

UK EQUITIES

JAMES PHILLIPPS •
jphillips@citywire.co.uk

The ConBrio Sanford DeLand UK Buffettology fund has its colours nailed firmly to the mast and has proven since launch that the process of veteran US investor Warren Buffett can be applied to the domestic market.

While Buffett's overseas investments have been infrequent and have had mixed results, Citywire A-rated Sanford DeLand fund manager Keith Ashworth-Lord has demonstrated the great man's investment principles are truly universal.

Although the fund remains small at £28.3 million, its profile is rising fast after it capped consistent outperformance since launch in 2011 with sector-leading returns in 2015.

Last year, the fund was up 27.22% versus the UK All Companies sector average of 4.86%, and over four years it is ranked fourth in the peer group after returning 98.4%.

Its recent performance is in stark contrast to that of Buffett's Berkshire Hathaway, which fell 12.67% last year.

However, Ashworth-Lord is not one to worry about short-term noise. His approach centres on business perspective investing, the blueprint for which was devised by Buffett's inspiration, Benjamin Graham, widely regarded as the grandfather of value investing. The focus is very much on measuring individual companies' economic value and projecting this into the future.

'I am looking for quality companies and most are so cash-generative that they have strong balance sheets,' Ashworth-Lord said. 'Is a company's earnings power good and getting stronger or is it static or in decline? You need to look ahead five to 10 years and then try and value it, and that is one area I feel I have an advantage in.'

Investment process

Ashworth-Lord places great emphasis on finding companies with transparent financials, growing earnings, attractive free cashflow conversion and high barriers to entry. When he has identified an opportunity, he is happy to take a buy and hold approach, running a concentrated multi-cap portfolio of

How the top UK fund shows Buffett's process has successfully crossed the pond

25-30 stocks with low fund turnover.

'Once I've got a holding in something, I will hold it forever if necessary. If the company's operating performance is up to scratch and it is behaving as expected, then I am not worried if it has a dip in any one year, as long as nothing has gone fundamentally wrong,' he said.

'It is a similar approach to [Lindell Train fund manager] Nick Train and, like him, I aspire to have one year of zero turnover.'

Ashworth-Lord said turnover spiked to 23.2% in 2015, more than double its average of around 10% annually since launch. However, this was largely due to having to handle a £3 million redemption earlier in the year, without which it would have been circa 15%.

The latter part of the year was punctuated by several months of positive inflows, leaving the fund sat on £3.7 million of cash at the end of

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**CONBRIO
SANFORD
DELAND UK
BUFFETTOLOGY**

FUND SIZE:
**£28.3
MILLION**

2015 RETURN
27.22%

VS UK ALL
COMPANIES
SECTOR AVE
4.86%

**KEY
HOLDINGS
INCLUDE:**

- BIOVENTIX
- MATTIOLI WOODS
- DART GROUP
- DOMINO'S PIZZA



November. Ashworth-Lord will not be rushed into putting this money to work, but he has been taking advantage of price movements to top up some existing holdings.

Beaten up stocks

One such position is Rotork, which makes actuators for the oil industry, and has been 'beaten up' after suffering a string of business referrals on the back of the commodity's price slump.

'It's in an interregnum period, but it is a great business and it will come back,' Ashworth-Lord said.

'Rotork also sells its products into different industries, including power generation, and water and waste water. There is more to them than oil and gas, and it has a balance sheet like Fort Knox.

'I've been buying it at 170p on a three to five-year view and believe it will do very well. If you are buying a good company, you don't care if it doesn't perform over the next six to 12 months.'

His largest holding is in biotech firm Bioventix, which he describes as the 'nearest thing to being bomb-proof'. It generates significant cashflow through its low cost antibodies, which have a very strong market position, and it is also bringing through a new heart drug.

'It has written down all of its R&D, is so cash-generative and is a very pure business.'

Other key holdings include Mattioli Woods, Domino's Pizza and Dart Group. Ashworth-Lord concedes the latter, which

owns the Jet2 airline, is 'very un-Buffet-like', having large fixed assets, but has strong management and has risen sevenfold since he bought it. ●