ConBrio Sanford DeLand UK Buffettology

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ConBrio
THE SPIRIT OF INVESTMENT

| Fund Strategy |

The Fund Manager's investment methodology is based upon the principle of Business Perspective Investing. We also run a concentrated portfolio of investments and try to keep portfolio turnover down. Companies selected for investment consideration must exhibit several important criteria:

- Comprehensible business model;
- Transparent financial statements;
- Enduring franchise with pricing power;
- Consistent operational performance with relatively predictable earnings;
- High returns on capital employed;
- Strong free cash flow;
- Strong balance sheet;
- Management focused on delivering shareholder value; and
- No undue reliance on acquisition-led growth.

| Fund Objectives |

To achieve an annual compounding rate of return over the long term which is superior to the performance of the UK stock market.

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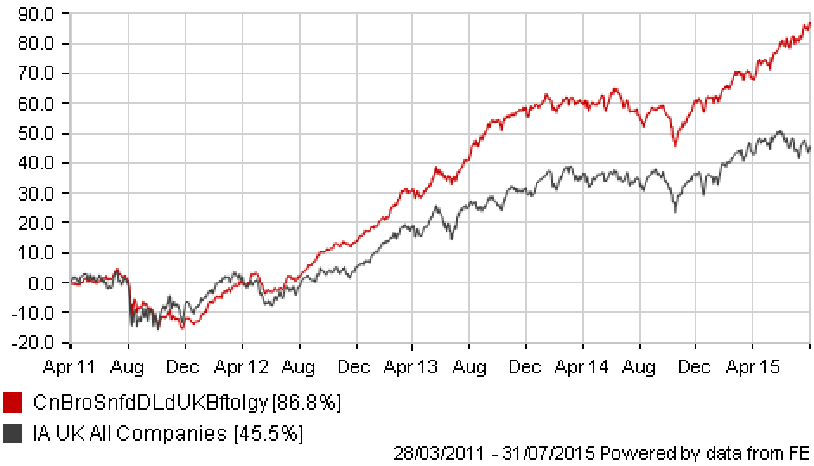
Money Observer Fund Awards 2015
Best smaller UK growth fund
ConBrio Sanford DeLand UK Buffettology

Performance Record



| Key Facts |

Fund Size:	£19.1m
Launch Date:	28 March 2011
Sector:	IA UK All Companies

| Top 10 Holdings |

	%
Scapa Group	6.53
Bioventix	6.41
Trifast	6.19
Cash	5.93
Mattoli Woods	5.32
Liontrust Asset Management	4.87
Dart Group	4.67
NCC	4.61
Provident Financial Group	4.19
Air Partner	3.78
TOTAL	**52.5**

| Asset Allocation |

	%
Financials	20.0
Chemicals	12.4
Travel & Leisure	11.9
Pharmaceuticals & Biotechnology	11.3
Support Services	10.6
Industrial Engineering	9.8
Cash/Other	8.8
Software & Computer Services	4.6
Food & Beverages	3.9
Retailers	3.5
Construction & Materials	3.2

Discrete Annual Performance (%)

Share Type	2015(YTD)	2014	2013	2012	2011
Income	15.4	1.5	36.0	34.2	-

Discrete Annual Performance to Quarter End 30 June 2015 (%)

Share Type	30/06/2014 30/06/2015	30/06/2013 30/06/2014	30/06/2012 30/06/2013	30/06/2011 30/06/2012	30/06/2010 30/06/2011
Income	13.0	17.4	37.1	-3.8	-

Cumulative Performance to 31 July 2015 (%)

Share Type	3 Months	6 Months	1 Year	3 Years	5 Years
Income	7.7	12.8	19.8	84.0	-
Official Sector	-0.3	4.5	8.6	47.4	67.4

Performance quoted on a total return, bid to bid, UK sterling basis. Past performance is not a guide to the future. The price of units and shares and the income from them may go down as well as up and you may get back less than you invested.

Source: Financial Express. 20/08/2015

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Fund developments and comments

Keith Ashworth-Lord, Investment Director & Fund Manager, Sanford DeLand

I spent quite a bit of time last month reprising what I look for in the best businesses I can find. Conceptually, I group these into 'Investment's Holy Trinity'. I want: (i) an enduring franchise with growth prospects and pricing power; (ii) high returns on capital and equity; and (iii) superior conversion of accounting earnings into free cash flow. You have also heard me talk about assessing a company's competitive advantage using Michael Porter's Five Forces framework, i.e. threat of new entrants, intensity of rivalry among existing competitors; pressure from substitute products, bargaining power of customers and suppliers. I try to appraise how a firm treats its customers and suppliers, as well as to understand the nature and quality of its competitive advantage. Porter's five forces and SWOT analysis combine to make a powerful tool. It points me in the direction of why a company might be making superior returns and flags up the questions I need to ask management.

Management is the glue that holds the whole thing together. Barriers to entry and management quality are the biggest factors in determining how certain and predictable earnings and cash flow projections are going to be. But how do you assess management quality? At first glance, this appears to be a subjective judgement but on deeper digging, you usually find that a favourable appraisal is supported or otherwise in the ten or twenty years of ratio analysis that I hold on most companies in the portfolio. Numbers gathered over this length of time do not lie. When you have scores of key performance indicators and business ratios to pore over, you are not short of material to help you.

Different ratios will be more relevant for certain types of business. A retailer has a very different dynamic and business model than a manufacturer or a distributor. To give a unique example, Games Workshop has been trying to get cost out of its business by transitioning to one-man operated stores and using lease renewals to move from prime sites to secondary locations. So an obvious performance measure of management success here is to analyse operating lease rentals per store. This measure had moved up from approximately £32,400 in 2004 to £34,100 in 2010. In the financial year just ended, it has fallen back to £18,400. Alongside this, staff costs to sales have come down and sales per employee gone up from £61,235 in 2010 to £72,027 in 2015. Clearly there is something good going on here.

You want to be joining with executives who act with the owner's eye. There are a number of determinants of this. Firstly, backing managers who are focused on delivering shareholder value. In respect of this, I count a progressive dividend policy and the return of surplus capital to owners as a good indicator. Also effective capital allocation. Secondly, backing managers who are candid with shareholders. If things are going awry or trading is difficult, I don't want to find out via the back door. Thirdly, it is my experience that the best managers base their strategy on organic growth rather than frenetic acquisition activity. And lastly, no airs and graces please.

Access to senior management is interesting. In the mid and small cap space, I have little problem setting up meetings with the right people despite our still being a relatively small fund. The same is not true of large caps with their elaborate investor relations department shields. In reality though, that first meeting is probably the most revealing and valuable. I tend to manage by exception. I usually know if things are going right and I don't want or need all the minutiae that sell-side analysts crave. In fact, most CEOs and FDs are probably surprised by how little I pester them. Over the years, I've discovered that less is more; certainly when it comes to honing that sixth sense warning that something isn't going quite right.

In July, the Fund share price increased by 3.8% from 179.53p to 186.30p. This was better than the 2.3% rise in the UK stock market and it marked our fifth consecutive month of out-performance. In 2015 to date, the Fund is up by 15.3% compared to 3.4% for the market. Of 16 gainers on the month, Liontrust led the way with a 22.1% rise, followed by RWS +17.8%, Domino's Pizza +16.0%, Bioventix +11.7% and Dart +11.7%. There was only one double digit faller, IPF -14.1% on further worries about Poland. Three investments were trimmed and one increased.

Fund Information

Initial Charge	General & Institutional 0%
Investment Adviser Fee	General 1.5%pa & Institutional 1%
Annual Management Charge	Combined ACD & Admin fee 0.2%pa (min £45,000pa)
Accounting Dates	28 February, 31 August
Payment Dates	27 May, 27 November
Valuation Point	12 noon, daily
Sedol Code	General Inc: B3QQFJ6 Institutional Inc: BKJ9C67
Share Class	General Income & Institutional Income Shares
Published Price	www.theconbriofunds.co.uk
Min. Investment	General £500, £50pm & Institutional £250,000
ISA eligible	Yes, stocks & shares

Investment Team

I Sanford DeLand Asset Management Ltd I

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ASSET MANAGEMENT

Business Perspective Investors