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MONEY

Buffett sets the bar; this man clears it

Britain's answer to the billionaire American investor has produced dramatic returns by following his idol's philosophy, writes *Holly Black*



Keith Ashworth-Lord

Ashworth-Lord starts his investment research by poring through 10 years of a company's accounts, scoring the business on various factors. Only if that score is high enough does he do what he calls "the detailed work". After that, there are some complex financial equations and possibly a meeting with management.

It can take 18 months to decide whether or not to back a business. "Ten or 20 years of financial figures do not lie. They tell you everything about the shape of a company and what is going right or wrong with it," he said.

"People aren't wired to invest this way. You have to have discipline and patience, but people want excitement and activity— they think that means results. Quite often, doing nothing is the best thing."

Yet for all his research, things don't always immediately go right. Ashworth-Lord looked at accounts dating to 1994 before investing in Games Workshop in 2011, but it took five years to come good. It is now among the fund's most successful holdings: the shares have soared from 373p to £28.75 since he bought them.

The stock is one of 12 that he has held since the fund's launch. "There are so few great businesses out there that when we find one, we don't want to lose it."

For that reason, when he has spare cash to invest, he is more likely to add to existing holdings than introduce a new company into the portfolio.

While many investors were getting spooked in October as the stock market dipped, he ploughed £55m into investments he already held, including CraneWare, a healthcare software firm, and Bioventix, an antibody maker.

The only companies in his portfolio in which he did not increase his stake were those in which he already has a large holding, such as the aviation service Air Partner. "We also didn't add to [the bar, restaurant and party group] Revolution Bars, as that has been on the naughty step for a while, or the Restaurant Group, because I'm not happy with the price they're paying for Wagamama."

Like Buffett, Ashworth-Lord stays out

of the world of high finance. He is tucked away in the Lancashire countryside, which he says helps him keep a clear head when he's making decisions.

Born in the village of Wardle in Greater Manchester, Ashworth-Lord went to uni-versity and then worked in London, returning to the north of England when he started his own firm. "I don't like the groupthink and gossip in London. I can think clearly up here. Buffett says the same thing."

The day starts at 7am when he reads the papers in bed on a mobile phone app before taking the 14 steps to his home office overlooking the Pennines.

Breakfast is usually a bowl of soup at 9.30am while he deletes emails and research sent in by brokers.

Occasionally he visits his office in Manchester, a short drive away in his red convertible Ford Mustang.

Ashworth-Lord fell in love with the classic car while on a trip to America.

Three months of the year are spent at his second home in Florida with his wife, Carole; their two children – Rick, 28, and Lisa, 25 – are frequent visitors. And, of course, he keeps tabs on his fund's name-sake: "I do pay attention to what Buffett does because he interests me, but I don't always agree with him." He has met Buffett just once, in 1997, when they had a 20-minute chat.

While Ashworth-Lord has been spend-ing quite heavily of late, he insists money is "coming in the front door quicker than we can get it out of the back door" as the stellar performance of the fund attracts the attention of investors.

The Buffettology fund has returned 93% over the past five years, compared with a return of 28.9% from the UK All Companies sector. Over the past six months, while many investors have been pummelled in a volatile stock market, he has returned 2.3%; the average fund in the sector has lost 9.4%.

He has even beaten his idol, delivering a 204% return since 2011, while Buffett's Berkshire Hathaway

investment vehicle has returned 158% over the same period.

But Ashworth-Lord also invests in the man himself. "I have been concerned people would think I am just coat-tailing Buffett. Before I first invested in Berkshire Hathaway, I asked investors if they were happy for me to do that. They were mostly just surprised I didn't already."

This month, for the first time, the Buffettology fund reached £500m of assets under management, and also recorded a record-breaking day, when £7.2m poured into the fund in 24 hours.

As if to vindicate his investment strategy, Buffett has been putting money into his own firm in recent months. Ashworth-Lord said: "I like that I bought shares in Berkshire Hathaway at a lower price when I invested than Buffett is paying for them now. That's a great feeling."

He calls himself an "old economy" investor. "I like businesses I can understand – where I can understand the products, the industry and competitors."

That means you will find industrial, engineering and chemicals companies such as the industrial adhesives maker Scapa in the fund, as well as travel and leisure stocks. Ashworth-Lord is wary of investing in tech companies but mindful of how disruptive businesses could derail some of his financial bets. It is a lesson he learnt the hard way with an investment in the funeral provider Dignity, when the advent of comparison websites changed the entire industry almost overnight and sent shares spiralling.

It is also why he recently sold his stake in Domino's Pizza – a company he has invested in since the launch of the fund –because the rise of apps such as Deliveroo and Just Eat have made the fast-food industry extremely competitive. In other words, as Warren Buffett might have observed, a barrier to prospective rivals had fallen.

BATTLE OF THE BUFFETTOLOGISTS

	Keith Ashworth-Lord, 62	Warren Buffett, 88
Fund Launched	Buffettology	Berkshire Hathaway
5-year return	2011	1964
Net worth	93%	88%
	Not known	£67bn
Family	Wife Carole, children Rick, 28, and Lisa, 25	Second wife Astrid Menks, children Susan, 65, Howard, 63, and Peter, 60
Born	Wardle, Lancashire	Omaha, Nebraska
Home	Rochdale, Greater Manchester; second home in Florida	Omaha, in the same house he bought for \$31,500 in 1958; holiday home in California
First job	Designing anti-tank missiles for BAE	Paper boy