CFP SDL UK Buffettology Fund

Sanford DeLand
ASSET MANAGEMENT
Business Perspective Investors

Fact sheet - April 2023

Fund Information

Fund Manager:	Keith Ashworth-Lord
Sector:	IA UK All Companies
Launch Date:	28/03/2011
Fund Size:	£723.2m
Number of Holdings:	26
ACD:	ConBrio Fund Partners Limited

Platform Availability

Aberdeen, Advance by Embark, Aegon, AJ Bell, Aviva, EQi, Fidelity, Hargreaves Lansdown, Interactive Investor, James Hay, M&G Wealth, Novia, Nucleus, Pershing, Quilter, Transact and 7IM.

Ratings

ALPHA MANAGER 2022
Keith Ashworth-Lord

RSMR RATED FUND

Fund Manager

Keith Ashworth-Lord

Chief Investment Officer & Fund Manager

Keith has over 35 years' equity market experience and is a seasoned practitioner of 'Business Perspective Investing' as championed by Benjamin Graham and Warren Buffett. Keith founded Sanford DeLand in 2010. He holds a BSc in Astrophysics and a MSc in Management Studies and is a Chartered Fellow of the Chartered Institute for Securities & Investment.

Investment Analysts

Eric Burns — **Chief Analyst**

Eric has over 25 years' experience of UK equity markets. He joined Sanford DeLand in 2020, to lead the stock research process for the UK Buffettology and Free Spirit funds. He is a Chartered Fellow of the CISI and was voted Analyst of the Year at the 2015 UK SmallCap Awards.

Chloe Smith — **Investment Analyst**

Chloe joined in October 2021 as an Investment Analyst, with experience in UK and European equity research, as well as in sustainable and responsible investment. She graduated with a Law degree and a MSc in International Financial Analysis from Newcastle University.

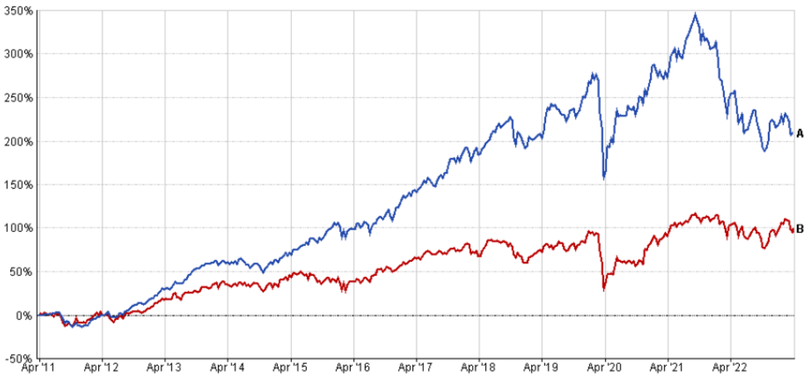
David Beggs — **Investment Analyst**

David joined Sanford DeLand in October 2020 as an Investment Analyst. He has a First Class Degree in Economics from Newcastle University and is a CFA Charterholder.

Fund Objective and Strategy

The investment objective of the Fund is to seek to achieve an annual compounding rate of return over the long term, defined as five to ten years, which is superior to the median performance of all of the funds forming the official peer group of which the Fund is part. 'Peer group' is defined as being the Investment Association sector to which the Fund has been allocated (currently being the UK All Companies Sector) or to which it may be allocated in the future, as determined by that body. Investments will be made principally in UK equities with strong operating franchises and experienced management teams, applying the methodology of Business Perspective Investing.

Pricing Spread: Bid-Bid   Data Frequency: Daily   Currency: Pounds



A—CFP—SDL UK Buffettology General Inc TR in GB [209.30%]
B—IA UK All Companies TR in GB [100.55%]

28/03/2011—31/03/2023 Data from FE fundinfo 2023

Cumulative Performance (%)

	1 Mth	3 Mths	1 Yr	3 Yrs	5 Yrs	Since Launch
Fund	-4.09	-2.51	-12.75	14.07	6.97	209.30
Sector	-3.36	2.63	-1.86	42.69	18.63	100.55
Rank	181/248	234/248	227/248	229/237	193/227	6/185
Quartile	3	4	4	4	4	1

Discrete Performance (%)

	2023 YTD	2022	2021	2020	2019	2018
Fund	-2.51	-23.38	8.76	3.85	25.25	0.37
Sector	2.63	-9.06	17.25	-6.01	22.24	-11.19
Rank	234/248	226/ 254	235/ 247	32/ 244	74/ 240	3/ 234
Quartile	4	4	4	1	2	1

Discrete Year to Quarter End Performance (%)

	Q1 2022 Q1 2023	Q1 2021 Q1 2022	Q1 2020 Q1 2021	Q1 2019 Q1 2020	Q1 2018 Q1 2019
Fund	-12.57	-7.13	43.36	-10.91	5.12

Source of performance data: FE fundinfo as at 31/03/2023.

Past performance is not a guide to future performance.

Investment in the Fund carries the risk of potential loss of capital.

*** £50 Regular saver minimum applies once the £500 minimum investment is met.**

**** The Ongoing Charge Figure has been calculated as of 28/02/2023.**

Share Class Information

Share class	Min. Investment	Min. Saver*	Initial Charge	Investment Adviser Fee	Ongoing Charge **	Payment Dates	ISA Eligible	ISIN	CITI Code	Bloomberg	MEXID
General Income	£500	£50	0.00%	0.95%	1.15%	30th Apr 31st Oct	Yes	GB00BKJ9C676	K6LW	PRESINI:LN	BDAADV
General Accumulation	£500	£50	0.00%	0.95%	1.15%	30th Apr 31st Oct	Yes	GB00BF0LDZ31	O5M6	CSUKBIA:LN	CFSMC

Top 10 Holdings (%)

Games Workshop Group	9.87%
Bioventix	5.55%
Jet2	5.25%
Liontrust Asset Mgmt.	5.17%
Berkshire Hathaway 'A'	5.16%
AB Dynamics	4.99%
Rollins	4.88%
Relx	4.79%
London Stock Exchange	4.39%
Focusrite	4.37%

Sector Allocation (%)

Financial Services	16.29%
Support Services	12.07%
Leisure Goods	11.24%
Pharmaceuticals & Biotechnology	8.90%
Software & Computer Services	7.88%
Technology Hardware & Equipment	7.03%
Food & Beverages	6.73%
Travel & Leisure	5.25%
Industrial Engineering	4.99%
Construction & Materials	4.81%
Media	4.79%
Cash	4.25%
Chemicals	4.19%
Retailers	1.58%

Important Information

All data as at 31/03/2023 unless otherwise stated
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Fund Commentary

Oscar Wilde is not likely to be cited in many investment commentaries, but the month of March reminded us that we should expect the unexpected. The news headlines were dominated by the urgent requirement for a number of banks to be rescued in order to prevent contagion in an echo of the 2007/8 financial crisis. Whilst thankfully none (so far at least) have been on these shores, it is a timely reminder why we do not invest in the sector: 1) we are not clever enough to understand their balance sheets; and 2) from what bit we do understand, the returns we place so much emphasis on are woeful, once leverage is stripped out.

In March, the Fund's Income class share price fell by 4.7% from 302.87p to 288.73p, while the Accumulation class share price fell by 4.1% from 122.96p to 117.94p. The reason for the difference in performance is that the Income shares went ex the final dividend on 1st March. These returns compared to declines of 3.4% in both the UK stock market and the IA UK All Companies sector.

As is to be expected at this time of year, just under half of our companies reported either results or trading updates during March. With one notable exception to be discussed later, all were either in line or ahead of expectations. During the month there were nine gainers and 16 fallers.

The gainers were led by Softcat (+7.7%), which despite being an almost 100% focused UK business, defied the domestic doom and gloom with interim results coming in ahead of expectations. A key feature is that spending on IT infrastructure has become increasingly non-discretionary. In second place was London Stock Exchange Group (+6.7%), which released full-year results showing another year of steady organic growth with continued progress on the Refinitiv integration and the announcement of a share buyback directed towards the Blackstone/Thomson Reuters stake.

Bioventix (+2.6%) is worthy of comment after another outstanding set of interim results. The headlines were sales +25%, operating profit +26%, earnings per share +25% and dividend per share +19%. The outlook is also positive with the pipeline now focused on the Tau biomarker for early diagnosis of Alzheimer's. I haven't heard the Chief Executive, Peter Harrison, sound this enthused for some time.

Video games developer Team17 (-16.6%) once again delivered full-year results ahead of expectations, this time driven by the exceptional performance of astragon since its acquisition in January 2022. The strong results were overshadowed, however, by the announcement that charismatic co-founder Debbie Bestwick would be stepping down as CEO and moving to a NED role in order to spend more time with her family. Another feather in Oscar Wilde's cap.

The biggest faller was NCC Group (-43.0%), which delivered a nasty profit warning noting trading conditions in North America are worsening for the Assurance division post the collapse of Silicon Valley Bank. It certainly was not our finest hour given we had highlighted the potential value of the disposal of the Escrow division as recently as last month. We still see that disposal as likely, and it may now act as a precursor to the sale of the remaining business.

Finally, I am pleased to reveal a new holding in the portfolio or, more accurately, a re-entry: Next. This is a business that we exited in April 2020 in response to Lockdown and its potential impact. We were selling other consumer-facing businesses at the time and Next was a consistency call. People who have heard me discuss this in presentations know it is a decision that I was never comfortable with. The key points are that this is an online play, not bricks and mortar, in my opinion run by one of the finest management teams the UK has to offer. The decision to re-enter was made easier by the savage reaction to the full-year results announced on 29th March. Always cautious, management pointed to pressures in the market with the caveat not to expect much progress in 2023/4. It only reiterated previous guidance, therefore. Next also published its thinking about the group's future. Management stated "the Group has far more ideas and opportunities for long-term growth than it has had for some time. And while the year ahead looks very challenging, we are not facing the kind of long-term structural obstacles that we have overcome in the past eight years."

Trends in fashion and home retail are shifting. Physical competitors continue to disappear from the high street and pure online competitors such as ASOS and boohoo are reorientating after a tough time. For Next, the retail store performance is no longer a constraint on profits and its estate has some of the shortest lease commitments in the sector. The online business LABEL is doing fine and is now a partner for other brands. The Total Platform business has 5 brands signed up as partners. Recent acquisitions of businesses out of administration like Joules and Made.com add to the growth story. Lastly, the new warehousing facility, due online in October, adds 50% to fulfillment capability and 40% lower marginal labour cost. Meanwhile, we have been able to buy back into a business that offers sector-superior margins, a 6.2% free cash yield, returns to equity of 65% and cash conversion currently 75%.

I hope Next will not be an isolated purchase. After several difficult months dealing with outflows from the Fund (a UK-wide phenomenon, not specific to Buffettology), I feel like we are getting back onto the front foot with a handful of potential decisions to invest coming onto the horizon.

Sources: Sanford DeLand Asset Management and FE fundinfo 31/03/2023.

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