

**SHINING A LIGHT ON THE.....
Castlebay UK Equity Fund**

AT A GLANCE

Investment Objective	
The objective of the Fund is to preserve capital and generate income growth over the long term. The Fund will aim to meet its investment objective by investing primarily in a portfolio of UK companies listed on recognised stock exchanges. The Fund may also invest in overseas equities, transferable securities, money market instruments, deposits and cash and near cash. There will be no particular emphasis on any industrial or economic sector.	

Inception Date	28 th January 2015
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snaps/hot/snapshot.aspx?id=F00000VIF3

Management	
Manager Name	Start Date
David MacNeil	28 th January 2015
David Ridland	28 th January 2015

Investment Style Details	
Equity Style	
Market Capitalisation	% of Equity
Giant	23.36%
Large	24.19%
Medium	19.92%
Small	21.32%
Micro	11.20%

Top 10 Holdings		
Total number of holdings	27	
Assets in Top 10 Holdings	45.68%	
Name	Sector	% of Assets
Avon Rubber PLC	Industrials	5.06%
Admiral Group	Financial Services	5.05%
Reckitt Benckiser Group	Consumer Defensive	5.00%
Unilever PLC	Consumer Defensive	4.87%
Victrex	Basic Materials	4.42%
Craneware PLC	Healthcare	4.40%
Domino's Pizza Group	Consumer Cyclical	4.31%
Bioventix PLC	Healthcare	4.25%
British American Tobacco	Consumer Defensive	4.22%
RELX PLC	Communication Services	4.09%

Volatility Measurements	
3-Yr Std Dev (volatility)	12.52%
3-Yr Mean Return (average)	5.64%

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FUND PERFORMANCE

Performance from 28th January 2015 to 30th April 2020:

	2015	2016	2017	2018	2019	2020
VT Castlebay UK Equity Fund	-0.49%	18.61%	11.04%	-1.81%	23.50%	-8.88%
FTSE All Share	-2.38%	16.75%	13.10%	-9.47%	19.17%	-21.45%

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

	1 year	3 years	5 years	Since launch
VT Castlebay UK Equity Fund	-2.12%	17.90%	34.92%	44.83%
FTSE All Share	-16.68%	-7.53%	4.77%	9.23%

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

UPDATE....

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

This update was with managers following the recent market selloffs. This is a high conviction strategy focusing on 27 stocks (currently) managed by a boutique investment house. They invest in good quality businesses and more importantly those types of businesses which will survive whatever the economic cycle.

Where the fund will not invest is in major oil companies and banks. In terms of quality they are looking for companies which have limited debt and, where possible, are net cash. It therefore means returns are not driven by excess debt.

How they look to invest is by considering how the market is valuing a business. Admiral is an example where it creates high returns as well as offsetting the risks. The management team are excellent and yet the market de-rates them. They believed this was wrong and hence this is one of their holdings.

In terms of what has recently happened, they have had to look at the businesses and they have not made any major changes to the portfolio. In fact, it looks fairly like the holdings it had in 2018.

They had sold Rolls Royce coming into this crisis due to operational concerns and this had been a good holding for the fund. They have sold Capita because they think it has been impacted by recent events, as has Serco. They have a list of companies they are watching as there is always a competition for capital, and therefore selling Capita and Serco meant they could allocate money to other opportunities.

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In summary, it is sometime since we spoke to the team and little has changed. This invests across the market cap (from small to mega cap companies), investing in quality companies that the market has mispriced the opportunity for that business. These businesses tend to have exceptionally low levels of debt or are net cash and are resilient to different market cycles. This is also a low turnover strategy, as we saw when comparing to the holdings in 2018. There have been some changes due to recent events, but these are not significant and the performance remains very strong.

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