



Fact sheet - August 2023

Fund Information

	Fund Manager:
	Keith Ashworth-Lord
	Sector:
	IA UK All Companies
	Launch Date:
	28/03/2011
Fund Size:	£643.1m
Number of Holdings:	27
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	
	

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 an LLB in Law and a MSc in International Financial Analysis from Newcastle University.

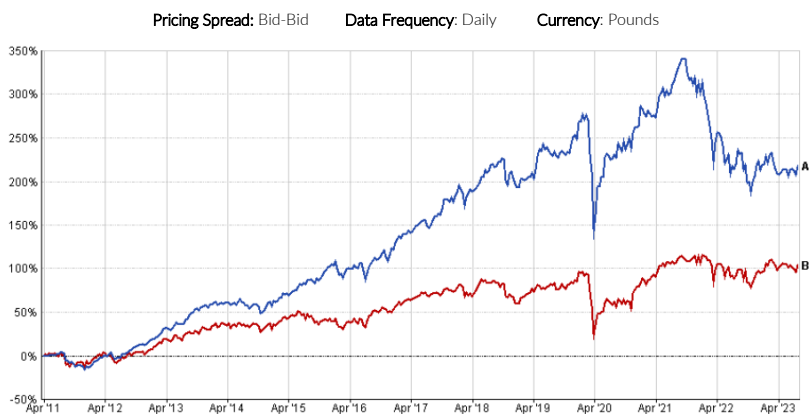
David Beggs **Investment Analyst**
David joined Sanford DeLand in October 2020 as an Investment Analyst. He has a First Class Degree in Economics from Newcastle University and is a CFA Charterholder.

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%	30 th Apr 31 st Oct	Yes	GB00BKJ9C676	K6LW	PRESINI:LN	BDAADV
General Accumulation	£500	£50	0.00%	0.95%	1.15%	30 th Apr 31 st Oct	Yes	GB00BFOLDZ31	O5M6	CSUKBIA:LN	CFSMC

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.



A—CFP—SDL UK Buffettology General Inc TR in GB [217.63%]

B—IA UK All Companies TR in GB [104.12%]

28/03/2011—31/07/2023 Data from FE fundinfo 2023

Cumulative Performance (%)

	1 Mth	3 Mths	1 Yr	3 Yrs	5 Yrs	Since Launch
Fund	1.57	1.68	-5.59	-2.87	-0.08	217.63
Sector	2.53	-0.74	2.96	30.11	9.97	104.12
Rank	204/245	15/245	223/244	226/233	189/223	4/180
Quartile	4	1	4	4	4	1

Discrete Performance (%)

	2023 YTD	2022	2021	2020	2019	2018
Fund	0.11	-23.38	8.76	3.85	25.25	0.37
Sector	4.46	-9.06	17.25	-6.01	22.24	-11.19
Rank	221/244	226/254	235/247	32/244	74/240	3/234
Quartile	4	4	4	1	2	1

Discrete Year to Quarter End Performance (%)

	Q2 2022	Q2 2021	Q2 2020	Q2 2019	Q2 2018
	Q2 2023	Q2 2022	Q2 2021	Q2 2020	Q2 2019
Fund	0.78	-23.25	25.28	-2.41	7.30

Source of performance data: FE fundinfo as at 31/07/2023.

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.

Top 10 Holdings (%)

Games Workshop Group	9.97%
Berkshire Hathaway 'A'	5.68%
Bioventix	5.23%
Rollins	5.06%
London Stock Exchange	4.82%
AB Dynamics	4.78%
Relx	4.73%
Dechra Pharmaceuticals	4.62%
Jet2	4.58%
Experian	4.53%

Sector Allocation (%)

Financial Services	16.69%
Support Services	11.37%
Leisure Goods	11.29%
Pharmaceuticals & Biotechnology	9.85%
Software & Computer Services	8.36%
Technology Hardware & Equipment	7.10%
Food & Beverages	6.33%
Construction & Materials	4.85%
Industrial Engineering	4.78%
Media	4.73%
Travel & Leisure	4.58%
Chemicals	3.72%
Cash	3.24%
Retailers	2.52%
Electrical & Electronic Equipment	0.59%

Important Information

This document, which is approved and issued by Sanford DeLand Asset Management Limited (SDL), provides information about the CFP SDL UK Buffettology Fund (the Fund), ConBrio Fund Partners Limited (CFP) is the Authorised Corporate Director (ACD) of the Fund. SDL is the appointed Investment Adviser to the Fund. CFP and SDL are authorised and regulated by the Financial Conduct Authority (FCA).

This document does not constitute or form part of, and should not be construed as, an invitation or offer to buy or sell shares in the Fund and neither this document nor anything contained or referred to in it shall form the basis of, or be relied on in connection with, any offer or commitment whatsoever.

The value of shares and the income generated from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally subscribed. Equity investments should always be considered as long term.

Investors should not purchase shares in the Fund except on the basis of information contained in the Fund's Prospectus. We recommend that investors who are not professional investors should contact a professional adviser. The Fund's Prospectus and Key Investor Information Document (KIID) are available from www.conbriofunds.com or direct from ConBrio Fund Partners Limited.

All data as at 31/07/2023 unless otherwise stated.
20230802_1600

Fund Commentary

In June and July, I devoted my two Manager's Commentaries to the importance of (a) Growth and (b) Return on Equity (ROE). This month, I want to develop that theme by showing how the interaction between Growth and ROE have consequences for the economic value of a business. Let's go back to our two hypothetical companies Sanford and DeLand. Sanford has sales of £100m with an 8% earnings margin, i.e. it generates £8m of post-tax profit. DeLand also has sales of £100m but it earns 10% on this, thus generating £10m of net profit. Assume that each has a similar capital structure and both operate in industries with comparable growth prospects. Furthermore, the market capitalisations are presently the same, say £100m. In this case, Sanford will be trading on a PER of 12.5x whilst DeLand will be on 10x. If you were focused only on earnings growth prospects and the current PER, you might think that DeLand offered better value.

Turn now to ROE. Let's say the book value of equity in each case is £40m for Sanford and £80m for DeLand. So, immediately we see that the respective returns on equity are 20% and 12.5%. When it comes to allocation of capital, this means that Sanford is doing a better job than DeLand. In effect, Sanford's inferior earnings margin is more than compensated for by its superior ability to generate more sales off its equity base. For every £1 of equity invested, Sanford produces £2.50 of sales versus £1.25 for DeLand.

Next, let's assume that each pays out one-third of its earnings as dividends and reinvests the remainder at the same rate of return as is being achieved on the historic stock of equity capital. Over the next five years, Sanford's earnings will grow from £8m through £9.1m, £10.3m, £11.6m and £13.2m to £15.0m. By contrast, DeLand's earnings will grow from £10m through £10.8m, £11.7m, £12.7m and £13.8m ending up at £14.9m. In the space of five years, Sanford's earnings have caught up and overtaken DeLand's. And the longer your holding period, the greater the impact that compounding will have on a superior ROE. After 10 years, the terminal figures will actually be £28.0m for Sanford and £22.3m for DeLand. Based on the initial purchase price, that equates to PERs of 3.6x and 4.5x, respectively, a differential that will most likely have been closed by the relatively stronger share price performance of Sanford.

It immediately becomes apparent why at the 1995 Berkshire Hathaway AGM Warren Buffett said: "We like stocks that generate high returns on invested capital where there is a strong likelihood that it will continue to do so ... it's really the interaction of capital employed, the return on that capital and future capital generated versus the purchase price today".

At Sanford DeLand, our minimum hurdle for ROE is mid-teens but we gravitate toward those businesses able to consistently generate 20-30% on their equity capital. The main problem for many businesses is their ability to reinvest retained earnings at marginal rates of return as high as that on the historic capital.

Of course, there is another aspect to consider in all this. All earnings are not created equal. Some business shapes consistently convert more of their earnings into free cash than others. For valuation purposes, it is free cash that counts, not accounting earnings. So, the Holy Grail is really cash return on invested capital. But a discussion of that will have to wait for another month.

In July, the Fund's Income and Accumulation classes both rose by 1.6%. The former from 291.89p to 296.48p and the latter from 119.24p to 121.11p. This compared to +2.5% for the UK stock market and +2.5% for the IA UK All Companies sector, the Fund's benchmark. Late negative share price action by Craneware and Rollins took the gloss off the Fund's performance.

During the month, there were 19 gainers and 8 fallers. The gainers were led by Focusrite (+31.0%), which recovered some lost ground having looked woefully oversold. This was followed by MJ Gleeson (+15.9%), which announced an in-line year-end trading update alongside a Capital Markets Day in Nottinghamshire. Games Workshop (+7.2%) was another useful contributor following a typically candid full-year results announcement whilst Croda International (+5.6%) posted interim results. The relatively muted reaction to Croda's June profit warning and the subsequent recovery to within touching distance of the prevailing price suggests much bad news is already baked in to share prices.

The biggest faller was Liontrust Asset Management (-10.0%), whose proposed acquisition of GAM looks to be hanging in the balance. Jet2 (-9.3%) posted strong full-year results, overshadowed by the announcement that Executive Chairman, Philip Meeson, intends to retire from the board. Whilst a loss to the business, the day-to-day running has been overseen by Steve Heapy and Gary Brown for some time now; a management team that is as good as it gets in the sector. Incidentally, Philip Meeson topped up his c.18% shareholding after the announcement, an apparent response to concerns there may be an overhang on the shares.

Sources: Sanford DeLand Asset Management and FE fundinfo 31/07/2023.

Past performance is not a guide to future performance.

Any views expressed are the Fund Manager's and as such are subject to change, without notice, at any time.

Contact Information

Sanford DeLand Asset Management
7 Park Row, Leeds LS1 5HD
0113 350 1820
www.sanford-deland.com

Dealing Information & General Enquiries:
ConBrioEnquiries@uk.dstsystems.com
0330 123 3739 (UK)
+44 (0)20 3975 1021 (International)

Authorised Corporate Director
ConBrio Fund Partners
111 Piccadilly, Manchester M1 2HY
www.conbriofunds.com