



CASTLEFIELD FUNDS

# **ANNUAL REPORT & ACCOUNTS**

For the Year Ended 28 February 2017

A UK Authorised Investment Company with Variable Capital



# INDEX

## Management and Administration

Registered Office and Directors	2
Company Information	2
Important Notes	3
Report of the ACD to the Shareholders of the Company	3
Remuneration Disclosure	3
Statement of Authorised Corporate Director's Responsibilities	4
Statement of Disclosure to the Auditors	4
Sub-Fund Cross-Holdings	4
Directors' Statement	4
Independent Auditor's Report	6
Investment Review of Castlefield Funds	7

## CASTLEFIELD B.E.S.T INCOME FUND

Fund Information	10
Comparative Tables	10
Risk and Reward Indicator (RRI)	13
Investment Objective and Policy	13
Investment Review	13
Portfolio of Investments	15
Statement of Total Return	18
Statement of Change in Net Assets Attributable to Shareholders	18
Balance Sheet	19
Notes to the Financial Statements	19
Distribution Tables	25

## CASTLEFIELD MANAGED MULTI-ASSET FUND

Fund Information	28
Comparative Tables	28
Risk and Reward Indicator (RRI)	31
Investment Objective and Policy	31
Investment Review	31
Portfolio of Investments	33
Statement of Total Return	36
Statement of Change in Net Assets Attributable to Shareholders	36
Balance Sheet	37
Notes to the Financial Statements	37
Distribution Tables	44

## CASTLEFIELD UK OPPORTUNITIES FUND

Fund Information	45
Comparative Tables	45
Risk and Reward Indicator (RRI)	49
Investment Objective and Policy	49
Investment Review	49
Portfolio of Investments	51
Statement of Total Return	54
Statement of Change in Net Assets Attributable to Shareholders	54
Balance Sheet	55
Notes to the Financial Statements	55
Distribution Tables	62

## CASTLEFIELD UK SMALLER COMPANIES FUND

Fund Information	64
Comparative Tables	64
Risk and Reward Indicator (RRI)	66
Investment Objective and Policy	66
Investment Review	67
Portfolio of Investments	68
Statement of Total Return	71
Statement of Change in Net Assets Attributable to Shareholders	71
Balance Sheet	72
Notes to the Financial Statements	72
Distribution Tables	77

## CFP SDL UK BUFFETTOLOGY FUND

Fund Information	78
Comparative Tables	78
Risk and Reward Indicator (RRI)	79
Investment Objective and Policy	80
Investment Review	80
Portfolio of Investments	82
Statement of Total Return	84
Statement of Change in Net Assets Attributable to Shareholders	84
Balance Sheet	85
Notes to the Financial Statements	85
Distribution Tables	91

## CFP SDL FREE SPIRIT FUND

Fund Information	92
Comparative Tables	92
Risk and Reward Indicator (RRI)	93
Investment Objective and Policy	94
Investment Review	94
Portfolio of Investments	95
Statement of Total Return	97
Statement of Change in Net Assets Attributable to Shareholders	97
Balance Sheet	98
Notes to the Financial Statements	98
Distribution Tables	103

# MANAGEMENT AND ADMINISTRATION

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The Authorised Corporate Director ("ACD") and registered office of the Castlefield Funds ("the Company"):

## To 12 June 2016

### PREMIER PORTFOLIO MANAGERS LIMITED

Eastgate Court, High Street,  
Guildford, Surrey, GU1 3DE

Premier Portfolio Managers Limited is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of The Investment Association ("IA"). Premier Portfolio Managers Limited and Premier Fund Managers Limited are both members of the Premier Asset Management Marketing Group.

## From 13 June 2016

### CASTLEFIELD FUND PARTNERS LIMITED

111 Piccadilly,  
Manchester, M1 2HY

Castlefield Fund Partners Limited is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of The Investment Association ("IA").

## DIRECTORS OF THE ACD:

### To 12 June 2016

Mike O'Shea (Chairman)  
Neil Macpherson (Finance Director)  
Mark Friend (Chief Operating Officer)  
Mike Hammond (Sales Director)  
Simon Wilson (Marketing Director)

### From 13 June 2016

John Eckersley (Managing Director)  
Summayya Mosam (Head of Compliance)  
Susan Cohen (Head of Finance)

## INVESTMENT ADVISER:

Castlefield Investment Partners LLP is the Investment Adviser to the Castlefield Funds.

## DEPOSITARY:

### To 12 June 2016

National Westminster Bank PLC  
Trustee & Depositary Services,  
Younger Building,  
1st Floor,  
3 Redheughs Avenue,  
Edinburgh, EH12 9RH

## From 13 June 2016

Société Générale S.A. (London Branch),  
SG House, 41 Tower Hill,  
London, EC3N 4SG

## AUDITOR:

### To 12 June 2016

KPMG LLP  
15 Canada Square,  
Canary Wharf,  
London, E14 5GL

### From 13 June 2016

Beever and Struthers  
St George's House  
215-219 Chester Road,  
Manchester, M15 4JE

## ADMINISTRATOR & REGISTRAR:

### To 12 June 2016

Northern Trust Global Services Limited  
50 Bank Street,  
Canary Wharf,  
London, E14 1BT

## ADMINISTRATOR

### From 13 June 2016

Société Générale Securities Services,  
SG House, 41 Tower Hill,  
London, EC3N 4SG

## REGISTRAR

### From 13 June 2016

Maitland Institutional Service Limited  
Springfield Lodge, Colchester Road,  
Chelmsford, Essex CM2 5PW

## COMPANY INFORMATION

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The Castlefield Funds is an Investment Company with Variable Capital under regulation 12 of the Open-Ended Investment Company Regulations and incorporated in England and Wales under registered number IC000234 and authorised by the Financial Conduct Authority with effect from 14 May 2003. Shareholders are not liable for the debts of the Company. At the period end, the Company contained six Sub-Funds.

The Company is a UCITS scheme which complies with the Financial Conduct Authority Collective Investment Schemes sourcebook and is structured as an umbrella Company so that different Sub-Funds may be established from time to time by the ACD with the approval of the Financial Conduct Authority and the agreement of the Depositary.

# MANAGEMENT AND ADMINISTRATION

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## IMPORTANT NOTES

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### **Auditor Change**

On 13 June 2016, Beever and Struthers replaced KPMG LLP as Auditor of the Castlefield Funds.

### **Authorised Corporate Director Change**

From 13 June 2016, Premier Portfolio Managers Limited ("Premier") retired as the authorised corporate director ("ACD") of the Company in favour of Castlefield Fund Partners Limited ("Castlefield"), which is also an FCA authorised and regulated firm. Also on this date the names of the funds changed to the following:

#### **New OEIC name:**

Castlefield Funds

#### **New Sub-Fund name:**

Castlefield B.E.S.T Income Fund  
Castlefield Managed Multi-Asset Fund  
Castlefield UK Opportunities Fund  
Castlefield UK Smaller Companies Fund  
CFP SDL UK Buffettology Fund

#### **New Sub-Fund name:**

On the 3 January 2017 Sanford DeLand Asset Management, as a trading name of Castlefield Investment Partners, launched the CFP SDL Free Spirit Fund.

## REPORT OF THE ACD TO THE SHAREHOLDERS OF THE COMPANY

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The ACD, as sole director, presents its report and the audited Financial Statements of the Company for the period from 29 February 2016 to 28 February 2017.

The Company is a UCITS scheme which complies with the Financial Conduct Authority's Collective Investment Schemes sourcebook. The shareholders are not liable for the debts of the Company.

The Investment Objectives and Policies of each Sub-Fund of the Company are covered in the section for each Sub-Fund. The Sub-Funds of an umbrella Company should be invested as if they were a single Company. The names and addresses of the ACD, the Depositary, the Registrar, the Investment Advisor and the Auditor are detailed on page 2.

In the future there may be other Sub-Funds of the Company.

Where a Sub-Fund invests in other Collective Investment Schemes, the maximum annual management fee that may be charged to that Collective Investment Scheme is 5% of the net asset value of such a scheme, however, it is expected that the actual annual management fee will not exceed 2%.

## REMUNERATION DISCLOSURE

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The provisions of the Undertakings in Collective Investment Schemes Directive ("UCITS V") took effect on 18 March 2016. That legislation requires the Authorised Corporate Director (ACD) to establish and maintain remuneration policies for its staff that are consistent with and promote sound and effective risk management.

Castlefield Fund Partners, acting as ACD to the Castlefield Funds umbrella OEIC, has established a remuneration policy that is consistent with the values and other remuneration policies within the group of companies to which the ACD belongs. This policy sets out a framework for determining the level of fixed remuneration of staff whilst avoiding the variable remuneration of staff, and focussing instead upon Equity Ownership within the Company, which encourages individual focus within the Company upon the creation of long term shareholder value.

Within the group, all staff are employed by the parent company with none employed directly by the UCITS scheme.

Details of remuneration for the ACD, and staff members, have been omitted within this set of accounts due to the Company's appointment as ACD to the Castlefield Funds part way through the reporting period, appointed 13th June 2016. The total remuneration of those individuals who are fully or partly involved in the activities of the UCITS scheme, including those whose time is allocated between group entities will be produced in subsequent reports where the ACD has acted for the UCITS scheme for the full period covered.

# MANAGEMENT AND ADMINISTRATION

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## STATEMENT OF AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES

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The Open-Ended Investment Companies (Investment Companies with Variable Capital) Regulations 2001 (SI 2001/1228) ("the OEIC 's Regulations") and the rules of the FCA contained in the COLL Sourcebook require the ACD to prepare Financial Statements for each accounting period which give a true and fair view of the financial position of the Company and of its net revenue and the net gains on the property of the Company for the period. The ACD is responsible for ensuring that, to the best of its knowledge and belief, there is no relevant audit information of which the Auditor is unaware. It is the responsibility of the ACD to take all necessary steps as a director to familiarise themselves with any relevant audit information and to establish that the Auditor is aware of that information.

In preparing the Financial Statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice – Financial Statements of Authorised Funds issued by the Investment Management Association in May 2014;
- follow generally accepted accounting practice and applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the Financial Statements as prepared comply with the above requirements;
- take such steps as are reasonably open to it to prevent and detect fraud and other irregularities;
- make judgements and estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

## STATEMENT OF DISCLOSURE TO THE AUDITORS

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So far as the ACD is aware, there is no relevant audit information of which the Funds' Auditors are unaware. Additionally, the ACD has taken all the necessary steps that they ought to have taken as ACD in order to make themselves aware of all relevant audit information to establish that the Funds' Auditors are aware of the information.

## SUB-FUND CROSS-HOLDINGS

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No Sub-Fund held shares in any other Sub-Fund within the Investment Company with Variable Capital during the current or prior year.

## DIRECTORS' STATEMENT

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In accordance with the Regulations, we hereby certify the report on behalf of the directors of Castlefield Fund Partners Limited.

John Eckersley  
Managing Director (of the ACD)



Summaya Mosam  
Director (of the ACD)



30 June 2017

# MANAGEMENT AND ADMINISTRATION

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## **STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES IN RESPECT OF THE SCHEME AND REPORT OF THE DEPOSITARY TO THE CONBRIO FUNDS ("THE COMPANY") FOR THE PERIOD TO 13 JUNE 2016**

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored (this requirement on the Depositary applied from 18 March 2016) and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company and;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

### **National Westminster Bank PLC**

Trustee & Depositary Services

21 June 2017

## **STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES IN RESPECT OF THE SCHEME AND REPORT OF THE DEPOSITARY TO THE CASTLEFIELD B.E.S.T INCOME FUND, CASTLEFIELD MANAGED MULTI-ASSET FUND, CASTLEFIELD UK OPPORTUNITIES FUND, CASTLEFIELD UK SMALLER COMPANIES FUND, CFP SDL UK BUFFETTOLOGY FUND AND CFP SDL FREE SPIRIT FUND AS SUB-FUNDS OF CASTLEFIELD FUNDS ("THE COMPANY") FOR THE YEAR ENDED 28 FEBRUARY 2017**

The Depositary is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of income that arises from that property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed by the ACD in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC's Regulations), the Company's Instrument of Incorporation and Prospectus, in relation to the pricing of, and dealings in, shares in the Company; the application of income of the Company; and the investment and borrowing powers and restrictions applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the Authorised Corporate Director:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the COLL Sourcebook and, where applicable, the OEIC's Regulations, the Instrument of Incorporation and Prospectus of the Company, and;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

### **Société Générale S.A. London Branch**

30 June 2017

# MANAGEMENT AND ADMINISTRATION

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## INDEPENDENT AUDITOR'S REPORT

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### REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF CASTLEFIELD FUNDS

We have audited the Financial Statements of the Company for the year ended 28 February 2017 which comprise the Statements of Total Return, the Statements of Changes in Net Assets Attributable to Shareholders, the Balance Sheets, the Related Notes and Distribution Tables for each of the Company's Sub-Funds listed on page 3 and the accounting policies set out on pages 7 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Statement of Recommended Practice issued by the Investment Management Association (IMA) in May 2014 "Financial Statements of UK Authorised Funds". This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of the Authorised Corporate Director ('the ACD')

As explained more fully in the Statement of ACD's Responsibilities set out on pages 3 to 4 the ACD is responsible for the preparation of Financial Statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### Scope of the audit of the Financial Statements

A description of the scope of an audit of Financial Statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the financial position of each of the Sub-Funds as at 28 February 2017 and of the net revenue/deficit of revenue and the net capital gains/net capital losses on the property of each of the Sub-Funds for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice issued by the IMA relating to UK Authorised Funds, and the COLL Rules.

#### Opinion on other matters prescribed by the COLL Rules

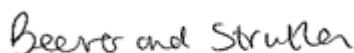
In our opinion the information given in the Authorised Corporate Director's Report is consistent with the Financial Statements. To the best of our knowledge and belief, we have received all the information and explanations which we consider necessary for the purposes of our audit.

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Company have not been kept; or
- the Financial Statements are not in agreement with the accounting records.

Sign:



Caroline Monk

For and on behalf of Beever and Struthers, Chartered Accountants and Statutory Auditor

St George's House  
215-219 Chester Road,  
Manchester, M15 4JE

30 June 2017



## ABOUT THE INVESTMENT ADVISER

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Castlefield Investment Partners (CIP) is part of the Castlefield family of investment, advisory and operational support businesses. The group adopts a unique approach to looking after money, reflecting the individual objectives of all kinds of clients – from private individuals and the businesses they own and work for, to the not-for-profit organisations they help to run. CIP is authorised and regulated by the Financial Conduct Authority and is a member of the London Stock Exchange.

Sanford DeLand Asset Management (SDL) is a trading name of Castlefield Investment Partners LLP (CIP), used under licence. Sanford DeLand Asset Management Limited, which owns the rights to the SDL brand, was established in March 2010 by a group of like-minded business professionals in order to cover the costs of establishing and seeding the first SDL-branded fund. The SDL branded Funds within this statement are sub-funds of the Castlefield Funds OEIC umbrella.

## INVESTMENT REVIEW OF CASTLEFIELD FUNDS

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### MARKET REVIEW

In what turned out to be the nadir for equity markets, the period began with equities languishing after having fallen through much of 2015 and early 2016. Concerns over a slowdown in China and volatility within the commodity sector turned out to be a springboard for global equities for the remainder of the year. Much of the ensuing rally came in spite of major political events both here and overseas. When David Cameron announced a June referendum date for the UK's possible exit from the EU, few predicted the surprise decision which was to follow. Whilst UK equities declined immediately in the wake of the 'Leave' result in late June, this was relatively short lived with July turning out to be one of the years strongest in terms of returns. Much of this rally was in part helped by the weakening of Sterling against both the US Dollar and Euro which benefited globally-exposed companies. Following the Brexit result the eventual resignation of Prime Minister David Cameron led to the appointment of former Home Secretary Theresa May as the new PM. This seemed paradoxical to some as she had campaigned as a 'Remainer' in the run up to the referendum. What followed was an overhaul of the cabinet which saw Chancellor George Osborne depart and Michael Gove side-lined. August saw the Bank of England cut interest rates by 25bps in the midst of this political uncertainty, however strong macroeconomic data since then including robust GDP growth and falling unemployment means the move may have been premature.

Towards the end of the year, the focus shifted to the US where the political arena yet again took centre stage. Donald Trump was the surprise winner of the US presidential contest. Thanks to his proposed 'business friendly' policies, ranging from infrastructure spending to corporation tax cuts, equity markets once again continued to rally. In contrast to events here, the Fed accelerated their tightening of monetary policy signifying their confidence in the strength of the US economy by introducing a further rate hike, although this appears to have left markets unfazed. The reporting year ended with domestic equities rallying to reach an all-time high in January 2017 and closed the period within touching distance of this level as investors grew increasingly confident on the outlook for the UK economy despite some of the apparent political headwinds.

### OUTLOOK

Shortly after the period drew to a close, Theresa May triggered Article 50 at the end of March. With political events dominating much of 2016, 2017 looks set to follow suit with a further round of European elections set to take place followed by our own general election on 8th June. Theresa May's surprise announcement to hold a snap election appears designed to strengthen the UK's hand during the Brexit negotiations although the uncertainty in the short term has not dampened growth in asset prices. In the US, equities face a risk that Donald Trump's policy agenda is increasingly hampered by investigations into his campaign and executive team. This calls into question his ability to implement his much-vaunted tax cuts. Interest rates in the UK and Eurozone remain at very low levels whilst inflation is picking up, exacerbated in the UK by the weakness of Sterling. However, it appears that we must wait for a "real" pick up in wage growth before we see any interest rate hikes here in the UK. Looking forwards, markets remain buoyant and macroeconomic data continues to be strong, however we are mindful of any disruption that the political schedule may cause to markets and we remain vigilant of any change in economic conditions as a result.

## AGGREGATED NOTES TO THE FINANCIAL STATEMENTS

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### 1. STATEMENT OF COMPLIANCE

The Financial Statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association in May 2014 (2014 SORP).

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

The Financial Statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss. The principal accounting policies which have been applied consistently are set out below.

#### Functional and Presentation Currency

The functional and presentation currency of the Fund is Sterling.

#### Revenue Recognition

Revenue from collective investment schemes, quoted equity and non-equity shares is recognised net of attributable tax credits when the security is quoted ex-dividend. Overseas revenue received after the deduction of withholding tax is shown gross of taxation, with the taxation consequences shown within

# CASTLEFIELD FUNDS

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the taxation charge. Accumulation of revenue relating to accumulation units or shares held in collective investment schemes is recognised as revenue and included in the amount available for distribution. Bank interest, interest on debt securities, underwriting commission and other revenue are recognised on an accruals basis. In the case of debt securities, the total revenue arising includes the amortisation of any premium or discount at the time of purchase spread over the life of the security, using the effective interest rate method. The gains and losses arising on investments in structured plans are allocated between revenue and capital according to the nature of the structured plan. This is depending on the extent to which the return is capital or revenue based.

## Stock Dividends

The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Sub-Fund. Any enhancement above the cash dividend is treated as capital.

## Special Dividends

Special dividends are recognised as either revenue or capital depending upon the nature and circumstances of the dividend.

## Expenses

For accounting purposes, all expenses (other than those relating to the purchase and sale of Investments) are charged against revenue for the year on an accruals basis with the exception of B.E.S.T Income Fund where all fees are charged against capital.

## Distributions

Amounts distributable are calculated after excluding expenses borne by capital as agreed by the ACD and Depositary. The ACD and Depositary have agreed that 100% of the Sub-Fund's expenses are borne by revenue, except for the Castlefield B.E.S.T Income Fund where 100% of the Sub-Funds expenses are borne by capital. Equalisation received from the underlying investments has been treated as a reduction in the book cost of the investments and not distributed. All distributions unclaimed for a period of six years after having become due for payment shall be forfeited and shall revert to the capital of the Fund.

## Valuations

All investments are valued at their fair value at noon on 28 February 2017 being the last business day of the financial year. The fair value of equity and non-equity shares is bid price, excluding any accrued interest. The fair value of dual priced collective investment schemes managed by the ACD is their cancellation price and the fair value of dual priced collective investment schemes which are managed by other management groups is their bid price. The fair value of all single priced collective investment schemes is their single price, taking account of any agreed redemption charges. Delisted and unquoted investments are shown at the ACD's valuation.

Structured plans are valued at the latest price from the product provider.

## Foreign Currencies

Assets and liabilities in currencies other than Sterling are translated into Sterling at the exchange rates prevailing at noon on the last working day of the accounting year. Transactions in foreign currencies are translated at the exchange rate prevailing at the transaction date.

## Taxation

Corporation tax has been provided for at a rate of 20%. Deferred tax is provided in respect of timing differences that have originated but not been reversed at the balance sheet date. Deferred tax assets are recognised only to the extent that they are more likely than not to be recoverable. Withholding tax on overseas dividends is accounted for when the security is quoted ex dividend.

## Dilution Levy

In certain circumstances the ACD may charge a dilution levy, in accordance with the Financial Conduct Authority Regulations, on all subscriptions and redemptions of shares, which is paid into the Sub-Funds and included in the Statement of Change in Net Assets Attributable to Shareholders. The levy is intended to cover certain dealing charges not included in the mid-market value of the Sub-Fund used in calculating the share price, which could have a diluting effect on the performance of the Sub-Fund.

## 3. RISK MANAGEMENT FRAMEWORKS

The ACD has a documented risk management framework which details the processes and procedures used to identify, measure, manage and monitor appropriately all risks to which the funds are or may be exposed. The risks covered by the framework include market risk, liquidity risk, credit/counterparty risk, operational risk and any other risks that might be material to the funds. The first three risks are primarily focused on the investment itself while operational risk refers to the risk of loss arising from inadequate or failed processes, people or systems including attempted fraud. The risk framework details:

- the techniques, tools and arrangements including systems and processes used;
- the content and frequency of reports; and
- the allocation of responsibilities between key staff and departments.

The main risk management system used by the ACD is fully integrated with the position keeping system for the funds and is used to measure and monitor market risk, credit / counterparty risk and liquidity risk. A separate system is maintained to track instances of operational risk and monitor amendments to controls made seeking to ensure that operational risk errors do not re-occur. The ACD has a formal structure of oversight committees who review the risk profile, including market, credit, operational and liquidity risks, of each fund and the fund's compliance with its published objectives on a regular basis. As part of its governance processes, the ACD reviews the performance of the risk management framework and its associated arrangements, processes, systems and techniques on an annual basis, and the compliance of the funds with the risk management framework. The risk management framework is updated by the ACD following any significant change in the business or in risk exposures and at least annually. It is also reviewed by the Depositary.

## Market Risk

Market risk is the risk of loss arising from fluctuations in the market value of investments held by the funds attributable to changes in market variables,

such as equity prices, foreign exchange rates, interest rates or the credit worthiness of an issuer. The risk management framework monitors the levels of market risk to which the funds are exposed in relation to the fund investment objective and policy. A series of hard (strictly enforced) and soft (warning) limits are employed to ensure the fund stays within its published mandate. The risk systems provide a range of risk analytical tools, including sensitivities to relevant market risks, Value at Risk stress testing, and incorporates the impact of changes to positions in real time. In addition to risk analytics, the risk system has an integrated risk limit and regulatory compliance function which performs checks on potential trades prior to the fund executing them and on the fund exposures on a daily basis. Market risk is also measured using gross leverage and global exposure (the commitment approach). The commitment approach is suitable for funds investing in traditional asset classes such as equities, fixed income, money market securities and collective investment schemes. It can also be used for funds using derivatives in a simple manner and investing in instruments with embedded derivatives where no additional leverage is created. The commitment approach measures the incremental exposure of each derivative calculated by converting it into the market value of an equivalent position in the underlying asset of that derivative or forward transaction. The ACD may in some instances, and always following the guidelines set by the regulator, take account of legally enforceable netting and hedging arrangements when calculating global exposure where these arrangements do not disregard any obvious or material risks.

## **Liquidity Risk**

Liquidity risk is the possibility that the fund will not be able to sell its assets without incurring losses within the timeframe required to meet investor redemptions. The asset liquidity profile of each fund is monitored on a regular basis and compared to both historical investor redemption patterns and potential redemption scenarios, with the aim of ensuring that the fund will be able to meet any actual redemptions in a timely manner. The liquidity risk management process includes an assessment of the market turnover, percentage of an issue held by the fund, credit rating of the issuer and/or the buy-sell spread of the market in the securities held where the information is available and is applicable. Liquidity profile stress tests under both normal and exceptional conditions are conducted on a regular basis. If market liquidity is perceived to be decreasing, the ACD might seek to take any of the following actions to improve the liquidity profile of a fund: maintain higher cash balances; maintain a greater proportion of assets in securities which are traditionally more liquid; diversify the range of issue types and sizes held; hold shorter dated securities; or hold issues with a more diversified investor base.

## **Credit Risk**

Credit risk comprises both credit issuer risk and counterparty risk. Credit issuer risk is the potential for loss arising from the issuer of a security failing to pay interest and principal in a timely manner. Counterparty risk is the potential for loss arising from the failure of a trading counterparty to honour an obligation to the fund. The funds manage credit issuer risk as a component of market risk. Counterparty risk arises primarily with the financial brokers through whom the fund buys and sells securities. The funds may only transact with brokers from an approved broker list maintained by the ACD. All brokers on the ACD approved list are subject to regular credit and general business checks. The funds may also be exposed to counterparty risks arising from the use of forward currency instruments, usually transacted to decrease exposure to foreign currency. These risks are monitored daily and are subject to limits, in practice they are for small amounts typically less than 0.1% of the fund assets.

# CASTLEFIELD B.E.S.T INCOME FUND

## FUND INFORMATION

The Comparative Tables on pages 10 to 12 give the performance of each active share class in the Sub-Fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the Sub-Fund's performance disclosed in the Manager's report which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee to a broker to execute the trades and research costs.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as collective investment schemes, bonds, money instruments, derivatives) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

## COMPARATIVE TABLES

For the financial year ended 28 February 2017:

### General Shares - Income

	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)	28 Feb 15 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	75.66	81.56	78.39
Return before operating charges *	7.20	(1.04)	7.88
Operating charges	(1.21)	(1.37)	(1.42)
Return after operating charges*	5.99	(2.41)	6.46
Distributions on income units	(3.24)	(3.49)	(3.29)
Closing net asset value per share	78.41	75.66	81.56
after direct transaction costs of:**	0.07	0.02	0.02
<b>Performance</b>			
Return after charges	7.92%	(2.95)%	8.24%
<b>Other information</b>			
Closing net assets value (£'000)	259	262	255
Closing number of shares	330,598	346,908	312,618
Operating charges	1.50%	1.72%	1.85%
Direct transaction costs	0.09%	0.03%	0.03%
<b>Prices</b>			
Highest share price	79.54	85.20	82.22
Lowest share price	69.79	72.59	70.70

\* Operating charges, otherwise known as OCF is the ratio of the Sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CASTLEFIELD B.E.S.T INCOME FUND

## Institutional Shares - Income

	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)	28 Feb 15 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	77.51	83.35	79.90
Return before operating charges *	7.37	(1.07)	8.06
Operating charges	(1.03)	(1.20)	(1.26)
Return after operating charges*	6.34	(2.27)	6.80
Distributions on income units	(3.32)	(3.57)	(3.35)
Closing net asset value per share	80.53	77.51	83.35
after direct transaction costs of:**	0.08	0.02	0.02
<b>Performance</b>			
Return after charges	8.18%	(2.72)%	8.55%
<b>Other information</b>			
Closing net assets value (£'000)	7,883	5,112	3,894
Closing number of shares	9,789,575	6,595,192	4,672,062
Operating charges	1.25%	1.47%	1.60%
Direct transaction costs	0.10%	0.03%	0.03%
<b>Prices</b>			
Highest share price	81.69	87.12	84.02
Lowest share price	71.55	74.36	72.18

\* Operating charges, otherwise known as OCF is the ratio of the Sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CASTLEFIELD B.E.S.T INCOME FUND

## Charity Shares - Income

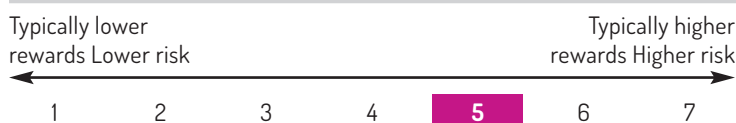
	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)	28 Feb 15 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	78.47	84.38	80.90
Return before operating charges *	7.46	(1.07)	8.15
Operating charges	(1.04)	(1.22)	(1.27)
Return after operating charges*	6.42	(2.29)	6.88
Distributions on income units	(3.36)	(3.62)	(3.40)
Closing net asset value per share	81.53	78.47	84.38
after direct transaction costs of:**	0.08	0.02	0.02
<b>Performance</b>			
Return after charges	8.18%	(2.71)%	8.50%
<b>Other information</b>			
Closing net assets value (£'000)	15,523	11,028	12,188
Closing number of shares	19,040,183	14,054,109	14,444,380
Operating charges	1.25%	1.47%	1.60%
Direct transaction costs	0.09%	0.03%	0.03%
<b>Prices</b>			
Highest share price	82.70	88.20	85.06
Lowest share price	72.44	75.28	73.08

\* Operating charges, otherwise known as OCF is the ratio of the Sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CASTLEFIELD B.E.S.T INCOME FUND

## RISK AND REWARD INDICATOR (RRI)



The Sub-Fund is ranked as 5 because it has experienced medium to high rises and falls in value over the past five years. Please note that even the lowest ranking does not mean a risk-free investment.

The Risk and Reward Indicator demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund.

## INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Castlefield B.E.S.T Income Fund is to predominantly generate a relatively high level of current income, together with income growth and some capital growth over the long term. The investment policy of the Sub-Fund is to invest principally in a portfolio of UK equities, although money market instruments, collective investment schemes, deposits, warrants, derivatives (for hedging purposes) and other permitted investments and transactions may also be invested in.

In seeking to achieve the stated investment objective, consideration will be given not only to traditional business and financial criteria, but also to environmental, ethical, social, governance and other similar issues. This is reflected in the name of the Fund where "B.E.S.T" is intended to indicate the investment criteria that will be applied to the Fund: Business, Environmental/ethical, Social/governance; and Transparency.

## INVESTMENT REVIEW

### PERFORMANCE

During the period, the Fund achieved a return of +8.18% (Institutional Income Units) against its peer group IA UK Equity Income sector, which returned +15.80%.

### MARKET REVIEW

2016 will certainly be a year that will go down in the history books. The political arena dominated much of the last twelve months, as the UK voted to leave the EU and over the pond to the dismay of many, Donald Trump was elected as the next President of the United States. Despite these surprising political events, global equities responded positively and continued its rally with domestic equities and many of the major US indices hitting all-time highs. The performance of UK equities was in part helped by a weaker Sterling, benefiting more globally-exposed companies. The Fund participated in the market moving higher albeit to a lesser extent than the peer group given its more defensive and domestic exposure. In August, following the referendum result the Bank of England announced a further interest rate cut to 0.25%. In this challenging yield environment for bond markets, the income generating aspect of an equity income portfolio is increasingly attractive for those able to tolerate the higher volatility.

### PORTFOLIO ACTIVITY

The last twelve months has been a busy period in terms of the Fund's activity, with much of this activity concentrated in the latter half of 2016 following the Brexit-referendum. With the rally of equity markets coupled with strong macroeconomic indicators signifying continued growth in the economy, portfolio activity was largely skewed towards more cyclical stocks such as industrials and the travel and leisure sector, whilst trimming our position in defensive stocks, in particular GlaxoSmithKline.

With sizeable inflows into the Fund during the twelve months, a number of new holdings were added to the portfolio, including Prudential, RPS Group, RWS Holdings and Equiniti. Premier Technical Services Group (PTSG), a business providing specialist services to markets focused on the provision of safety at height and/or characterised by being highly regulated in nature, was also a new holding added to the Fund. We have continued to increase our holding over this period following positive interim results in 2016 and more recently robust full year figures shortly after the period end. We also participated in a number of new issues including Lucoco – a designer, manufacturer and distributor of wiring accessories, portable power and LED lighting – and Van Elle, a specialist ground engineering Company. The Gym Group was also a new issue, which has good potential to disrupt the gym market with its low-cost offering as it continues to roll out its presence without incurring significant capex, which should support an attractive cash flow and dividend profile.

Elsewhere, we added to a number of existing holdings to deploy funds following further inflows. A continued focus on the sustainability of the dividend as well as the absolute level of pay-out saw us return to stocks across a variety of industry sectors such as infrastructure holdings Kier Group, Greencoat UK Wind and The Renewables Infrastructure Group, retailers Joules and Debenhams and media and events group UBM.

# CASTLEFIELD B.E.S.T INCOME FUND

## OUTLOOK

After an extended period of subdued inflation, price pressures look set to be normalising with the consumer price index moving above 2% in February 2017, the highest since September 2013. Whilst the substantial weakening of Sterling post-Brexit has been a key-contributor to this increase, cost pressures globally have been rising as commodity markets have rebounded from their low point right at the start of the period. With the Bank of England apparently willing to look through this inflationary surge despite their target rate of 2% having been surpassed, the reaction of equity markets has been to advance higher. Whether this is sustainable will in large part depend on economic growth moving higher as well. In the current environment of election campaigning and international political uncertainty, we are mindful of the need to base investment decisions in the context of squeezed household incomes and volatile commodity markets. By selecting companies that have pricing power and an ability to grow market share either domestically or internationally, we have greater confidence in being able to deliver dividend and share price growth over the cycle

## The top ten purchases and total sales during the year were as follows:

<b>Purchases</b>	<b>Costs £'000</b>	<b>Sales</b>	<b>Proceeds £'000</b>
Marks & Spencer	586	United Business Media	250
The Gym Group	569	GlaxoSmithKline	175
Prudential	553	Premier Farnell Plc	148
Luceco	541	Pearson	142
Equiniti Group	539	Intermediate Capital	132
RPS Group	538		
United Business Media	432		
Van Elle	369		
Greencoat UK Wind	331		
Premier Technical	314		
<b>Total purchases during the year were</b>	<b>6,597</b>	<b>Total sales during the year were</b>	<b>847</b>



# CASTLEFIELD B.E.S.T INCOME FUND

## PORTFOLIO OF INVESTMENTS

As at 28 February 2017

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>CONSUMER GOODS 2.67% (2.99%)</b>			
<b>Food Producers 0.41% (0.56%)</b>			
6,232	Glanbia	97	0.41
		<b>97</b>	<b>0.41</b>
<b>Personal Goods 2.26% (2.43%)</b>			
14,046	Unilever	536	2.26
		<b>536</b>	<b>2.26</b>
<b>CONSUMER SERVICES 13.68% (13.74%)</b>			
<b>Food &amp; Drug Retailers 1.76% (1.96%)</b>			
171,478	WM Morrison Supermarkets	417	1.76
		<b>417</b>	<b>1.76</b>
<b>General Retailers 6.23% (6.32%)</b>			
792,327	Debenhams	420	1.78
81,386 *	Joules Group	195	0.82
146,842	Marks & Spencer Group	495	2.10
175,865	N Brown Group	363	1.53
		<b>1,473</b>	<b>6.23</b>
<b>Media 2.33% (3.11%)</b>			
73,617	UBM	552	2.33
		<b>552</b>	<b>2.33</b>
<b>Travel, Leisure &amp; Catering 3.36% (2.35%)</b>			
15,145	Go-Ahead Group	305	1.29
291,048	Gym Group	490	2.07
		<b>795</b>	<b>3.36</b>
<b>FINANCIALS 32.18% (31.56%)</b>			
<b>Banks 2.19% (2.05%)</b>			
80,292	HSBC Holdings	519	2.19
		<b>519</b>	<b>2.19</b>
<b>Equity Investment Instruments 14.33% (7.54%)</b>			
299,718	3i Infrastructure	582	2.46
840,362	Greencoat UK Wind/Funds	1,013	4.28
9,127	HICL Infrastructure - Rights - 17/03/2017	1	-
200,806	HICL Infrastructure Co/Fund	332	1.40
537,161	John Laing Environmental Assets Group	572	2.42
427,500	Menhaden Capital - Preference	257	1.09
591,129	Renewables Infrastructure Group	635	2.68
		<b>3,392</b>	<b>14.33</b>
<b>Financial Services 2.83% (10.99%)</b>			
51,169	Intermediate Capital Group	364	1.54
385,000 *	Park Group	305	1.29
		<b>669</b>	<b>2.83</b>

# CASTLEFIELD B.E.S.T INCOME FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>Life Insurance 5.38% (3.17%)</b>			
121,507	Aviva	613	2.59
40,976	Prudential	660	2.79
		<b>1,273</b>	<b>5.38</b>
<b>Nonlife Insurance 2.09% (1.30%)</b>			
71,188	Lancashire Holdings	495	2.09
		<b>495</b>	<b>2.09</b>
<b>Real Estate Investment Trusts 5.36% (6.51%)</b>			
1,250,664	Assura	729	3.08
87,485	British Land Co	539	2.28
		<b>1,268</b>	<b>5.36</b>
<b>HEALTH CARE 7.28% (9.85%)</b>			
<b>Pharmaceuticals &amp; Biotechnology 7.28% (9.85%)</b>			
17,328	AstraZeneca	809	3.42
55,629	GlaxoSmithKline	914	3.86
		<b>1,723</b>	<b>7.28</b>
<b>INDUSTRIALS 21.18% (12.95%)</b>			
<b>Construction &amp; Materials 7.24% (5.23%)</b>			
228,102	Balfour Beatty	633	2.68
41,663	Kier Group	607	2.56
369,484 *	Van Elle Holdings	473	2.00
		<b>1,713</b>	<b>7.24</b>
<b>Electronic &amp; Electrical Equipment 2.72% (0.00%)</b>			
367,663	Luceco	643	2.72
		<b>643</b>	<b>2.72</b>
<b>General Industrials 1.47% (0.00%)</b>			
378,820 *	Premier Technical Services Group	349	1.47
		<b>349</b>	<b>1.47</b>
<b>Support Services 9.75% (7.72%)</b>			
36,399	Capita	201	0.85
224,788	Carillion	486	2.05
12,930	De La Rue	78	0.33
275,693	Equiniti Group	511	2.16
345,976	Lakehouse	138	0.58
285,075	RPS Group	707	2.99
56,253 *	RWS Holdings	186	0.79
		<b>2,307</b>	<b>9.75</b>

# CASTLEFIELD B.E.S.T INCOME FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>TECHNOLOGY 2.84% (3.46%)</b>			
<b>Software &amp; Computer Services 2.84% (3.46%)</b>			
250,000 *	IDOX	186	0.79
75,432	Sage Group	486	2.05
		<b>672</b>	<b>2.84</b>
<b>TELECOMMUNICATIONS 3.36% (5.51%)</b>			
<b>Fixed Line Telecommunications 1.45% (3.06%)</b>			
103,978	BT Group	342	1.45
		<b>342</b>	<b>1.45</b>
<b>Mobile Telecommunications 1.91% (2.45%)</b>			
226,153	Vodafone Group	454	1.91
		<b>454</b>	<b>1.91</b>
<b>UTILITIES 7.70% (9.82%)</b>			
<b>Electricity 2.94% (3.51%)</b>			
45,426	SSE	695	2.94
		<b>695</b>	<b>2.94</b>
<b>Gas, Water &amp; Multiutilities 4.76% (6.31%)</b>			
87,188	National Grid	850	3.59
32,376	Pennon Group	277	1.17
		<b>1,127</b>	<b>4.76</b>
<b>Total Value of Investments</b>		<b>21,511</b>	<b>90.89</b>
Net Other Assets		2,154	9.11
<b>Total Net Assets</b>		<b>23,665</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28 February 2016

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

\* AIM Listed Securities

# CASTLEFIELD B.E.S.T INCOME FUND

## STATEMENT OF TOTAL RETURN

For the year ended 28 February 2017

	Notes	28 Feb 17 £'000	£'000	28 Feb 16 £'000	£'000
<b>Income</b>					
Net capital gains/(losses)	4		1,069		(961)
Revenue	5	797		722	
<b>Expenses</b>	6	(243)		(244)	
Net revenue before taxation		554		478	
Taxation	7	-		-	
Net revenue after taxation			554		478
Total return before distributions			1,623		(483)
Distributions	8		(797)		(721)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>826</b>		<b>(1,204)</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2017

	28 Feb 2017 £'000	£'000	28 Feb 2016 £'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>16,402</b>		<b>16,337</b>
Amounts receivable on issue of shares	7,115		3,060	
Amounts payable on cancellation of shares	(678)		(1,792)	
		6,437		1,268
Dilution Levy		-		1
Change in net assets attributable to shareholders from investment activities		826		(1,204)
<b>Closing net assets attributable to shareholders</b>		<b>23,665</b>		<b>16,402</b>

# CASTLEFIELD B.E.S.T INCOME FUND

## BALANCE SHEET

As at 28 February 2017

	Notes	28 Feb 17 £'000	28 Feb 16 £'000
<b>ASSETS</b>			
<b>Fixed assets:</b>			
Investment assets		21,511	14,742
<b>Current assets:</b>			
Debtors	9	94	130
Cash and bank balances	10	2,275	1,738
<b>Total Assets</b>		<b>23,880</b>	<b>16,610</b>
<b>LIABILITIES</b>			
<b>Creditors:</b>			
Distribution payable on income units	8	(186)	(164)
Other creditors	11	(29)	(44)
<b>Total liabilities</b>		<b>(215)</b>	<b>(208)</b>
<b>Net assets attributable to shareholders</b>		<b>23,665</b>	<b>16,402</b>

The notes on pages 19 to 25 are an integral part of these Financial Statements.

On behalf of Castlefield Fund Partners Limited

John Eckersley  
Managing Director (of the ACD)



30 June 2017

Summaya Mosam  
Director (of the ACD)



## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The accounting, distribution and risk management policies for Notes 1 to 3 are provided in the Aggregated Notes to the Financial Statements section on pages 7 to 9.

### 4. NET CAPITAL GAINS/(LOSSES)

	28 Feb 17 £'000	28 Feb 16 £'000
Non-derivative securities	1,035	(972)
Other currency gains	34	11
<b>Net capital gains/(losses)</b>	<b>1,069</b>	<b>(961)</b>

# CASTLEFIELD B.E.S.T INCOME FUND

## 5. REVENUE

	28 Feb 17	28 Feb 16
	£'000	£'000
Bank interest	2	5
Franked UK dividends	539	569
Franked REIT revenue	-	20
Overseas dividends	256	106
Unfranked REIT revenue	-	22
	<b>797</b>	<b>722</b>

## 6. EXPENSES

	28 Feb 17	28 Feb 16
	£'000	£'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's Annual Management Charge	40	45
Investment adviser's fee	147	125
	<b>187</b>	<b>170</b>

### **Payable to the Depositary, associates of the Depositary and agents of either of them:**

Depositary's fees	18	18
Safe custody fees	6	15
Administration fees	3	-
	<b>27</b>	<b>33</b>

### **Other expenses:**

Auditor's remuneration	6	6
Electronic messaging fees	1	1
Printing fees	-	2
Registration fees	22	32
	<b>29</b>	<b>41</b>

<b>Total expenses</b>	<b>243</b>	<b>244</b>
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Irrecoverable VAT is included in the above expenses where relevant.

## 7. TAXATION

### (a) The tax charge comprises

	28 Feb 17	28 Feb 16
	£'000	£'000
<b>Current tax:</b>		
Corporation tax	-	-
<b>Total current tax (note 7 (b))</b>	<b>-</b>	<b>-</b>
Deferred tax (note 7 (c))	-	-
<b>Total taxation</b>	<b>-</b>	<b>-</b>

# CASTLEFIELD B.E.S.T INCOME FUND

## (b) Factors affecting the tax charge for the year

The tax charge for the year differs from the special 20% rate of corporation tax applicable to Open-Ended Investment Companies (OEIC's). The differences are explained below:

	28 Feb 17 £'000	28 Feb 16 £'000
Net revenue before taxation	554	478
	<b>554</b>	<b>478</b>
Return on ordinary activities multiplied by the special rate of corporation tax of 20% (2016: 20%)	111	96
<b>Effects of:</b>		
Franked UK dividends and distributions not subject to taxation	(108)	(118)
Expenses not utilised in the year	48	43
Tax effect on non-taxable overseas dividends	(51)	(21)
<b>Total tax charge (note 7 (a))</b>	<b>-</b>	<b>-</b>

## (c) Deferred tax

	28 Feb 17 £'000	28 Feb 16 £'000
Deferred tax charge	-	-
Provision at start of year	-	-
	-	-

Authorised OEIC's are exempt from tax on capital gains made within the Sub-Fund.

Factors that may affect the future tax charge:

The Sub-Fund has not recognised a deferred tax asset of £299,116 (2016: £250,972) arising as a result of having unutilised management expenses. It is unlikely that the Sub-Fund will obtain relief for these in the future so no deferred tax asset has been recognised.

## 8. DISTRIBUTIONS

The distributions take into account revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	28 Feb 17 £'000	28 Feb 16 £'000
First Interim distribution	182	213
Second Interim distribution	237	185
Third Interim distribution	214	166
Final distribution	186	164
	<b>819</b>	<b>728</b>
Add: Revenue deducted on cancellation of shares	3	5
Deduct: Revenue received on issue of shares	(25)	(12)
<b>Net distributions for the year</b>	<b>797</b>	<b>721</b>

The difference between the net revenue after taxation and the amounts distributed comprises:

	28 Feb 17 £'000	28 Feb 16 £'000
Net revenue after taxation	554	478
Expenses charged against capital	243	243
<b>Distributions</b>	<b>797</b>	<b>721</b>

# CASTLEFIELD B.E.S.T INCOME FUND

## 9. DEBTORS

	28 Feb 17	28 Feb 16
	£'000	£'000
Accrued revenue	90	105
Amounts receivable for issue of shares	4	25
	<b>94</b>	<b>130</b>

## 10. CASH AND BANK BALANCES

	28 Feb 17	28 Feb 16
	£'000	£'000
Sterling	2,141	1,619
US Dollar	134	119
<b>Cash and bank balances</b>	<b>2,275</b>	<b>1,738</b>

## 11. OTHER CREDITORS

	28 Feb 17	28 Feb 16
	£'000	£'000
Accrued expenses	11	37
Amounts payable for cancellation of shares	18	7
	<b>29</b>	<b>44</b>

## 12. RELATED PARTIES

### Authorised Corporate Director ("ACD")

The annual management charge ("AMC") is 0.20% subject to a minimum of £45,000 per annum and is payable monthly. Amounts due at the year end are disclosed within accrued expenses on the balance sheet where applicable.

### Investment Adviser

Castlefield Investment Partners, as part of the group of companies to which the ACD belongs, Castlefield Partners Limited. The Investment Adviser fee is charged at share class level as a percentage of funds under management and disclosed with the respective Key Investor Information Documents ("KIIDs") and the Company Prospectus. Amounts paid to Castlefield Investment Partners in respect of the Investment Adviser Fee are disclosed within Note 6. Amounts due at year end are disclosed within accrued expenses on the balance sheet where applicable.

## 13. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or outstanding commitments at the balance sheet date (2016: £nil).

## 14. FINANCIAL INSTRUMENTS

In pursuing the Sub-Fund's investment objective, the main risks arising from the Sub-Fund's financial instruments are market price, currency, interest rate, liquidity and counterparty risk.

### Market Price Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 8 to 9.

At 28 February 2017, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £1,075, 530 (28 February 2016: £737,105).

### Currency Risk

Other than cash and bank balances and bank overdrafts, there was no material direct foreign currency exposure within the Sub-Fund at the balance sheet date.



# CASTLEFIELD B.E.S.T INCOME FUND

## Currency exposure as at 28 February 2017

Currency	Portfolio of investments £'000	Forward currency contracts £'000	Net other assets £'000	Total £'000	Total Exposure %
Euro	97	-	-	97	0.41
US Dollar	-	-	180	180	0.76
	<b>97</b>	<b>-</b>	<b>180</b>	<b>277</b>	<b>1.17</b>
Sterling	21,414	-	1,974	23,388	98.83
<b>Total</b>	<b>21,511</b>	<b>-</b>	<b>2,154</b>	<b>23,665</b>	<b>100.00</b>

## Currency exposure as at 28 February 2016

Currency	Portfolio of investments £'000	Forward currency contracts £'000	Net other assets £'000	Total £'000	Total Exposure %
Euro	92	-	-	92	0.56
US Dollar	-	-	119	119	0.73
	<b>92</b>	<b>-</b>	<b>119</b>	<b>211</b>	<b>1.29</b>
Sterling	14,650	-	1,541	16,191	98.71
<b>Total</b>	<b>14,742</b>	<b>-</b>	<b>1,660</b>	<b>16,402</b>	<b>100.00</b>

At 28 February 2017, if the value of Sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £2,770 (28 February 2016: £2,110).

### Interest Rate Risk

The only interest-bearing financial assets of the Sub-Fund are bank balances, on which interest is calculated at a variable rate by reference to Sterling bank deposit rates or the international equivalent.

### Liquidity Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 8 to 9.

### Counterparty Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 8 to 9.

### Fair Value of Financial Assets and Financial Liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Sub-Fund disclosed in the balance sheet where applicable.

	Assets £'000	Liabilities £'000
<b>Valuation technique as at 28 February 2017</b>		
Level 1	21,511	-
Level 2	-	-
Level 3	-	-
	<b>21,511</b>	<b>-</b>
<b>Valuation technique as at 28 February 2016</b>		
Level 1	14,742	-
Level 2	-	-
Level 3	-	-
	<b>14,742</b>	<b>-</b>

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e., developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e., for which market data is unavailable for the asset or liability).

### Derivatives and Forward Transactions

As part of its monitoring of the usage of derivatives by each Fund, the ACD is required to calculate the global exposure for each Fund daily and to ensure that it meets the cover for investment in derivatives rules. The ACD has reviewed the type of derivatives used by each Fund and the manner in which the derivatives are being used and has determined that each Fund should be classified as non-sophisticated and that the most appropriate methodology for calculating global exposure is the 'commitment approach'. The Fund's Depositary has reviewed this decision and is in agreement. The commitment approach

# CASTLEFIELD B.E.S.T INCOME FUND

follows guidelines laid down originally by the Committee of European Securities Regulators 'CESR' and referenced by the Financial Conduct Authority Handbook in COLL 5.3.9. It measures the incremental exposure generated by the use of derivatives and forward transactions and then ensures that it does not exceed 100% of the net value of the Scheme Property. The incremental exposure of each derivative or forward is calculated by converting it into the market value of an equivalent position in the underlying asset of that derivative or forward transaction. The ACD may in some instances, and always following the CESR guidelines, take account of legally enforceable netting and hedging arrangements when calculating global exposure where these arrangements do not disregard any obvious or material risks.

The Sub-Fund does not hold any derivatives or forward transactions that could materially impact the value of the Sub-Fund.

The Investment Adviser does not use derivative instruments to hedge the investment portfolio against risk.

## 15. SHARE CLASSES

The Sub-Fund currently has three types of share. The Investment Adviser's Fee on each share class is as follows:

General Shares	1.00%
Institutional Shares	0.75%
Charity Shares	0.75%

The following table shows the shares in issue during the year:

General Shares	Income
Opening Shares	346,908
Shares Created	42,021
Shares Liquidated	(58,331)
Shares Converted	-
<b>Closing Shares</b>	<b>330,598</b>

Institutional Shares	Income
Opening Shares	6,595,192
Shares Created	3,859,416
Shares Liquidated	(665,033)
Shares Converted	-
<b>Closing Shares</b>	<b>9,789,575</b>

Charity Shares	Income
Opening Shares	14,054,109
Shares Created	5,122,580
Shares Liquidated	(136,506)
Shares Converted	-
<b>Closing Shares</b>	<b>19,040,183</b>

The net asset value, the net asset value per share and the number of shares in issue are given in the fund information on pages 10 to 12. All share classes have the same rights on winding up. The taxation and income are apportioned equally based on the weighted proportion of each share class.

The distribution per share class is given in the distribution tables on page 25 to 27.

## 16. PORTFOLIO TRANSACTION COSTS

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 10.

	28 Feb 17 £'000	28 Feb 16 £'000
Analysis of total purchase costs:		
Purchases <sup>1</sup> in year before transaction costs	6,575	2,289
Commissions:		
Equities total value paid	1	-
Taxes:		
Equities total value paid	21	5
<b>Total purchase costs</b>	<b>22</b>	<b>5</b>
<b>Gross purchases total</b>	<b>6,597</b>	<b>2,294</b>

# CASTLEFIELD B.E.S.T INCOME FUND

Analysis of total sale costs:

Gross sales <sup>1</sup> before transaction costs	847	1,840
Commissions:		
Equities total value paid	-	-
Taxes:		
Equities total value paid	-	-
<b>Total sale costs</b>	<b>-</b>	<b>-</b>
<b>Total sales net of transaction costs</b>	<b>847</b>	<b>1,840</b>

<sup>1</sup> Excluding corporate actions.

	28 Feb 17	28 Feb 16
	%	%
Analysis of total purchase costs:		
Commissions:		
Equities percentage of average NAV	-	-
Taxes:		
Equities percentage of average NAV	0.09	0.03
Analysis of total sale costs:		
Commissions:		
Equities percentage of average NAV	-	-
Taxes:		
Equities percentage of average NAV	-	-
Analysis of total costs:		
Commissions		
	-	-
Taxes		
	0.09	0.03

As at the balance sheet date, the average portfolio dealing spread was 0.51% (2016: 0.47%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

## DISTRIBUTION TABLES

For the period from 29<sup>th</sup> February 2016 to 31<sup>st</sup> May 2016:

**First Interim dividend distribution in pence per share.**

### General Shares - Income

	Net income	Equalisation	Distribution Paid	
			27/08/16	27/08/15
Group 1	0.8011	-	0.8011	1.0492
Group 2	0.6873	0.1138	0.8011	1.0492

### Institutional Shares - Income

	Net income	Equalisation	Distribution Paid	
			27/08/16	27/08/15
Group 1	0.8210	-	0.8210	1.0724
Group 2	0.4903	0.3307	0.8210	1.0724

# CASTLEFIELD B.E.S.T INCOME FUND

## Charity Shares - Income

	Net income	Equalisation	Distribution Paid	
			27/08/16	27/08/15
Group 1	0.8312	-	0.8312	1.0858
Group 2	0.5551	0.2761	0.8312	1.0858

For the period from 1<sup>st</sup> June 2016 to 31<sup>st</sup> August 2016:

### Second Interim dividend distribution in pence per share.

## General Shares - Income

	Net income	Equalisation	Distribution Paid	
			26/11/16	27/11/15
Group 1	0.9896	-	0.9896	0.8879
Group 2	0.4402	0.5494	0.9896	0.8879

## Institutional Shares - Income

	Net income	Equalisation	Distribution Paid	
			26/11/16	27/11/15
Group 1	1.0143	-	1.0143	0.9079
Group 2	0.4615	0.5528	1.0143	0.9079

## Charity Shares - Income

	Net income	Equalisation	Distribution Paid	
			26/11/16	27/11/15
Group 1	1.0270	-	1.0270	0.9194
Group 2	0.4569	0.5701	1.0270	0.9194

For the period from 1<sup>st</sup> September 2016 to 30<sup>th</sup> November 2016:

### Third Interim dividend distribution in pence per share.

## General Shares - Income

	Net income	Equalisation	Distribution Paid	
			27/02/17	27/02/16
Group 1	0.8334	-	0.8334	0.8038
Group 2	0.5005	0.3329	0.8334	0.8038

## Institutional Shares - Income

	Net income	Equalisation	Distribution Paid	
			27/02/17	27/02/16
Group 1	0.8551	-	0.8551	0.8228
Group 2	0.5136	0.3415	0.8551	0.8228

## Charity Shares - Income

	Net income	Equalisation	Distribution Paid	
			27/02/17	27/02/16
Group 1	0.8657	-	0.8657	0.8329
Group 2	0.5199	0.3458	0.8657	0.8329

# CASTLEFIELD B.E.S.T INCOME FUND

For the period from 1<sup>st</sup> December 2016 to 28<sup>th</sup> February 2017:

## Final dividend distribution in pence per share.

### General Shares - Income

	Net income	Equalisation	Distribution Paid	
			26/05/17	27/05/16
Group 1	0.6165	-	0.6165	0.7560
Group 2	0.3706	0.2459	0.6165	0.7560

### Institutional Shares - Income

	Net income	Equalisation	Distribution Paid	
			26/05/17	27/05/16
Group 1	0.6335	-	0.6335	0.7737
Group 2	0.2497	0.3838	0.6335	0.7737

### Charity Shares - Income

	Net income	Equalisation	Distribution Paid	
			26/05/17	27/05/16
Group 1	0.6413	-	0.6413	0.7829
Group 2	0.1928	0.4485	0.6413	0.7829

# CASTLEFIELD MANAGED MULTI-ASSET FUND

## FUND INFORMATION

The Comparative Tables on pages 28 to 30 give the performance of each active share class in the Sub-Fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the Sub-Fund's performance disclosed in the Manager's report which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee to a broker to execute the trades and research costs.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as collective investment schemes, bonds, money instruments, derivatives) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

## COMPARATIVE TABLES

For the financial year ended 28 February 2016:

### General Shares - Income

	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)	28 Feb 15 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	203.33	211.60	198.96
Return before operating charges *	21.99	(3.83)	17.64
Operating charges	(4.18)	(4.44)	(5.00)
Return after operating charges*	17.81	(8.27)	12.64
Distributions on income units	-	-	-
Closing net asset value per share	221.14	203.33	211.60
after direct transaction costs of:**	0.01	0.01	(0.09)
<b>Performance</b>			
Return after charges	8.76%	(3.91)%	6.35%
<b>Other information</b>			
Closing net assets value (£'000)	13	11	11
Closing number of shares	5,708	5,708	5,007
Operating charges	1.90%	2.12%	2.44%
Direct transaction costs	0.01%	-	(0.04)%
<b>Prices</b>			
Highest share price	221.78	214.15	212.24
Lowest share price	204.93	201.42	198.46

\* Operating charges, otherwise known as OCF is the ratio of the Sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CASTLEFIELD MANAGED MULTI-ASSET FUND

## General Shares - Accumulation

	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)	28 Feb 15 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	-	-	201.10
Return before operating charges *	-	-	(2.09)
Operating charges	-	-	-
Return after operating charges*	-	-	(2.09)
Closing net asset value per share	-	-	199.01
Retained distributions on accumulation shares	-	-	-
after direct transaction costs of:**	-	-	(0.01)
<b>Performance</b>			
Return after charges	-	-	(1.04)%
<b>Other information</b>			
Closing net assets value (£'000)	-	-	-
Closing number of shares	-	-	-
Operating charges	-	-	-
Direct transaction costs	-	-	(0.04)%
<b>Prices</b>			
Highest share price	-	-	199.06
Lowest share price	-	-	198.46

\*Operating charges, otherwise known as OCF is the ratio of the Sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-Fund and is calculated based on the last period's figures.

\*\*Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CASTLEFIELD MANAGED MULTI-ASSET FUND

## Institutional Shares - Income

	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)	28 Feb 15 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	214.81	222.44	210.18
Return before operating charges *	22.89	(4.07)	16.44
Operating charges	(3.30)	(3.57)	(4.18)
Return after operating charges*	19.59	(7.64)	12.26
Distributions on income units	(0.74)	-	-
Closing net asset value per share	233.66	214.81	222.44
after direct transaction costs of:**	0.01	0.01	(0.09)
<b>Performance</b>			
Return after charges	9.13%	(3.43)%	5.83%
<b>Other information</b>			
Closing net assets value (£'000)	26,230	17,582	14,804
Closing number of shares	11,225,745	8,184,982	6,655,409
Operating charges	1.40%	1.62%	1.94%
Direct transaction costs	0.01%	-	(0.04)%
<b>Prices</b>			
Highest share price	234.99	225.26	223.11
Lowest share price	216.52	212.76	207.43

\*Operating charges, otherwise known as OCF is the ratio of the Sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-Fund and is calculated based on the last period's figures.

\*\*Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.



# CASTLEFIELD MANAGED MULTI-ASSET FUND

## RISK AND REWARD INDICATOR (RRI)



The Sub-Fund is ranked as 3 because the Sub-Fund and Portfolios holding similar assets have experienced low to medium rises and falls in value over the past five years. Please note that even the lowest ranking does not mean a risk-free investment.

The Risk and Reward Indicator demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund.

## INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Castlefield Managed Multi-Asset Fund is to generate a positive annualised 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. The Sub-Fund will invest in transferable securities (both quoted and unquoted), units and/or shares in other collective investment schemes, structured products, deposits, warrants, fixed interest securities, money market instruments, and cash and near cash. The Sub-Fund may also invest in derivatives and forward transactions for investment purposes as well as for efficient portfolio management (including hedging), and may also borrow and enter into stocklending and underwriting arrangements in accordance with COLL.

## INVESTMENT REVIEW

### PERFORMANCE

The Fund returned 9.13% (as measured by the Institutional Income class), compared to an increase in UK CPI inflation during the 12 months under review of 2.30% and an average return from the peer group of funds within the IA Targeted Absolute Return Sector of 2.58%.

### MARKET REVIEW

Over the twelve months to the end of February, the Fund benefited from a buoyant set of market conditions that belied much of the political upheaval that dominated the year. From the very start of the period, risk assets such as commodities and global equities were on a path of recovery from the low point reached at the very end of the previous period, which had been prompted by concerns over the health of the Chinese economy. After the Brexit Referendum result, the immediate shock to domestic equities was tempered by the cushion afforded by those stocks that were seen to benefit from the weakness of Sterling relative to other global currencies such as resource and energy stocks. As the Bank of England reacted by reducing base rates to 0.25%, bond markets also proved to be a relatively strong performer with gilts and other Sterling denominated bonds shrugging off any concerns about the political outlook. Although yields rose towards the end of the calendar year, they had started tightening again to leave benchmark 10-year yields 30 basis points lower over the full period. As the period closed the return of inflationary pressures in the UK, partly driven by the weakness of Sterling, has not so far proved to be to the disadvantage of investors.

### PORTFOLIO ACTIVITY

Within the portfolio, we have carried out substantial investment activity over the period, reflecting strong inflows supporting the growth in net assets as well as activity driven by selecting new investment opportunities and the reinvestment of cash receipts from maturing investments. With yields in fixed income investments on a generally downwards trajectory during the investment period we have been careful in selecting new bond investments that still meet our return criteria, adding new holdings in issues from Burford, the litigation finance investment trust, Greensleeves, a nursing home provider and housing association Places for People. The overall allocation to the bond portion of the portfolio has nevertheless reduced over the year as we have found more attractive opportunities elsewhere. We have added new Zero dividend preference shares from Ranger Direct Lending, a UK listed investment trust which provides specialist lending to predominantly US SMEs (Small and Medium-sized Enterprises) with loans sourced via online platforms. We also added a new issue from a refinancing of a ZDP that was due to redeem from Acorn Income trust which had its maturity extended and allowed us to gain a holding on attractive terms.

Structured product exposure was increased as we favoured investments with enhanced return profiles compared to other assets with a range of strategies acquired during the period. We added a range of strategies with differing pay-out profiles, endeavouring to maintain a spread of observation and maturity dates for these products. Additions included new holdings in tried and trusted strategies including auto-calls referencing the FTSE 100 and Russell 2000 (a broad US equity market index) indices alongside more novel structures such as a shorter 1-year maturity note taking an inverse position against an index referencing the VIX measure of market volatility.

Finally, we have added a new commercial real estate holding in the light logistics sub-sector where a focus away from London and the South East has allowed for better capital growth prospects. At the same time, the logistics sector has seen some yield compression relative to offices and commercial property however we feel there is much further to go in this direction as the subsector is benefitting from a de-risking of the business model whilst still being aligned to the growth in the real economy.

# CASTLEFIELD MANAGED MULTI-ASSET FUND

## OUTLOOK

With the recent announcement post the period-end that we have a general election due in June, markets have again reacted in surprisingly optimistic fashion. The consensus that the government is strengthening its hand ahead of negotiations with EU counterparts on a route toward “Brexit” has seen domestic equities move higher and bond yields lower. The recent spike in inflation (in large part down to the weakness of Sterling after the Brexit referendum) is a test of the remit of the fund, designed as it is to provide a real return to investors. Holdings in the fund with an explicit inflation-linkage have fared well but so too have those that are generally aligned with the growth in the real economy. We remain pleased with the growth of the fund over the past year and see the investment conditions well suited to this strategy for the coming year.

The top ten purchases and total sales during the year were as follows:

<b>Purchases</b>	<b>Costs £'000</b>	<b>Sales</b>	<b>Proceeds £'000</b>
JP Morgan Structured Product 09/11/2022	1,500	Royal Bank Of Canada 0.00% 20/5/2021	753
SG USD Inverse Reverse CV 10% 13/02/2018	999	Deutsche Bank 24/08/2020	676
BBVA Global Markets 28/09/2022	750	Gilti 2.50% 26/07/2016	277
Burford Capital 6.125% 26/10/2024	570	ETFS Gold Commodity Index	234
Ranger Direct Lending ZDP	521	British Telecommunications 7.50% Bond 15/12/2023	100
Places For People Fin 4.25% 15/12/2023	500		
Greencoat UK Wind	464		
Pacific Industrial & Logistics REIT	300		
Acorn Income Fund	285		
ETFS Gold Commodity Index	222		
<b>Total purchases during the year were</b>	<b>7,475</b>	<b>Total sales during the year were</b>	<b>2,040</b>

# CASTLEFIELD MANAGED MULTI-ASSET FUND

## PORTFOLIO OF INVESTMENTS

As at 28 February 2017

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>EQUITIES 4.74% (1.39%)</b>			
<b>United Kingdom 4.74% (1.39%)</b>			
662,520	Assura	386	1.47
421,390	Greencoat UK Wind/Funds	509	1.94
300,000	Pacific Industrial & Logistics REIT	348	1.33
		<b>1,243</b>	<b>4.74</b>
<b>WARRANTS 4.18% (0.00%)</b>			
<b>Curacao 1.55% (0.00%)</b>			
3,195	Société Générale Acceptance - Warrant - 27/03/2017	407	1.55
		<b>407</b>	<b>1.55</b>
<b>United Kingdom 2.63% (0.00%)</b>			
5,000	Royal Bank of Scotland - Share Certificate - 29/03/2017	690	2.63
		<b>690</b>	<b>2.63</b>
<b>STRUCTURED PLANS 34.20% (36.71%)</b>			
<b>France 2.15% (2.63%)</b>			
500,000	Canadian Imperial Bank 0% 08/07/2021	564	2.15
		<b>564</b>	<b>2.15</b>
<b>Luxembourg 10.51% (11.76%)</b>			
500,000	Natixis 0% 10/12/2021	481	1.83
755,000	Natixis 0% 31/12/2018	615	2.34
1,250,000	SG Inverse Reverse CV 10% VXX 13/02/18 0% 13/02/2018	1,009	3.86
5,405	Société Générale 0% 03/08/2020	651	2.48
		<b>2,756</b>	<b>10.51</b>
<b>Netherlands 18.83% (18.41%)</b>			
750,000	BBVA Global Markets BV 0% 28/09/2022	762	2.90
1,000,000	BNP Paribas 0% 25/02/2022	738	2.81
500,000	BNP Paribas 0% 25/09/2020	478	1.82
750,000	JP Morgan Structured products 0% 06/06/2022	788	3.01
750,000	JP Morgan Structured products 0% 09/11/2022	757	2.89
750,000	Morgan Stanley 0% 16/06/2022	802	3.07
500,000	Morgan Stanley BV 0% 25/09/2020	611	2.33
		<b>4,936</b>	<b>18.83</b>
<b>United Kingdom 2.71% (3.91%)</b>			
500,000	Barclays Bank 0% 03/04/2017	712	2.71
		<b>712</b>	<b>2.71</b>
<b>DEBT SECURITIES 11.33% (11.45%)</b>			
<b>United Kingdom 11.33% (11.45%)</b>			
150,000	Alpha Plus Holdings 5.75% 18/12/2019	158	0.60
550,000	Burford Capital 6.125% 26/10/2024	589	2.25
300,000	Intermediate Capital Group 5% 24/03/2023	313	1.19
150,000	International Personal Finance 6.125% 08/05/2020	138	0.53
200,000	National Grid Floating 06/10/2021	245	0.93
500,000	Places for People Finance 4.25% 15/12/2023	511	1.95
117,700	Retail Charity Bonds 4.375% 29/07/2021	126	0.48

# CASTLEFIELD MANAGED MULTI-ASSET FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
153,500	Retail Charity Bonds 4.4% 30/04/2025	162	0.62
83,900	Retail Charity Bonds 5% 12/04/2026	93	0.35
307,000	Tesco Personal Finance Floating 16/12/2019	350	1.33
200,000	United Kingdom Gilt Inflation Linked Floating 22/11/2017	288	1.10
		<b>2,973</b>	<b>11.33</b>
<b>EXCHANGE TRADED FUNDS 2.81% (3.67%)</b>			
<b>Ireland 1.56% (2.00%)</b>			
1,085	iShares Global High Yield Corp	112	0.43
3,300	iShares J.P. Morgan USD EM Bond UCITS ETF USD Dist	297	1.13
		<b>409</b>	<b>1.56</b>
<b>Jersey 1.25% (1.67%)</b>			
27,075	ETFs Gold	328	1.25
		<b>328</b>	<b>1.25</b>
<b>INVESTMENT TRUSTS 22.58% (32.27%)</b>			
<b>Bermuda 5.79% (0.00%)</b>			
203,239	Acorn Income Fund	291	1.11
440,000	UIL - Preference - 31/10/2018	676	2.57
416,100	UIL - Preference - 31/10/2020	553	2.11
		<b>1,520</b>	<b>5.79</b>
<b>Emerging Markets 0.00% (6.63%)</b>			
<b>Europe 0.00% (5.68%)</b>			
<b>Guernsey 3.92% (6.05%)</b>			
108,537	Apax Global Alpha	162	0.62
211,000	F&C Commercial Property Trust	293	1.12
250,000	JPEL Private Equity	259	0.99
50,000	NB Private Equity Partners	53	0.20
434,782	Schroder Real Estate Investment Trust	260	0.99
		<b>1,027</b>	<b>3.92</b>
<b>Jersey 1.65% (1.73%)</b>			
222,750	3i Infrastructure	432	1.65
		<b>432</b>	<b>1.65</b>
<b>United Kingdom 11.22% (19.59%)</b>			
250,000	Conygar Investment Co - Preference	304	1.16
160,000	Inland ZDP - Preference	226	0.86
200,000	M&G High Income Investment Trust - Preference	241	0.92
300,000	Menhaden Capital - Preference	180	0.69
29,152	P2P Global Investments/Fund	231	0.88
33,890	Ranger Direct Lending Fund	366	1.40
512,000	Ranger Direct Lending ZDP - Preference	533	2.02
500,000	Schroder European Real Estate	525	2.00
413,949	UK Commercial Property Trust	339	1.29
		<b>2,945</b>	<b>11.22</b>

# CASTLEFIELD MANAGED MULTI-ASSET FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>COLLECTIVE INVESTMENT SCHEMES 10.97% (9.04%)</b>			
<b>Guernsey 4.39% (0.00%)</b>			
550,000	Axiom European Financial Debt	514	1.96
350,000	TwentyFour Income Fund	403	1.54
250,000	TwentyFour Select Monthly Income Fund	234	0.89
		<b>1,151</b>	<b>4.39</b>
<b>Ireland 4.41% (5.80%)</b>			
3,612	Lazard Global Investment Funds	399	1.52
469,836	Lazard Global Listed Infrastructure	760	2.89
		<b>1,159</b>	<b>4.41</b>
<b>Luxembourg 2.17% (3.24%)</b>			
485,877	Ignis Absolute Return Government	568	2.17
		<b>568</b>	<b>2.17</b>
<b>Total Value of Investments</b>		<b>23,820</b>	<b>90.81</b>
Net Other Assets		2,423	9.19
<b>Total Net Assets</b>		<b>26,243</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28 February 2016

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

# CASTLEFIELD MANAGED MULTI-ASSET FUND

## STATEMENT OF TOTAL RETURN

For the year ended 28 February 2017

	Notes	28 Feb 17 £'000	£'000	28 Feb 16 £'000	£'000
<b>Income</b>					
Net capital gains/(losses)	4		1,733		(599)
Revenue	5	384		263	
<b>Expenses</b>					
Interest payable and similar charges	6	(310)		(265)	
		<u>(1)</u>		<u>-</u>	
Net revenue before taxation		73		(2)	
Taxation	7	<u>(4)</u>		<u>-</u>	
Net revenue after taxation			<u>69</u>		<u>(2)</u>
Total return before distributions			1,802		(601)
Distributions	8		<u>(69)</u>		<u>1</u>
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>1,733</b>		<b>(600)</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2017

	28 Feb 2017 £'000	£'000	28 Feb 2016 £'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>17,593</b>		<b>14,815</b>
Amounts receivable on issue of shares	7,988		4,102	
Amounts payable on cancellation of shares	<u>(1,071)</u>		<u>(724)</u>	
		6,917		3,378
Change in net assets attributable to shareholders from investment activities		<u>1,733</u>		<u>(600)</u>
<b>Closing net assets attributable to shareholders</b>		<b>26,243</b>		<b>17,593</b>

# CASTLEFIELD MANAGED MULTI-ASSET FUND

## BALANCE SHEET

As at 28 February 2017

	Notes	28 Feb 17 £'000	28 Feb 16 £'000
<b>ASSETS</b>			
<b>Fixed assets:</b>			
Investment assets		23,820	16,631
<b>Current assets:</b>			
Debtors	9	69	45
Cash and bank balances	10	2,425	980
<b>Total Assets</b>		<b>26,314</b>	<b>17,656</b>
<b>LIABILITIES</b>			
<b>Creditors:</b>			
Distribution payable on income units	8	(28)	-
Other creditors	11	(43)	(63)
<b>Total liabilities</b>		<b>(71)</b>	<b>(63)</b>
<b>Net assets attributable to shareholders</b>		<b>26,243</b>	<b>17,593</b>

The notes on pages 37 to 43 are an integral part of these Financial Statements.

On behalf of Castlefield Fund Partners Limited

John Eckersley  
Managing Director (of the ACD)



30 June 2017

Summaya Mosam  
Director (of the ACD)



## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The accounting, distribution and risk management policies for Notes 1 to 3 are provided in the Aggregated Notes to the Financial Statements section on pages 7 to 9.

### 4. NET CAPITAL GAINS/(LOSSES)

	28 Feb 17 £'000	28 Feb 16 £'000
Non-derivative securities	1,702	(590)
Other currency gains/losses	31	(9)
<b>Net capital gains/(losses)</b>	<b>1,733</b>	<b>(599)</b>

# CASTLEFIELD MANAGED MULTI-ASSET FUND

## 5. REVENUE

	28 Feb 17	28 Feb 16
	£'000	£'000
Bank interest	-	7
Franked UK dividends	67	1
Franked REIT revenue	-	12
Interest on debt securities	143	99
Offshore interest CIS revenue	-	32
Overseas dividends	174	81
Unfranked distributions	-	20
Unfranked REIT revenue	-	11
	<b>384</b>	<b>263</b>

## 6. EXPENSES

	28 Feb 17	28 Feb 16
	£'000	£'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's Annual Management Charge	41	45
Investment adviser's fee	223	164
	<b>264</b>	<b>209</b>

### **Payable to the Depositary, associates of the Depositary and agents of either of them:**

Depositary's fees	18	18
Safe custody fees	6	15
	<b>24</b>	<b>33</b>

### **Other expenses:**

Auditor's remuneration	6	6
Electronic messaging fees	-	1
Printing fees	3	2
Registration fees	13	14
	<b>22</b>	<b>23</b>

<b>Total expenses</b>	<b>310</b>	<b>265</b>
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Irrecoverable VAT is included in the above expenses where relevant.

## 7. TAXATION

### (a) The tax charge comprises

	28 Feb 17	28 Feb 16
	£'000	£'000
<b>Current tax:</b>		
Irrecoverable foreign tax	4	-
<b>Total current tax (note 7 (b))</b>	<b>4</b>	<b>-</b>
Deferred tax (note 7 (c))	-	-
<b>Total taxation</b>	<b>-</b>	<b>-</b>



# CASTLEFIELD MANAGED MULTI-ASSET FUND

## (b) Factors affecting the tax charge for the year

The tax charge for the year differs from the special 20% rate of corporation tax applicable to Open-Ended Investment Companies (OEIC's). The differences are explained below:

	28 Feb 17 £'000	28 Feb 16 £'000
Net revenue/(expense) before taxation	73	(2)
	<b>73</b>	<b>(2)</b>
Return on ordinary activities multiplied by the special rate of corporation tax of 20% (2016: 20%)	15	-
<b>Effects of:</b>		
Franked UK dividends and distributions not subject to taxation	(13)	(3)
Expenses not utilised in the year	33	20
Indexed gilt edged securities adjustment	-	(1)
Tax effect on non-taxable overseas dividends	(35)	(16)
Overseas withholding tax	4	-
<b>Total tax charge (note 7 (a))</b>	<b>4</b>	<b>-</b>

## (c) Deferred tax

	28 Feb 17 £'000	28 Feb 16 £'000
Deferred tax charge	-	-
Provision at start of year	-	-
	-	-

Authorised OEIC's are exempt from tax on capital gains made within the Sub-Fund.

Factors that may affect the future tax charge:

The Sub-Fund has not recognised a deferred tax asset of £232,080 (28 February 2016: £198,668) arising as a result of having unutilised management expenses. It is unlikely that the Sub-Fund will obtain relief for these in the future so no deferred tax asset has been recognised.

## 8. DISTRIBUTIONS

The distributions take into account revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	28 Feb 17 £'000	28 Feb 16 £'000
Interim distribution	47	-
Final distribution	28	-
	<b>75</b>	<b>-</b>
Add: Revenue deducted on cancellation of shares	1	-
Deduct: Revenue received on issue of shares	(7)	(1)
<b>Net distributions for the year</b>	<b>69</b>	<b>(1)</b>

The difference between the net expense after taxation and the amounts distributed comprises:

	28 Feb 17 £'000	28 Feb 16 £'000
Net revenue/(expense) after taxation	69	(2)
Deficit transferred to capital	-	1
<b>Distributions</b>	<b>69</b>	<b>(1)</b>

# CASTLEFIELD MANAGED MULTI-ASSET FUND

## 9. DEBTORS

	28 Feb 17	28 Feb 16
	£'000	£'000
Accrued revenue	55	28
Amounts receivable for issue of shares	14	13
CIS income tax recoverable	-	4
	<b>69</b>	<b>45</b>

## 10. CASH AND BANK BALANCES

	28 Feb 17	28 Feb 16
	£'000	£'000
Euro	23	21
Sterling	2,402	959
<b>Cash and bank balances</b>	<b>2,425</b>	<b>980</b>

## 11. OTHER CREDITORS

	28 Feb 17	28 Feb 16
	£'000	£'000
Accrued expenses	10	40
Amounts payable for cancellation of shares	33	23
	<b>43</b>	<b>63</b>

## 12. RELATED PARTIES

### Authorised Corporate Director ("ACD")

The annual management charge ("AMC") is 0.20% subject to a minimum of £45,000 per annum and is payable monthly. Amounts due at the year end are disclosed within accrued expenses on the balance sheet where applicable.

### Investment Adviser

Castlefield Investment Partners, as part of the group of companies to which the ACD belongs, Castlefield Partners Limited. The Investment Adviser fee is charged at share class level as a percentage of funds under management and disclosed with the respective Key Investor Information Documents ("KIIDs") and the Company Prospectus. Amounts paid to Castlefield Investment Partners in respect of the Investment Adviser Fee are disclosed within Note 6. Amounts due at year end are disclosed within accrued expenses on the balance sheet where applicable.

## 13. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or outstanding commitments at the balance sheet date (2016: £nil).

## 14. FINANCIAL INSTRUMENTS

In pursuing the Sub-Fund's investment objective, the main risks arising from the Sub-Fund's financial instruments are market price, currency, interest rate, liquidity and counterparty risk.

### Market Price Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 8 to 9.

The Investment Adviser does not use derivative instruments to hedge the investment portfolio against risks as, in their opinion, the cost of such a process would result in an unacceptable reduction in the potential capital growth.

At 28 February 2017, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £1,191,113 (28 February 2016: 831,502).

### Currency Risk

Other than cash and bank balances and bank overdrafts, there was no material direct foreign currency exposure within the Sub-Fund at the balance sheet date. However, there was foreign currency exposure within the Sub-Fund's holdings of collective investment schemes since some of their assets are denominated in currencies other than Sterling, with the effect that their balance sheet and total returns can be affected by exchange rate fluctuations.

# CASTLEFIELD MANAGED MULTI-ASSET FUND

## Currency exposure as at 28 February 2017

Currency	Portfolio of investments £'000	Forward currency contracts £'000	Net other assets £'000	Total £'000	Total Exposure %
Euro	-	-	23	23	0.09
US Dollar	2,363	-	1	2,364	9.01
	<b>2,363</b>	-	<b>24</b>	<b>2,387</b>	<b>9.10</b>
Sterling	21,457	-	2,399	23,856	90.90
<b>Total</b>	<b>23,820</b>	-	<b>2,423</b>	<b>26,243</b>	<b>100.00</b>

## Currency exposure as at 28 February 2016

Currency	Portfolio of investments £'000	Forward currency contracts £'000	Net other assets £'000	Total £'000	Total Exposure %
Euro	-	-	21	21	0.12
US Dollar	1,673	-	-	1,673	9.51
	<b>1,673</b>	-	<b>21</b>	<b>1,694</b>	<b>9.63</b>
Sterling	14,958	-	941	15,899	90.37
<b>Total</b>	<b>16,631</b>	-	<b>962</b>	<b>17,593</b>	<b>100.00</b>

At 28 February 2017, if the value of Sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £23,870 (28 February 2016: £16,937).

### Interest Rate Risk

The Sub-Fund will be exposed to interest rate risk on its financial assets, which include zero dividend preference shares and fixed interest securities as disclosed in the portfolio of investments. At year-end, an insignificant amount of the portfolio of investments 7.14% (28 February 2016: 8.27%) is attributable to debt securities.

Other than these, the only interest-bearing financial assets of the Sub-Fund are bank balances on which interest is calculated at a variable rate by reference to Sterling bank deposit rates or the international equivalent.

### Liquidity Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 8 to 9.

### Counterparty Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 8 to 9.

### Fair Value of Financial Assets and Financial Liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Sub-Fund disclosed in the balance sheet where applicable.

	Assets £'000	Liabilities £'000
<b>Valuation technique as at 28 February 2017</b>		
Level 1*	13,752	-
Level 2	10,068	-
Level 3	-	-
	<b>23,820</b>	-
<b>Valuation technique as at 28 February 2016</b>		
Level 1*	7,127	-
Level 2	9,504	-
Level 3	-	-
	<b>16,631</b>	-

\* Level 1 includes £1,873,000 (2016: £560,023) in respect of bond securities.

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e., developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e., for which market data is unavailable for the asset or liability).

# CASTLEFIELD MANAGED MULTI-ASSET FUND

## Derivatives and Forward Transactions

As part of its monitoring of the usage of derivatives by each Fund, the ACD is required to calculate the global exposure for each Fund daily and to ensure that it meets the cover for investment in derivatives rules. The ACD has reviewed the type of derivatives used by each fund and the manner in which the derivatives are being used and has determined that each fund should be classified as non-sophisticated and that the most appropriate methodology for calculating global exposure is the 'commitment approach'. The Fund's Depositary has reviewed this decision and is in agreement. The commitment approach follows guidelines laid down originally by the Committee of European Securities Regulators 'CESR' and referenced by the Financial Conduct Authority Handbook in COLL 5.3.9. It measures the incremental exposure generated by the use of derivatives and forward transactions and then ensures that it does not exceed 100% of the net value of the Scheme Property. The incremental exposure of each derivative or forward is calculated by converting it into the market value of an equivalent position in the underlying asset of that derivative or forward transaction. The ACD may in some instances, and always following the CESR guidelines, take account of legally enforceable netting and hedging arrangements when calculating global exposure where these arrangements do not disregard any obvious or material risks.

The Sub-Fund does not hold any derivatives or forward transactions that could materially impact the value of the Sub-Fund.

## 16. SHARE CLASSES

The Sub-Fund currently has two types of share. The Investment Adviser's Fee on each share class is as follows:

General Shares	1.50%
Institutional Shares	1.00%

The following table shows the shares in issue during the year:

<b>General Shares</b>	<b>Income</b>
Opening Shares	5,708
Shares Created	-
Shares Liquidated	-
Shares Converted	-
<b>Closing Shares</b>	<b>5,708</b>

<b>Institutional Shares</b>	<b>Income</b>
Opening Shares	8,184,982
Shares Created	3,512,065
Shares Liquidated	(471,302)
Shares Converted	-
<b>Closing Shares</b>	<b>11,225,745</b>

The net asset value, the net asset value per share and the number of shares in issue are given in the fund information on pages 28 to 30. All share classes have the same rights on winding up. The taxation and income are apportioned equally based on the weighted proportion of each share class.

The distribution per share class is given in the distribution table on page 44.

# CASTLEFIELD MANAGED MULTI-ASSET FUND

## 17. PORTFOLIO TRANSACTION COSTS

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 28.

	28 Feb 17 £'000	28 Feb 16 £'000
Analysis of total purchase costs:		
Purchases <sup>1</sup> in year before transaction costs	7,474	8,120
Commissions:		
Equities total value paid	-	-
CIS total value paid	-	-
Bonds total value paid	-	-
Taxes:		
Equities total value paid	1	1
CIS total value paid	-	-
Bonds total value paid	-	-
<b>Total purchase costs</b>	<b>1</b>	<b>1</b>
<b>Gross purchases total</b>	<b>7,475</b>	<b>8,121</b>
Analysis of total sale costs:		
Gross sales <sup>1</sup> before transaction costs	2,040	3,520
Commissions:		
Equities total value paid	-	-
CIS total value paid	-	-
Bonds total value paid	-	-
Taxes:		
Equities total value paid	-	-
CIS total value paid	-	-
Bonds total value paid	-	-
<b>Total sale costs</b>	<b>-</b>	<b>-</b>
<b>Total sales net of transaction costs</b>	<b>2,040</b>	<b>3,520</b>

<sup>1</sup> Excluding corporate actions.

	28 Feb 17 %	28 Feb 16 %
Analysis of total purchase costs:		
Commissions:		
Equities percentage of average NAV	-	-
Taxes:		
Equities percentage of average NAV	0.01	-
Analysis of total sale costs:		
Commissions:		
Equities percentage of average NAV	-	-
Taxes:		
Equities percentage of average NAV	-	-
Analysis of total costs:		
Commissions		
	-	-
Taxes		
	0.01	-

As at the balance sheet date, the average portfolio dealing spread was 1.10% (2016: 0.97%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

# CASTLEFIELD MANAGED MULTI-ASSET FUND

## DISTRIBUTION TABLES

For the period from 29 February 2016 to 31 August 2016

**Interim dividend distribution in pence per share.**

### Institutional Shares - Income

	Net income	Equalisation	Distribution Paid	
			26/05/2017	27/05/2016
Group 1	0.4904	-	0.2484	-
Group 2	0.2877	0.2027	0.2484	-

For the period from 1 December 2016 to 28th February 2017

**Final dividend distribution in pence per share.**

### Institutional Shares - Income

	Net income	Equalisation	Distribution Paid	
			26/05/2017	27/05/2016
Group 1	0.2484	-	0.2484	-
Group 2	0.0423	0.2061	0.2484	-

Expenses exceeded revenue for General shares during the period, as a result no distribution was paid.

# CASTLEFIELD UK OPPORTUNITIES FUND

## FUND INFORMATION

The Comparative Tables on pages 45 to 48 give the performance of each active share class in the Sub-Fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the Sub-Fund's performance disclosed in the Manager's report which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the Fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee to a broker to execute the trades and research costs.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the Fund on each transaction, other types of investments (such as collective investment schemes, bonds, money instruments, derivatives) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

## COMPARATIVE TABLES

For the financial year ended 28 February 2017

### General Shares - Income

	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)	28 Feb 15 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	337.86	365.50	345.35
Return before operating charges *	42.81	(16.22)	29.92
Operating charges	(5.95)	(6.83)	(6.53)
Return after operating charges*	36.86	(23.05)	23.39
Distributions on income units	(5.01)	(4.59)	(3.24)
Closing net asset value per share	369.71	337.86	365.50
after direct transaction costs of:**	0.09	-	0.01
<b>Performance</b>			
Return after charges	10.91%	(6.31)%	6.77%
<b>Other information</b>			
Closing net assets value (£'000)	1,005	1,158	1,579
Closing number of shares	271,977	342,882	432,039
Operating charges	1.85%	1.93%	1.94%
Direct transaction costs	0.02%	-	-
<b>Prices</b>			
Highest share price	370.97	377.83	365.96
Lowest share price	322.64	313.11	303.97

\* Operating charges, otherwise known as OCF is the ratio of the Sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CASTLEFIELD UK OPPORTUNITIES FUND

## General Shares - Accumulation

	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)	28 Feb 15 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	-	-	356.93
Return before operating charges *	-	-	(10.72)
Operating charges	-	-	(0.76)
Return after operating charges*	-	-	(11.48)
Closing net asset value per share	-	-	345.45
Retained distributions on accumulation shares	-	-	-
after direct transaction costs of:**	-	-	-
<b>Performance</b>			
Return after charges	-	-	(3.22)%
<b>Other information</b>			
Closing net assets value (£'000)	-	-	-
Closing number of shares	-	-	-
Operating charges	-	-	1.94%
Direct transaction costs	-	-	(0.04)%
<b>Prices</b>			
Highest share price	-	-	357.39
Lowest share price	-	-	345.45

\* Operating charges, otherwise known as OCF is the ratio of the Sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.



# CASTLEFIELD UK OPPORTUNITIES FUND

## Institutional Shares - Income

	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)	28 Feb 15 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	343.01	371.08	350.34
Return before operating charges *	43.49	(16.48)	30.40
Operating charges	(4.25)	(5.13)	(4.92)
Return after operating charges*	39.24	(21.61)	25.48
Distributions on income units	(6.89)	(6.46)	(4.74)
Closing net asset value per share	375.36	343.01	371.08
after direct transaction costs of:**	0.09	-	0.01
<b>Performance</b>			
Return after charges	11.44%	(5.82)%	7.27%
<b>Other information</b>			
Closing net assets value (£'000)	21,670	19,766	21,611
Closing number of shares	5,772,970	5,762,299	5,823,854
Operating charges	1.35%	1.43%	1.44%
Direct transaction costs	0.03%	-	-
<b>Prices</b>			
Highest share price	377.09	384.07	371.70
Lowest share price	327.68	318.20	308.56

\* Operating charges, otherwise known as OCF is the ratio of the Sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CASTLEFIELD UK OPPORTUNITIES FUND

## Charity Shares - Income

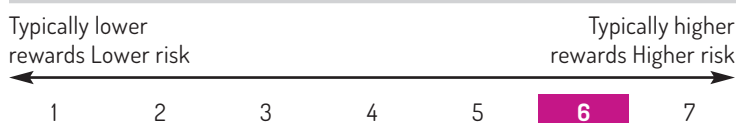
	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)	28 Feb 15 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	346.08	374.39	353.45
Return before operating charges *	44.50	(16.61)	30.70
Operating charges	(3.38)	(4.28)	(4.11)
Return after operating charges*	41.12	(20.89)	26.59
Distributions on income units	(7.85)	(7.42)	(5.65)
Closing net asset value per share	379.35	346.08	374.39
after direct transaction costs of:**	0.09	-	0.01
<b>Performance</b>			
Return after charges	11.70%	(5.58)%	7.52%
<b>Other information</b>			
Closing net assets value (£'000)	9,376	8,867	10,965
Closing number of shares	2,475,716	2,562,074	2,928,624
Operating charges	1.10%	1.18%	1.19%
Direct transaction costs	0.03%	-	-
<b>Prices</b>			
Highest share price	380.69	387.74	375.24
Lowest share price	330.67	321.20	311.40

\* Operating charges, otherwise known as OCF is the ratio of the Sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CASTLEFIELD UK OPPORTUNITIES FUND

## RISK AND REWARD INDICATOR (RRI)



The Sub-Fund is ranked as 6 because it has experienced relatively high rises and falls in value over the past five years. Please note that even the lowest ranking does not mean a risk-free investment.

The Risk and Reward Indicator demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund.

## INVESTMENT OBJECTIVE AND POLICY

The investment objective of the Castlefield UK Opportunities Fund is to invest primarily for long term capital growth from a portfolio of investments. The investment policy of the Sub-Fund is to actively invest in those companies, primarily within the UK, where the Manager believes there are above average opportunities for growth.

## INVESTMENT REVIEW

### PERFORMANCE

The Fund returned 11.44% (as measured by the Institutional Income class), compared to an average return from the peer group of funds within the IA UK All Companies Sector of 19.10%.

### MARKET REVIEW

The dominant market event over the past year was undoubtedly the Brexit Referendum and the ensuing market reaction. Whilst equities in the UK were already on something of a reflationary trend as they recovered from their lows in February 2016 prompted by fears over the Chinese economy, Sterling weakness after the Brexit result saw a step-change in the pace of recovery as more cyclical sectors outperformed their more defensive or domestic-UK focused peers. The election win for Donald Trump furthered this trend which in truth was already well worn. Having now started to come full-circle, the period has ended with inflation surging to a multi-year high of 2.3% and the UK market hitting new nominal highs.

### PORTFOLIO ACTIVITY

We remained sceptical about the pace with which markets factored in the recovery of crude oil and iron ore prices from the lows of 2016 into the share prices of the mining and oil & gas giants even as the market rallied. We saw better opportunities in related markets however and took a position in environmental consultancy firm RPS. The group provides services with a particular focus on the "built environment", ranging from geological surveys to town planning projects. Historically, sales to both energy and resource related markets represented some of RPS' largest clients, however in recent years the falls in the oil price have made for a tough trading environment and consequently impacted significantly on its share price. We felt that the level of pessimism relating to this was overdone and took the opportunity to build a position in the Company from July onwards as the resource sector gathered momentum.

Towards the end of the year, we opted to take some of the profits from our exposure to the miners, reducing further our already underweight position and trimming our holdings in BHP Billiton and Rio Tinto in November. We used the proceeds to acquire a new holding in pharmaceutical giant Shire, a UK listed business that had suffered from the fallout of political wrangling in the run-up to the US Presidential Election. We consequently felt the value from its drug portfolio was not adequately reflected in its share price and at the same time, we exited Advanced Medical Solutions, a more domestically-focused healthcare Company specialising in wound dressings and sutures which had held up much better and appeared fully valued

We acquired shares in financial services firm Equiniti in September, which we viewed as an undervalued business which should benefit from relatively buoyant equity markets and also the secular trend for increased workplace savings schemes and registrar services.

### OUTLOOK

We remain cautiously positioned with regards to commodity exposure, continuing to favour higher margin, more stable growth business, often with a mid-cap bias. Whilst this may mean we miss out on some of the more extreme cyclical upswings in valuations which have tended to favour larger capitalisation, internationally-facing companies over the past twelve months, we continue to see good companies at attractive prices.

# CASTLEFIELD UK OPPORTUNITIES FUND

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The top ten purchases and total sales during the year were as follows:

<b>Purchases</b>	<b>Costs £'000</b>	<b>Sales</b>	<b>Proceeds £'000</b>
Shire	1,354	Vodafone	948
RPS	776	UBM	478
Equiniti	762	Intermediate Capital	333
UBM	478	Pearson	312
Intermediate Capital	333	Advanced Medical Solutions	275
		Rio Tinto	262
		South32	71
		Indivior	22
		BHP Billiton	16
<b>Total purchases during the year were</b>	<b>3,703</b>	<b>Total sales during the year were</b>	<b>2,717</b>

# CASTLEFIELD UK OPPORTUNITIES FUND

## PORTFOLIO OF INVESTMENTS

As at 28 February 2017

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>BASIC MATERIALS 7.01% (5.92%)</b>			
<b>Chemicals 3.04% (2.84%)</b>			
21,455	Croda International	736	2.29
79,520	Elementis	239	0.75
		<b>975</b>	<b>3.04</b>
<b>Mining 3.97% (3.08%)</b>			
43,132	BHP Billiton	562	1.75
21,591	Rio Tinto	710	2.22
		<b>1,272</b>	<b>3.97</b>
<b>CONSUMER GOODS 11.62% (11.45%)</b>			
<b>Beverages 5.14% (5.13%)</b>			
92,177	Britvic	580	1.81
47,066	Diageo	1,069	3.33
		<b>1,649</b>	<b>5.14</b>
<b>Food Producers 3.33% (3.42%)</b>			
68,772	Glanbia	1,067	3.33
		<b>1,067</b>	<b>3.33</b>
<b>Household Goods &amp; Home Construction 1.36% (1.32%)</b>			
5,949	Reckitt Benckiser Group	435	1.36
		<b>435</b>	<b>1.36</b>
<b>Personal Goods 1.79% (1.58%)</b>			
15,038	Unilever	574	1.79
		<b>574</b>	<b>1.79</b>
<b>CONSUMER SERVICES 14.79% (20.89%)</b>			
<b>General Retailers 2.90% (8.14%)</b>			
833,399	Debenhams	442	1.38
235,394	N Brown Group	486	1.52
		<b>928</b>	<b>2.90</b>
<b>Media 2.04% (3.43%)</b>			
87,174	UBM	654	2.04
		<b>654</b>	<b>2.04</b>
<b>Travel, Leisure &amp; Catering 9.85% (9.32%)</b>			
150,432	Cineworld Group	964	3.01
168,664	PPHE Hotel Group	1,269	3.95
24,165	Whitbread	925	2.89
		<b>3,158</b>	<b>9.85</b>

# CASTLEFIELD UK OPPORTUNITIES FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>FINANCIALS 21.21% (21.38%)</b>			
<b>Banks 5.04% (4.75%)</b>			
383,422	Barclays	864	2.70
61,773 **	Irish Bank Resolution Corp/Old	-	-
1,086,740	Lloyds Banking Group	750	2.34
		<b>1,614</b>	<b>5.04</b>
<b>Financial Services 7.56% (9.03%)</b>			
125,000 **	Finance Ireland	13	0.04
207,442 *	H&T Group	556	1.73
211,764	IG Group Holdings	1,121	3.50
103,412	Intermediate Capital Group	735	2.29
283,500 **	Tersus Energy	-	-
		<b>2,425</b>	<b>7.56</b>
<b>Life Insurance 4.74% (3.89%)</b>			
94,316	Prudential	1,518	4.74
		<b>1,518</b>	<b>4.74</b>
<b>Nonlife Insurance 1.30% (1.21%)</b>			
59,878	Lancashire Holdings	417	1.30
		<b>417</b>	<b>1.30</b>
<b>Real Estate Investment Trusts 2.57% (2.50%)</b>			
1,413,800	Assura	824	2.57
		<b>824</b>	<b>2.57</b>
<b>HEALTH CARE 12.46% (8.77%)</b>			
<b>Health Care Equipment &amp; Services 2.89% (3.76%)</b>			
76,650	Smith & Nephew	926	2.89
		<b>926</b>	<b>2.89</b>
<b>Pharmaceuticals &amp; Biotechnology 9.57% (5.01%)</b>			
78,996	Hikma Pharmaceuticals	1,703	5.31
27,882	Shire	1,365	4.26
		<b>3,068</b>	<b>9.57</b>
<b>INDUSTRIALS 21.30% (9.75%)</b>			
<b>Aerospace &amp; Defense 3.95% (3.64%)</b>			
56,535	Chemring Group	110	0.34
243,403	Meggitt	1,155	3.61
		<b>1,265</b>	<b>3.95</b>
<b>Industrial Engineering 1.28% (0.61%)</b>			
146,923	Fenner	410	1.28
		<b>410</b>	<b>1.28</b>

# CASTLEFIELD UK OPPORTUNITIES FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>Support Services 16.07% (5.50%)</b>			
33,157	Aggreko	350	1.09
108,527	Babcock International Group	1,010	3.15
694,992 *	Begbies Traynor Group	351	1.10
390,287	Equiniti Group	724	2.26
415,734	RPS Group	1,031	3.22
509,890 *	RWS Holdings	1,683	5.25
		<b>5,149</b>	<b>16.07</b>
<b>OIL &amp; GAS 4.11% (3.81%)</b>			
<b>Oil Equipment, Services &amp; Distribution 4.11% (3.81%)</b>			
125,246	John Wood Group	944	2.94
42,329	Petrofac	374	1.17
		<b>1,318</b>	<b>4.11</b>
<b>TECHNOLOGY 0.69% (0.58%)</b>			
<b>Software &amp; Computer Services 0.69% (0.58%)</b>			
11,538	Aeva Group	220	0.69
		<b>220</b>	<b>0.69</b>
<b>TELECOMMUNICATIONS 6.34% (12.94%)</b>			
<b>Fixed Line Telecommunications 3.56% (5.64%)</b>			
347,490	BT Group	1,143	3.56
		<b>1,143</b>	<b>3.56</b>
<b>Mobile Telecommunications 2.78% (7.30%)</b>			
124,284	Inmarsat	890	2.78
		<b>890</b>	<b>2.78</b>
<b>Total Value of Investments</b>		<b>31,899</b>	<b>99.53</b>
Net Other Assets		152	0.47
<b>Total Net Assets</b>		<b>32,051</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28 February 2016

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

\* AIM Listed Securities

\*\* Delisted Securities

# CASTLEFIELD UK OPPORTUNITIES FUND

## STATEMENT OF TOTAL RETURN

For the year ended 28 February 2017

	Notes	28 Feb 17 £'000	£'000	28 Feb 16 £'000	£'000
<b>Income</b>					
Net capital (losses)/gains	4		2,790		(2,522)
Revenue	5	1,015		1,039	
<b>Expenses</b>					
Interest payable and similar charges	6	(404)		(440)	
		<u>(1)</u>		<u>-</u>	
Net revenue before taxation		610		599	
Taxation	7	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>610</u>		<u>599</u>
Total return before distributions			3,400		(1,923)
Distributions	8		<u>(610)</u>		<u>(599)</u>
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>2,790</b>		<b>(2,522)</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2017

	28 Feb 2017 £'000	£'000	28 Feb 2016 £'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>29,791</b>		<b>34,155</b>
Amounts receivable on issue of shares	946		427	
Amounts payable on cancellation of shares	<u>(1,476)</u>		<u>(2,269)</u>	
		(530)		(1,842)
Change in net assets attributable to shareholders from investment activities		<u>2,790</u>		<u>(2,522)</u>
<b>Closing net assets attributable to shareholders</b>		<b>32,051</b>		<b>29,791</b>



# CASTLEFIELD UK OPPORTUNITIES FUND

## BALANCE SHEET

	Notes	28 Feb 17 £'000	28 Feb 16 £'000
<b>ASSETS</b>			
<b>Fixed assets:</b>			
Investment assets		31,899	28,446
<b>Current assets:</b>			
Debtors	9	65	50
Cash and bank balances	10	323	1,423
<b>Total Assets</b>		<b>32,287</b>	<b>29,919</b>
<b>LIABILITIES</b>			
<b>Creditors:</b>			
Bank overdrafts	11	(87)	-
Distribution payable on income shares	8	(85)	(71)
Other creditors	12	(64)	(57)
<b>Total liabilities</b>		<b>(236)</b>	<b>(128)</b>
<b>Net assets attributable to shareholders</b>		<b>32,051</b>	<b>29,791</b>

The notes on pages 55 to 61 are an integral part of these Financial Statements.

On behalf of Castlefield Fund Partners Limited

John Eckersley  
Managing Director (of the ACD)



30 June 2017

Summaya Mosam  
Director (of the ACD)



## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The accounting, distribution and risk management policies for Notes 1 to 3 are provided in the Aggregated Notes to the Financial Statements section on pages 7 to 9.

### 4. NET CAPITAL GAINS/(LOSSES)

	28 Feb 17 £'000	28 Feb 16 £'000
Non-derivative securities	2,711	(2,549)
Other currency gains	79	27
<b>Net capital gains/(losses)</b>	<b>2,790</b>	<b>(2,522)</b>

# CASTLEFIELD UK OPPORTUNITIES FUND

## 5. REVENUE

	28 Feb 17	28 Feb 16
	£'000	£'000
Bank interest	2	2
Franked UK dividends	633	884
Overseas dividends	380	126
Franked REIT revenue	-	27
	<b>1,015</b>	<b>1,039</b>

## 6. EXPENSES

	28 Feb 17	28 Feb 16
	£'000	£'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's Annual Management Charge	54	64
Investment adviser's fee	297	303
	<b>351</b>	<b>367</b>

### Payable to the Depositary, associates of the Depositary and agents of either of them:

Depositary's fees	19	19
Safe custody fees	6	15
	<b>25</b>	<b>34</b>

### Other expenses:

Auditor's remuneration	6	6
Printing fees	5	16
Registration fees	17	17
	28	39
<b>Total expenses</b>	<b>404</b>	<b>440</b>

Irrecoverable VAT is included in the above expenses where relevant.

## 7. TAXATION

### (a) The tax charge comprises

	28 Feb 17	28 Feb 16
	£'000	£'000
<b>Current tax:</b>		
Corporation tax	-	-
<b>Total current tax (note 7 (b))</b>	<b>-</b>	<b>-</b>
Deferred tax (note 7 (c))	-	-
<b>Total taxation</b>	<b>-</b>	<b>-</b>

# CASTLEFIELD UK OPPORTUNITIES FUND

## (b) Factors affecting the tax charge for the year

The tax charge for the year differs from the special 20% rate of corporation tax applicable to Open-Ended Investment Companies (OEIC's). The differences are explained below:

	28 Feb 17 £'000	28 Feb 16 £'000
Net revenue before taxation	610	599
	<b>610</b>	<b>599</b>
Return on ordinary activities multiplied by the special rate of corporation tax of 20% (2016: 20%)	122	120
<b>Effects of:</b>		
Expenses not utilised in the year	81	88
Tax on franked dividends	(127)	(182)
Tax effect on non-taxable overseas dividends	(76)	(25)
Taxation chargeable in different periods	-	(1)
<b>Total tax charge (note 7 (a))</b>	<b>-</b>	<b>-</b>

## (c) Deferred tax

	28 Feb 17 £'000	28 Feb 16 £'000
Deferred tax charge	-	-
Provision at start of year	-	-
	-	-

Authorised OEIC's are exempt from tax on capital gains made within the Sub-Fund.

Factors that may affect the future tax charge:

The Sub-Fund has not recognised a deferred tax asset of £505,703 (28 February 2016: £425,335) arising as a result of having unutilised management expenses. It is unlikely that the Sub-Fund will obtain relief for these in the future so no deferred tax asset has been recognised.

## 8. DISTRIBUTIONS

The distributions take into account revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	28 Feb 17 £'000	28 Feb 16 £'000
First Interim distribution	226	232
Second Interim distribution	165	170
Third Interim distribution	132	122
Final distribution	85	71
	<b>608</b>	<b>595</b>
Add: Revenue deducted on cancellation of shares	4	5
Deduct: Revenue received on issue of shares	(2)	(1)
<b>Net distributions for the year</b>	<b>610</b>	<b>599</b>

The difference between the net revenue after taxation and the amounts distributed comprises:

	28 Feb 17 £'000	28 Feb 16 £'000
Net revenue after taxation	610	599
<b>Distributions</b>	<b>610</b>	<b>599</b>

# CASTLEFIELD UK OPPORTUNITIES FUND

## 9. DEBTORS

	28 Feb 17	28 Feb 16
	£'000	£'000
Accrued revenue	64	50
Amounts receivable for issue of shares	1	-
	<b>65</b>	<b>50</b>

## 10. CASH AND BANK BALANCES

	28 Feb 17	28 Feb 16
	£'000	£'000
Euro	1	1
Sterling	-	1,135
US Dollar	322	287
<b>Cash and bank balances</b>	<b>323</b>	<b>1,423</b>

## 11. BANK OVERDRAFTS

	28 Feb 17	28 Feb 16
	£'000	£'000
Sterling	87	-
	<b>87</b>	<b>-</b>

## 12. OTHER CREDITORS

	28 Feb 17	28 Feb 16
	£'000	£'000
Accrued expenses	11	56
Amounts payable for cancellation of shares	53	1
	<b>64</b>	<b>57</b>

## 13. RELATED PARTIES

### Authorised Corporate Director ("ACD")

The annual management charge ("AMC") is 0.20% subject to a minimum of £45,000 per annum and is payable monthly. Amounts due at the year end are disclosed within accrued expenses on the balance sheet where applicable.

### Investment Adviser

Castlefield Investment Partners, as part of the group of companies to which the ACD belongs, Castlefield Partners Limited. The Investment Adviser fee is charged at share class level as a percentage of funds under management and disclosed with the respective Key Investor Information Documents ("KIIDs") and the Company Prospectus. Amounts paid to Castlefield Investment Partners in respect of the Investment Adviser Fee are disclosed within Note 6. Amounts due at year end are disclosed within accrued expenses on the balance sheet where applicable.

## 14. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or outstanding commitments at the balance sheet date (2016: £nil).

## 15. FINANCIAL INSTRUMENTS

In pursuing the Sub-Fund's investment objective, the main risks arising from the Sub-Fund's financial instruments are market price, currency, interest rate, liquidity and counterparty risk.

### Market Price Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 8 to 9.

At 28 February 2017, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £1,594,948 (28 February 2016: £1,422,282).

# CASTLEFIELD UK OPPORTUNITIES FUND

## Currency Risk

Other than cash and bank balances and bank overdrafts, there was no material direct foreign currency exposure within the Sub-Fund at the balance sheet date. However, there was foreign currency exposure within the Sub-Fund's holdings since some of their assets are denominated in currencies other than Sterling, with the effect that their balance sheet and total returns can be affected by exchange rate fluctuation.

### Currency exposure as at 28 February 2017

Currency	Portfolio of investments £'000	Forward currency contracts £'000	Net other assets £'000	Total £'000	Total Exposure %
Euro	1,067	-	1	1,068	3.33
US Dollar	-	-	326	326	1.02
	<b>1,067</b>	-	<b>327</b>	<b>1,394</b>	<b>4.35</b>
Sterling	30,832	-	(175)	30,657	95.65
<b>Total</b>	<b>31,899</b>	-	<b>152</b>	<b>32,051</b>	<b>100.00</b>

### Currency exposure as at 28 February 2016

Currency	Portfolio of investments £'000	Forward currency contracts £'000	Net other assets £'000	Total £'000	Total Exposure %
Euro	1,018	-	1	1,019	3.42
US Dollar	-	-	287	287	0.96
	<b>1,018</b>	-	<b>288</b>	<b>1,306</b>	<b>4.38</b>
Sterling	27,428	-	1,057	28,485	95.62
<b>Total</b>	<b>28,446</b>	-	<b>1,345</b>	<b>29,791</b>	<b>100.00</b>

At 28 February 2017, if the value of Sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to unitholders would increase or decrease by approximately £13,940 (28 February 2016: £13,056).

## Interest Rate Risk

The majority of the Sub-Fund's assets comprise equity shares which do not pay interest (2016: same).

The only interest-bearing financial assets of the Sub-Fund are bank balances, on which interest is calculated at a variable rate by reference to Sterling bank deposit rates or the international equivalent.

## Liquidity Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 8 to 9.

## Counterparty Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 8 to 9.

## Fair Value of Financial Assets and Financial Liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Sub-Fund disclosed in the balance sheet where applicable.

	Assets £'000	Liabilities £'000
<b>Valuation technique as at 28 February 2017</b>		
Level 1	31,899	-
Level 2	-	-
Level 3	-	-
	<b>31,899</b>	-
<b>Valuation technique as at 28 February 2016</b>		
Level 1	28,446	-
Level 2	-	-
Level 3	-	-
	<b>28,446</b>	-

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e., developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e., for which market data is unavailable for the asset or liability).

# CASTLEFIELD UK OPPORTUNITIES FUND

## Derivatives and Forward Transactions

As part of its monitoring of the usage of derivatives by each Fund, the ACD is required to calculate the global exposure for each Fund daily and to ensure that it meets the cover for investment in derivatives rules. The ACD has reviewed the type of derivatives used by each fund and the manner in which the derivatives are being used and has determined that each fund should be classified as non-sophisticated and that the most appropriate methodology for calculating global exposure is the 'commitment approach'. The Fund's Depositary has reviewed this decision and is in agreement. The commitment approach follows guidelines laid down originally by the Committee of European Securities Regulators 'CESR' and referenced by the Financial Conduct Authority Handbook in COLL 5.3.9. It measures the incremental exposure generated by the use of derivatives and forward transactions and then ensures that it does not exceed 100% of the net value of the Scheme Property. The incremental exposure of each derivative or forward is calculated by converting it into the market value of an equivalent position in the underlying asset of that derivative or forward transaction. The ACD may in some instances, and always following the CESR guidelines, take account of legally enforceable netting and hedging arrangements when calculating global exposure where these arrangements do not disregard any obvious or material risks.

The Sub-Fund does not hold any derivatives or forward transactions that could materially impact the value of the Sub-Fund.

## 16. SHARE CLASSES

The Sub-Fund currently has three types of share. The Investment Adviser's Fee on each share class is as follows:

General Shares	1.50%
Institutional Shares	1.00%
Charity Shares	0.75%

The following table shows the shares in issue during the year:

<b>General Shares</b>	<b>Income</b>
Opening Shares	342,882
Shares Created	7,015
Shares Liquidated	(77,920)
Shares Converted	-
<b>Closing Shares</b>	<b>271,977</b>

<b>Institutional Shares</b>	<b>Income</b>
Opening Shares	5,762,299
Shares Created	155,718
Shares Liquidated	(145,047)
Shares Converted	-
<b>Closing Shares</b>	<b>5,772,970</b>

<b>Charity Shares</b>	<b>Income</b>
Opening Shares	2,562,074
Shares Created	101,673
Shares Liquidated	(188,030)
Shares Converted	-
<b>Closing Shares</b>	<b>2,475,717</b>

The net asset value, the net asset value per share and the number of shares in issue are given in the fund information on pages 45 to 48. All share classes have the same rights on winding up. The taxation and income are apportioned equally based on the weighted proportion of each share class.

The distribution per share class is given in the distribution tables on page 62 to 63.

# CASTLEFIELD UK OPPORTUNITIES FUND

## 17. PORTFOLIO TRANSACTION COSTS

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 45.

	28 Feb 17 £'000	28 Feb 16 £'000
Analysis of total purchase costs:		
Purchases <sup>1</sup> in year before transaction costs	3,704	-
Commissions:		
Equities total value paid	7	-
Taxes:		
Equities total value paid	-	-
<b>Total purchase costs</b>	<b>7</b>	<b>-</b>
<b>Gross purchases total</b>	<b>3,711</b>	<b>-</b>
Analysis of total sale costs:		
Gross sales <sup>1</sup> before transaction costs	1,905	2,631
Commissions:		
Equities total value paid	-	-
Taxes:		
Equities total value paid	-	-
<b>Total sale costs</b>	<b>-</b>	<b>-</b>
<b>Total sales net of transaction costs</b>	<b>1,905</b>	<b>2,631</b>

<sup>1</sup> Excluding corporate actions.

	28 Feb 17 %	28 Feb 16 %
Analysis of total purchase costs:		
Commissions:		
Equities percentage of average NAV	-	-
Taxes:		
Equities percentage of average NAV	0.03	-
Analysis of total sale costs:		
Commissions:		
Equities percentage of average NAV	-	-
Taxes:		
Equities percentage of average NAV	-	-
Analysis of total costs:		
Commissions	-	-
Taxes	0.03	-

As at the balance sheet date, the average portfolio dealing spread was 0.40% (2016: 0.39%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

# CASTLEFIELD UK OPPORTUNITIES FUND

## DISTRIBUTION TABLES

For the period from 29<sup>th</sup> February 2016 to 31<sup>st</sup> May 2016

**First Interim dividend distribution in pence per share.**

### General Shares - Income

	Net income	Equalisation	Distribution Paid	
			27/08/16	27/08/15
Group 1	2.1030	-	2.1030	2.0150
Group 2	0.7747	1.3283	2.1030	2.0150

### Institutional Shares - Income

	Net income	Equalisation	Distribution Paid	
			27/08/16	27/08/15
Group 1	2.5864	-	2.5864	2.5157
Group 2	1.5241	1.0623	2.5864	2.5157

### Charity Shares - Income

	Net income	Equalisation	Distribution Paid	
			27/08/16	27/08/15
Group 1	2.8344	-	2.8344	2.7743
Group 2	1.6758	1.1586	2.8344	2.7743

For the period from 1<sup>st</sup> June 2016 to 31<sup>st</sup> August 2016

**Second Interim dividend distribution in pence per share.**

### General Shares - Income

	Net income	Equalisation	Distribution Paid	
			26/11/16	27/11/15
Group 1	1.4071	-	1.4071	1.3549
Group 2	0.6143	0.7928	1.4071	1.3549

### Institutional Shares - Income

	Net income	Equalisation	Distribution Paid	
			26/11/16	27/11/15
Group 1	1.8801	-	1.8801	1.8357
Group 2	0.8740	1.0061	1.8801	1.8357

### Charity Shares - Income

	Net income	Equalisation	Distribution Paid	
			26/11/16	27/11/15
Group 1	2.1240	-	2.1240	2.0850
Group 2	1.0121	1.1119	2.1240	2.0850



# CASTLEFIELD UK OPPORTUNITIES FUND

For the period from 1<sup>st</sup> September 2016 to 30<sup>th</sup> November 2016

## Third Interim dividend distribution in pence per share.

### General Shares - Income

	Net income	Equalisation	Distribution Paid	
			27/02/17	27/02/16
Group 1	1.0089	-	1.0089	0.8824
Group 2	0.0176	0.9913	1.0089	0.8824

### Institutional Shares - Income

	Net income	Equalisation	Distribution Paid	
			27/02/17	27/02/16
Group 1	1.4747	-	1.4747	1.3401
Group 2	0.2385	1.2362	1.4747	1.3401

### Charity Shares - Income

	Net income	Equalisation	Distribution Paid	
			27/02/17	27/02/16
Group 1	1.7156	-	1.7156	1.5749
Group 2	0.3521	1.3635	1.7156	1.5749

For the period from 1<sup>st</sup> December 2016 to 28<sup>th</sup> February 2017

## Final dividend distribution in pence per share.

### General Shares - Income

	Net income	Equalisation	Distribution Paid	
			26/05/17	27/05/16
Group 1	0.6165	-	0.6165	0.3466
Group 2	0.3706	0.2459	0.6165	0.3466

### Institutional Shares - Income

	Net income	Equalisation	Distribution Paid	
			26/05/17	27/05/16
Group 1	0.6335	-	0.6335	0.7734
Group 2	0.2497	0.3838	0.6335	0.7734

### Charity Shares - Income

	Net income	Equalisation	Distribution Paid	
			26/05/17	27/05/16
Group 1	0.6413	-	0.6413	0.9931
Group 2	0.1928	0.4485	0.6413	0.9931

# CASTLEFIELD UK SMALLER COMPANIES FUND

## FUND INFORMATION

The Comparative Tables on pages 64 to 66 give the performance of each active share class in the Sub-Fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the Sub-Fund's performance disclosed in the Manager's report which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the Fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee to a broker to execute the trades and research costs.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as collective investment schemes, bonds, money instruments, derivatives) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

## COMPARATIVE TABLES

For the financial year ended 28 February 2016:

### General Shares - Income

	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)	28 Feb 15 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	353.82	340.03	367.20
Return before operating charges *	97.48	27.10	(14.52)
Operating charges	(9.95)	(13.31)	(12.65)
Return after operating charges*	87.53	13.79	(27.17)
Distributions on income units	-	-	-
Closing net asset value per share	441.35	353.82	340.03
after direct transaction costs of:**	0.14	0.21	(0.13)
<b>Performance</b>			
Return after charges	24.74	4.06%	(7.40)%
<b>Other information</b>			
Closing net assets value (£'000)	848	979	1,249
Closing number of shares	192,162	276,653	367,346
Operating charges	3.17%	3.58%	3.58%
Direct transaction costs	0.03%	0.06%	(0.04)%
<b>Prices</b>			
Highest share price	456.41	395.20	376.35
Lowest share price	346.26	343.12	321.15

\* Operating charges, otherwise known as OCF is the ratio of the Sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CASTLEFIELD UK SMALLER COMPANIES FUND

## General Shares - Accumulation

	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)	28 Feb 15 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	-	-	368.27
Return before operating charges *	-	-	(0.37)
Operating charges	-	-	-
Return after operating charges*	-	-	(0.37)
Closing net asset value per share	-	-	367.90
Retained distributions on accumulation shares	-	-	-
after direct transaction costs of:**	-	-	(0.01)
<b>Performance</b>			
Return after charges	-	-	(0.10)%
<b>Other information</b>			
Closing net assets value (£'000)	-	-	-
Closing number of shares	-	-	-
Operating charges	-	-	-
Direct transaction costs	-	-	(0.04)%
<b>Prices</b>			
Highest share price	-	-	377.09
Lowest share price	-	-	367.90

\*Operating charges, otherwise known as OCF is the ratio of the Sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-Fund and is calculated based on the last period's figures.

\*\*Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

# CASTLEFIELD UK SMALLER COMPANIES FUND

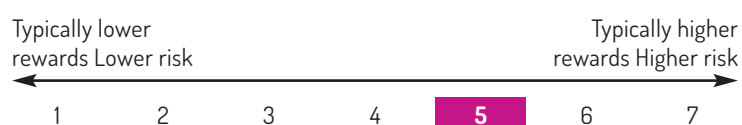
## Institutional Shares - Income

	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)	28 Feb 15 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	360.82	345.04	370.76
Return before operating charges *	98.65	27.44	(14.71)
Operating charges	(8.06)	(11.66)	(11.01)
Return after operating charges*	90.59	15.78	(25.72)
Distributions on income units	-	-	-
Closing net asset value per share	451.41	360.82	345.04
after direct transaction costs of:**	0.14	0.22	(0.13)
<b>Performance</b>			
Return after charges	25.11%	4.57%	(6.94)%
<b>Other information</b>			
Closing net assets value (£'000)	4,339	3,536	3,413
Closing number of shares	961,082	980,160	989,262
Operating charges	2.67%	3.08%	3.08%
Direct transaction costs	0.03%	0.06%	(0.04)%
<b>Prices</b>			
Highest share price	467.72	402.53	380.31
Lowest share price	353.75	348.19	325.28

\*Operating charges, otherwise known as OCF is the ratio of the Sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-Fund and is calculated based on the last period's figures.

\*\*Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

## RISK AND REWARD INDICATOR (RRI)



The Sub-Fund is ranked as 5 because it has experienced medium to high rises and falls in value over the past five years. Please note that even the lowest ranking does not mean a risk-free investment.

The Risk and Reward Indicator demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund.

## INVESTMENT OBJECTIVE AND POLICY

The investment philosophy of the Castlefield UK Smaller Companies Fund is to invest in well managed UK smaller companies that are financially sound, have a distinct and sustainable competitive advantage and are capable of long term growth. The investment process involves a thorough appraisal of a Company's management, a detailed financial review and an assessment of its market position and the competitive environment. We also look to invest in companies that can demonstrate a high level of employee engagement and where employees are encouraged to become shareholders.

# CASTLEFIELD UK SMALLER COMPANIES FUND

## INVESTMENT REVIEW

### PERFORMANCE

For the year to 28th February 2017, the Castlefield UK Smaller Companies Fund, as measured by the General Income shares, recorded a total return of 24.74%, compared to the total return from the IMA UK Smaller Companies sector average of 20.6%.

### MARKET REVIEW

The dominant market event over the past year was undoubtedly the Brexit Referendum and the ensuing market reaction. Whilst equities in the UK were already on something of a reflationary trend as they recovered from their lows in February 2016 prompted by fears over the Chinese economy. Sterling weakness after the Brexit result saw a step-change in the pace of recovery as more cyclical sectors outperformed their more defensive or domestic-UK focused peers. The election win for Donald Trump furthered this trend which in truth was already well worn. Having now started to come full-circle, the period has ended with inflation surging to a multi-year high of 2.3% and the UK market hitting new nominal highs.

During the period under review UK Small Companies performed broadly in line with the UK stock market as a whole with the Numis Smaller Companies Index (excluding Investment Companies) in total return terms rising by 23.1%.

### PORTFOLIO ACTIVITY

One new holding was established during the six months since the interim report.

Arden Partners is a multi-service stockbroker providing financial services for corporate and institutional clients. The Company has reduced its cost base reflecting the challenging environment facing the UK stockbroking market and looks good value at current levels. The holding in AB Dynamics was increased as a result of a placing to raise funds for investment in the long term growth of the business.

The holdings in Carclo and RM were sold during the period to meet funding requirements along with four very small holdings in the portfolio. In addition two of the larger holdings that had performed very well, Avon Rubber and Idox, were reduced.

### OUTLOOK

After an extended period of subdued inflation, price pressures look set to be normalising with the consumer price index moving above 2% in February 2017, the highest since September 2013. Whilst the substantial weakening of Sterling post-Brexit has been a key-contributor to this increase, cost pressures globally have been rising as commodity markets have rebounded from their low point right at the start of the period. With the Bank of England apparently willing to look through this inflationary surge despite their target rate of 2% having been surpassed, the reaction of equity markets has been to advance higher. Whether this is sustainable will in large part depend on economic growth moving higher as well. In the current environment of election campaigning and international political uncertainty, we are mindful of the need to base investment decisions in the context of squeezed household incomes and volatile commodity markets.

Against such a background UK Small Companies' performance will continue to be heavily influenced by the direction of the UK stockmarket as a whole. However recent news from most of the companies held in the portfolio has been reassuring. The UK economy continues to make progress against challenging headwinds and we believe that the portfolio is well placed to make further progress in coming months.

Source: Castlefield Investments, March 2017.

### The top ten purchases and total sales during the year were as follows:

Purchases	Costs £'000	Sales	Proceeds £'000
Austin	109	RM	164
Waterman	67	IDOX	104
Fevertree Drinks	56	CARCLO	94
Arden Partners	37	VP	81
AB Dynamics	32	AB Dynamics	67
		Charles Stanley	63
		Fevertree Drink	47
		The Parkmead Group	33
		Mattioli Woods	30
		Clark (T)	30
<b>Total purchases during the year were</b>	<b>301</b>	<b>Total sales during the year were</b>	<b>756</b>

# CASTLEFIELD UK SMALLER COMPANIES FUND

## PORTFOLIO OF INVESTMENTS

As at 28 February 2017

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
	<b>ALTERNATIVE ENERGY 0.00% (0.47%)</b>	-	<b>0.00</b>
	<b>BASIC MATERIALS 0.00% (2.15%)</b>	-	<b>0.00</b>
	<b>Chemicals 0.00% (2.15%)</b>	-	<b>0.00</b>
	<b>CONSUMER GOODS 11.41% (4.81%)</b>		
	<b>Automobiles &amp; Parts 2.04% (1.02%)</b>		
61,800 *	Autins Group	97	1.87
1,000,000	Torotrak	9	0.17
		<b>106</b>	<b>2.04</b>
	<b>Beverages 5.40% (0.00%)</b>		
20,000 *	Fevertree Drinks	280	5.40
		<b>280</b>	<b>5.40</b>
	<b>Household Goods &amp; Home Construction 3.97% (3.79%)</b>		
35,000	Headlam Group	206	3.97
		<b>206</b>	<b>3.97</b>
	<b>CONSUMER SERVICES 3.45% (3.41%)</b>		
	<b>Food &amp; Drug Retailers 1.33% (1.64%)</b>		
7,000	Greggs	69	1.33
		<b>69</b>	<b>1.33</b>
	<b>General Retailers 0.06% (0.02%)</b>		
100,000	Flying Brands	3	0.06
		<b>3</b>	<b>0.06</b>
	<b>Media 2.06% (1.75%)</b>		
93,500 *	Cello Group	107	2.06
		<b>107</b>	<b>2.06</b>
	<b>FINANCIALS 26.14% (33.56%)</b>		
	<b>Equity Investment Instruments 3.47% (3.65%)</b>		
30,000	City of London Investment Group	114	2.20
8,000 *	Gresham House Strategic/Fund	66	1.27
		<b>180</b>	<b>3.47</b>
	<b>Financial Services 17.23% (21.49%)</b>		
115,000 *	Arden Partners	38	0.73
250,000 ***	Capital for Colleagues	125	2.41
610,000 *	First Property Group	284	5.48
37,500 *	Mattioli Woods	288	5.54
200,000 *	Park Group	159	3.07
		<b>894</b>	<b>17.23</b>
	<b>Nonlife Insurance 5.44% (8.42%)</b>		
20,000	Lancashire Holdings	139	2.68
44,000 *	Personal Group Holdings	143	2.76
		<b>282</b>	<b>5.44</b>

# CASTLEFIELD UK SMALLER COMPANIES FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>INDUSTRIALS 30.66% (32.47%)</b>			
<b>Aerospace &amp; Defense 4.70% (4.41%)</b>			
25,000	Avon Rubber	244	4.70
		<b>244</b>	<b>4.70</b>
<b>Construction &amp; Materials 1.95% (2.70%)</b>			
25,666	Costain Group	101	1.95
		<b>101</b>	<b>1.95</b>
<b>Electronic &amp; Electrical 0.00% (0.04%)</b>			
		-	<b>0.00</b>
<b>General Industrials 3.18% (3.37%)</b>			
266,667	Macfarlane Group	165	3.18
		<b>165</b>	<b>3.18</b>
<b>Industrial Engineering 7.83% (5.89%)</b>			
71,805 *	AB Dynamics	391	7.55
5,000 *	Pressure Technologies	8	0.15
4,500,000 *	Turbo Power Systems Inc	7	0.13
		<b>406</b>	<b>7.83</b>
<b>Industrial Transportation 3.32% (2.81%)</b>			
7,000	Clarkson	172	3.32
		<b>172</b>	<b>3.32</b>
<b>Support Services 9.68% (13.25%)</b>			
100,000 *	Driver Group	42	0.81
525,000 *	Inspired Energy	78	1.50
200,000 *	InterQuest Group	70	1.35
106,742	Lakehouse	43	0.83
33,000 *	Vianet Group/uk	32	0.62
22,500	Vp	184	3.55
70,000	Waterman Group	53	1.02
		<b>502</b>	<b>9.68</b>
<b>OIL &amp; GAS 12.34% (6.97%)</b>			
<b>Alternative Energy 4.76% (3.14%)</b>			
50,000	Porvair	247	4.76
		<b>247</b>	<b>4.76</b>
<b>Oil &amp; Gas Producers 7.58% (3.83%)</b>			
88,000 *	BowLeven	30	0.58
110,000 *	Faroe Petroleum	113	2.18
593,879 *	Hydrodec Group	15	0.29
20,000 *	Parkmead Group	10	0.19
250,000 *	Sound Energy	225	4.34
		<b>393</b>	<b>7.58</b>

# CASTLEFIELD UK SMALLER COMPANIES FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>TECHNOLOGY 15.58% (16.07%)</b>			
<b>Software &amp; Computer Services 7.91% (12.35%)</b>			
65,000 *	GB Group	194	3.74
290,000 *	IDOX	216	4.17
		<b>410</b>	<b>7.91</b>
<b>Technology Hardware &amp; Equipment 7.67% (3.72%)</b>			
38,200 *	Amino Technologies	74	1.43
700,000 *	IQE	324	6.24
		<b>398</b>	<b>7.67</b>
<b>Total Value of Investments</b>		<b>5,165</b>	<b>99.58</b>
Net Other Assets		22	0.42
<b>Total Net Assets</b>		<b>5,187</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28 February 2016

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

\* AIM Listed Securities

\*\*\* Social Stock Exchange



# CASTLEFIELD UK SMALLER COMPANIES FUND

## STATEMENT OF TOTAL RETURN

For the year ended 28 February 2017

	Notes	28 Feb 17 £'000	£'000	28 Feb 16 £'000	£'000
<b>Income</b>					
Net capital gains	4		1,109		248
Revenue	5	116		123	
<b>Expenses</b>					
	6	(140)		(156)	
Net expense before taxation		(24)		(33)	
Taxation	7	-		-	
Net expense after taxation			(24)		(33)
Total return before distributions			1,085		215
Distributions	8		-		-
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>1,085</b>		<b>215</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2017

	28 Feb 2017 £'000	£'000	28 Feb 2016 £'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>4,515</b>		<b>4,662</b>
Amounts receivable on issue of shares	262		326	
Amounts payable on cancellation of shares	(675)		(688)	
		(413)		(362)
Change in net assets attributable to shareholders from investment activities		1,085		215
<b>Closing net assets attributable to shareholders</b>		<b>5,187</b>		<b>4,515</b>

# CASTLEFIELD UK SMALLER COMPANIES FUND

## BALANCE SHEET

As at 28 February 2017

	Notes	28 Feb 17 £'000	28 Feb 16 £'000
<b>ASSETS</b>			
<b>Fixed assets:</b>			
Investment		5,165	4,511
<b>Current assets:</b>			
Debtors	9	30	7
Cash and bank balances	10	44	37
<b>Total Assets</b>		<b>5,239</b>	<b>4,555</b>
<b>LIABILITIES</b>			
<b>Creditors:</b>			
Bank overdrafts	11	-	(7)
Other creditors	12	(52)	(33)
<b>Total liabilities</b>		<b>(52)</b>	<b>(40)</b>
<b>Net assets attributable to shareholders</b>		<b>5,187</b>	<b>4,515</b>

The notes on pages 72 to 77 are an integral part of these Financial Statements.

On behalf of Castlefield Fund Partners Limited

John Eckersley

Managing Director (of the ACD)



Summaya Mosam

Director (of the ACD)



30 June 2017

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The accounting, distribution and risk management policies for Notes 1 to 3 are provided in the Aggregated Notes to the Financial Statements section on pages 7 to 9.

### 4. NET CAPITAL GAINS

	28 Feb 17 £'000	28 Feb 16 £'000
Non-derivative securities	1,110	249
Transaction charges	(1)	(1)
<b>Net capital gains</b>	<b>1,109</b>	<b>248</b>

### 5. REVENUE

	28 Feb 17 £'000	28 Feb 16 £'000
Franked UK dividends	77	100
Overseas dividends	39	23
	<b>116</b>	<b>123</b>

# CASTLEFIELD UK SMALLER COMPANIES FUND

## 6. EXPENSES

	28 Feb 17 £'000	28 Feb 16 £'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's Annual Management Charge	39	45
Investment adviser's fee	58	54
	<u>97</u>	<u>99</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	18	18
Safe custody fees	5	15
	<u>23</u>	<u>33</u>
<b>Other expenses:</b>		
Auditor's remuneration	6	6
Printing fees	2	6
Registration fees	12	12
	<u>20</u>	<u>24</u>
<b>Total expenses</b>	<b>140</b>	<b>156</b>

Irrecoverable VAT is included in the above expenses where relevant.

## 7. TAXATION

### (a) The tax charge comprises

	28 Feb 17 £'000	28 Feb 16 £'000
<b>Current tax:</b>		
Corporation tax	-	-
<b>Total current tax (note 7 (b))</b>	-	-
Deferred tax (note 7 (c))	-	-
<b>Total taxation</b>	-	-

### (b) Factors affecting the tax charge for the year

The tax charge for the year differs from the special 20% rate of corporation tax applicable to Open-Ended Investment Companies (OEIC's). The differences are explained below:

	28 Feb 17 £'000	28 Feb 16 £'000
Net expense before taxation	(24)	(33)
	<u>(24)</u>	<u>(33)</u>
Return on ordinary activities multiplied by the special rate of corporation tax of 20% (2016: 20%)	(5)	(7)
<b>Effects of:</b>		
Franked UK dividends and distributions not subject to taxation	(15)	(20)
Expenses not utilised in the year	27	31
Tax effect on non-taxable overseas dividends	(7)	(4)
<b>Total tax charge (note 7 (a))</b>	-	-

# CASTLEFIELD UK SMALLER COMPANIES FUND

## (c) Deferred tax:

	28 Feb 17 £'000	28 Feb 16 £'000
Deferred tax charge	-	-
Provision at start of year	-	-
	-	-

Authorised OEIC's are exempt from tax on capital gains made within the Sub-Fund.

Factors that may affect the future tax charge:

The Sub-Fund has not recognised a deferred tax asset of £266,298 (2016: £238,298) arising as a result of having unutilised management expenses. It is unlikely that the Sub-Fund will obtain relief for these in the future so no deferred tax asset has been recognised.

## 8. DISTRIBUTIONS

The distributions take into account revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	28 Feb 17 £'000	28 Feb 16 £'000
Interim distribution	-	-
Final distribution	-	-
	-	-
Add: Revenue deducted on cancellation of shares	-	-
Deduct: Revenue received on issue of shares	-	-
<b>Net distributions for the year</b>	<b>-</b>	<b>-</b>

The difference between the net revenue after taxation and the amounts distributed comprises:

	28 Feb 17 £'000	28 Feb 16 £'000
Net expense after taxation	(24)	(33)
Deficit transferred to capital	24	33
<b>Distributions</b>	<b>-</b>	<b>-</b>

## 9. DEBTORS

	28 Feb 17 £'000	28 Feb 16 £'000
Accrued revenue	5	7
Amounts receivable for issue of shares	25	-
	<b>30</b>	<b>7</b>

## 10. CASH AND BANK BALANCES

	28 Feb 17 £'000	28 Feb 16 £'000
Sterling	44	37
<b>Cash and bank balances</b>	<b>44</b>	<b>37</b>

# CASTLEFIELD UK SMALLER COMPANIES FUND

## 11. BANK OVERDRAFTS

	28 Feb 17	28 Feb 16
	£'000	£'000
Sterling	-	7
	-	7

## 12. OTHER CREDITORS

	28 Feb 17	28 Feb 16
	£'000	£'000
Accrued expenses	35	33
Amounts payable for cancellation of shares	17	-
	52	33

## 13. RELATED PARTIES

### Authorised Corporate Director ("ACD")

The annual management charge ("AMC") is 0.20% subject to a minimum of £45,000 per annum and is payable monthly. Amounts due at the year end are disclosed within accrued expenses on the balance sheet where applicable.

### Investment Adviser

Castlefield Investment Partners, as part of the group of companies to which the ACD belongs, Castlefield Partners Limited. The Investment Adviser fee is charged at share class level as a percentage of funds under management and disclosed with the respective Key Investor Information Documents ("KIIDs") and the Company Prospectus. Amounts paid to Castlefield Investment Partners in respect of the Investment Adviser Fee are disclosed within Note 6. Amounts due at year end are disclosed within accrued expenses on the balance sheet where applicable.

## 14. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or outstanding commitments at the balance sheet date (2016: £nil).

## 15. FINANCIAL INSTRUMENTS

In pursuing the Sub-Fund's investment objective, the main risks arising from the Sub-Fund's financial instruments are market price, currency, interest rate, liquidity and counterparty risk.

### Market Price Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 8 to 9.

At 28 February 2017, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £258,267 (28 February 2016: £225,548).

### Currency Risk

Other than cash and bank balances and bank overdrafts, there was no material direct foreign currency exposure within the Sub-Fund at the balance sheet date.

### Interest Rate Risk

The only interest-bearing financial assets of the Sub-Fund are bank balances, on which interest is calculated at a variable rate by reference to Sterling bank deposit rates or the international equivalent.

### Liquidity Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 8 to 9.

### Counterparty Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 8 to 9.

### Fair Value of Financial Assets and Financial Liabilities

There is no material difference between the carrying values and the fair values of the the financial assets and liabilities of the Sub-Fund disclosed in the balance sheet where applicable.

# CASTLEFIELD UK SMALLER COMPANIES FUND

	Assets £'000	Liabilities £'000
<b>Valuation technique as at 28 February 2017</b>		
Level 1	5,165	-
Level 2	-	-
Level 3	-	-
	<b>5,165</b>	-
<b>Valuation technique as at 28 February 2016</b>		
Level 1	4,511	-
Level 2	-	-
Level 3	-	-
	<b>4,511</b>	-

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e., developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e., for which market data is unavailable for the asset or liability).

## Derivatives and Forward Transactions

As part of its monitoring of the usage of derivatives by each Fund, the ACD is required to calculate the global exposure for each Fund daily and to ensure that it meets the cover for investment in derivatives rules. The ACD has reviewed the type of derivatives used by each fund and the manner in which the derivatives are being used and has determined that each fund should be classified as non-sophisticated and that the most appropriate methodology for calculating global exposure is the 'commitment approach'. The Fund's Depositary has reviewed this decision and is in agreement. The commitment approach follows guidelines laid down originally by the Committee of European Securities Regulators 'CESR' and referenced by the Financial Conduct Authority Handbook in COLL 5.3.9. It measures the incremental exposure generated by the use of derivatives and forward transactions and then ensures that it does not exceed 100% of the net value of the Scheme Property. The incremental exposure of each derivative or forward is calculated by converting it into the market value of an equivalent position in the underlying asset of that derivative or forward transaction. The ACD may in some instances, and always following the CESR guidelines, take account of legally enforceable netting and hedging arrangements when calculating global exposure where these arrangements do not disregard any obvious or material risks. The Sub-Fund does not hold any derivatives or forward transactions that could materially impact the value of the Sub-Fund.

## 16. SHARE CLASSES

The Sub-Fund currently has two types of share. The Investment Adviser's Fee on each share class is as follows:

General Shares	1.50%
Institutional Shares	1.00%

The following table shows the shares in issue during the year:

General Shares	Income
Opening Shares	276,653
Shares Created	16,223
Shares Liquidated	(100,714)
Shares Converted	-
<b>Closing Shares</b>	<b>192,162</b>

Institutional Shares	Income
Opening Shares	980,160
Shares Created	47,907
Shares Liquidated	(66,985)
Shares Converted	-
<b>Closing Shares</b>	<b>961,082</b>

The net asset value, the net asset value per share and the number of shares in issue are given in the fund information on pages 64 to 66. All share classes have the same rights on winding up. The taxation and income are apportioned equally based on the weighted proportion of each share class.

The distribution per share class is given in the distribution table on page 77.

# CASTLEFIELD UK SMALLER COMPANIES FUND

## 17. PORTFOLIO TRANSACTION COSTS

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 64.

	28 Feb 17 £'000	28 Feb 16 £'000
Analysis of total purchase costs:		
Purchases <sup>1</sup> in year before transaction costs	299	575
Commissions:		
Equities total value paid	1	1
Taxes:		
Equities total value paid	1	1
<b>Total purchase costs</b>	<b>2</b>	<b>2</b>
<b>Gross purchases total</b>	<b>301</b>	<b>577</b>
Analysis of total sale costs:		
Gross sales <sup>1</sup> before transaction costs	757	961
Commissions:		
Equities total value paid	(1)	(1)
Taxes:		
Equities total value paid	-	-
<b>Total sale costs</b>	<b>(1)</b>	<b>(1)</b>
<b>Total sales net of transaction costs</b>	<b>756</b>	<b>960</b>

<sup>1</sup> Excluding corporate actions.

	28 Feb 17 %	28 Feb 16 %
Analysis of total purchase costs:		
Commissions:		
Equities percentage of average NAV	0.01	0.02
Taxes:		
Equities percentage of average NAV	0.01	0.02
Analysis of total sale costs:		
Commissions:		
Equities percentage of average NAV	0.01	0.02
Taxes:		
Equities percentage of average NAV	-	-
Analysis of total costs:		
Commissions	0.02	0.04
Taxes	0.01	0.02

As at the balance sheet date, the average portfolio dealing spread was 2.74% (2016: 3.09%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

## DISTRIBUTION TABLES

Expenses exceeded revenue during the period, as a result no distributions were paid (2016:same).

# CFP SDL UK BUFFETTOLOGY FUND

## FUND INFORMATION

The Comparative Tables on pages 78 to 79 give the performance of each active share class in the Sub-Fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the Sub-Fund's performance disclosed in the Manager's report which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee to a broker to execute the trades and research costs.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the Fund on each transaction, other types of investments (such as collective investment schemes, bonds, money instruments, derivatives) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

## COMPARATIVE TABLES

For the financial year ended 28 February 2017:

### General Shares - Income

	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)	28 Feb 15 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	191.83	169.29	160.77
Return before operating charges *	45.51	26.97	12.33
Operating charges	(3.68)	(3.78)	(3.39)
Return after operating charges*	41.83	23.19	8.94
Distributions on income units	(1.93)	(0.65)	(0.42)
Closing net asset value per share	231.73	191.83	169.29
after direct transaction costs of:**	0.65	0.43	0.15
<b>Performance</b>			
Return after charges	21.80%	13.70%	5.56%
<b>Other information</b>			
Closing net assets value (£'000)	33,019	18,153	17,667
Closing number of shares	14,249,429	9,462,802	10,435,597
Operating charges	1.92%	2.05%	2.13%
Direct transaction costs	0.28%	0.23%	0.09%
<b>Prices</b>			
Highest share price	236.37	204.85	170.39
Lowest share price	184.90	167.25	145.35

\* Operating charges, otherwise known as OCF is the ratio of the Sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.



# CFP SDL UK BUFFETTOLOGY FUND

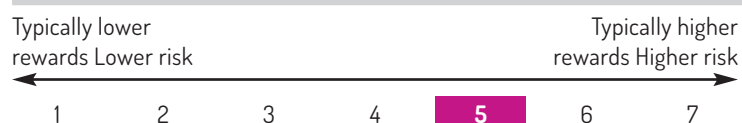
## Institutional Shares - Income

	28 Feb 17 (pence per share)	28 Feb 16 (pence per share)	28 Feb 15 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	192.39	169.71	160.41
Return before operating charges *	45.75	27.15	12.57
Operating charges	(2.63)	(2.96)	(2.60)
Return after operating charges*	43.12	24.19	9.97
Distributions on income units	(3.03)	(1.51)	(0.67)
Closing net asset value per share	232.48	192.39	169.71
after direct transaction costs of:**	0.76	0.44	0.15
<b>Performance</b>			
Return after charges	22.41%	14.25%	6.22%
<b>Other information</b>			
Closing net assets value (£'000)	78,679	14,000	1,496
Closing number of shares	33,843,783	7,277,159	881,720
Operating charges	1.42%	1.55%	1.63%
Direct transaction costs	0.33%	0.23%	0.09%
<b>Prices</b>			
Highest share price	237.65	205.82	171.22
Lowest share price	185.77	167.69	145.79

\* Operating charges, otherwise known as OCF is the ratio of the Sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

## RISK AND REWARD INDICATOR (RRI)



The Sub-Fund is ranked as 5 because it has experienced medium to high rises and falls in value over the past five years. As there is less than five years of available data for this Fund, for illustrative purposes a similar type of investment has been used to calculate the risk/reward profile. Please note that even the lowest ranking does not mean a risk-free investment.

The Risk and Reward Indicator demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund.

# CFP SDL UK BUFFETTOLOGY FUND

## INVESTMENT OBJECTIVE AND POLICY

The objective of the Fund is to seek to achieve an annual compounding rate of return over the long-term that is superior to the performance of the UK stock market. The Fund Manager's investment methodology is based upon the principle of Business Perspective Investing. Companies selected for investment consideration must exhibit several important criteria showing them to possess: an enduring franchise with pricing power and growth potential; highly profitable returns on capital employed; strong conversion of earnings into free cash flow; strong balance sheet and a management that acts with the owner's eye and allocates capital rationally. The Fund has a concentrated portfolio of investments and the aim of keeping portfolio turnover down.

## INVESTMENT REVIEW

### PERFORMANCE

The Fund's Institutional Class share price rose by 21.0% from 192.39p at the close on 28 February 2016 to 232.48p on 28 February 2017. This compared to an 18.2% increase in the benchmark FTSE All-Share Index, representing relative outperformance of 16.3%. The Fund outperformed the Index during six discrete months of the period. During this time, the Fund's peer group, the IMA UK All Companies sector, rose by 18.9%. This placed the Fund in the second quartile of its sector, finishing 84th out of 266 funds. The Fund share price reached a high of 237.65p on 16 February and touched a low of 185.77p on 27 June. It won Money Observer's Best Smaller UK Growth Fund award for the second year running and also two Thomson Reuters Lipper awards for Best UK Equity Fund based on risk-adjusted performance over 3 years and 5 years.

### MARKET REVIEW

There were two major events that occurred during the period, which resulted in sharp but brief stock market setbacks. The first was the nation's vote to take the UK out of the EU (Brexit) and the second was the election of Donald Trump as President of the United States. Brexit had the major domestic impact, causing sterling to decline sharply on the foreign exchanges and giving a boost to overseas earners and exporters. We have a number of businesses in the portfolio that derive substantial proportions (often a majority) of their earnings from overseas and these businesses were among the strongest share price performers in wake of the vote. Conversely, our domestic companies, or those that import a high proportion of their input factors, were expected to suffer and saw their share prices come under pressure. As time progressed and the economic data confounded the doom-mongers that predicted a Brexit inspired recession, some of these businesses saw their share prices recover. One other feature of the year under review was the so-called rotation out of "growth stocks" into "value plays". I do not recognise the dichotomy. Growth enters into the equation when I assess the quality of a business and value when I attempt to buy with a meaningful margin of safety.

### PORTFOLIO ACTIVITY

The Fund experienced very strong net inflows throughout the review period. As a result, its size rose from £32.2m to £111.1m helped by these inflows and the investment performance. The mainstay of investment activity was, and will always be, to top-up existing holdings where justified on valuation grounds. However, capital was deployed into three new company purchases: Restaurant Group, MJ Gleeson and Revolution Bars.

Restaurant Group is the owner of the Frankie & Benny's and Chiquito restaurant chains and had seen its share price fall from over 720p to under 275p in six months following three profit warnings. It generates a 20% return on equity, converts over 100% of accounting earnings into cash earnings, has £108m of freehold properties and only a small amount of debt. If the new management is incapable of reinvigorating the offering, I expect a move to be made by private equity. MJ Gleeson is a housebuilder. Typically it remediates brownfield land to secure planning permission and builds affordable housing (circa £125,000 per home on average). Everything about its business is leaning into what the government is trying to achieve in the shape of higher home ownership among the 'just about managing' classes. It enjoys a high ROE and strong balance sheet though the cash conversion is compromised to an extent by the need to secure land and additional working capital to finance the growth of the business. Revolution Bars operates two formats, Revolution and Revolución de Cuba, from 66 sites and is currently intending to add six new outlets per annum. The beauty of the business model is very high rates of return of around 40% on capital invested in the new openings (i.e. a 2½ year pay-back). In part, this is due to leasing the premises, meaning that opening expenses are largely restricted to fitting them out. The expansion is being funded internally from the strong operational cash flow of the business and the balance sheet sports net cash. Despite these attractions, Revolution slipped at the first hurdle as an investment when it issued a wholly unexpected profit warning based on management failing to anticipate and control certain operating costs.

As regards selling activity, portfolio turnover for the 12 month period was 1.9%. We bade farewell to just one company, International Personal Finance. The group's largest contribution comes from Poland where the regulator proposed a draconian revision to interest rate and non-interest charges that could be charged by lenders. If enacted, I believe it will drive a stake through the heart of the business model there. (Subsequently, IPF has been accused of aggressive tax avoidance by the Polish authorities as well!) This event is Sell Discipline #1; something has changed irreparably for the worse. There must also be the risk of regulatory contagion in some of IPF's other European territories. It had been in the portfolio since April 2011 and we took a huge 46% loss on book value. Fortuitously, the contested bid situation that unfolded at Lavendon went some way to offsetting this debacle. I had been buying Lavendon heavily during the summer months at prices between 110p and 136p. It was taken over by Loxam for 270p per share, completing in early March 2017.

During the 12 month period, the investments that most benefited the Fund were Lavendon (share price up by 91.8%), Scapa Group (85.1%), AB Dynamics (74.1%), Trifast (71.0%), Games Workshop (69.0%) and RWS Holdings (63.3%). There were 11 other double-digit and three single-digit risers. The main detractors from performance were NCC Group (share price down by 58.6%), Driver Group (38.7%), Dixons Carphone (29.8%) and, of course, IPF. Three other companies suffered single-digit share price falls.

# CFP SDL UK BUFFETTOLOGY FUND

## OUTLOOK

Calling the movement of the stock market is always a fool's errand. Particularly so when there is the uncertainty of an inconclusive General Election and Brexit negotiations starting. Pessimism, scepticism and high levels of cash sat on the touchline do not usually signal market peaks though. But how I wish we could have a correction of 10% or 15% from current levels that would allow me to buy more of what I like at keener prices. We certainly have the gun loaded to take advantage.

As ever, I conclude with the following. Rule #1, I implore you to judge the success of our company investments by their operating results not their share price movements. Rule #2, remain confident in our 'Business Perspective Investment' philosophy and its ability to generate above-average long-term gains from marketable securities. Rule #3, never ever panic.

Keith Ashworth-Lord

30 June 2017

## The top ten purchases and total sales during the year were as follows:

<b>Purchases</b>	<b>Costs £'000</b>	<b>Sales</b>	<b>Proceeds £'000</b>
Revolution Bars	2,912	International Personal Finance	1,178
MJ Gleeson	2,601		
Dart Group	2,375		
Mattioli Woods	2,299		
Provident Financial	2,292		
RWS	2,200		
Barr (A.G.)	2,031		
GlaxoSmithKline	1,991		
NCC Group	1,925		
Diageo	1,922		
<b>Total purchases during the year were</b>	<b>55,497</b>	<b>Total sales during the year were</b>	<b>1,178</b>

# CFP SDL UK BUFFETTOLOGY FUND

## PORTFOLIO OF INVESTMENTS

As at 28 February 2017

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>BASIC MATERIALS 9.96% (14.91%)</b>			
<b>Chemicals 9.96% (11.48%)</b>			
90,000	Croda International	3,089	2.77
1,350,000 *	Scapa Group	4,914	4.39
165,000	Victrex	3,127	2.80
		<b>11,130</b>	<b>9.96</b>
<b>CONSUMER GOODS 8.70% (7.14%)</b>			
<b>Beverages 5.20% (4.68%)</b>			
550,000	A.G. Barr	2,855	2.56
130,000	Diageo	2,954	2.64
		<b>5,809</b>	<b>5.20</b>
<b>Leisure Goods 3.50% (2.46%)</b>			
450,000	Games Workshop Group	3,908	3.50
		<b>3,908</b>	<b>3.50</b>
<b>CONSUMER SERVICES 16.68% (10.99%)</b>			
<b>General Retailers 2.16% (0.00%)</b>			
800,000	Dixons Carphone	2,414	2.16
		<b>2,414</b>	<b>2.16</b>
<b>Travel, Leisure &amp; Catering 14.51% (10.99%)</b>			
3,200,000	Air Partner	3,648	3.27
725,000 *	Dart Group	3,836	3.43
875,000	Domino's Pizza Group	3,376	3.02
850,000	Restaurant Group	2,814	2.52
1,300,000	Revolution Bars Group	2,535	2.27
		<b>16,209</b>	<b>14.51</b>
<b>FINANCIALS 13.98% (14.83%)</b>			
<b>Financial Services 13.98% (14.83%)</b>			
200,000	Hargreaves Lansdown	2,674	2.39
850,000	Liontrust Asset Management	3,247	2.91
525,000 *	Mattioli Woods	4,043	3.62
110,000	Provident Financial	3,214	2.88
2,000,000 *	WYG	2,440	2.18
		<b>15,618</b>	<b>13.98</b>
<b>HEALTH CARE 9.61% (11.11%)</b>			
<b>Pharmaceuticals &amp; Biotechnology 9.61% (11.11%)</b>			
280,000 *	Bioventix	4,270	3.82
225,000	Dechra Pharmaceuticals	3,591	3.22
175,000	GlaxoSmithKline	2,874	2.57
		<b>10,735</b>	<b>9.61</b>

# CFP SDL UK BUFFETTOLOGY FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>INDUSTRIALS 20.32% (27.95%)</b>			
<b>Construction &amp; Materials 5.16% (3.43%)</b>			
635,000 *	James Halstead	3,191	2.87
445,000	MJ Gleeson	2,561	2.29
		<b>5,752</b>	<b>5.16</b>
<b>Industrial Engineering 10.18% (9.06%)</b>			
700,001 *	AB Dynamics	3,815	3.42
1,250,000	Rotork	3,094	2.77
2,225,000	Trifast	4,455	3.99
		<b>11,364</b>	<b>10.18</b>
<b>Electronic &amp; Electrical Equipment 0.00% (3.34%)</b>			
		-	<b>0.00</b>
<b>Support Services 4.99% (15.55%)</b>			
2,650,000 *	Driver Group	1,113	1.00
1,350,000 *	RWS Holdings	4,458	3.99
		<b>5,571</b>	<b>4.99</b>
<b>TECHNOLOGY 1.42% (0.00%)</b>			
<b>Software &amp; Computer Services 1.42% (0.00%)</b>			
1,350,000	NCC Group	1,590	1.42
		<b>1,590</b>	<b>1.42</b>
<b>Total Value of Investments</b>		<b>90,100</b>	<b>80.67</b>
Net Other Assets		21,599	19.33
<b>Total Net Assets</b>		<b>111,699</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28 February 2016

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

\* AIM Listed Securities

# CFP SDL UK BUFFETTOLOGY FUND

## STATEMENT OF TOTAL RETURN

For the year ended 28 February 2017

	Notes	28 Feb 17 £'000	£'000	28 Feb 16 £'000	£'000
<b>Income</b>					
Net capital gains	4		11,500		2,052
Revenue	5	1,640		516	
<b>Expenses</b>					
	6	(966)		(413)	
Net revenue before taxation		674		103	
Taxation	7	-		-	
Net revenue after taxation			674		103
Total return before distributions			12,176		2,155
Distributions	8		(674)		(103)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>11,500</b>		<b>2,052</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2017

	28 Feb 2017 £'000	£'000	28 Feb 2016 £'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>32,153</b>		<b>19,163</b>
Amounts receivable on issue of shares	88,044		25,390	
Amounts payable on cancellation of shares	(19,999)		(14,452)	
		68,046		10,938
Change in net assets attributable to shareholders from investment activities		11,500		2,052
<b>Closing net assets attributable to shareholders</b>		<b>111,699</b>		<b>32,153</b>

# CFP SDL UK BUFFETTOLOGY FUND

## BALANCE SHEET

As at 28 February 2017

	Notes	28 Feb 17 £'000	28 Feb 16 £'000
<b>ASSETS</b>			
<b>Fixed assets:</b>			
Investment assets		90,100	27,950
<b>Current assets:</b>			
Debtors	9	3,664	578
Cash and bank balances	10	20,790	4,245
<b>Total Assets</b>		<b>114,554</b>	<b>32,773</b>
<b>LIABILITIES</b>			
<b>Creditors:</b>			
Distribution payable on income units	8	(653)	(69)
Other creditors	11	(2,202)	(551)
<b>Total liabilities</b>		<b>(2,855)</b>	<b>(620)</b>
<b>Net assets attributable to shareholders</b>		<b>111,699</b>	<b>32,153</b>

The notes on pages 85 to 90 are an integral part of these Financial Statements.

On behalf of Castlefield Fund Partners Limited

John Eckersley  
Managing Director (of the ACD)



30 June 2017

Summaya Mosam  
Director (of the ACD)



## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The accounting, distribution and risk management policies for Notes 1 to 3 are provided in the Aggregated Notes to the Financial Statements section on pages 7 to 9.

### 4. NET CAPITAL GAINS

	28 Feb 17 £'000	28 Feb 16 £'000
Non-derivative securities	11,503	2,053
Transaction charges	(3)	(1)
<b>Net capital gains</b>	<b>11,500</b>	<b>2,052</b>

# CFP SDL UK BUFFETTOLOGY FUND

## 5. REVENUE

	28 Feb 17	28 Feb 16
	£'000	£'000
Bank interest	6	9
Franked UK dividends	1,634	507
	<b>1,640</b>	<b>516</b>

## 6. EXPENSES

	28 Feb 17	28 Feb 16
	£'000	£'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's Annual Management Charge	111	45
Investment adviser's fee	711	294
	<b>822</b>	<b>339</b>

### **Payable to the Depositary, associates of the Depositary and agents of either of them:**

Depositary's fees	33	18
Safe custody fees	7	14
	<b>40</b>	<b>32</b>

### **Other expenses:**

Auditor's remuneration	6	6
Electronic messaging fees	18	4
Printing fees	8	4
Registration fees	72	28
	<b>104</b>	<b>42</b>
<b>Total expenses</b>	<b>966</b>	<b>413</b>

Irrecoverable VAT is included in the above expenses where relevant.

## 7. TAXATION

### (a) The tax charge comprises

	28 Feb 17	28 Feb 16
	£'000	£'000
<b>Current tax:</b>		
Corporation tax	-	-
<b>Total current tax (note 7 (b))</b>	<b>-</b>	<b>-</b>
Deferred tax (note 7 (c))	-	-
<b>Total taxation</b>	<b>-</b>	<b>-</b>



# CFP SDL UK BUFFETTOLOGY FUND

## (b) Factors affecting the tax charge for the year

The tax charge for the year differs from the special 20% rate of corporation tax applicable to Open-Ended Investment Companies (OEIC's). The differences are explained below:

	28 Feb 17 £'000	28 Feb 16 £'000
Net revenue before taxation	674	103
	<b>674</b>	<b>103</b>
Return on ordinary activities multiplied by the special rate of corporation tax of 20% (2016: 20%)	135	21
<b>Effects of:</b>		
Franked UK dividends and distributions not subject to taxation	(327)	(102)
Expenses not utilised in the year	192	81
<b>Total tax charge (note 7 (a))</b>	<b>-</b>	<b>-</b>

## (c) Deferred tax

	28 Feb 17 £'000	28 Feb 16 £'000
Deferred tax charge	-	-
Provision at start of year	-	-
	-	-

Authorised OEIC's are exempt from tax on capital gains made within the Sub-Fund.

Factors that may affect the future tax charge:

The Sub-Fund has not recognised a deferred tax asset of £434,050 (2016: £242,298) arising as a result of having unutilised management expenses. It is unlikely that the Sub-Fund will obtain relief for these in the future so no deferred tax asset has been recognised.

## 8. DISTRIBUTIONS

The distributions take into account revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	28 Feb 17 £'000	28 Feb 16 £'000
Interim distribution	365	58
Final distribution	653	69
	<b>1,018</b>	<b>127</b>
Add: Revenue deducted on cancellation of shares	92	27
Deduct: Revenue received on issue of shares	(436)	(51)
<b>Net distributions for the year</b>	<b>674</b>	<b>103</b>

The difference between the net revenue after taxation and the amounts distributed comprises:

	28 Feb 17 £'000	28 Feb 16 £'000
Net revenue after taxation	674	103
<b>Distributions</b>	<b>674</b>	<b>103</b>

# CFP SDL UK BUFFETTOLOGY FUND

## 9. DEBTORS

	28 Feb 17	28 Feb 16
	£'000	£'000
Accrued revenue	210	41
Amounts receivable for issue of shares	3,454	537
	<b>3,664</b>	<b>578</b>

## 10. CASH AND BANK BALANCES

	28 Feb 17	28 Feb 16
	£'000	£'000
Sterling	20,790	4,245
<b>Cash and bank balances</b>	<b>20,790</b>	<b>4,245</b>

## 11. OTHER CREDITORS

	28 Feb 17	28 Feb 16
	£'000	£'000
Accrued expenses	27	56
Amounts payable for cancellation of shares	282	59
Purchases awaiting settlement	1,893	436
	<b>2,202</b>	<b>551</b>

## 12. RELATED PARTIES

### Authorised Corporate Director ("ACD")

The annual management charge ("AMC") is 0.20% subject to a minimum of £45,000 per annum and is payable monthly. Amounts due at the year end are disclosed within accrued expenses on the balance sheet where applicable.

### Investment Adviser

Sanford DeLand Asset Management, is a trading name of Castlefield Investment Partners (CIP), used under licence. CIP is part of the group of companies to which the ACD belongs, Castlefield Partners Limited. The Investment Adviser fee is charged at share class level as a percentage of funds under management and disclosed with the respective Key Investor Information Documents ("KIIDs") and the Company Prospectus. Amounts paid to Castlefield Investment Partners in respect of the Investment Adviser Fee are disclosed within Note 6. Amounts due at year end are disclosed within accrued expenses on the balance sheet where applicable.

## 13. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or outstanding commitments at the balance sheet date (2016: £nil).

## 14. FINANCIAL INSTRUMENTS

In pursuing the Sub-Fund's investment objective, the main risks arising from the Sub-Fund's financial instruments are market price, currency, interest rate, liquidity and counterparty risk.

### Market Price Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 8 to 9.

At 28 February 2017, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £4,504,977 (28 February 2016: £1,397,502).

The investment adviser does not use derivative instruments to hedge the investment portfolio against market price risks.

### Currency Risk

Other than cash and bank balances and bank overdrafts, there was immaterial direct foreign currency exposure within the Sub-Fund at the balance sheet date.

### Interest Rate Risk

The only interest-bearing financial assets of the Sub-Fund are bank balances, on which interest is calculated at a variable rate by reference to sterling bank deposit rates or the international equivalent.

# CFP SDL UK BUFFETTOLOGY FUND

## Liquidity Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 8 to 9.

## Counterparty Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 8 to 9.

## Fair Value of Financial Assets and Financial Liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Sub-Fund disclosed in the balance sheet where applicable.

	Assets £'000	Liabilities £'000
<b>Valuation technique as at 28 February 2017</b>		
Level 1	90,100	-
Level 2	-	-
Level 3	-	-
	<b>90,100</b>	-
<b>Valuation technique as at 28 February 2016</b>		
Level 1	27,950	-
Level 2	-	-
Level 3	-	-
	<b>27,950</b>	-

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e., developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e., for which market data is unavailable for the asset or liability).

## Derivatives and Forward Transactions

As part of its monitoring of the usage of derivatives by each Fund, the ACD is required to calculate the global exposure for each Fund daily and to ensure that it meets the cover for investment in derivatives rules. The ACD has reviewed the type of derivatives used by each Fund and the manner in which the derivatives are being used and has determined that each Fund should be classified as non-sophisticated and that the most appropriate methodology for calculating global exposure is the 'commitment approach'. The Fund's Depositary has reviewed this decision and is in agreement. The commitment approach follows guidelines laid down originally by the Committee of European Securities Regulators 'CESR' and referenced by the Financial Conduct Authority Handbook in COLL 5.3.9. It measures the incremental exposure generated by the use of derivatives and forward transactions and then ensures that it does not exceed 100% of the net value of the Scheme Property. The incremental exposure of each derivative or forward is calculated by converting it into the market value of an equivalent position in the underlying asset of that derivative or forward transaction. The ACD may in some instances, and always following the CESR guidelines, take account of legally enforceable netting and hedging arrangements when calculating global exposure where these arrangements do not disregard any obvious or material risks.

The Sub-Fund does not hold any derivatives or forward transactions that could materially impact the value of the Sub-Fund.

## 15. SHARE CLASSES

The Sub-Fund currently has two types of share. The Investment Adviser's Fee on each share class is as follows:

General Shares	1.50%
Institutional Shares	1.00%

The following table shows the shares in issue during the year:

General Shares	Income
Opening Shares	9,462,802
Shares Created	9,786,295
Shares Liquidated	(4,999,668)
Shares Converted	-
<b>Closing Shares</b>	<b>14,249,429</b>

# CFP SDL UK BUFFETTOLOGY FUND

<b>Institutional Shares</b>	<b>Income</b>
Opening Shares	7,277,159
Shares Created	31,254,522
Shares Liquidated	(4,687,897)
Shares Converted	-
<b>Closing Shares</b>	<b>33,843,784</b>

The net asset value, the net asset value per share and the number of shares in issue are given in the fund information on pages 78 to 79 All share classes have the same rights on winding up. The taxation and income are apportioned equally based on the weighted proportion of each share class.

The distribution per share class is given in the distribution tables on page 91.

## 16. PORTFOLIO TRANSACTION COSTS

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 78.

	<b>28 Feb 17</b>	<b>28 Feb 16</b>
	<b>£'000</b>	<b>£'000</b>
Analysis of total purchase costs:		
Purchases <sup>1</sup> in year before transaction costs	55,252	11,685
Commissions:		
Equities total value paid	47	10
Taxes:		
Equities total value paid	198	36
<b>Total purchase costs</b>	<b>245</b>	<b>46</b>
<b>Gross purchases total</b>	<b>55,497</b>	<b>11,731</b>

Analysis of total sale costs:		
Gross sales <sup>1</sup> before transaction costs	1,178	4,768
Commissions:		
Equities total value paid	-	(3)
Taxes:		
Equities total value paid	-	(1)
<b>Total sale costs</b>	<b>-</b>	<b>(4)</b>
<b>Total sales net of transaction costs</b>	<b>1,178</b>	<b>4,764</b>

<sup>1</sup> Excluding corporate actions.

	<b>28 Feb 17</b>	<b>28 Feb 16</b>
	<b>%</b>	<b>%</b>
Analysis of total purchase costs:		
Commissions:		
Equities percentage of average NAV	0.08	0.05
Taxes:		
Equities percentage of average NAV	0.35	0.17
Analysis of total sale costs:		
Commissions:		
Equities percentage of average NAV	0.02	0.01
Taxes:		
Equities percentage of average NAV	-	-
Analysis of total costs:		
Commissions	0.10	0.06
Taxes	0.35	0.17

As at the balance sheet date, the average portfolio dealing spread was 1.26% (2016: 1.78%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

# CFP SDL UK BUFFETTOLOGY FUND

## DISTRIBUTION TABLES

For the period from 29<sup>th</sup> February 2016 to 31 August 2016

### Interim dividend distribution in pence per share.

#### General Shares - Income

	Net income	Equalisation	Distribution Paid	
			26/11/2016	27/11/2015
Group 1	0.9844	-	0.9844	0.4504
Group 2	0.5085	0.4759	0.9844	0.4504

#### Institutional Shares - Income

	Net income	Equalisation	Distribution Paid	
			26/11/2016	27/11/2015
Group 1	1.4993	-	1.4993	0.8261
Group 2	0.8309	0.6684	1.4993	0.8261

For the period from 1<sup>st</sup> September 2016 to 28<sup>th</sup> February 2017

### Final dividend distribution in pence per share.

#### General Shares - Income

	Net income	Equalisation	Distribution Paid	
			26/05/2017	27/05/2016
Group 1	0.9476	-	0.9476	0.2036
Group 2	0.1600	0.7876	0.9476	0.2036

#### Institutional Shares - Income

	Net income	Equalisation	Distribution Paid	
			26/05/2017	27/05/2016
Group 1	1.5308	-	1.5308	0.6855
Group 2	0.3854	1.1454	1.5308	0.6855

# CFP SDL FREE SPIRIT FUND

## FUND INFORMATION

The Comparative Tables on pages 92 to 93 give the performance of each active share class in the Sub-Fund.

The 'Return after charges' disclosed in the Comparative Tables is calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the Sub-Fund's performance disclosed in the Manager's report which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the fund.

Direct transaction costs include broker commission and taxes. Broker commission includes the fee to a broker to execute the trades and research costs.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the fund on each transaction, other types of investments (such as collective investment schemes, bonds, money instruments, derivatives) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

## COMPARATIVE TABLES

For the financial year ended 28 February 2017:

### General Shares - Income

	28 Feb 17 (pence per share)
<b>Change in net asset value per share</b>	
Opening net asset value per share	100
Return before operating charges *	(0.95)
Operating charges	(0.45)
Return after operating charges*	(1.40)
Distributions on income units	-
Closing net asset value per share	98.60
after direct transaction costs of:**	0.35
<b>Performance</b>	
Return after charges	(1.40)%
<b>Other information</b>	
Closing net assets value (£'000)	317
Closing number of shares	321,101
Operating charges	1.40%
Direct transaction costs	0.35%
<b>Prices</b>	
Highest share price	100.09
Lowest share price	98.41

\* Operating charges, otherwise known as OCF is the ratio of the Sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

General Shares - Income launched on 3<sup>rd</sup> January 2017.

# CFP SDL FREE SPIRIT FUND

## General Shares - Accumulation

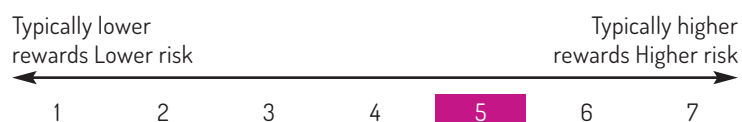
	28 Feb 17 (pence per share)
<b>Change in net asset value per share</b>	
Opening net asset value per share	100
Return before operating charges *	(0.95)
Operating charges	(0.45)
Return after operating charges*	(1.40)
Closing net asset value per share	98.60
Retained distributions on accumulation shares	-
after direct transaction costs of:**	0.35
<b>Performance</b>	
Return after charges	(1.40)%
<b>Other information</b>	
Closing net assets value (£'000)	1,719
Closing number of shares	1,748,825
Operating charges	1.40%
Direct transaction costs	0.35%
<b>Prices</b>	
Highest share price	100.09
Lowest share price	98.42

\* Operating charges, otherwise known as OCF is the ratio of the Sub-Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Sub-Fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a Sub-Fund and is calculated based on the last period's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

General Shares - Accumulation launched on 3<sup>rd</sup> January 2017

## RISK AND REWARD INDICATOR (RRI)



The Sub-Fund is ranked as 5 because investments of this type experienced medium to high rises and falls in value over the past five years. As there is less than five years of available data for this Fund, for illustrative purposes a similar type of investment has been used to calculate the risk/reward profile. Please note that even the lowest ranking does not mean a risk-free investment.

The Risk and Reward Indicator table demonstrates where the Sub-Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-Fund.

# CFP SDL FREE SPIRIT FUND

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## INVESTMENT OBJECTIVE AND POLICY

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The investment objective of the CFP SDL FREE SPIRIT Fund is to generate a positive annualised 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. The Sub-Fund will invest in transferable securities (both quoted and unquoted), units and/or shares in other collective investment schemes, structured products, deposits, warrants, fixed interest securities, money market instruments, and cash and near cash. The Sub-Fund may also invest in derivatives and forward transactions for investment purposes as well as for efficient portfolio management (including hedging), and may also borrow and enter into stocklending and underwriting arrangements in accordance with COLL.

## INVESTMENT REVIEW

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### PORTFOLIO ACTIVITY

As the initial launch period for the Fund concluded on the 10th January, there has been insufficient time prior to the end of the accounting period to provide any meaningful commentary to the Fund's performance as the entity remained very much within its infancy.

The first six months of the Fund are dedicated to hand picking a selection of investments based upon the investment approach of Business Perspective Investing, as shared within Sanford DeLand Asset Management. Companies are screened against specific criteria and are only selected for investment based upon their abilities to exhibit the requisite qualities whilst additionally meeting acceptable valuations at the point of investment. With a focus on building a concentrated portfolio of between 25-40 holdings in companies that achieve superior financial returns with above average growth potential for the long term, the Fund is designed to yield investors with superior returns to that of the targeted CPI inflation benchmark over the long term.

As we approach the end of this initial 'portfolio building' phase for the Fund, we can successfully report investment within 28 companies following the application of a stringent selection process. Details of which will be reported in subsequent Financial Statements and other supportive literature.



# CFP SDL FREE SPIRIT FUND

## PORTFOLIO OF INVESTMENTS

As at 28 February 2017

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>BASIC MATERIALS 3.64%</b>			
<b>Chemicals 3.64%</b>			
3,900	Victrex	74	3.64
		<b>74</b>	<b>3.64</b>
<b>CONSUMER GOODS 22.26%</b>			
<b>Beverages 3.29%</b>			
13,000	A.G. Barr	67	3.29
		<b>67</b>	<b>3.29</b>
<b>Financial Services 16.86%</b>			
15,000	Liontrust Asset Management	57	2.80
100,000 *	Park Group	79	3.88
1,500	Shares FTSE 100 UCITS ETF GBP Acc	122	6.00
4,000	S&U	85	4.18
		<b>3.43</b>	<b>16.86</b>
<b>Real Estate Investment &amp; Services 2.11%</b>			
2,500	CLS Holdings	43	2.11
		<b>43</b>	<b>2.11</b>
<b>INDUSTRIALS 19.26%</b>			
<b>Construction &amp; Materials 3.10%</b>			
11,000	MJ Gleeson	63	3.10
		<b>63</b>	<b>3.10</b>
<b>Support Services 16.16%</b>			
2,000	Bunzl	45	2.21
1,000	DCC	69	3.39
7,500	Diploma	81	3.98
65,000 *	Tribal Group	51	2.51
10,000	Vp	83	4.07
		<b>329</b>	<b>16.16</b>

# CFP SDL FREE SPIRIT FUND

Holding	Investment	Market Value £'000	Total Value of Sub-Fund %
<b>TECHNOLOGY 11.74%</b>			
<b>Software &amp; Computer Services 11.74%</b>			
3,000	Aveva Group	57	2.80
6,000 *	Craneware	72	3.53
2,500	Fidessa Group	63	3.10
40,000	NCC Group	47	2.31
		<b>239</b>	<b>11.74</b>
<b>Total Value of Investments</b>		<b>1,158</b>	<b>56.90</b>
Net Other Assets		877	43.10
<b>Total Net Assets</b>		<b>2,035</b>	<b>100.00</b>

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated.

\* AIM Listed Securities

# CFP SDL FREE SPIRIT FUND

## STATEMENT OF TOTAL RETURN

For the year ended 28 February 2017

	Notes	28 Feb 17 £'000	£'000
<b>Income</b>			
Net capital losses	4		(23)
Revenue	5	3	
<b>Expenses</b>	6	<u>(10)</u>	
Net expenses before taxation		(7)	
Taxation	7	<u>-</u>	
Net expenses after taxation			<u>(7)</u>
Total return before distributions			(30)
Distributions	8		<u>-</u>
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(30)</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2017

	28 Feb 2017 £'000	£'000
<b>Opening net assets attributable to shareholders</b>		-
Amounts receivable on issue of shares	2,074	
Amounts payable on cancellation of shares	<u>(9)</u>	
		2,065
Change in net assets attributable to shareholders from investment activities		<u>(30)</u>
<b>Closing net assets attributable to shareholders</b>		<b>2,035</b>

# CFP SDL FREE SPIRIT FUND

## BALANCE SHEET

As at 28 February 2017

	Notes	28 Feb 17 £'000
<b>ASSETS</b>		
<b>Fixed assets:</b>		
Investment assets		<u>1,158</u>
<b>Current assets:</b>		
Debtors	9	108
Cash and bank balances	10	<u>852</u>
<b>Total Assets</b>		<b><u>2,118</u></b>
<b>LIABILITIES</b>		
<b>Creditors:</b>		
Other creditors	11	<u>(83)</u>
<b>Total liabilities</b>		<b><u>(83)</u></b>
<b>Net assets attributable to shareholders</b>		<b><u>2,035</u></b>

The notes on pages 98 to 103 are an integral part of these Financial Statements.

On behalf of Castlefield Fund Partners Limited

John Eckersley  
Managing Director (of the ACD)



30 June 2017

Summaya Mosam  
Director (of the ACD)



## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The accounting, distribution and risk management policies for Notes 1 to 3 are provided in the Aggregated Notes to the Financial Statements section on pages 7 to 9.

### 4. NET CAPITAL LOSSES

	28 Feb 17 £'000
Non-derivative securities	(22)
Transaction charges	<u>(1)</u>
<b>Net capital losses</b>	<b><u>(23)</u></b>

# CFP SDL FREE SPIRIT FUND

## 5. REVENUE

	28 Feb 17
	£'000
Franked UK dividends	3
	<u>3</u>

## 6. EXPENSES

	28 Feb 17
	£'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>	
ACD's Annual Management Charge	3
Investment adviser's fee	2
	<u>5</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>	
Depositary's fees	2
	<u>2</u>
<b>Other expenses:</b>	
Electronic messaging fees	3
	<u>3</u>
<b>Total expenses</b>	<b>10</b>

Irrecoverable VAT is included in the above expenses where relevant.

## 7. TAXATION

### (a) The tax charge comprises

	28 Feb 17
	£'000
<b>Current tax:</b>	
Corporation tax	-
<b>Total current tax (note 7 (b))</b>	-
Deferred tax (note 7 (c))	-
<b>Total taxation</b>	-

### (b) Factors affecting the tax charge for the year

The tax charge for the year differs from the special 20% rate of corporation tax applicable to Open-Ended Investment Companies (OEIC's). The differences are explained below:

	28 Feb 17
	£'000
Net expense before taxation	(7)
	<u>(7)</u>
Return on ordinary activities multiplied by the special rate of corporation tax of 20% (2016: 20%)	(1)
<b>Effects of:</b>	
Franked UK dividends and distributions not subject to taxation	(1)
Expenses not utilised in the year	2
<b>Total tax charge (note 7 (a))</b>	-

# CFP SDL FREE SPIRIT FUND

## (c) Deferred tax

	28 Feb 17
	£'000
Deferred tax charge	-
Provision at start of year	-
	-

Authorised OEIC's are exempt from tax on capital gains made within the Sub-Fund.

Factors that may affect the future tax charge:

The Sub-Fund has not recognised a deferred tax asset of £10,663 arising as a result of having unutilised management expenses. It is unlikely that the Sub-Fund will obtain relief for these in the future so no deferred tax asset has been recognised.

## 8. DISTRIBUTIONS

The distributions take into account revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	28 Feb 17
	£'000
Interim distribution	-
Final distribution	-
	-
Add: Revenue deducted on cancellation of shares	-
Deduct: Revenue received on issue of shares	-
<b>Net distributions for the year</b>	<b>-</b>

The difference between the net revenue after taxation and the amounts distributed comprises:

	28 Feb 17
	£'000
Net expenses after taxation	(7)
Deficit transferred to capital	7
<b>Distributions</b>	<b>-</b>

## 9. DEBTORS

	28 Feb 17
	£'000
Accrued revenue	2
Amounts receivable for issue of shares	106
	<b>108</b>

## 10. CASH AND BANK BALANCES

	28 Feb 17
	£'000
Sterling	852
<b>Cash and bank balances</b>	<b>852</b>

# CFP SDL FREE SPIRIT FUND

## 11. OTHER CREDITORS

	28 Feb 17
	£'000
Accrued expenses	4
Amounts payable for cancellation of shares	1
Purchases awaiting settlement	78
	<b>83</b>

## 12. RELATED PARTIES

### Authorised Corporate Director ("ACD")

The annual management charge ("AMC") is 0.20% subject to a minimum of £45,000 per annum and is payable monthly. Amounts due at the year end are disclosed within accrued expenses on the balance sheet where applicable.

### Investment Adviser

Sanford DeLand Asset Management, is a trading name of Castlefield Investment Partners (CIP), used under licence. CIP is part of the group of companies to which the ACD belongs, Castlefield Partners Limited. The Investment Adviser fee is charged at share class level as a percentage of funds under management and disclosed with the respective Key Investor Information Documents ("KIIDs") and the Company Prospectus. Amounts paid to Castlefield Investment Partners in respect of the Investment Adviser Fee are disclosed within Note 6. Amounts due at year end are disclosed within accrued expenses on the balance sheet where applicable.

## 13. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities or outstanding commitments at the balance sheet date (2016: £nil).

## 14. FINANCIAL INSTRUMENTS

In pursuing the Sub-Fund's investment objective, the main risks arising from the Sub-Fund's financial instruments are market price, currency, interest rate, liquidity and counterparty risk.

### Market Price Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 8 to 9.

At 28 February 2017, if the price of the investments held by the Sub-Fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £57,877.

The investment adviser does not use derivative instruments to hedge the investment portfolio against market price risks.

### Currency Risk

Other than cash and bank balances and bank overdrafts, there was no material direct foreign currency exposure within the Sub-Fund at the balance sheet date.

### Interest Rate Risk

The only interest-bearing financial assets of the Sub-Fund are bank balances, on which interest is calculated at a variable rate by reference to Sterling bank deposit rates or the international equivalent.

### Liquidity Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 8 to 9.

### Counterparty Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 8 to 9.

### Fair Value of Financial Assets and Financial Liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the Sub-Fund disclosed in the balance sheet where applicable.

	Assets	Liabilities
	£'000	£'000
<b>Valuation technique as at 28 February 2017</b>		
Level 1	1,158	-
Level 2	-	-
Level 3	-	-
	<b>1,158</b>	<b>-</b>

# CFP SDL FREE SPIRIT FUND

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e., developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e., for which market data is unavailable for the asset or liability).

## Derivatives and Forward Transactions

As part of its monitoring of the usage of derivatives by each Fund, the ACD is required to calculate the global exposure for each Fund daily and to ensure that it meets the cover for investment in derivatives rules. The ACD has reviewed the type of derivatives used by each Fund and the manner in which the derivatives are being used and has determined that each Fund should be classified as non-sophisticated and that the most appropriate methodology for calculating global exposure is the 'commitment approach'. The Fund's Depositary has reviewed this decision and is in agreement. The commitment approach follows guidelines laid down originally by the Committee of European Securities Regulators 'CESR' and referenced by the Financial Conduct Authority Handbook in COLL 5.3.9. It measures the incremental exposure generated by the use of derivatives and forward transactions and then ensures that it does not exceed 100% of the net value of the Scheme Property. The incremental exposure of each derivative or forward is calculated by converting it into the market value of an equivalent position in the underlying asset of that derivative or forward transaction. The ACD may in some instances, and always following the CESR guidelines, take account of legally enforceable netting and hedging arrangements when calculating global exposure where these arrangements do not disregard any obvious or material risks.

The Sub-Fund does not hold any derivatives or forward transactions that could materially impact the value of the Sub-Fund.

## 15. SHARE CLASSES

The Sub-Fund currently has two types of share. The Investment Adviser's Fee on each share class is as follows:

General Shares 0.90%

The following table shows the shares in issue during the year:

General Shares	Income
Opening Shares	-
Shares Created	321,101
Shares Liquidated	-
Shares Converted	-
<b>Closing Shares</b>	<b>321,101</b>

General Shares	Accumulation
Opening Shares	-
Shares Created	1,757,412
Shares Liquidated	(8,586)
Shares Converted	-
<b>Closing Shares</b>	<b>1,748,826</b>

The net asset value, the net asset value per share and the number of shares in issue are given in the fund information on pages 92 to 93. All share classes have the same rights on winding up. The taxation and income are apportioned equally based on the weighted proportion of each share class.

The distribution per share class is given in the distribution tables on page 103.



# CFP SDL FREE SPIRIT FUND

## 16. PORTFOLIO TRANSACTION COSTS

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on page 92.

	28 Feb 17
	£'000
Analysis of total purchase costs:	
Purchases <sup>1</sup> in year before transaction costs	1,279
Commissions:	
Equities total value paid	2
Taxes:	
Equities total value paid	4
<b>Total purchase costs</b>	<b>6</b>
<b>Gross purchases total</b>	<b>1,285</b>
Analysis of total sale costs:	
Gross sales <sup>1</sup> before transaction costs	105
Commissions:	
Equities total value paid	-
Taxes:	
Equities total value paid	-
<b>Total sale costs</b>	<b>-</b>
<b>Total sales net of transaction costs</b>	<b>105</b>

<sup>1</sup> Excluding corporate actions.

	28 Feb 17
	%
Analysis of total purchase costs:	
Commissions:	
Equities percentage of average NAV	0.14
Taxes:	
Equities percentage of average NAV	0.33
Analysis of total sale costs:	
Commissions:	
Equities percentage of average NAV	-
Taxes:	
Equities percentage of average NAV	-
Analysis of total costs:	
Commissions	0.14
Taxes	0.33

As at the balance sheet date, the average portfolio dealing spread was 0.95% based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

## DISTRIBUTION TABLES

Expenses exceeded revenue during the period, as a result no distributions were paid.