

THE B.E.S.T SYSTEM

“We’ve developed a proprietary investment selection system to assess the merits of competing investment choices.”

A key part of how we invest money involves taking an active initial and ongoing stance with respect to what we perceive as non-financial critical success factors – broadly grouped into environmental, social and governance (ESG) criteria. We believe that our approach to the application of ESG criteria is one of the main strengths of our investment approach, as they’re not simply additional to but rather embedded in our investment process. Our premise is that the long term investment returns produced by our methodology will, at the very least, be equivalent to those produced by alternative, non-ESG approaches. Beyond this, we believe that the B.E.S.T approach can on average reduce the risk of investment in shares, as we seek to identify companies whose management teams are attuned to a full range of business risks, in areas such as the environment or the treatment of their workforce. Businesses which avoid problems in these areas also avoid the inevitable adverse publicity which so often rapidly impacts on the value of their shares.

With this in mind, we’ve developed a proprietary investment selection system to assess the merits of competing investment choices. It’s used across all types of assets – from investment in individual shares within the funds we manage ourselves to collective investment funds run by other carefully selected third parties. It provides a consistent framework for assessing all investment opportunities we consider. The B.E.S.T system is a responsible investment process which incorporates four main criteria to assess both financial and non-financial attributes, which we believe will affect long-term investor returns. It’s unlikely that an equal weighting can or should always be applied to each

factor and indeed, in the case of third party funds, as we don’t manage their underlying investments ourselves, some may not be able to meet all four elements of the B.E.S.T process. That’s why, wherever possible, we prefer the direct control of our own in-house managed funds. We’d be happy to provide more information about B.E.S.T upon request.

B

Business & Financial:

- What kind of returns or performance target does the investment aim to achieve?

E

Environmental & Ecological:

- What is our assessment of any claims made on an environmental theme?

S

Social:

- Does the investment aim/claim to have a positive social influence and if so, how?

T

Transparency & Governance:

- Are the aims observable and/or measurable?
- Can we understand how it’s supposed to generate the expected returns?

THE B.E.S.T PROCESS PUT TO WORK

Investment universe is analysed to arrive at a shortlist of opportunities

B.E.S.T analysis conducted on investments

B.E.S.T analysis outcomes are discussed by the team

Investments where B.E.S.T analysis flags poor risk/return profile excluded

Strongest B.E.S.T results merit inclusion in portfolio

Sustainability factors applied

All investments reviewed and re-enter screening to begin process again

'Sustainability' factors to select the most favourable opportunities



THE THOUGHTFUL INVESTOR

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The value of investments, and the income from them, can go down as well as up, and you may not recover the amount of your original investment. Past performance is not necessarily a guide to future performance.

