



**Keith Ashworth-Lord**  
**ConBrio Sanford**  
**DeLand UK**  
**Buffettology 159.8p**

**ISIN:**  
 GB00B3QQFJ66 (Inc)  
**Minimum investment:**  
 £500  
**Three-year annualised performance:** 16.9%

**FUND FACTS**

**Launch date:**  
 28/03/2011  
**Fund type:**  
 Oeic  
**Fund size:**  
 £17 million  
 (as at 28/03/2014)  
**Dividend yield:**  
 n/a  
**Sector:**  
 IMA UK All Companies

**TOP TEN EQUITY HOLDINGS (AS AT 28/03/2014)**

Company	%
Driver (DRV:AIM)	5.7
Dart (DTG:AIM)	5.0
Cash	5.0
Lavendon (LVD)	4.2
Trifast (TRI)	4.2
Liontrust Asset Management (LIO)	4.1
Mattioli Woods (MTW:AIM)	4.1
Scapa (SCPA:AIM)	3.8
Dixons Retail (DXNS)	3.7
NCC (NCC)	3.7
<b>TOTAL</b>	<b>43.5</b>

All data as of 28/04/2014 unless stated otherwise  
 Source: Sanford DeLand, Trustnet, Morningstar

# Buy like Buffett

*Modest money manager is following in the Sage of Omaha's footsteps*

JAMEX CRUX

**U**K investors seeking to profit from the proven investment principles of Warren Buffett need not splash out \$190,557-a-pop on shares in **Berkshire Hathaway (BRK/A:NYSE)**. There is an alternative pathway to build and preserve wealth along the guidelines of the legendary 'Sage of Omaha'.

It is provided by modest-yet-steely Keith Ashworth-Lord, founder of Sanford DeLand Asset Management and manager of its **ConBrio Sanford DeLand UK Buffettology** fund seeking to mirror the wizened US master's strategy. The £17 million open-ended investment company earlier this year (28 Mar) celebrated the third anniversary of its launch since which time the fund has comfortably outperformed its IMA UK All Companies peer group (see opposite).

Former equities analyst Ashworth-Lord first attended the Berkshire Hathaway AGM in 1998, is one of a lucky few to have been granted a one-on-one audience with Buffett and Charlie Munger in Omaha and is friendly with a US group known as 'the Buffettologists' due to their devotion to the investment guru's credo.

**DETERMINED DISCIPLE**

Intriguingly, the fund's 'Buffettology' trade mark is the subject of an exclusive 10-year licence covering the UK and Ireland. Mary Buffett and David Clark (the manager of a US investment partnership under the Buffettology imprimatur), authors of the 'Buffettology' book that offered an accessible exposition of Buffett and Munger's teachings, are its licensors. One core tenet

Ashworth-Lord took from this book was the over-riding importance of concentrating on the economics of a business, and discarding those companies that don't stack up against a set of pre-determined criteria.

'Only an excellent business bought at an excellent price makes an excellent investment,' is one of Ashworth-Lord's mantras. 'In a nutshell, we're business perspective investors. All we look at are businesses. We are completely bottom-up – there's no top-down allocation.'

Key criteria for companies considered for the fund include a comprehensible business model, an enduring franchise with pricing power, relatively predictable earnings, strong free cashflow, a robust balance sheet and a management team focused on delivering shareholder value. Also of paramount importance are high returns on capital employed. Ashworth-Lord outlines a 'holy trinity' of characteristics which inform his choices (see below).

**ASHWORTH-LORD'S HOLY TRINITY**

1. Enduring franchise with growth prospects and pricing power
2. High average and incremental returns on invested capital and equity
3. Converts most if not all accounting earnings into free cashflow

'I want assets that produce lots of cash for me, the owner,' explains Ashworth-Lord, who seeks to invest meaningful amounts of capital in relatively few companies, receive more in value than he pays in price and hold for the long-term in firms he understands. His portfolio is a fairly concentrated book of between 25 to 30 names, 'but it could be a lot more concentrated for my liking. I try to keep the portfolio turnover low because I'm a long-term investor.'

**COMPOUND MAGIC**

'ROE (return on equity) is a very powerful tool,' stresses Ashworth-Lord, enthused by the benefits of a high ROE harnessed to the powerful engine of compounding, which Buffett himself has called the 'Eighth Wonder of the World'. He marks out two firms, IT testing and cyber security supplier **NCC (NCC)** and soft drinks maker **A.G. Barr (BAG)**, as exemplars of companies consistently producing high double-digit ROEs whilst retaining their earnings. This contrasts to other

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high ROE names such as **Domino's Pizza (DOM)** – 'one of the original investments and a belting business' – or valve actuators maker **Rotork (ROR)** that have been serial special dividend payers or bought back shares, depleting the book value of their equity.

He argues IRN-BRU maker A.G. Barr 'ticks box after box on the Buffettology meter' and is clearly a fan of its strong franchise and ability to generate a sustainable, consistently-high ROE. Another classic Buffettology stock is growing patent translation group **RWS (RWS:AIM)**. 'It's the skills of the employees that give it its niche and RWS has very high returns on equity because it is asset light,' says Ashworth-Lord, also lauding its copious cash generation and formidable dividend growth track record.

Other holdings exhibiting Buffettology-like characteristics include **Games Workshop (GAW)**, the fantasy miniatures maker behind the Warhammer brand that sells products through its own 'hobby centres'. 'It is a complete subculture,' enthuses Ashworth-Lord, flagging the resilience of the industry and some high gross margins.

Safety equipment specialist **Latchways (LTC)** is another stock long-appreciated by the manager. He stresses the £120 million cap 'protects its IPR like you wouldn't believe' and is 'a first class business' with great products, cash generation, a track record of special dividends and a high return on equity.

### PORTFOLIO DRIVERS

Drivers of the fund's consistent top quartile performance range from **Dixons Retail (DXNS)** and **Liontrust Asset Management (LIO)** to airline-to-logistics group **Dart (DTG:AIM)**. Over recent months, the manager has mainly been buying on weakness where selling looks overdone. 'I backed up the truck for **International Personal Finance (IPF)** on overblown fears about its business model in Poland,' he explains, 'added more Domino's when CEO Lance Batchelor resigned and bought more Games Workshop after the fall post the interims'. **S**



**PORTFOLIO ASSET ALLOCATION BY SECTOR**  
(as at 28/03/2014)

Support Services	20.4
Financials	15.3
Chemicals	13.2
Travel & Leisure	11.4
Cash/Other	10.6
Industrial Engineering	7.3
Food & Beverages	5.9
Pharmaceuticals & Biotechnology	5.3
Retailers	3.7
Software & Computer Services	3.7
Media	3.1

Source: Sanford DeLand

### CUMULATIVE PERFORMANCE

