

CFP SDL Free Spirit® Fund



Sanford DeLand

ASSET MANAGEMENT

Business Perspective Investors

Fact sheet - September 2024

Fund Information

	Lead Manager:
	Eric Burns
	Sector:
	IA UK All Companies
Launch Date:	
03/01/2017	
Fund Size:	£67.6m
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	

Fund Managers

Eric Burns

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.

David Beggs

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.



SDL Investment Team

From left to right:

Eric Burns, Chloe Smith, Keith Ashworth-Lord & David Beggs

Keith Ashworth-Lord

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

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.

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%	1.0%	30 th Apr 31 st Oct	Yes	GB00BYYQC495	NPFA	CFXYA
General Accumulation	£500	£50	0.00%	0.90%	1.0%	30 th Apr 31 st Oct	Yes	GB00BYYQC271	NPFB	CFXYB

Fund Objective and Strategy

The investment objective of the Fund is to seek to maximise total returns over the long term, defined as 5 – 10 years. At least 80% of the Fund will be invested within UK equities, with an emphasis on smaller and mid capitalised companies.

The Fund will have a concentrated portfolio of between 25 and 40 holdings when fully invested. The Investment Manager will apply the methodology of Business Perspective Investing.

Pricing Spread: Bid-Bid

Data Frequency: Daily

Currency: Pounds



A – CFP–SDL Free Spirit Acc GBP in GB [76.69%]

B – IA UK All Companies TR in GB [46.46%]

03/01/2017–30/08/2024 Data from FE fundinfo 2024

Cumulative Performance (%)

	1 Mth	3 Mths	1 Yr	3 Yrs	5 Yrs	Since Launch
Fund	-0.10	2.48	14.39	-10.93	38.82	76.69
Sector	0.08	2.50	16.44	8.49	31.05	46.46
Rank	148/230	130/232	178/230	193/225	52/212	12/200
Quartile	3	3	4	4	1	1

Discrete Performance (%)

	2024 YTD	2023	2022	2021	2020	2019
Fund	10.73	1.35	-17.60	14.36	13.65	31.30
Sector	10.77	7.38	-9.06	17.25	-6.01	22.24
Rank	135/232	219/237	194/254	191/247	4/244	32/240
Quartile	3	4	4	4	1	1

Discrete Year to Quarter End Performance (%)

	Q2 2023	Q2 2022	Q2 2021	Q2 2020	Q2 2019
	Q2 2024	Q2 2023	Q2 2022	Q2 2021	Q2 2020
Fund	9.49	7.82	-23.48	37.42	4.59

Source of performance data: FE fundinfo as at 30/08/2024.

Past performance is not a guide to future performance.

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

* With effect from 01 June 2024, the Ongoing Charge has been capped at 1.0%.

Top 10 Holdings (%)

Tatton Asset Management	8.76%
Bloomsbury Publishing	8.06%
Auto Trader	6.63%
Keystone Law Group	5.57%
AJ Bell	5.32%
Diploma	4.95%
Bytes Technology	4.76%
Wilmington	4.61%
Morgan Advanced Materials	4.37%
Michelmersh Brick	4.23%

Sector Allocation (%)

Software & Computer Services	19.10%
Financial Services	15.53%
Support Services	15.05%
Media	14.89%
Food & Beverages	6.80%
Electrical & Electronic Equipment	5.81%
Construction & Materials	4.23%
Personal Goods	4.19%
Healthcare Equipment & Services	2.83%
Telecommunications Equipment	2.70%
Cash	2.48%
Leisure Goods	2.46%
Chemicals	2.18%
Pharmaceuticals & Biotechnology	1.75%

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 30/08/2024 unless otherwise stated.
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Fund Commentary

The Fund ended August pretty much where it started, declining in value by 0.1%. This was broadly in line with both the wider UK stock market, which declined by 0.3%, and the IA UK All Companies sector, the Fund's benchmark, which increased in value by 0.1%.

August is notoriously a quiet month for newsflow but what news we did see was generally positive. Top of the pile was YouGov (+16.6%), which, pleasingly, issued a full-year trading update confirming that operating profit is expected to be slightly ahead of the previously downgraded guidance. More importantly, we received an update on the balance sheet where leverage at the end of the financial year was 1.8-2.0x. While this remains well within the loan covenants, it is something we will monitor carefully. Our experience with XP Power is a painful example of the potential danger to equity owners of an overly leveraged balance sheet. As the financial writer Morgan Housel aptly put it, "as debt increases, you narrow the range of outcomes you can endure in life".

Calnex Solutions (+12.4%) also performed well, with an AGM trading update confirming that performance is in line with expectations. Earlier this year Calnex took the decision to terminate its reseller agreement with Spirent Communications which caused some unease amongst investors. Reassuringly, a new channel partner network is now operational and covering the Group's territories of North America, Europe, Middle East & Africa, and Asia-Pacific. The company is also working to establish direct supplier relationships with several of its key customers. Despite these positive operational developments, it should be noted that the industry outlook remains challenging with activity levels expected to remain subdued for the remainder of the year. Patience will continue to be required here.

London Stock Exchange Group (+7.9%) was the third largest gainer following interim results at the beginning of the month, which showed continued high single-digit earnings growth. Notably, £1bn of surplus capital was returned via share buybacks in H1, directed at the Blackstone consortium's holdings, which now represent less than 2% of the register. This effectively eliminates any share overhang, perceived or real.

The only other newsflow during the month was from Morgan Advanced Materials (-8.1%) and Intertek (-1.4%), both of which released interim results that we regarded as in line with expectations. In the case of Intertek, the dividend payout has been rebased leading to a 43% year-on-year increase in the payout.

By some margin, the largest decliner during August was Auction Technology Group (-15.1%). Although there was no official newsflow, we attribute the fall to read across from US peers which indicate market conditions remain challenging. A noteworthy development was the transition of Scott Forbes from Senior Independent Director to Chairman. Forbes previously chaired the UK's leading property portal Rightmove with great success from 2005 to 2019.

Although August was quiet on corporate newsflow, it is worth reflecting on the market volatility witnessed right at the beginning of the month. Although it now feels like a distant memory, it generated significant inbound and breathless commentary at the time. For an insightful perspective on these events, I recommend Howard Marks' latest memo, *Mr. Market Miscalculates*. As Marks rightly points out, "in the real world, things fluctuate between 'pretty good' and 'not so hot', but in investing, perception often swings from 'flawless' to 'hopeless'". This emotional pendulum of investor psychology can drive irrational short-term movements in share prices.

For us, episodes like this reinforce the importance of understanding what you own and why you own it. And also having a good steer on valuation to provide the anchor when the seas are choppy. This discipline prevents you from being "faked" out of the market or an investment due to an emotional reaction to your long-term financial detriment. In times of heightened market volatility, it is more crucial than ever to engage in rational analysis of the fundamentals and to tune out the short-term hysteria that is all too common in stock markets.

Sources: Sanford DeLand Asset Management and FE fundinfo 30/08/2024.

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.

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