November 2015

# ConBrio Sanford DeLand UK Buffettology

ConBrio OEIC

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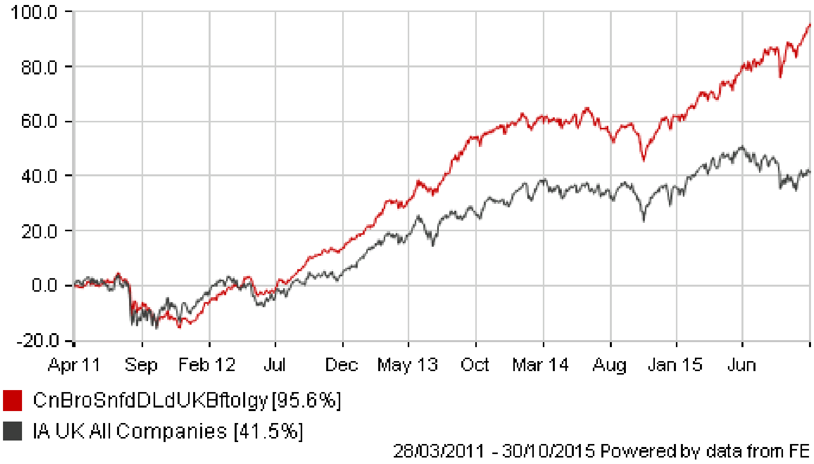
Money Observer Fund Awards 2015 — Best smaller UK growth fund — ConBrio Sanford DeLand UK Buffettology

investors CHRONICLE — Top 100 Funds 2015 — Sanford DeLand Asset Management Ltd

## Performance Record




## Discrete Annual Performance (%)

| Share Type | 2015(YTD) | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| Income | 20.9 | 1.5 | 36.0 | 34.2 | - |

## Discrete Annual Performance to Quarter End 30 September 2015 (%)

| Share Type | 30/09/2014<br>30/09/2015 | 30/09/2013<br>30/09/2014 | 30/09/2012<br>30/09/2013 | 30/09/2011<br>30/09/2012 | 30/09/2010<br>30/09/2011 |
|---|---|---|---|---|---|
| Income | 18.2 | 1.4 | 38.7 | 26.8 | - |

## Cumulative Performance to 31 October 2015 (%)

| Share Type | 3 Months | 6 Months | 1 Year | 3 Years | 5 Years |
|---|---|---|---|---|---|
| Income | 4.7 | 12.8 | 27.2 | 73.7 | - |
| Official Sector | -2.8 | -3.1 | 6.9 | 35.8 | 50.2 |

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. 23/11/2015

## | Key Facts |

| | |
|---|---|
| **Fund Size:** | £21.2m |
| **Launch Date:** | 28 March 2011 |
| **Sector:** | IA UK All Companies |

## | Top 10 Holdings |

| | % |
|---|---|
| Cash | 7.17 |
| Bioventix | 6.52 |
| Scapa Group | 5.73 |
| Mattoli Woods | 5.49 |
| Domino's Pizza | 5.14 |
| Trifast | 5.10 |
| Dart Group | 5.00 |
| NCC | 4.85 |
| Provident Financial Group | 4.51 |
| RWS Holdings | 3.87 |
| **TOTAL** | **53.38** |

## | Asset Allocation |

| | % |
|---|---|
| Financials | 19.0 |
| Travel & Leisure | 13.3 |
| Pharmaceuticals & Biotechnology | 12.2 |
| Chemicals | 11.5 |
| Cash/Other | 10.5 |
| Industrial Engineering | 9.2 |
| Support Services | 8.4 |
| Software & Computer Services | 4.8 |
| Food & Beverages | 4.1 |
| Construction & Materials | 3.8 |
| Retailers | 3.2 |

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## Fund developments and comments

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

In 1975, I not only campaigned for Britain to stay in the Common Market but also entertained favourable impressions of a United States of Europe. Suffice to say, the naivety of youth has long since given way to a more mature vision of reality. As my GP once said to me, "Keith, if you're not a socialist at 20, you have no heart and if you're not a conservative at 40, you have no brain". I'm not entirely sure that this ever really applied to me but I am absolutely sure that this time round I will be voting to leave the EU. My reasons are both political and economic and I can only scratch the surface here.

Let's deal quickly with the politics. Mikhail Gorbachev famously asked why we were trying to recreate the old Soviet Union in Western Europe. Power resides in the Commission and appointed Commissioners openly boast about not having to pursue policies popular with the voters because they don't have to get re-elected. Enough said. The constitutional price of this is too high before we even start talking about our courts being overruled or Anglo-Saxon culture being under threat.

What about the economics? There is rubbish talked about 3 million British jobs dependent upon trade with the EU. This trade is not going to stop with Brexit. We run a deficit with the rest of the EU and turkeys don't vote for Christmas. A reciprocal trade deal will be hammered out; it's in everyone's interest. Trade with the EU will always be important but it is becoming less so. In the global scheme of things, the EU share of gross world product has almost halved in 35 years to just 17% today. The failed monetary union has accelerated this decline. The future lies in Asia, Latin America and, eventually, Africa. We need to be able to conclude our own trade agreements with countries in these regions and to retake our seat at the World Trade Organisation. We are, after all, the fifth largest economy in the world.

Then we hear more rubbish talked about the UK's exclusion from the Single Market. Countries all around the world export to the Single Market without being members of it. OK, we will need to conform with some EU rules and regulations but that is no different from exporting to countries like the US, India or China. Being inside the Single Market means we have to comply with all such rules for the whole of our economy. And on the subject of rules and regulations, bureaucracy and red tape pile on additional costs and put small and medium sized businesses – those that create most new jobs – at an immediate disadvantage. Meanwhile, large businesses that can afford such costs effectively get another barrier to entry. Given their leverage with the Commission, it is no wonder that organisations like the CBI who represent large businesses are cheerleaders for the EU.

What also concerns me is the fear and negativity peddled by those that want to Remain. They sound to me like Little Europeans afraid to stride the global stage. By contrast, the Leave brigade come across as outward looking and confident. I cannot help but remember that the people now predicting doom from leaving the EU are the people who said exactly the same thing about us not joining the euro! That didn't play well for them, did it?

I have studiously avoided mentioning reforming the EU. Lyndon Johnson once described the Vice Presidency of the United States as "not worth a pitcher of warm spit". I fear the same description applies to David Cameron's 'renegotiation' of the terms of the UK's membership of the EU. Such as we know of his limited aims, they are underwhelming and even if achieved, there will be no treaty change to cement them. We know what happens to promises. In 2005, Tony Blair gave away almost a third of our hard-won budget rebate for supposed reforms to the Common Agricultural Policy. In 2015, we are still waiting.

September was a very good month indeed for the Fund's investments. News flow from our companies was excellent and this contributed to a 6.1% gain in the Fund share price from 183.41p to 194.60p. The UK market, by comparison, rose by 4.5%. There was a net £880k inflow of subscriptions. With this new money augmented by £550k received for the take-over of Latchways, £1.35m was put to work increasing existing holdings. There were 20 gainers, eight being double-digit and led by AB Dynamics (+31.6%), RWS Holdings (+24.3%) and Domino's Pizza (+22.7%). There were five single-digit fallers and one unchanged share price.

## 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<br>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