



Fact sheet - January 2024

Fund Information

	Lead Manager:
	Eric Burns
	Sector:
	IA UK All Companies
Launch Date:	
03/01/2017	
Fund Size:	£70.2m
Number of Holdings:	25
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 <small>Keith Ashworth-Lord</small>	

Fund Managers

Eric Burns Chief Analyst & Lead Manager

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.



Keith Ashworth-Lord Chief Investment Officer & Co-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.

Chloe Smith Investment Analyst & Co-Manager

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.

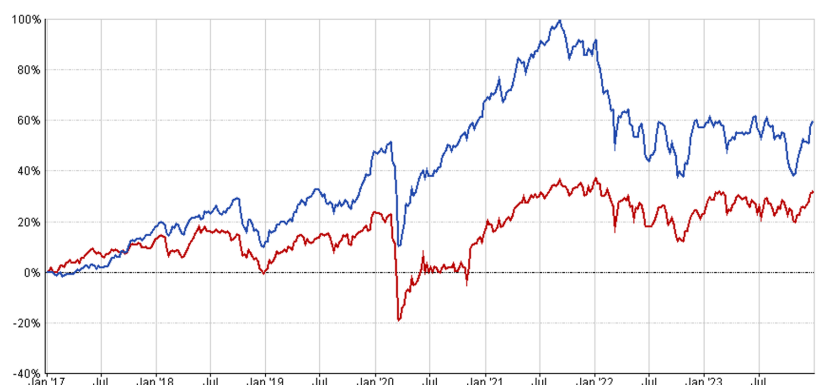
David Beggs Investment Analyst & Co-Manager

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 maximise total returns over the long term, defined as five to ten years. The Fund will invest mainly in a portfolio of UK equities listed on the LSE or quoted on AIM/ ISDX, with an emphasis on small and mid-capitalised companies. It may also invest in other transferable securities, money market instruments, units and/ or shares in other collective investment schemes, deposits, warrants, cash and near cash. The manager will follow the methodology of Business Perspective Investing and it is expected that the portfolio will contain between 25 and 40 holdings when fully invested.

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



A –CFP–SDL Free Spirit Acc GBP in GB [59.57%]

B –IA UK All Companies TR in GB [32.22%]

03/01/2017–29/12/2023 Data from FE fundinfo 2024

Cumulative Performance (%)

	1 Mth	3 Mths	1 Yr	3 Yrs	5 Yrs	Since Launch
Fund	5.28	5.20	1.35	-4.51	42.50	59.57
Sector	5.44	4.46	7.38	14.50	31.55	32.22
Rank	105/239	72/239	219/237	206/228	33/220	13/210
Quartile	2	2	4	4	1	1

Discrete Performance (%)

	2023	2022	2021	2020	2019	2018
Fund	1.35	-17.60	14.36	13.65	31.30	-5.44
Sector	7.38	-9.06	17.25	-6.01	22.24	-11.19
Rank	219/237	194/254	191/247	4/244	32/240	16/234
Quartile	4	4	4	1	1	1

Discrete Year to Quarter End Performance (%)

	Q4 2022	Q4 2021	Q4 2020	Q4 2019	Q4 2018
	Q4 2023	Q4 2022	Q4 2021	Q4 2020	Q4 2019
Fund	1.35	-17.60	14.36	13.65	31.30

Source of performance data: FE fundinfo as at 29/12/2023.

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 31/08/2023.

Share Class Information

Share class	Min. Investment	Min. Saver*	Initial Charge	Investment Adviser Fee	Ongoing Charge **	Payment Dates	ISA Eligible	ISIN	CITI Code	MEXID
General Income	£500	£50	0.00%	0.90%	1.15%	30 th Apr 31 st Oct	Yes	GB00BYQC495	NPFA	CFXYA
General Accumulation	£500	£50	0.00%	0.90%	1.15%	30 th Apr 31 st Oct	Yes	GB00BYQC271	NPFB	CFXYB

Top 10 Holdings (%)

Bloomsbury Publishing	8.90%
Tatton Asset Management	6.91%
Bytes Technology	6.49%
Auto Trader	5.89%
Diploma	5.45%
YouGov	5.06%
Keystone Law Group	4.65%
AJ Bell	4.37%
Morgan Advanced Materials	4.26%
Wilmington	4.04%

Sector Allocation (%)

Software & Computer Services	21.34%
Media	18.00%
Support Services	14.67%
Financial Services	12.54%
Electrical & Electronic Equipment	8.00%
Cash	3.81%
Food & Beverages	3.73%
Construction & Materials	3.65%
Healthcare Equipment & Services	3.34%
Personal Goods	3.25%
Telecommunications Equipment	3.00%
Chemicals	2.42%
Leisure Goods	2.25%

Important Information

This document, which is approved and issued by Sanford DeLand Asset Management Limited (SDL), provides information about the CFP SDL Free Spirit 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.

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 29/12/2023 unless otherwise stated.

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Fund Commentary

As we start the New Year, we will use this month's commentary to review performance over the whole of 2023, specifically what worked for us in the year and what didn't. Unlike the usual fact sheets where percentage performances are quoted month-on-month, all figures used are over the period 1 January 2023 to 31 December 2023. Before beginning, we should point out that in early December, ConBrio Fund Partners Ltd was acquired by Thesis Unit Trust Management Limited. The acquisition represents a change of ownership only; the Fund remains branded 'CFP SDL', with zero impact on the investment team or philosophy used to manage the Free Spirit Fund and its older sibling, the UK Buffettology Fund.

For the record, the Accumulation class shares rose by 1.3% over the year to 159.57p, which compared to a 7.4% increase in the IA UK All Companies sector, the Fund's benchmark, and a 3.8% increase in the wider UK stock market. Fourteen of the 23 companies held within the Fund for the entire period increased in share price during the year.

As a general theme, the Fund's larger holdings by market capitalisation performed better than the smaller ones. This is supported by a contribution analysis that shows the holdings with a market cap of greater than £1bn made a 4.3% positive contribution but those with a market cap of less than £1bn detracted by 1.6% from overall performance. In our view, this is reflective of the well-documented outflows from UK equities being felt more acutely at the smaller end, partly as they are perceived to be more exposed to a flatlining domestic economy and partly due to liquidity. With regard to the latter, there have been instances in recent months where it has been clear that sellers wanted out of their position – almost at any price. On at least one occasion, this has enabled us to add to holdings at prices we are confident offer outstanding long-term value. To push back on the domestically-focused point, our companies earn as much revenue from overseas as they do from the UK.

The best performing holding during 2023 by some way was Bytes Technology (+59.0%). We have noted before how Bytes is our proxy for Microsoft as its largest reseller in the UK. As such, it benefits from many of Microsoft's long-term structural growth drivers such as cloud migration and, increasingly, AI. Secondly, Auto Trader (+38.8%) – very much like Rightmove, which is held in the CFP SDL UK Buffettology Fund – demonstrates the power of an established platform business with network effects at a time when its core market (vehicle sales in this case) is faced with uncertainty. 2023 was the year in which London Stock Exchange Group (+29.3%) began to prove its doubters wrong over the 2021 deal to buy Refinitiv, whilst Diploma (+28.7%) raised expectations twice during the year – an enviable feat given the economic backdrop. Finally, Keystone Law (+15.9%) is worthy of comment. Listed law firms have largely been best avoided since the first, Gateley, joined AIM in 2015. The difference here is that Keystone is first and foremost a platform business that happens to operate in legal services. Professionals join the network on a self-employed basis under a revenue share model in return for compliance, insurance, marketing, invoicing and IT services – all the things lawyers hate. Critically, the individual lawyer does not get paid until its invoices are paid in full, so bad debt risk is mitigated.

The largest disappointment was Calnex Solutions (-62.5%), the provider of technology to the network testing and assurance market. After several years of stellar growth, brought about by the increasing sophistication of mobile networks (in particular 5G), it fell foul of a significant reining in of capital spending, especially in North America. The share price reaction to Calnex is a classic example of what is described above with regards to the concept of panic selling. It is at such a time investor psychology becomes paramount. Investors are encouraged to take a step back, assess the situation objectively, and consider the long-term fundamentals of the investment. While market downturns can feel painful in the short-term, they also present opportunities for those who can maintain a disciplined and rational investment strategy. We took the decision to add to our position following the October announcement when indiscriminate selling had taken the shares into deep value territory. The removal of that overhang saw the share price recover by over 50% in fairly short order.

SDI Group (-41.9%) was the second largest detractor over the year. Its performance was negatively impacted by the removal of a Covid tailwind at one of its subsidiaries and, like many, became victim of the 2023 global destocking phenomenon among customers. This was also the story at XP Power (-31.5%) with the situation there exacerbated by the stretched balance sheet. Management has implemented a series of measures to address this including cost reductions and an equity raise at an 11% premium to its undisturbed price – a nothing short of remarkable achievement in the current equity market. The balance sheet was the main reason XP was one of the smallest positions in the Fund, which helped mitigate the damage.

As we start 2024, it is worth reiterating that our focus will remain on identifying and holding great businesses at the right price rather than trying to predict the unknown. 2023 will be remembered as a year when macro calls were consistently proved wrong with consensus gyrating from hard landing to soft landing to no landing at all. Inflation and interest rates remained much higher than forecast this time last year, but, as if to challenge Einstein's very definition of madness, *higher for longer* has once again in recent weeks given way to an expectation of substantial interest rate cuts in 2024. This prediction is of course hardly compatible with the other consensus – an economic soft landing. It was JK Galbraith who said that economic forecasting only exists to make astrology look respectable. We concur with that view and you will find us making no such predictions for the year ahead.

Sources: Sanford DeLand Asset Management and FE fundinfo 29/12/2023.

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
Exchange Building, St. Johns Street, Chichester,
West Sussex PO19 1UP
www.conbriofunds.com