

**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/snapshot/snapshot.aspx?id=F00000VIF3

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

FUND PERFORMANCE

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

	2015	2016	2017	2018	2019	2020
VT Castlebay UK Equity Fund	-0.49%	18.61%	11.04%	-1.81%	23.50%	-1.68%
FTSE All Share	-2.38%	16.75%	13.10%	-9.47%	19.17%	-19.63%

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

	1 year	3 years	5 years	Since launch
VT Castlebay UK Equity Fund	2.99%	23.99%	58.71%	56.27%
FTSE All Share	-16.72%	-9.29%	18.81%	11.50%

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.

Tracking Error	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
6.72	106.76	57.95	72.22	0.79	9.61	Mid/Blend

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Volatility Measurements

3-Yr Std Dev (volatility)	13.01%
3-Yr Mean Return (average)	7.43%

Investment Style Details

Giant	22.12%
Large	18.52%
Medium	30.51%
Small	17.39%
Micro	9.26%

Top 5 Holdings

Avon Rubber PLC	Industrials	5.89%
Admiral Group	Financial Services	5.61%
Unilever PLC	Consumer Defensive	5.05%
Reckitt Benckiser Group	Consumer Defensive	4.90%
Victrex	Basic Materials	4.87%

Top 5 Sectors

Consumer Defensive	29.14%
Consumer Cyclical	20.22%
Industrials	17.26%
Healthcare	12.06%
Basic Materials	9.15%

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.

We spoke to the managers following the recent fall in the markets and this was a follow up call.

This is a high conviction portfolio which can be seen by some of the data points. The batting average shows the amount of times they get it right over a three-year period. For an active manager this should be above 50, and therefore at 72.22 this is a high average.

Investors are also not taking outside risks to achieve the returns which is demonstrated in the beta and alpha figures. Two other factors to consider are the upside and downside capture where the fund tends to go down less than the market but also captures more on the upside.

The management style is about investing in quality businesses which can survive whatever the economic cycle. They are also patient investors; Diageo is a business they have followed for some time but only recently with the downturn in markets was the valuation at the right point for them to invest.

They are also long-term holders and therefore the holdings will tend to be consistent even with the recent market downturn. They have trimmed their position in Kone and added into positions like Page Group and Burberry.

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We discussed whether there could be a change in style to value. They think there are too many risks, and any shift would be short term. In terms of value, businesses that are cheap might survive or they might go under. And with COVID-19, just because an airline for example is cheap it does not make it a great business to buy. To make this work you need to ride momentum on the way up which tends to mean there is higher turnover and more costs for holders of the fund.

The advantage with their approach is time. They are not looking for someone to buy the shares from them. They want to hold businesses for as long as they can. If the business still can compound, then there is no reason to sell those shares, but there has to be a balance between quality and price which goes back to Diageo. They had been monitoring this for over 5 years and only recently was the price at a level that they were happy with.

In summary, not a great deal has happened since the last update. The data points support that this is a good quality fund investing in the UK. The concentrated and high conviction approach has benefited investors. Investors know what they are getting with this and if there was a sudden shift in direction this would be easy to spot.

The source of information in this note has been provided by Castlebay and is correct as at September 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.