods group, Unilever. Shares were -4.9% lower, over the month following a warning of economic slowdown in South Asia and trading in West Africa "remaining difficult", leading CEO, Alan Jope to announce that full year sales growth for 2019 will be below its 3-5% guidance.

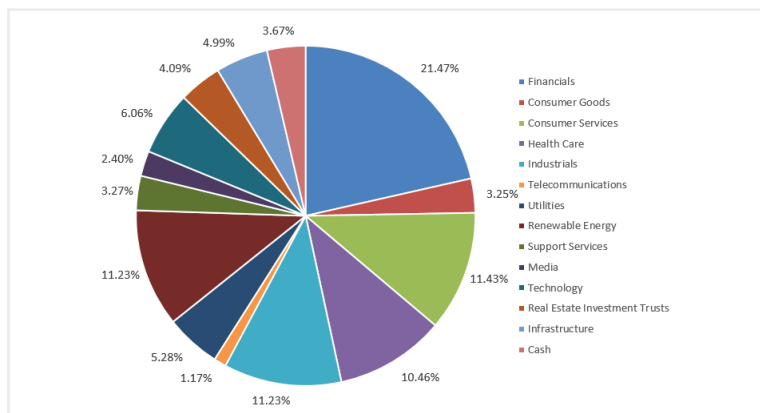
We exited our position within Balfour Beatty Group, following reports by Reuters citing falsified maintenance records concerning Balfour Beatty Communities US Air Force operations. Considering the nature of the allegations, we envision a lengthy investigation which could lead to a sizeable fine or a blacklisting of the firm by the US Military, notwithstanding the reputational damage by the damning report. Following a detailed review, we therefore decided to sell out of the position.

With regards to engagement, we had a meeting at our Manchester office with the CFO, Jayne Cottam of the healthcare real estate investment trust, Assura Group. Assura work with general practitioners, health professionals and the NHS to develop and operate property for the healthcare sector. During the meeting we discussed the report by British Medical Association (BMA) which shown that only half of GP practice buildings in England are "fit for purpose", calling on the government to 'urgently invest' in GP buildings. This was followed by the "General Practice Premises Policy Review" conducted by the NHS England confirming investment in this area. The BMA results show that 'GP premises were on average 35 years old, having been first built or converted in 1984' and 'the last significant modification or extension to premises took place in the mid-2000s (2005)'. Such findings present an opportunity for the healthcare REIT, with 85% of its rent roll being NHS funded, and which has experience in pre-let developments and asset enhancement putting Assura in an attractive position to benefit from the significant investment required to get GP practices fit for a growing population and ageing demographic. We also engaged with National Grid during December where we were able to discuss strategic priorities and current projects.

Source: Castlefield Investment Partners, Financial Express and London Stock Exchange 3rd January 2020

Past Performance is not a guide to future performance.

Sector Allocation



Top Ten Holdings

1.	Greencoat UK Wind	5.50%
2.	Glaxosmithkline	5.42%
3.	Astrazeneca	5.04%
4.	Greencoat Renewables	4.32%
5.	Assura PLC REIT	4.09%
6.	The Gym Group	3.59%
7.	National Grid	3.57%
8.	Avast	3.50%
9.	Cineworld	3.38%
10.	Spectris	3.32%

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 or direct from Castlefield. All data as at 31 December 2019.

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