

## SHINING A LIGHT ON THE..... Castlefield CFP SDL UK Buffettology Fund

### AT A GLANCE

Investment Objective	
<p>The investment objective of the Fund is to seek to achieve an annual compounding rate of return over the long term, which is superior to the performance of the UK stock market. The Fund will invest principally in a portfolio of UK equities, and may also invest in other transferable securities, money market instruments, units and/or shares in other collective investment schemes, deposits, warrants, cash and near cash. The Investment Adviser will adopt a focused approach to investing in shares of those companies which it believes have strong operating franchises and experienced management teams, and whose shares are undervalued and offer the potential for improved economic growth. The Fund may also invest in derivatives and forward transactions (for hedging purposes). The Fund may borrow and may enter into stocklending and underwriting transactions in accordance with COLL.</p>	

<b>Inception Date</b>	28/03/2011
<b>Fund Factsheet Link</b>	<a href="https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000SY09">https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000SY09</a>

Management	
<b>Manager Name</b>	<b>Start Date</b>
Keith Ashworth-Lord	28 March 2011

Investment Style Details	
<b>Equity Style</b>	
<b>Market Capitalisation</b>	<b>% of Equity</b>
Giant	9.26%
Large	11.18%
Medium	19.33%
Small	30.38%
Micro	29.85%

Top 10 Holdings		
<b>Total number of holdings</b>	31	
<b>Assets in Top 10 Holdings</b>	38.39%	
<b>Name</b>	<b>Sector</b>	<b>% of Assets</b>
Games Workshop Group PLC	Consumer Cyclical	6.72%
Liontrust Asset Management PLC	Financial Services	4.75%
AB Dynamics	Technology	3.93%
London Stock Exchange Group PLC	Financial Services	3.76%
Bioventix PLC	Healthcare	3.51%
RWS Holdings PLC	Industrials	3.21%
Dechra Pharmaceuticals PLC	Healthcare	3.16%
Experian PLC	Industrials	3.14%
Softcat PLC	Technology	3.12%
Rollins Inc	Consumer Cyclical	3.12%

Volatility Measurements	
3-Yr Std Dev (volatility)	18.72%
3-Yr Mean Return (average)	8.68%

## FUND PERFORMANCE

Performance from 1 January 2014 to 31 May 2020:

	2014	2015	2016	2017	2018	2019	2020
Castlefield CFP SDL UK Buffettology Fund Fund	1.78%	27.97%	12.65%	25.63%	0.37%	25.25%	-10.34%
FTSE All Share	1.18%	0.98%	16.75%	13.10%	-9.47%	19.17%	-18.76%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
Castlefield CFP SDL UK Buffettology Fund Fund	-3.29%	28.38%	83.56%	231.43%
FTSE All Share	-11.16%	-8.37%	6.91%	53.46%

*You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.*

## UPDATE....

**These updates have been written at the time of the Coronavirus Pandemic in 2020, which has impacted the global financial markets in a way that has never been seen before.**

We reviewed this fund a few years ago and this latest review was at a time of market stress. The fund has a nine-year track record, assets of over £1 billion and invests in 31 companies. They are long term investors with 14 companies being in the fund since launch. They have about 12% in cash.

The basic premise behind the fund is about looking at each investment as an economic interest in a real business and asking a simple question about whether as an individual they would want to own and invest their own money in that company. They like companies that have barriers to entry and those that demonstrate low digit but consistent growth. They are looking for companies who have strong operating margins, a consistent business model and have bargaining power with suppliers and customers.

In terms of holdings, 16 companies have net cash, 10 have debt above 10% and the balance have small levels of debt. The level of information they have on companies is important and much of the information they have goes back decades. From a universe of 3,000 companies they have a watch list of 45 to 60 companies and invest in around 25 to 35.

They are happy to wait for the right entry point; examples being the London Stock Exchange and Experian which have been expensive, but corrections in share prices enabled them to buy into these companies. They do not trade or take profits and they will sell if there has been a fundamental change. An oversight (this is where they get it wrong and there have been about 6 in the last 9 years), where

they make a switch (but has only happened once) or there is black swan event (like the recent market falls).

The recent turnover has been higher. Over the last 12 months they have sold Driver Group (December 2019), Restaurant Group (March 2020), Air Partner (March 2020), Next (April 2020) and Revolution Bars Group (April 2020). They added Paypoint, London Stock Exchange, RM and Softcat in 2019 and Homeserve in January 2020.

They have supported three capital raises this year; they have topped up existing holdings recently but not added anything. They think the UK will be okay with a no deal Brexit and believe in a Nike recovery. They were surprised by the speed of the recovery and missed some opportunities. They think there are several things driving this. Firstly you do not fight the fed, and secondly interest rates have been slashed and the stock market is the only place left for income. He feels markets might have got it wrong and we are not through the crisis yet.

In summary the fund has continued to perform well. It is an all cap strategy and conviction led. The concerns remain on single person risk. But certainly this is a strategy that those looking for UK exposure might consider.

*The source of information in this note has been provided by Sanford DeLand and is correct as at June 2020. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.*