PORTFOLIO FUNDS QUARTERLY

Q2 2024

In this report...

The information is this document was accurate on the date of production. Please note on 2nd December 2024 the naming and marketing rules under the Sustainable Disclosure Requirements (SDR) came into effect and therefore there were changes made to fund names and disclosures. These changes will be reflected in the next version of this document.

THE THOUGHTFUL INVESTOR

MARKET COMMENTARY

> **As winter turned to spring, familiar themes such as inflation, interest rates and elections were uppermost in the minds of investors and markets. Conversely, global events such as wars in Ukraine, the Middle East, Sudan and Myanmar (Burma) seem to have less of an impact."**

This report covers the second calendar quarter (Q2) of 2024, from April 1st to June 30th. As winter turned to spring, familiar themes such as inflation, interest rates and elections were uppermost in the minds of investors and markets. Conversely, global events such as wars in Ukraine, the Middle East, Sudan and Myanmar (Burma) seem to have less of an impact.

> **Inflation, certainly in most Western markets, finally looks to be under control and broadly within government-set parameters of around 2%."**

Inflation, certainly in most Western markets, finally looks to be under control and broadly within government-set parameters of around 2%. In June, we saw the European Central Bank trim its interest rates by 25 basis points[1] as price pressures eased across the Eurozone, but many central banks have adopted a wait-and-see attitude over the summer before committing to significant cuts to interest rates later in the year. What we can say is there is no upward pressure on interest rates for the time being and this is contributing to a less risk-averse attitude among investors.

The 2024 global election roadshow rolled through India during the quarter. An impressive exercise in democracy on a huge scale, voting ran from 19th April to 1st June and there were 969 million eligible voters.[2] Narendra Modi was returned to power, albeit with his influence apparently reduced. This matters not just because of the sheer size of India, but also because of the country's strategic importance in the current, unstable world. At home, Prime Minister Rishi Sunak surprised the electorate and ruined a good suit by calling a general election for 4th July, even though he could have waited several more months. In France, Emmanuel Macron called a snap election seemingly in a fit of pique; a move which could backfire on him. The US Presidential election is always in November and an unedifying campaign has focused on the fitness-for-office of two old men.

> **At home, Prime Minister Rishi Sunak surprised the electorate and ruined a good suit by calling a general election for 4th July."**

After the good performance of most asset classes in 2023 and a strong start by equity markets in Q1 this year, progress was a little slower in the second quarter, but still generally heading in the right direction.

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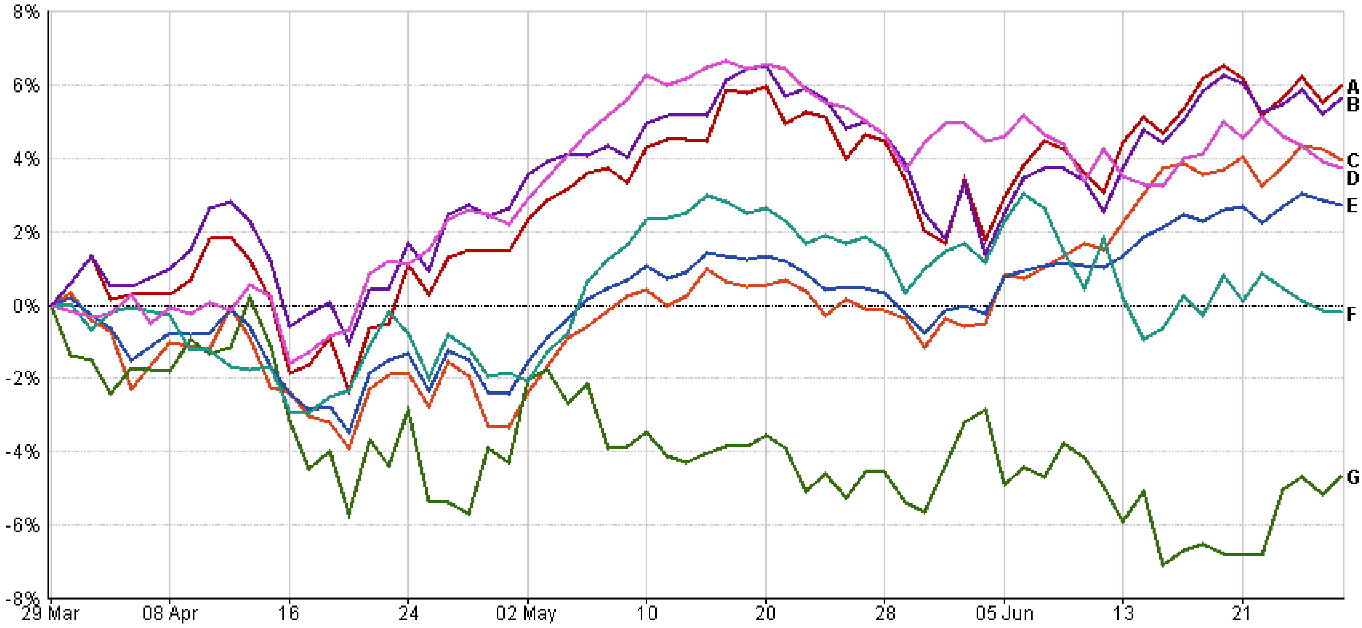
1. https://www.ecb.europa.eu/press/pr/date/2024/html/ecb.mp240606-2148ecdb3c.en.html
2. https://www.bbc.co.uk/news/world-asia-india-68678594
3. All index performance figures courtesy of FE Fundinfo 2024

Index Returns



- A - Asia Pacific excluding Japan shares [5.99%]
- B - Emerging Markets shares [5.65%]
- C - United States of America shares [3.94%]
- D - UK All Companies shares [3.73%]
- E - Global shares [2.71%]
- F - Europe excluding UK shares [-0.22%]
- G - Japan shares [-4.66%]

29/03/2024 - 28/06/2024 Data from FE fundinfo2024

In the US, the influence of sectors with high quality earnings and AI exposure, such as technology and telecoms, helped US equities overcome the drag of high interest rates.

Driven by the performance of giants like Nvidia and Microsoft, the US index moved ahead by 3.94% during the period."

Driven by the performance of giants like Nvidia and Microsoft, the US index moved ahead by 3.94% during the period. After a positive first quarter of 2024, the performance of shares in the Eurozone was subdued, with the European index (excluding UK shares) pausing for breath at -0.22%.

Japan, which we had identified as finally emerging from a twenty-year hibernation, also slipped back (-4.66%)."

Japan, which we had identified as finally emerging from a twenty-year hibernation, also slipped back (-4.66%), even though longer-term indicators are encouraging. Here at home, we enjoyed a positive period, with the broadly-based index of all UK shares progressing by 3.73%.

Postscript: 5th July

As expected, the UK General Election was won convincingly by the Labour Party. We have talked a lot about elections this year already and it is interesting to see the UK turn slightly to the left of centre as other European governments move to the right. After fourteen years in opposition, Sir Keir Starmer's inexperienced team now has to turn manifesto promises into government policy. At this stage, we do not expect any major, market-moving initiatives. In fact, investors would probably welcome a period of quiet stability.

CASTLEFIELD SIGNS INVESTOR STATEMENT ON ANTIMICROBIAL RESISTANCE

SUMMARY: This quarter we signed a joint investor statement on Antimicrobial Resistance (AMR). The statement, co-ordinated by Investor Action on AMR Initiative, has been timed to coincide with United Nations High Level Meeting on AMR scheduled for September 2024.

According to the World Health Organization, the causes of antibiotic resistance include over-prescribing to patients and the over-use of antibiotics in farming. As well as the human cost, estimates suggest that the economic cost of AMR could reach $100 trillion by 2050[1].

This quarter, Castlefield signed on to a joint investor statement signaling to policy-makers around the world that AMR is an issue of significant concern to the investor community, from both a financial and humanitarian perspective. It also makes a number of requests, including:

- Establishing a global monitoring system with an independent expert panel to provide scientific assessment of AMR
- Encouraging policymakers to commit to reducing antibiotic use in farming
- Funding the development of antimicrobials
- Ensuring equitable access to novel and existing antimicrobials.

The full statement is available to read here.

Written by
Ita McMahon

1. https://www.fairr.org/investor-statements/investor-action-on-amr-public-investor-statement?utm_campaign=follow-up-email-30may&utm_medium=email&utm_source=pardot

16 Jul 2024

THE GYM GROUP

Written by
Eleanor Walley

Fostering a safe environment for gym users and preventing harassment

SUMMARY: We engaged with The Gym Group on the topic of gym safety, discussing the policies and procedures that are already in place to foster a safe environment for gym users. We also discussed ways in which this approach could be strengthened further – for example, supporting the 'Ask for Angela' initiative and improving public reporting on the topic of harassment.

The Gym Group is a national provider of low cost, 24/7, no-contract gyms which is held in our sustainable fund range, both in the Sustainable UK Opportunities Fund and the Sustainable UK Smaller Companies Fund.

After its success in bars and clubs across the country, an 'Ask for Angela' trial has been launched across a number of fitness and leisure centres. The initiative encourages those in an unsafe or vulnerable situation to discreetly ask staff for help by using the code word 'Angela'. This follows a number of recent articles calling out gym harassment, and a rise in social media trends encouraging women to speak out about their experiences. It is thought that the initiative could be rolled out nationally across the fitness industry later in the year. Against this background, we felt it was important to approach The Gym Group to understand better how it promotes a safe environment for gym users.

The company stressed that there are strong policies and procedures already in place to respond to, and prevent instances of harassment. A key focus is training staff to identify the signs of harassment, and the company run face-to-face training to ensure they are well equipped to respond effectively and escalate where necessary. Staff are also made aware of 'lower level' issues such as staring and taking photographs which can run the risk of evolving into larger problems. For example, the company operates a policy on photos and videos to ensure that other members are not photographed. While staff are encouraged to intervene if this rule is breached, policing this may well prove challenging particularly amid the popularity of fitness influencers on social media.

As a 24/7 gym, a member of staff is not always on site and we wanted to understand how gym users can report an incident and access support in off-peak hours. We asked the company whether there are any tech-based solutions in place to manage this, for example a built-in tool on the company's app to report incidents effectively and provide support. Currently, a customer service line is accessible on the website which customers can use to report an incident day or night and the company explained that improvements to its app are due this year, which will include the option to contact customer service directly through the app. Further, there are emergency buttons located throughout the gym which will alert a 24/7 team immediately.

While The Gym Group's public reporting on topics such as Diversity & Inclusion and Health & Safety is strong, we believe that this could be strengthened by reporting on its approach to identifying, responding to and preventing harassment. We asked the company whether there would be scope to improve reporting on this topic, for example (i) instances of harassment, (ii) the action that was taken, and (iii) the remedial action taken to prevent a reoccurrence. The company already uses a Health & Safety portal to collate the number internally, and the type, of incidents which we suggested could form the basis of its external reporting. We acknowledged the company's point that disclosing this information without context felt 'risky' given it is not common practice in the sector and therefore could be difficult to identify where best practice lies. However, we reiterated the advantage of being on the front-foot and shaping the narrative – in fact greater transparency is likely to position the company as a leader on a topic which undeniably affects the gym experience for many women.

OUTCOME: The company is awaiting the findings from the Ask for Angela pilot campaign, and Castlefield will follow up with the company to confirm whether it intends to roll out the campaign across its gym centres.

UNICREDIT ESG ENGAGEMENT

SUMMARY: During the quarter, we engaged with UniCredit, an Italian listed, pan-European commercial bank that we hold within our CFP Castlefield Sustainable European fund. We wanted to engage with UniCredit to understand better how it is using its influence to encourage the transition towards net zero and stop facilitating the expansion of fossil fuels.

Banks are in a unique position in that they can wield a significant amount of influence by leveraging their corporate loan books and either refusing loans outright for specific sectors or placing conditions on loans that will create some form of sustainability or societal improvement. According to Banking on Climate Chaos, an annual ranking of banks and their levels of fossil fuel financing, UniCredit has much lower exposure than many of its peers. Nevertheless, we engage regularly with the company to encourage it to continue tightening its policies and further limit lending to the oil, gas and coal sectors.

> According to Banking on Climate Chaos, an annual ranking of banks and their levels of fossil fuel financing, UniCredit has much lower exposure than many of its peers."

In addition, as a pan-European bank, UniCredit has operations in Russia, therefore we also wanted to understand better how the situation was being managed given the imposition of country-wide sanctions, and receive an update on future plans relating to the subsidiary.

We spoke with the dedicated ESG investor relations team who began by explaining that it has set targets for high emission sectors including oil & gas, power generation, automotive, steel, and has a policy in place for the phasing out of coal by 2028. Separately, the team also indicated that targets will be in place for both shipping and real estate in due course. The team also highlighted that it has set KPIs for ESG Lending, with 13% of medium to long-term notes now environmentally, socially or sustainability linked. Separately, 48% of Investment Products are classified as article 8 or article 9 sustainable investments. Turning to bonds, 18% of all bonds issued are classified as sustainable. For each of these categories, current performance is tracked against targets for 2024. UniCredit has also published its first Natural Capital and Biodiversity statement, highlighting its progress so far and setting out its ambitions for the future.

The conversation then turned to fossil fuel financing. UniCredit operates a client classification system, which places clients in different 'buckets' depending on the percentage of revenues generated from unconventional oil & gas, arctic oil & gas and coal. The services which a client can receive from UniCredit depend on the bucket they are placed into, with the worst offenders unable to receive even basic banking services. This approach is utilised to encourage high emitters to move through the categories and reduce their carbon footprint. The current framework will evolve over time with thresholds tightened and additional scope added.

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We also discussed the topic of facilitating fossil fuel expansion, and how the most recent Banking on Climate Chaos report had UniCredit listed as one of the largest investors into the Arctic. The team refuted those numbers arguing that they could not reconcile many of the figures published by NGOs and that often deals were over-stated. We

argued that in these situations, being more transparent and publishing the data themselves would help to resolve future issues, which was a point they took on board.

> Finally, we touched upon the topic of Russia, where through its subsidiaries, UniCredit does have some operations."

Finally, we touched upon the topic of Russia, where through its subsidiaries, UniCredit does have some operations. The overarching strategy is to manage down the assets as quickly as possible, however, due to the sanctions placed upon Russia, any potential sale requires approval from both the Kremlin and the ECB, which makes things far more complicated. There are still 3100 employees working in Russia, and from a social and employee wellbeing perspective, rather than totally cut off contact, they remain in touch. As interest rates have risen,

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and currencies have fluctuated, Russian operations have become more profitable, however it is worth noting that these are more technical reasons, and not an active strategic decision taken by management. Separately, despite deposits still being paid in, the loan book is shrinking, indicating that operations are winding down.

OUTCOME: Overall we believe our call with UniCredit was encouraging, and we are pleased to see that a large pan-European bank is open to engagement across a variety of ESG topics. We do see room for improvement in certain areas, however, simply taking the time to listen to shareholder concerns is a positive sign. We will continue to monitor and engage.

Written by
Barney Timson

SITE VISITS

Written by
David Gorman

SUMMARY: We have mentioned in previous reports how much we value and enjoy company site visits. Here, we provide an insight into two recent site visits at Oxford Metrics Group and AB Dynamics – both held in our CFP Sustainable UK Smaller Companies Fund

Site visits provide us with a great opportunity to learn more about the companies we own and get involved in formal and informal engagement with management teams as well as with other investors.

Oxford Metrics Group

In April, I took the train to Oxford to attend a Capital Markets Day (an open day for investors) organised by Oxford Metrics PLC, whose shares we have owned in our CFP Castlefield Sustainable UK Smaller Companies Fund for several years. Oxford Metrics is a world leader in high precision movement analysis, or motion capture. Its Vicon brand supplies a range of software and hardware, such as cameras, sensors and markerless motion capture, which can be used in life sciences, entertainment, engineering and virtual reality. Over 10,000 active customers include Red Bull, Imperial College London, Dreamscape Immersive, Industrial Light & Magic, NASA, Jaguar Land Rover and Johnson & Johnson. About a third of the company's revenue is derived from Life Sciences and the company meets our theme of Health and Wellbeing.

At the event, attendees saw lots of impressive technology in action and I had the chance to put on virtual reality headset and take part in an immersive group exercise – a first for me.

The senior management team has changed over the last year, with a new CEO (albeit a long-serving employee) in Imogen Moorhouse and, as of July 1st 2024, a new CFO – Zoe Fox. Therefore, one of the benefits of the day was to talk to both incoming directors as well as to bid a fond farewell to the outgoing CFO, David Deacon, who helped build Oxford Metrics into what it is today. Last financial year, the company reported record sales and profits and it is in a great position to make further progress.

AB Dynamics

In May, David Elton travelled to Wiltshire to visit AB Dynamics, another company we hold in our UK Smaller Companies Fund. AB Dynamics is a global leader in automotive testing and verification, helping to contribute towards safer and more efficient vehicles. It is a market leader in the testing of advanced driver assistance and autonomous driving systems. The company conducts both lab and track testing and customers include all the top vehicle manufacturers as well as Euro NCAP labs and government test authorities. They moved into a new facility a couple of years ago and it was our first chance to meet management in their new surroundings.

Dave Gorman visiting Oxford Metrics PLC

Oxford Metrics' Vicon brand supplies a range of software and hardware, such as cameras, sensors and markerless motion capture

ONGOING ESG ENGAGEMENT WITH UNILEVER

Written by
Ita McMahon

SUMMARY: This quarter we continued our ongoing engagement with the multinational consumer goods company, Unilever, discussing three key topics: operations in Russia, historic allegations of human rights abuses, and net-zero.

Unilever has been a leader in sustainability for the past 20 years, adopting a progressive approach to a range of issues including palm oil, packaging and transparency on human rights. That said, no company is perfect and we've been in regular contact with the firm over the past year on three key topics: Russia, historic allegations of human rights abuses, and net zero.

On Russia, we first engaged with the company soon after the invasion into Ukraine. Unilever confirmed that it would continue to operate there, selling food and hygiene products. The company employs 3,000 people in the country and prior to the invasion, it accounted for around 2% of Unilever's global revenue. From the outset, Unilever has denounced Russian aggression in Ukraine and has taken steps to isolate the subsidiary by stopping imports to and exports from Russia, as well as stemming all capital flows. Importantly, Unilever is operating under UK sanctions law and therefore has no contact with its Russian business. We have been checking in with Unilever periodically and reiterating our view that Unilever's continued presence in Russia is controversial and risks reputational damage.

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Unilever's view is that continuing operations within strict parameters is the "least worst" option, and preferable to closing the business and risking state appropriation. It has also been unsuccessful in finding a buyer that would both safeguard staff and avoid the Russian state potentially gaining further benefit. In effect, it is stuck with the status quo.

On human rights we have been checking periodically with the company regarding historical allegations of gender-based violence on tea plantations in Kenya that were owned by Unilever at the time of the alleged transgressions. The new plantation owners, in conjunction with the Kenyan authorities, have been investigating the allegations and have now reported on their findings. Even though Unilever is no longer involved in these sites, our view is that they should take an active interest in the report's recommended improvements, as there are likely to be lessons that could be applied to other parts of Unilever's agricultural supply chain. When we asked for an update on the situation in June, we received a short, high-level response lacking in detail. This is disappointing and we will be following up with the investor relations team to ask for more information.

Finally, on net zero, we have recently contacted the company regarding its carbon targets. This is in light of national press coverage suggesting that Unilever is moving away from the ambitious commitments it had previously set for itself on achieving net zero. In a written response Unilever was keen to defend its record. To be fair to the company, some of the perceived row back seems to be due to differing definitions of net zero. In addition, Unilever's updated Climate Transition Action Plan includes new Scope 3 goals (for 2030), which have been approved by the Science Based Targets initiative (SBTi). SBTi-accredited targets are seen as the gold standard of carbon management. In addition, we are pleased that Unilever has reiterated that its priority remains reducing emissions in absolute terms this decade – this is the kind of urgency that we need more companies to adopt.

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VOTING ACTIVITY:
Q2 2024

As investors, we believe that we have a responsibility to our clients, as well as the companies that we hold, to vote on issues such as executive pay, director nominations and political donations. We aim to vote on all the stocks held in the collective funds we manage. We consider each resolution carefully and often engage with companies where we disagree with their stance. We have an in-house set of voting guidelines that we update annually. The guidelines ensure that we vote consistently across all our fund holdings; they are made publicly available on our website, as is our full voting history.

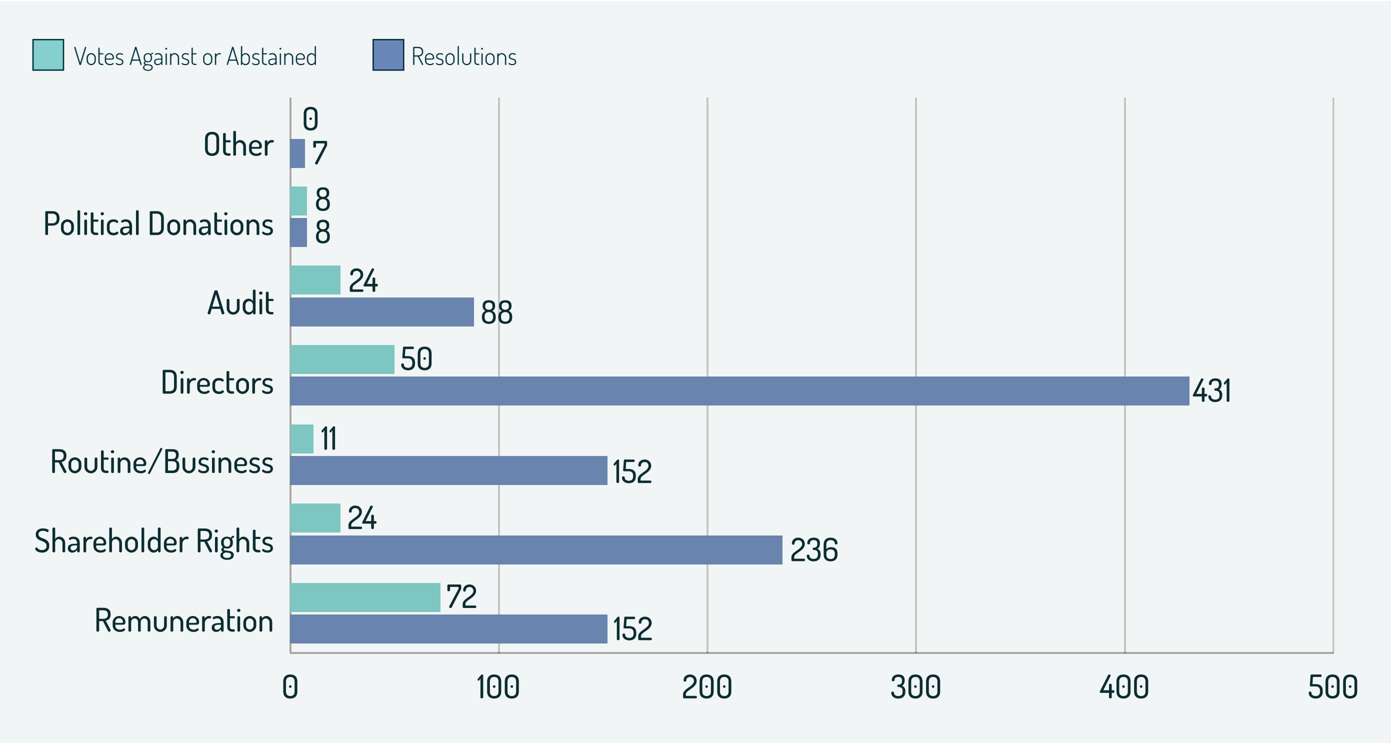
RESOLUTIONS

Number of resolutions where votes were cast For	885	82.4%
Number of resolutions where votes were cast Against	175	16.3%
Number of resolutions where votes were Abstained	14	1.3%

During the quarter, we voted at 63 meetings hosted by our investee companies, with a total of 1074 resolutions.

1.	**REMUNERATION:**	We vote against excessive pay awards and awards that are not attached to sufficiently stretching performance targets. Particularly in light of the impact of coronavirus, we believe it is important that executive pay is reflective of the experiences and outcomes of all stakeholders.
2.	**DIRECTOR INDEPENDENCE & EFFECTIVENESS:**	Non-Executive Directors (NEDs) who sit on the boards of listed companies should be independent in order to be effective. The UK Corporate Governance Code sets limits on tenure which we apply across all geographies as a factor to determine independence. We have also long taken the view that directors should not hold a lot of other external positions. This is because, at a time of crisis, we expect directors to have enough additional time to dedicate to the company and the issues that it is facing.
3.	**SHAREHOLDER RIGHTS:**	This topic includes votes on issues such as share placings that a company might undertake to raise capital, as well as requests a company might make to repurchase its own shares. These requests have the potential to be detrimental to existing shareholders. One topic which falls under this heading, which we will always vote against, is the request to hold meetings with just 14 days' notice, as we do not believe this is sufficient time for shareholders to prepare to exercise their voting rights.
4.	**POLITICAL DONATIONS:**	We do not think it is appropriate for companies to make political donations and consequently will always vote against a resolution seeking permission to do so.
5.	**THE AUDIT PROCESS:**	Auditor independence may be compromised if the auditor has been in place for a long time and no tendering process has been undertaken, or if fees paid are for services other than their primary audit function.
6.	**ROUTINE/BUSINESS:**	Items in this category include resolutions that are often uncontentious, such as accepting a company's Financial Report & Accounts for the previous year. It also includes resolutions to approve dividends.
7.	**OTHER:**	This category may include certain resolutions proposed by shareholders and votes on topics such as Environmental, Social or Governance (ESG) issues and reporting.

Resolutions during the quarter by category and how frequently we voted against or abstained:



PORTFOLIO FUNDS: HOLDINGS IN THE SPOTLIGHT...

Cordiant Digital Infrastructure

Cordiant Digital Infrastructure is a London-listed investment trust specialising in a breadth of digital infrastructure assets. Since listing in early 2021, the trust has built a globally-diversified portfolio of digital infrastructure assets ranging from data centres and broadcast towers, to fibre optic infrastructure assets.

Cordiant is looking to build on its current portfolio of assets as opportunities arise, all the while looking to beat or maintain its 9% net return target when deploying capital. The trust operates a 'buy, build and grow' strategy based around owning and optimising cash generative digital infrastructure assets. There is a strong management team in place.

The trust seeks to deliver around a third of its total return objective to unitholders through a progressive dividend policy, while excess cash generated from the portfolio is redeployed into new or existing assets in order to deliver a growing stream of future cashflows and deliver modest, mid-single-digit capital growth.

Cordiant Digital Infrastructure is held in both Castlefield Sustainable Portfolio Funds, alongside the Castlefield Real Return fund.

Sarasin Responsible Global Equity

Sarasin has been a staple holding in both portfolio funds from inception. The team, led by Megan Brennan and recent hire Tom Wildgoose, invests in a portfolio of 35-50 world-leading businesses that are aligned to one of the fund's thematic growth drivers. These secular trends are modelled around the evolving ways in which we all live our lives; from increasing digitisation such as cloud, AI and robotics; to ways in which people can live longer, healthier, more sustainable lives.

For a company to find its way into Sarasin's portfolio, the team needs to see a demonstrable long-term growth opportunity, fundamental underlying business quality, and an attractive valuation that implies market-beating forward returns for shareholders. Underpinning all of this is Sarasin's approach to responsible investment, where socially and environmentally damaging industries are screened out and a positive contribution to environmental, social and governance sustainability factors is sought.

Sarasin Responsible Global Equity is held in both Castlefield Sustainable Portfolio Funds and, following recent additions, has become the largest holding in our externally-managed global equity allocation.

Foresight Group PLC

Foresight Group PLC is a London-listed asset management company specialising in listed and private equity, with a strong focus on sustainable infrastructure. Foresight was founded in 1984 and became an early leader in tax-advantaged UK investment vehicles, such as Venture Capital Trusts (VCTs). These early beginnings saw the group build a world-leading expertise in sustainable and renewable infrastructure, amongst other areas. Today, the group takes that critical investment specialism and has used it to deliver a global platform of sustainable infrastructure investment. The group's most recent announcement puts Assets Under Management (AUM) at over twelve billion pounds, with the bulk of those assets being focused in the group's long-term infrastructure and Private Equity segments.

We share the group's excitement about the long-term potential for sustainable and renewable infrastructure and the long-term nature of these assets are reflected in the group's long-term relationship with its clients. Not only do we appreciate the power of these long-term relationships in facilitating and delivering the kind of real change we need to see across the energy and social infrastructure markets, but we also value the tremendous visibility this gives over future group cashflows.

Foresight Group PLC is held in the Castlefield Sustainable UK Smaller Companies fund.

Tyman PLC

Tyman PLC is another London-listed company, this time focused on the design, manufacture and supply of engineered fenestration and access components to global construction markets (think door and window locks & catches, access ladders in commercial property, floor coverings, internal & external panels... that sort of thing).

Tyman has a long history of building and acquiring premium brands across its markets in order to deliver sustainable construction solutions to developers across all areas of our built environment. A global push toward better buildings and more efficient buildings has seen group revenue more than double over the past decade.

Consistent with a theme we're seeing across our UK portfolios, Tyman has been the subject of a takeover bid from an international peer. Quanex, a similarly-sized building products company based in Texas recently entered a mixed cash and stock offer for Tyman in its entirety. While we continue to be happy holders of Tyman in its unenlarged form based on its organic growth runway, we suspect the immediate unlocking of shareholder value that this bid represents is likely to tempt a large majority of our fellow shareholders.

SPOTLIGHT ON THE PORTFOLIO FUNDS – OUTLOOK

CFP Castlefield Sustainable Portfolio Growth Fund

The second quarter saw a continuation of positive returns from most major asset classes, including the growth-orientated assets that make up a majority of the fund's portfolio. The stylistic and investment-specific headwinds the fund encountered in the first quarter of the year abated, though have yet to turn. We continue to expect this to come to pass and have positioned the portfolio accordingly.

The key (insofar as portfolio returns are concerned) political events of the year are yet to unfold, though the outturn of the UK election will likely be known by our readers by the time this note is with you. We aren't expecting to be surprised, though we see little gain (or indeed, opportunity) in overly exposing portfolios to that singular political outcome. Perhaps more significantly, events in the US political arena continue to unfold in unconventional ways. An uninspiring presidential debate left many commentators, across the political spectrum, unsure as to just who would be contesting the run-off in November. Polling suggests that this uncertainty is favouring the Republicans, though we see plenty of time for events to take many more surprising turns. Both parties look dead set to continue an expansive programme of spending, whether through infrastructure or through tax cuts. We are increasingly conscious of global sovereign debt levels and the associated limits on sovereign states' ability to act decisively if economic conditions weaken materially.

Beyond the political realm, eyes remain firmly fixed on the US Federal Reserve's decisions relating to the timing and quantum of interest rate cuts. Market expectations are becoming increasingly dependent on progress on this front in order to support valuations that, by some measures, are creeping back toward historic highs. Outside of monetary policy, the real economy looks set to continue to produce modest, positive growth. Consumers appear resilient, with strong above-inflation wage growth seen across Western markets. While pandemic-related savings look largely spent, we believe it's unlikely that we'll see meaningful weakness in the consumer so long as job markets remain strong. Like other market participants, we remain attentive to developments across labour markets to ensure that this necessary 'cooling' doesn't become something altogether more worrisome. Despite a gradual accumulation of risk, we still believe in companies' ability to create value for shareholders and for the broader environments in which they operate. We continue to see a constructive environment for compelling, inflation-beating returns.

CFP Castlefield Sustainable Portfolio Income Fund

Last quarter we spoke about the power of natural income as a driver of portfolio returns. Performance so far this year has understated what we believe will accrue to the portfolio. Notwithstanding the risk of troubles in equity markets and other 'growth' assets, the portfolio is well positioned to deliver compelling total returns supported by generous levels of income from many different parts of the portfolio. Inflationary-increases in distributions amongst many of the portfolio's renewable energy assets, combined with a historically attractive yield arising from the portfolio's fixed income, have set the fund up to deliver a good deal of our expected returns from income alone. While it cannot always be counted on over any short period of time, capital growth would prove to be the cherry on top.

Over the quarter the erosion of confidence in interest rates cuts continued, albeit at a far slower pace. The ECB delivered the first cut of all major central banks (excluding China's PBoC) in June in a move that surprised few. Future cuts, however, are in increasing doubt as a slower-growing Europe struggles to rid itself from the final pieces of excess inflation. The US Federal Reserve have forecast two fewer cuts in 2024 as inflation has refused to cooperate, while our own Bank of England has held back for the same reason. Although inflation has failed to retreat to target as quickly as central bankers might like, we still expect the beginning of the cutting cycle to begin this year. There's a real risk that by doing too little today, a whole lot more may be needed tomorrow.

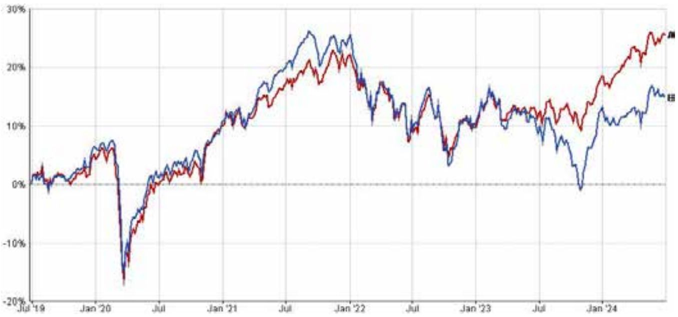
FUND COMMENTARY

CFP Castlefield Sustainable Portfolio Growth Fund

Key Information

Fund Size:	£73.70m
Investment Association Sector	Mixed Investment 40-85% shares
Launch Date:	1st February 2018
Managers:	Callum Wells & Simon Holman
Number of Holdings:	30 - 50
Payment Dates:	Quarterly

Cumulative Performance (%)



A - IA Mixed Investment 40-85% Shares [25.58%]
B - CFP Castlefield Sustainable Portfolio Growth G Income [14.88%]

Source: 30/06/2019 - 30/06/2024. Data from FE fundinfo 2024

	1 Mth	3 Mths	6 Mths	1 Yr	3 Yrs	5 Yrs
Fund	-0.31	1.67	1.44	4.87	-4.40	14.88
Sector	1.40	1.67	5.91	11.82	7.19	25.58

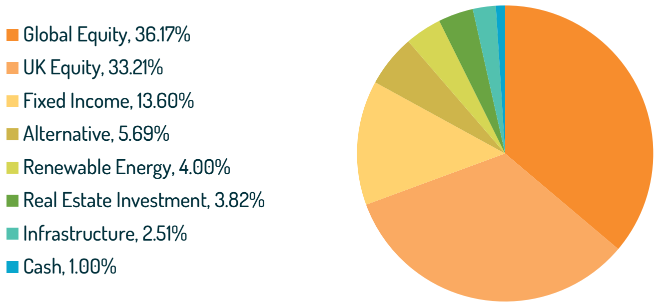
Discrete Performance (%)

	2024 YTD	2023	2022	2021	2020	2019
Fund	1.44	2.85	-12.14	13.63	3.91	17.86
Sector	5.91	8.08	-10.04	10.94	5.32	15.78

Source: FE fundinfo 2024

Past performance should not be seen as an indication of future performance. The value of investments and the income from them may go down as well as up and you may not get back your original investment.

Sector Allocation



Top 10 Holdings

		%
1	CASTLEFIELD SUSTAINABLE UK OPPORTUNITIES FUND	13.69
2	SARASIN RESPONSIBLE GLOBAL EQUITY FUND	13.14
3	CASTLEFIELD SUSTAINABLE UK SMALLER COM FUND	11.75
4	FIRST SENTIER INVEST STEWART WORLDWIDE SUSTAINABILITY FD	9.17
5	LIONTRUST SUSTAINABLE FUTURE ICVC UK ETHIC FUND	7.77
6	CASTLEFIELD SUSTAINABLE EUROPEAN FUND	7.43
7	LIONTRUST SUSTAINABLE FUTURE ICVC LION TRUST FUT GLB GROWTH	6.43
8	RATHBONE ETHICAL BOND FUND	5.09
9	ROYAL LONDON BOND FUNDS II ICVC ETHICAL BOND FUND	5.09
10	CASTLEFIELD REAL RETURN FUND	4.70

Fund Commentary

Performance across the second quarter was robust, delivering positive, low-single-digit absolute returns, which were in line with peers. The strong performance of the fund's relatively large allocation to domestic UK equities drove the greater proportion of returns, while a disappointing outturn for renewable energy infrastructure tempered these successes. The CFP Castlefield Sustainable Portfolio Growth Fund returned +1.67% (General share class) in the second quarter of 2024, in line with its peer group. The CFP Castlefield Sustainable Portfolio Growth Fund predominantly owns assets focused on delivering capital growth, however, it also owns a number of income-generating assets. The assets are covered in greater detail in our overview of the Portfolio Income Fund.

Absolute performance was driven by modest – but importantly, positive – returns from the major asset classes, such as company shares and bonds. A welcome break from recent trends saw UK equities outperform their international peers, as the 'Magnificent 7' paused for breath after delivering an incredibly strong performance in Q1. While this was a welcome development, much of that outperformance can be explained by a stronger Pound, which acted as a minor headwind to the performance of assets invested overseas. Regarding performance, there really is little more to say on what was ultimately an uneventful, business-as-usual quarter.

One substantive change over the quarter was our decision to reallocate the capital we have invested with a select few third-party investment management partners. In May we took the decision to reallocate portfolio capital away from one of our long-held strategies – WHEB Sustainability – to another partner strategy – the Sarasin Responsible Global Equity Fund. The decision was motivated by our desire to enhance returns while, at the same time, controlling risk for clients. We feel this change benefits the portfolio in both dimensions. For some time, the fund performance has faced a challenge in the form of an underexposure to some of the fastest-growing, dynamic, value-creating businesses on the planet. While WHEB's focus on a subset of the equity market that included some thematically socially- and environmentally-impactful businesses has delivered fine returns and laudable impact outcomes, the 'tightness' of their investment universe has led unit holders to miss out (relatively speaking) on a tremendous amount of value creation, both financially and societally. Sarasin's much broader remit allows us to increase our exposure to this very large part of the market. Alongside the returns dimension, the change reduces the overall portfolio exposure to certain investment 'factors', such as growth and interest rates, that have proved headwinds over the past 24 months. While we are very happy to maintain exposure to these factors, we believe the change brings that exposure into better balance.

Source: Castlefield, Factset

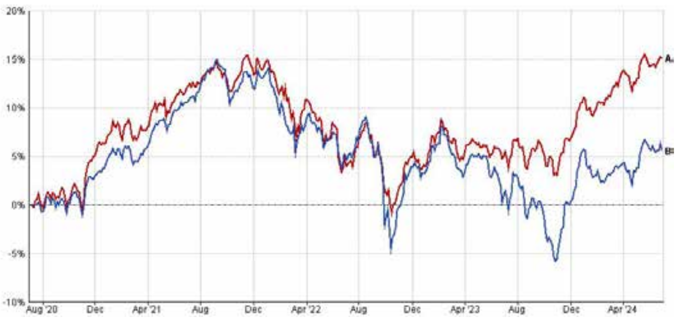
FUND COMMENTARY

CFP Castlefield Sustainable Portfolio Income Fund

Key Information

Fund Size:	£13.06m
Investment Association Sector	Mixed Investment 20-60% shares
Launch Date:	6th July 2020
Managers:	Callum Wells & Simon Holman
Number of Holdings:	30 - 50
Payment Dates:	Quarterly

Cumulative Performance (%)



A - IA Mixed Investment 20-60% Shares TR in GB [15.08%]
B - CFP Castlefield Sustainable Portfolio Income G Income [5.65%]

Source:06/07/2020 - 30/06/2024. Data from FE fundinfo 2024

	1 Mth	3Mths	6 Mths	1 Yr	3 Yrs	Since Launch
Fund	0.24	1.35	-0.10	4.23	-4.42	5.65
Sector	1.01	1.14	3.65	9.38	2.83	15.08

Discrete Performance (%)

	2024 YTD	2023	2022	2021	2020	2019
Fund	-0.10	2.53	-9.38	8.71	-	-
Sector	3.65	6.81	-9.47	7.20	-	-

Source: FE fundinfo 2024

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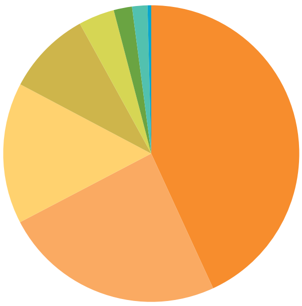
Sector Allocation

- Fixed Income, 43.13%
- UK Equity, 24.21%
- Global Equity, 15.39%
- Renewable Energy, 9.26%
- Infrastructure, 3.93%
- Cash, 2.00%
- Real Estate Investment, 1.68%
- Alternative, 0.40%



Top 10 Holdings

		%
1	CASTLEFIELD SUSTAINABLE UK OPPORTUNITIES FUND	19.41
2	ROYAL LONDON BOND FUNDS II ICVC ETHICAL BOND FUND	13.15
3	RATHBONE ETHICAL BOND FUND INSTITUTIONAL INC	13.14
4	EDENTREE RESPONSIBLE AND SUSTAINABLE STERLING BOND FUND	9.12
5	SARASIN RESPONSIBLE GLOBAL EQUITY FUND	5.24
6	FIRST SENTIER INVEST STEWART WORLDWIDE SUSTAINABILITY FD	3.93
7	CASTLEFIELD SUSTAINABLE EUROPEAN FUND	3.78
8	CASTLEFIELD SUSTAINABLE UK SMALLER COM FUND	2.82
9	GREENCOAT UK WIND PLC	2.64
10	JLEN ENVIRONMENTAL ASSETS GROUP LTD SICAV GBP	2.49

Fund Commentary

Second-quarter 2024 returns were relatively attractive for lower-risk and income-orientated strategies such as those the fund owns. The CFP Castlefield Sustainable Portfolio Income Fund returned +1.35% in the second quarter of 2024, versus +1.14% for its peer group. The Portfolio Income Fund predominantly owns stable, income-generating assets, but it also owns a number of more growth-oriented investments. The assets are covered in greater detail in our overview of the Portfolio Growth Fund.

Market narratives were largely unchanged over the quarter, with the focus still heavily weighted toward the actions of the US Federal Reserve (the Fed) and their implications for the future path of interest rates. Economic data came in 'according to plan', which is to say suggesting a slowing, yet still growing, global economy. Inflationary pressures that have necessitated materially higher interest rates have continued to fade, albeit more slowly than many would like. At the margins, some eyes are turning to other concerns, such as creeping signs of 'too much' economic weakness, elections, global debt levels, and a small number of other concerns that could, in a certain set of circumstances, derail global economic growth. The pessimists amongst us have thus far been frustrated and disappointed.

The portfolio's sizable exposure to renewable infrastructure assets provided the most meaningful performance drag over the quarter, with another in a string of negative revaluations to Net Asset Values (NAVs) being delivered to many of the portfolio's holdings. These downward revisions presented no great surprise and largely reflected declining energy prices. With two years of difficult market conditions for renewable infrastructure now behind us and signs of stabilisation and modest gains in power prices, we feel a growing sense of optimism that these assets are poised to play an increasingly meaningful role in delivering total portfolio returns in the coming quarters and years.

Source: Castlefield, Factset

MEET THE TEAM

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MSCI, ASIP

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Callum Wells

Chartered FCSI, Chartered Wealth Manager

Investment Manager

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