



Castellain Value Fund

August 2014

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- Castellain Capital LLP was founded in 2009
- Research-intensive approach to identifying opportunities
- Value investment is our core style
- Significant management capital commitments

Robert Goldsmith - Portfolio Manager - Castellain Value Fund

- Founder of Castellain Capital LLP in 2009 and responsible for the fund since inception, generating a compound annual growth rate of 26%
- Active in the closed-end fund space for over 14 years at Dawney Day and Castellain Capital
- Substantial investor in both the split capital investment trust and property sectors between 2002-2007, generating high returns through an activist investment strategy
- Part of team that raised over €1bn for listed asset-backed companies
- Considerable experience of complex corporate structures and indirect real estate investment

Extensive high-conviction
value investing
experience

Significant experience of
special situations
investing

Proven
corporate valuation
experience

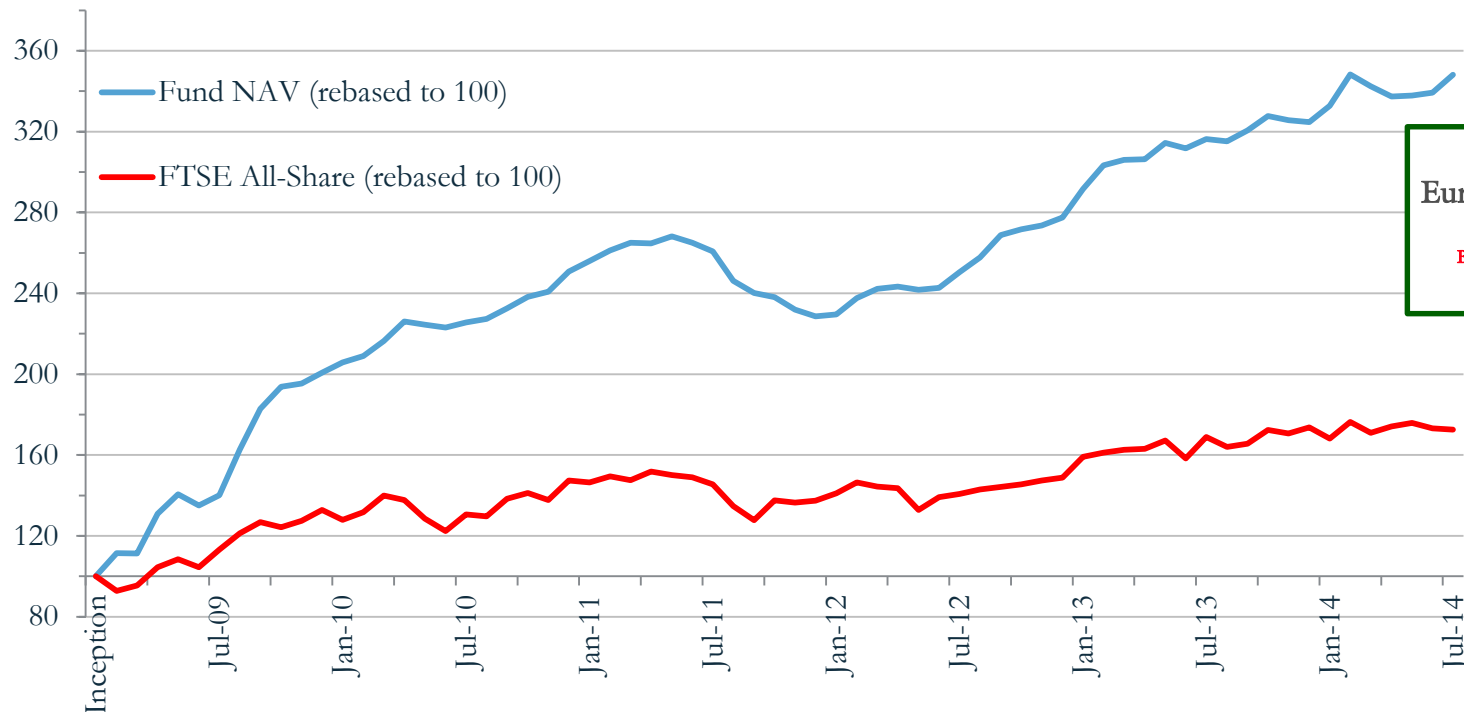
Stephen Ackerman - Portfolio Manager - Castellain Income Fund

- Responsible for the income investment activities at Castellain Capital since inception in 2009 generating a compound annual growth rate of 17%
- Experience investing across entire capital structure
- Over £350m in net realised client gains
- Involved in 19 public-to-private transactions as 10%+ shareholder
- 40 prime quoted positions invested in and exited at Petchey Holdings Plc

Depth of experience generating significant returns

Our investment strategy aims to profit from the mispricing of listed investment companies relative to their intrinsic value using a catalyst driven approach

Straightforward strategy, specialist focus, superior returns



HEDGE FUNDS
European Performance
Awards 2011
Best Sub-\$100 Million Hedge Fund
Winner—Castellain Capital

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2014	2.5%	4.6%	-1.7%	-1.5%	0.1%	0.4%	2.6%						7.2%
2013	5.1%	4.0%	0.9%	0.1%	2.6%	-0.8%	1.5%	-0.4%	1.7%	2.2%	-0.6%	-0.3%	17.0%
2012	0.4%	3.5%	1.9%	0.5%	-0.6%	0.4%	3.1%	2.9%	4.3%	1.1%	0.7%	1.5%	21.4%
2011	2.1%	2.1%	1.4%	-0.1%	1.3%	-1.2%	-1.6%	-5.6%	-2.4%	-0.8%	-2.6%	-1.4%	-8.8%
2010	2.5%	1.6%	3.6%	4.5%	-0.7%	-0.6%	1.1%	0.8%	2.3%	2.5%	1.0%	4.2%	24.9%
2009	-	11.5%	-0.1%	17.5%	7.4%	-3.9%	3.7%	16.2%	12.3%	6.0%	0.9%	2.7%	100.8%

Proven performance

Investment Objective

The Castellain Value Fund seeks to achieve capital appreciation over the medium-term by investing primarily in the shares of listed investment companies which trade at a discount to their net asset values. We try to identify catalysts which will cause either (i) the discount to net asset value to narrow, or (ii) the net asset value to rise. Where appropriate, we mitigate market risk through hedging, although we often view the discount itself as a form of hedge.

Strategy Outline

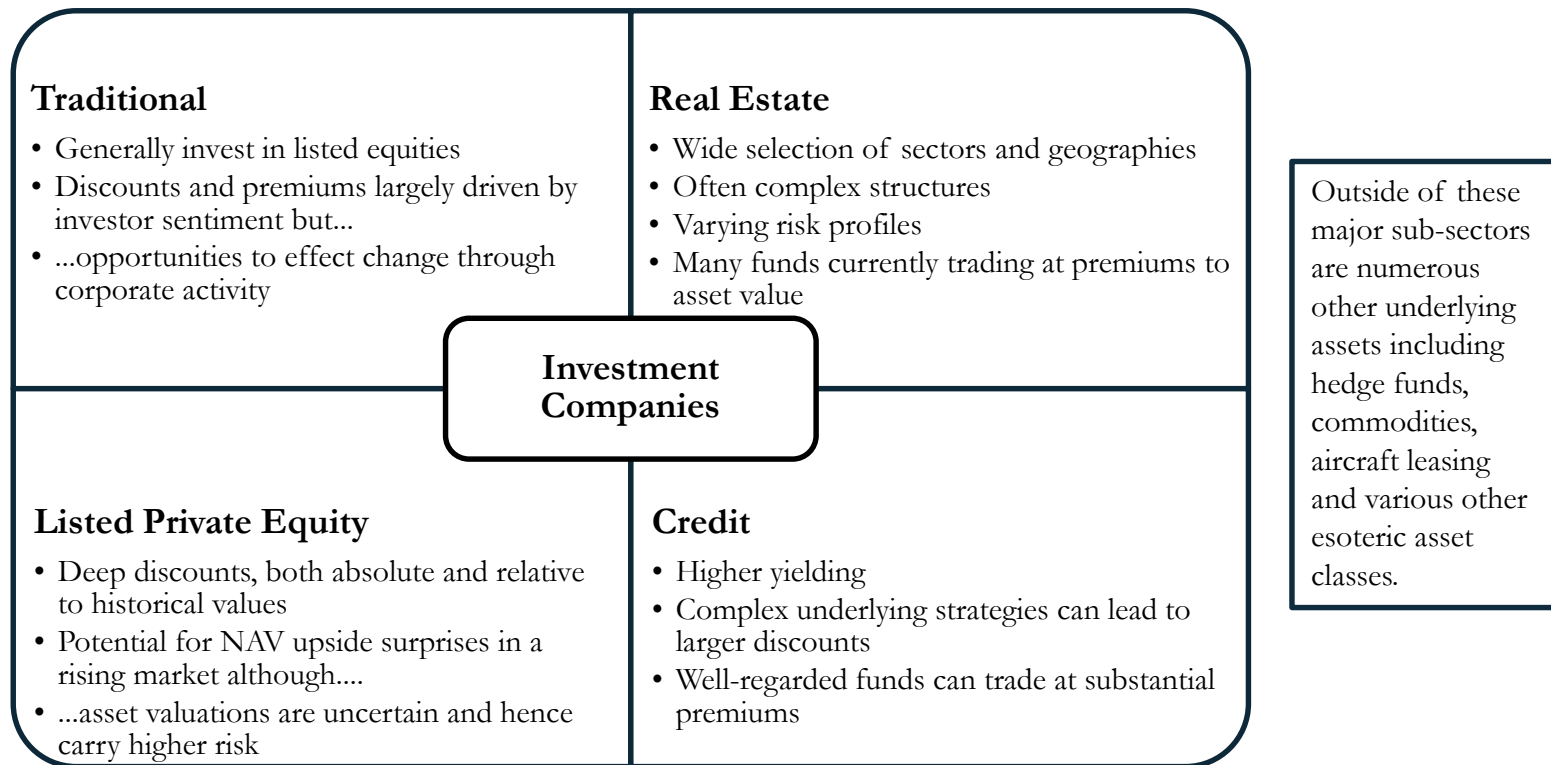
- Deep fundamental analysis focusing on capital structure, accounts, underlying assets and potential for corporate activity
- Value today preferred to growth tomorrow – **upside not dependent on long-term tenuous assumptions**
- Investments tend to focus on the **discount** and the **reason it persists**
- Engagement with management to realise value – **catalyst driven**
- Fund is long-biased, although hedges and speculative shorts do feature
- Margin of safety provided by NAV discounts
- Provide significant diversification from a concentrated portfolio of 20-30 listed investment companies

Catalyst-driven value approach

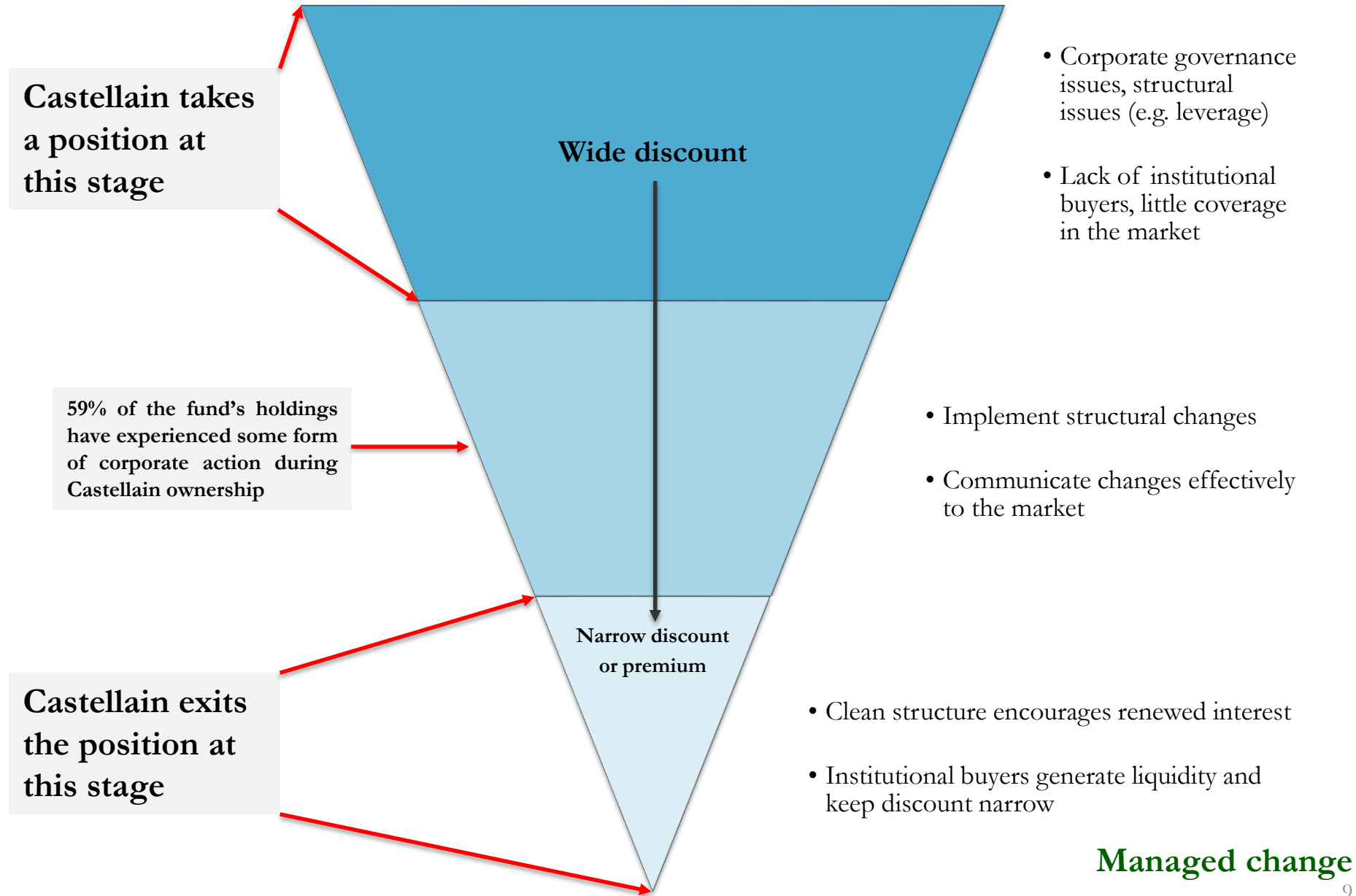
Significant experience and expertise across key areas in the investment companies sector:

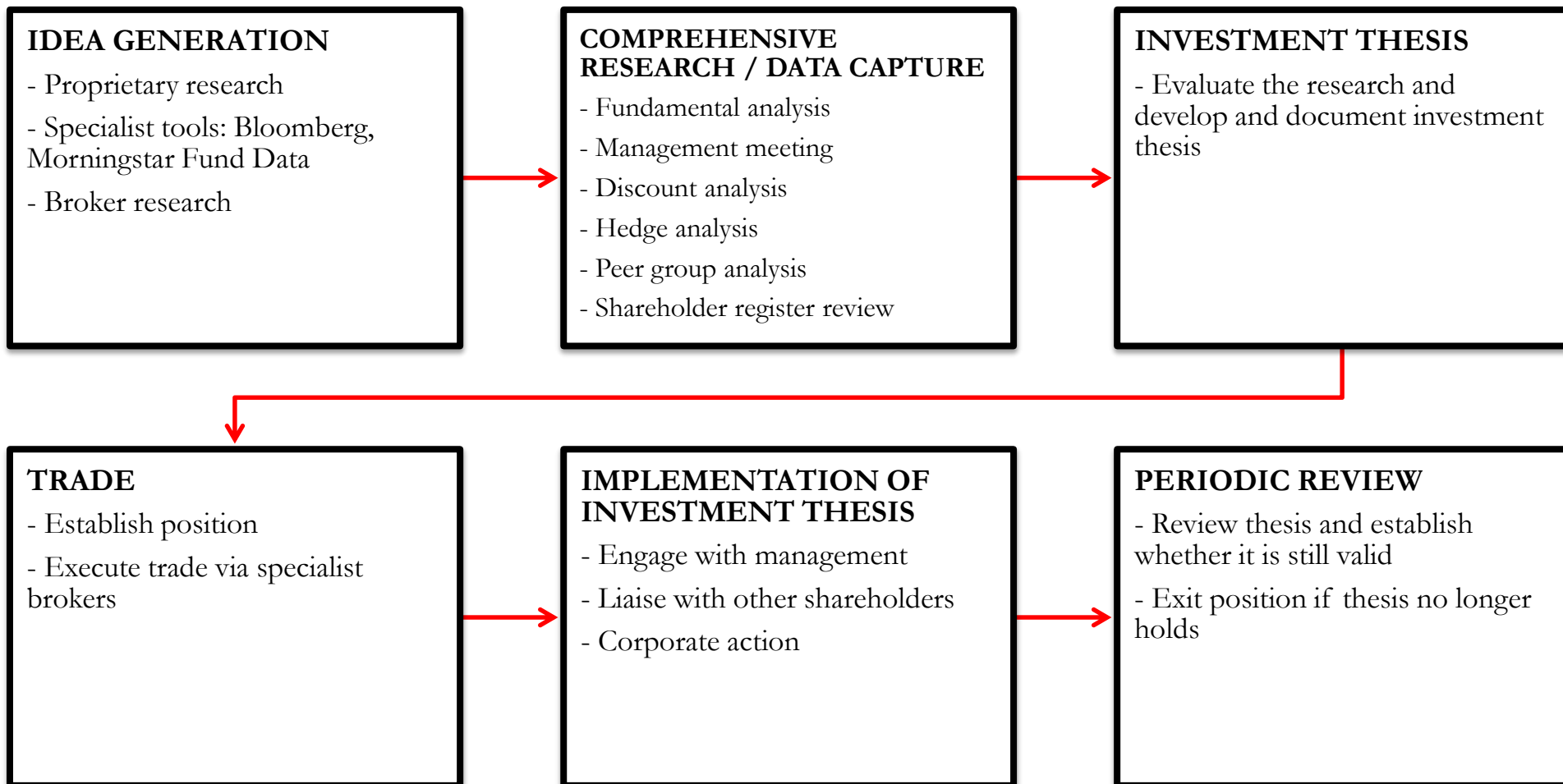
- **Investing**
 - 14 years investing in the sector
 - Strong relationships with market participants
- **Structuring and issuing**
 - Structured three listed investment vehicles
 - Raised over €1bn for these vehicles
- **Taking over and restructuring**
 - Actively engaged with management to realise value for shareholders
 - Sat on several investment company boards
- **Appraising the underlying assets**
 - Detailed balance sheet analysis
 - Due diligence on underlying assets

- Primary focus on investment companies listed in the UK and continental Europe.
- As a guide to the size of our investment universe, the Morningstar Traded Fund Centre is the most comprehensive database of quoted investment companies. It contains over 600 non-US companies with combined assets of over \$280 billion.
- The underlying assets of these investment companies typically fall into the sectors outlined below:



A niche sector with a multitude of opportunities





Policy Adherence	All investments independently checked to meet terms of investment policy at time of acquisition
Position review	Fall in position value of $> 15\%$ triggers review of investment thesis
Concentration	No single investment greater than 15% of fund
Leverage	Leverage limited to 100% of NAV (expected to be significantly lower on average)
Investment Committee	<ul style="list-style-type: none">• More than 125 years experience within financial markets• Investment committee meets regularly to review portfolio, potential investments/divestments and overall strategy• Comprised of David Gelber, Jonathan Naggar, Robert Goldsmith and Stephen Ackerman
Compliance	<ul style="list-style-type: none">• Independent compliance officer• Supported by third-party compliance consultants

Daily

- All acquisitions, prior to settlement, are validated by the independent fund administrator to ensure compliance with investment policy
- Fund back-up file created with full portfolio snapshot
- PM monitors portfolio daily including cash flows
- Compliance officer has direct access to portfolio and administrator
- Compliance officer automatically receives copies of all trade tickets

Bi-weekly

- PM peer review including: performance, acquisitions, ideas under consideration, strategy, disposals and concentration risks

Monthly

- Fund NAV prepared by independent fund administrator
- Investment Committee meets to review portfolio, performance

Portfolio as at 31 July 2014:

Underlying sector breakdown

Real estate	7%
Global equities	29%
Credit	18%
Listed private equity	31%
Other	8%
Cash	7%

No. of investments: 25 holdings

Largest position: 12.7% of NAV

Average NAV discount: 24.3%

All of the fund's investments are in companies **listed** on major stock exchanges which have exposure to the sectors listed in the table.

Fund

Annualised Return	26%
Annualised Volatility	14%
Sharpe Ratio ($R^F=0$)	1.86
Profitable Months	71%

- Numerous opportunities to create value from a niche strategy in the investment company sector
- Excellent track record since inception: 26% annual growth rate
- Conservative investment strategy: returns to date achieved without leverage
- Significant diversification on a look-through basis
- Material commitments from investment manager

	Standard Share Class	Institutional Share Class
Domicile	Jersey	Jersey
UK Reporting/Non-reporting	Both	Non-reporting
Investment manager	Castellain Capital LLP	Castellain Capital LLP
Management fee	2%	1.25%
Performance fee	20%	20%
High watermark	Yes	Yes
Investor preferred return	n/a	BoE base rate + 2.5%
Currency	GBP EUR, USD and CHF available	GBP EUR, USD and CHF available
Dealing frequency	Monthly	Monthly
Redemption Notice Period	60 days	180 days
Minimum commitment	£100,000	£500,000

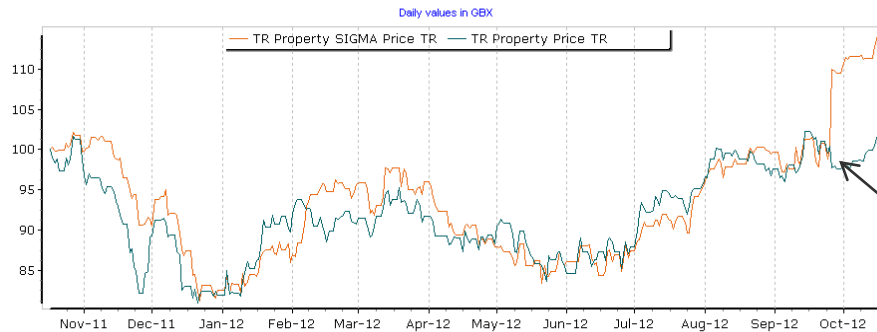
Investment Manager	Castellain Capital LLP 34 New Cavendish Street London W1G 8UB	Compliance Consultants	Cordium 2nd Floor, 130 Jermyn Street London SW1Y 4UR
Administrator	Vistra Fund Services 4 th Floor, St. Paul's Gate 22-24 New Street, St. Helier Jersey JE1 4TR	Legal	Collas Crill 40 Don Street, St. Helier Jersey JE1 4XD
Custodian	Deutsche Bank International St. Paul's Gate New Street, St. Helier Jersey JE4 8ZB	Auditor	Moore Stephens PO Box 236 First Island House Peter Street, St. Helier Jersey JE4 8SG

Appendix

Traditional investment trust on excessive discount

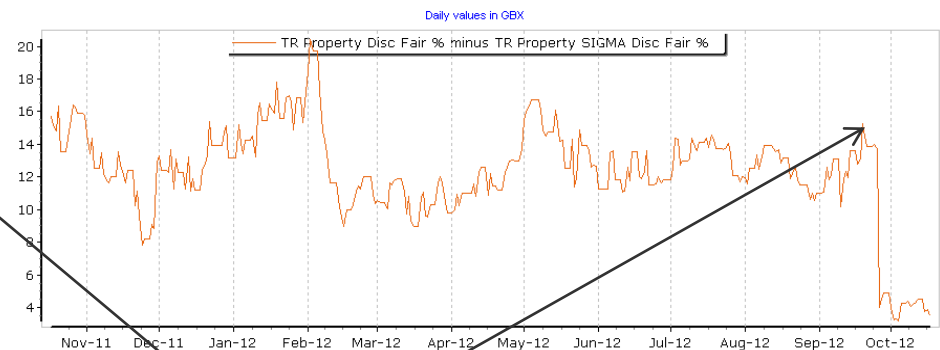
- TR Property is a long running investment trust focused on investing in pan-European property equities
- In 2007, the company created a new share class – Sigma – which would focus on smaller companies shares
- Despite very similar performance, the Sigma shares persistently traded at a much wider discount than the Ords
- We engaged with the board and the manager to encourage them to address the discount disparity.
- In September 2012, the board announced proposals to merge the two classes back together, immediately driving the discount on the Sigma shares tighter

TRY vs TRYS price



Source: Morningstar

TRY vs TRYS relative discount

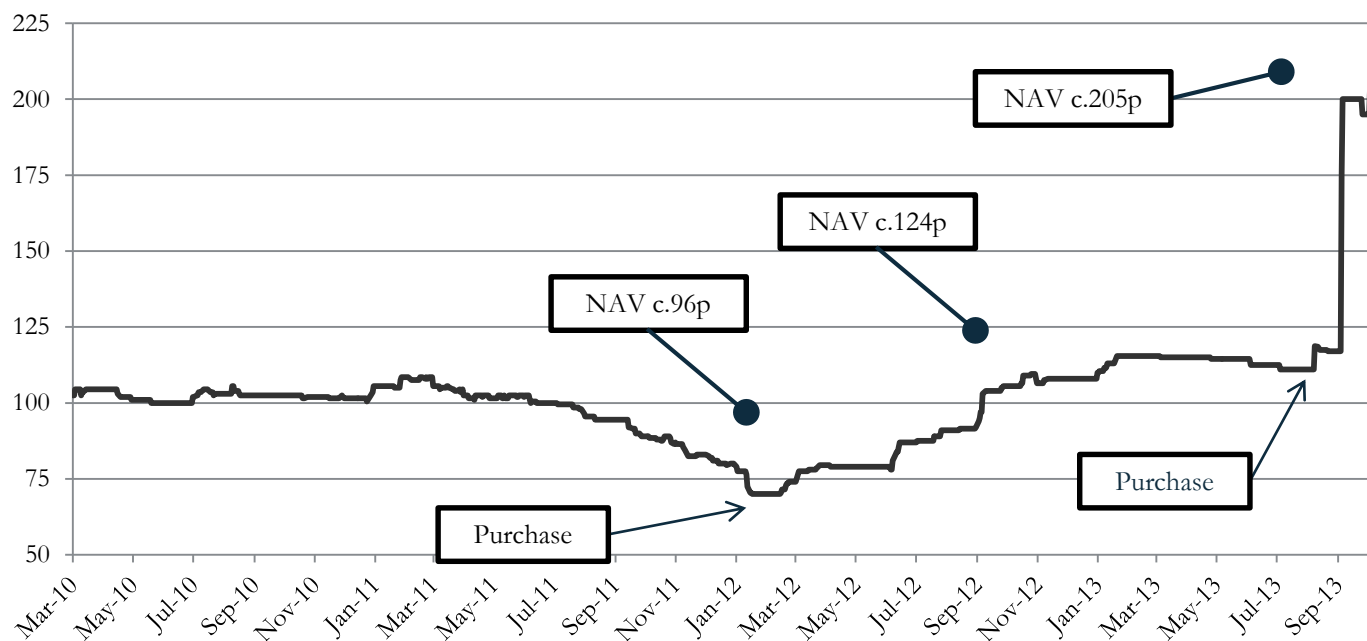


Source: Morningstar

Announcement of
merger proposals

Below the radar of most investors

- “One-shot” investment vehicle of well known turnaround specialist, Edward Bramson
- Acquired a 20% stake in F&C Asset Management and implemented turnaround plan
- Shares of Sherborne traded down to reflect a 39% discount to the value of the holding in F&C
- Stock risk partially hedged through F&C short
- Following a distribution in specie of the F&C shares, the market misunderstood remaining assets in the company, allowing Castellain a very profitable short term trade



Robert Goldsmith is a founding partner of Castellain Capital LLP. Robert manages the Castellain Value Fund. Previously, Robert spent eight years with Dawnay, Day International as Director of Principal Investments. During his tenure, he was an active investor in a number of closed-end investment companies including split capital investment trusts, property companies, and other asset-backed situations. Robert also played a key role in structuring two of Dawnay, Day's listed overseas property funds, which raised over EUR 1 billion of equity between 2005 and 2007. He has served on the board of a number of investment trusts including Investec European Growth & Income Trust and Britannic UK Income Trust. Robert has a First Class BSc (Hons) in Computer Science from the University of Birmingham.

Stephen Ackerman is a partner of Castellain Capital LLP, having joined shortly after its founding, and is responsible for managing the Castellain Income Fund and the income advisory services. Previously, Stephen spent 9 years with Petchey (Holdings) plc with the lattermost 6 years as Investment Director, where he was responsible for the implementation of a UK activist investment strategy focused on London Stock Exchange listed small- and mid-cap asset-backed property companies. During Stephen's tenure he was responsible for shareholdings, greater than 10% of the ordinary share capital, in 19 different companies which were taken private during his involvement. He was also responsible for the successful execution of both recommended and hostile public to private transactions. Stephen graduated from Dalhousie University with a Bachelor's Degree in Commerce in 1996.

David Gelber is a founding partner of Castellain Capital LLP. David Gelber began his career in trading in 1976 when he joined Citibank in London. He has since held a variety of senior trading positions, particularly in derivatives, working for Citibank, Chemical Bank and HSBC, where he was Chief Operating Officer of HSBC Global Markets. In 1994 he joined ICAP plc, an inter-dealer broker, as Chief Operating Officer and assisted in implementing two mergers, first with Exco plc and then with Garban plc. David remains a consultant to ICAP plc. Furthermore, David currently serves as the chairman of Walker Crips Group plc and holds a number of other directorships. David has a BSc in Statistics and Law from the University of Jerusalem and an MSc in Computer Science from the University of London.

Jonathan Naggar is a founding partner of Castellain Capital LLP. Jonathan began his career at law firm Nabarro Nathanson where he qualified as a solicitor. He went on to found Admedia Limited in 1995 where he was Chief Executive Officer and is currently Executive Chairman. Additionally, since 2008 he has become a director of a number of companies including fashion retailer Austin Reed Group Limited and property investment company Lys Properties Limited. Jonathan has an LLB (Hons) in Law from the University of Southampton and qualified at the College of Law in London.

David Gelber and Jonathan Naggar are non-executive partners and direct investors in funds managed by Castellain Capital LLP.

Pardip Bains
Business Development

D: +44 (0)20 7034 1917

M: +44 (0)7886 575 659

E: pardip@cascap.co.uk



34 New Cavendish Street
London
W1G 8UB