



## Castelnau Group Limited (CGL) – June 2023

Share Price: £0.76

Net Asset Value: £0.70

Premium: 8.6%

Market Cap: 242m

Data as of 30 June 2023

Portfolio Position - 30 June 2023	(%)
Dignity / Valderrama	68.5
Hornby	6.0
Phoenix SG Ltd (Stanley Gibbons)	7.4
Cambium	5.4
Others <3%	9.6
Cash Balance	3.1

### Investment Performance

In June, the NAV was down 5.4% whilst the share price increased 1.3%, versus the FTSE All Share (incl. Dividends), which was up 1.0%.

### Portfolio Activity

The main contributors to the underperformance were Hornby and Cambium, both down 2%.

Hornby fell 22% in the month after publishing its full year results. Whilst sales and margin improved on the previous year, it was not enough to counteract an increase in fixed costs. Digital sales (a key strategic initiative) showed strong growth and we are encouraged by the initial work done by new CEO, Olly Raeburn, since he joined in January this year.

The Cambium valuation was reduced at the end of June following a review of the business progress in the first half of the year. The business has suffered from a fluctuating level of sales following the pandemic. From wedding activity reducing to almost zero, the second half of 2021 and 2022 saw a huge recovery. 2023 has seen a revision to pre-COVID levels with sales a little below previously expected levels. This is understandable in the context of the pandemic related business patterns in recent years.

We have previously written that costs increased in 2022 to cope with the huge increase in volume and the business is currently looking to implement a more efficient customer service and fulfilment infrastructure through automation and the use of AI.

On a positive note, the business launched its “Little List” product earlier this year, which caters for the baby market. This has been well received with 2500 registrations to date and holds significant promise for the future.

### Castelnau Update

The Company is pleased to note the announcement by Hornby Hobbies plc, part of the Castelnau portfolio, that it has purchased a 25% stake in Warlord Games Limited. The announcement can be found [here](#).



### Castelnau Group Track Record

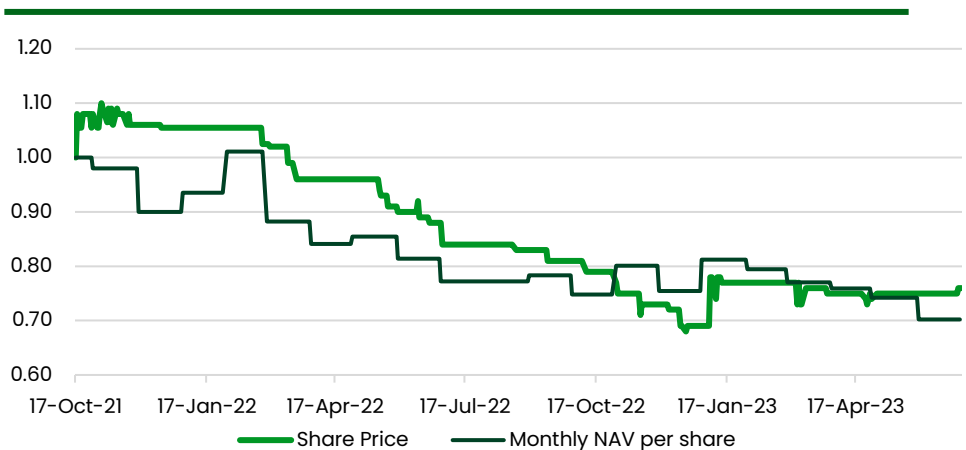
Performance	NAV Return %	Share Price Total Return** %	All-Share Index ** %	Relative NAV to ASX %
2023 (to 30 June)	-6.4%	10.1%	2.6%	-9.0%
2022	-19.8%	-34.6%	0.3%	-20.2%
2021 *	-6.5%	5.5%	2.5%	-9.0%
Cumulative*	-29.8%	-24.0%	5.5%	-35.3%

\* From 18th October 2021.

\*\* Share price return with dividends reinvested; All Share Index returns with dividends reinvested. Past performance is not a reliable indicator of future performance.

Source: Bloomberg, Phoenix Asset Management Partners Limited

### Castelnau Group Share Price & NAV per Share – 30 June 2023



Past performance is not a reliable indicator of future performance.

Source: Bloomberg, Phoenix Asset Management Partners Limited



Net Asset Value Table – 30 <sup>th</sup> June 2023		£m
Valderrama		191.0
Hornby		16.6
Phoenix Stanley Gibbons		20.6
Cambium Group		14.9
Rawnet		6.6
Ocula		4.9
Silverwood		3.4
Showpiece		0.0
Dignity		0.0
<b>Total Equities</b>		<b>258.1</b>
CGSL		0.1
Prepaid Fees		0.0
Loans to enabling companies		11.8
Cash		8.7
Short Term Bonds		0.0
GAV		278.7
Accrued Liabilities		-6.8
Borrowing for the Dignity transaction		-48.2
NAV		223.7

Source: Phoenix Asset Management Partners Limited

The Investment Manager does not believe a potential tax charge would arise on the realisation of the fair value gains set out in this report

## Investment Objective

The Company's investment objective is to compound Shareholder's capital at a higher rate of return than the FTSE All Share Total Return Index over the long term. The Company will seek to achieve a high rate of compound return over the long term by carefully selecting investments using a thorough and objective research process and paying a price which provides a material margin of safety against permanent loss of capital, but also a favourable range of outcomes. The Company will follow a high conviction investment strategy. The expertise and processes developed by the Investment Manager can be applied to all parts of the capital structure of a business, both private and publicly quoted. These positions could be represented by a minority stake, a control position combined with operational involvement, full ownership of a company, a joint venture, a loan or convertible instrument, a short position or any other instrument which allows the Company to access value.

## Contact

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**Portfolio Manager:** Gary Channon  
**Listing:** Specialist Fund Segment, London Stock Exchange  
**Inception Date:** 18 October 2021  
**ISIN:** GG00BMWWJM28  
**Bloomberg:** CGL

## Fees

**Management:** None  
**Performance:** In order for the Investment Manager to earn a performance fee, the total NAV return must have outperformed the FTSE All Share Total Return Index over a 3-year period. The performance fee will be equal to one-third of outperformance and will be paid in Castelnau Group shares.

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