



Castelnau Group Limited (CGL) – June 2024

Share Price: £0.77

Net Asset Value: £0.99

Market Cap: £245.8m

Data as of 30 June 2024

Portfolio Position 30 June 2024	(%)
Dignity / Valderrama	83.5
Hornby	4.8
Cambium	2.1
Phoenix SG Ltd (The Strand Collectibles Group)	0.9
Others <3%	8.8
Cash Balance	0.0

Investment Performance

We have announced this morning that at the end of June, the NAV was up 34.5%. The share price during June was down 1.9%, compared to the FTSE All Share (incl. Dividends), which was down 1.2%, albeit the market hasn't had the opportunity to react to the higher NAV during the period, at the time of this report.

Portfolio Valuation

The main contributor to the performance was Dignity/Valderrama, which was up 45.7% (with a NAV impact of 43.0%). The primary driver of this uplift is the reduction in net debt which has been facilitated primarily by surplus that has been withdrawn from the funeral plan trusts. This money (net of tax) alongside receipts from freehold disposals will be used to repay noteholders c. £80.0m. This repayment is in addition to the £15.6m that was announced in May. The repayment of the debt will significantly reduce the covenant hurdles to a level where the business should be able to operate within and reduce the annual debt service by c.£11m. In addition, the assumptions driving the trust valuation have been aligned to the latest actuarial valuation, creating a positive uplift.

Partially offsetting this were movements in Strand Collectibles (down 67.2%), Cambium (down 34.5%), Hornby (down 21.6%) and Rawnet (down 52.3%). Cambium and Rawnet have been affected by challenging current trading environments impacting their valuation, and Stanley Gibbons to management change and further revision to the business plan. Hornby's valuation has directly followed its share price performance. We will discuss each of these moves in much more detail during the next quarterly report.

Portfolio Update

Zillah Byng-Thorne (ex-CEO of Future) officially joined Dignity as CEO on 1 June – Zillah has a great track record and we are delighted she will now be leading the team at Dignity.

Ian Griffiths (ex-CFO of ITV) has joined the board of the Strand Collectibles Group.

Richard Thompson (ex-CEO of RWS Group) has joined the board of The Cambium Group.

Silverwood released its audited results for the year ended 31 December 2023 – for more, please follow the link here.



Castelnau Group Track Record

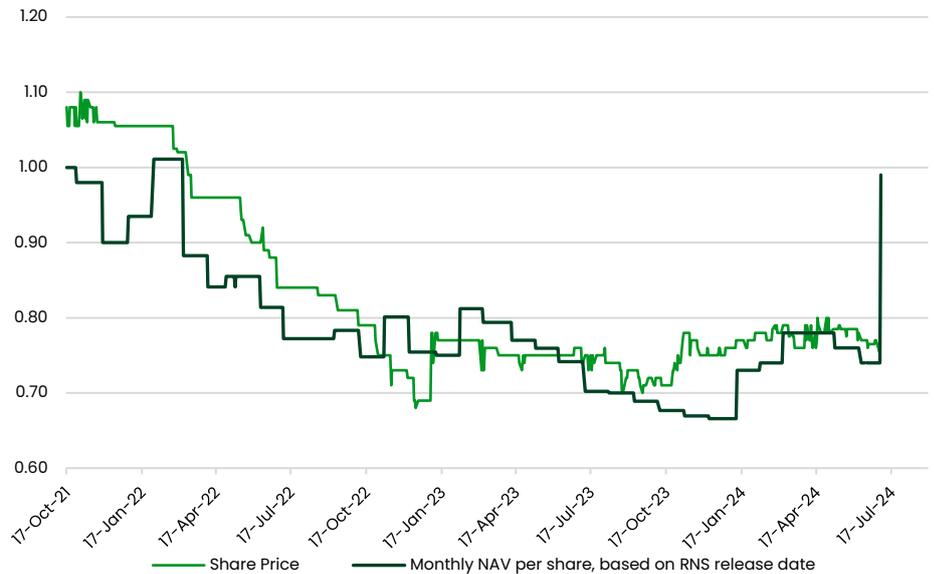
Performance	NAV Return %	Share Price Total Return** %	All-Share Index ** %	Relative NAV to ASX %
2024 (to 30 June)	37.0%	2.0%	7.4%	29.6%
2023	-3.3%	9.4%	7.9%	-11.2%
2022	-19.8%	-34.6%	0.3%	-20.2%
2021 *	-6.5%	5.5%	2.5%	-9.0%
Cumulative*	-0.5%	-23.0%	19.2%	-19.8%

* 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 2024



Past performance is not a reliable indicator of future performance.

Source: Bloomberg, Phoenix Asset Management Partners Limited



Net Asset Value Table – 30 June 2024

Asset	£m
Dignity / Valderrama	323.6
Hornby	18.5
Phoenix SG (Strand Collectibles)	3.4
Cambium	8.0
Rawnet	2.4
Ocula	5.4
Silverwood Brands	7.0
CGSL	-0.1
Showpiece	0.0
Total Equities	368.1
Prepaid Fees	0.2
Loans to enabling companies	19.1
Cash	0.0
Short Term Bonds	0.0
GAV	387.4
Accrued Liabilities	-11.9
Borrowing for the Dignity transaction	-58.0
NAV	317.5

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

Phoenix Asset Management Partners Ltd
64 – 66 Glenthams Road London SW13 9JJ
Tel: +44 (0) 208 600 0100
Fund Manager since 18 October 2021
Email: info@castelnau.com

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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