

# Quarterly Review Q1 2021

## CFP SDL UK Buffettology Fund

### Manager Overview

January was fairly benign for stock market activity, I quietly established a full holding in Quartix through the acquisition of a large block of stock from the CEO. Quartix are Europe's leading suppliers of vehicle telematics services and the CEO retains a 22% stake in the business. After nigh-on a decade ownership of GlaxoSmithKline, I sold the position in its entirety as the only contribution it made to the portfolio was through dividends. Some of the cash from this part-financed the Quartix purchase but it was not a switch.



The Fund share price hit an all-time high on January 8th at 368.60p and our conversations with investors led me to feel that sentiment towards the UK was cautiously improving.

Flows into the Buffettology Fund remained positive through February, despite the UK IA All Companies sector outflows totalling some £400m on concerns about inflation and a rotation to value. The "dash for trash" as I prefer to call it started in November 2020 and has continued through ensuring that banking, minerals, mining, metals, food & drug retailers and oil & gas have driven the markets; all the things I do not and will never invest in. Nevertheless, short term performance was off through February with a share price contraction of 1% to 352.97p versus the stock market which gained 1.66%.

I was pleased to add a second holding of the year in Team17 who develop, co-develop and publish premium games for the PC and console markets. I also felt that with certain valuations, GameStop, Bitcoin and SPACs, the signs of excess are plain to see. Cash had crept down to multi-year lows and I became uncomfortable having so little purchasing power in the Fund. Therefore I realised small amounts of cash, around £3m each from most holdings for a total of £64.5m, boosting cash to just over 8% of NAV. We have a bid on the table with Scapa Group which, if completed, will add another £35m to the cash.

March saw Provident Financial leave the Fund and at a loss on the planned closure of their home collected credit division. This was balanced by very strong performance of our new holding Quartix so the impact on the Fund's NAV (p) was negligible.

### Outlook

We start Q2 2021 considering the likelihood and potential impact of rising inflation and whether this brings about the long heralded value rotation. All I can say is that asset light companies with pricing power, such as the ones in the Buffettology Fund, are able to pass on the costs of inflation to their customers. So called "value" companies tend to be cheap for a reason. I remain focused on long term performance and my view is that the efficacy of the current vogue into value and cyclical will be measured in months as opposed to years. Quality will out.

### Q1 Activity Summary

Q1 2021	Buffettology Fund
No. of holdings at quarter end	31
Q1 Purchases	(2) Quartix, Team17
Q1 Sales	(2) GlaxoSmithKline, Provident Financial
Amount deployed across new and existing holdings	£74.6m
Cash level at quarter end	10.52%

### Performance Attribution

Over Q1 the Fund returned -0.39% vs. +5.83% for the IA UK All Companies sector. We saw in total 15 positive gainers and 15 detractors.

The Fund also passed its 10 year anniversary on the 28<sup>th</sup> March 2021, ranking 2/193 funds in the sector over that period.

All data: Source: FE FundInfo and Sanford DeLand as at 31/03/21. All performance stated has been calculated as net. Past performance is not a guide to future performance; the value of an investment and income from it can go down as well as up.

## Performance Attribution Continued

Top 5 Contributors	
Quartix	+44.3%
Softcat	+31.9%
Homeserve	+17.2%
Scapa Group	+14.7%
RWS Holdings	+14.7%

Top 5 Detractors	
London Stock Exchange	-23.0%
Jet2	-13.3%
Games Workshop	-11.9%
Rollins	-11.3%
Trifast	-11.0%

## Company Spotlight – Team17



Team17 Group develops, co-develops and published premium games for the PC and console markets. In 2019, about one-sixth of revenue comes from its own IP games with the remainder from third-party games. Here it partners with indie development studios ranging from lone developers through to small, medium and large creative studios. The change factor in this industry has been the move away from physical media content to streaming and digital delivery. Growth, profitability, return on invested capital and cash generation are all very attractive.

Key Economic Moat	IP
Date first purchased	7 <sup>th</sup> January 2021
Market Cap	£978.2m
Market	AIM All-Share Listed
Sector	Leisure Goods

## Other Updates &amp; Manager Events

- **Reduced AMC:** As of the 1<sup>st</sup> April, the AMC will be reduced to 0.95% (previously 1.00%) bringing the OCF to 1.14% (previously 1.19%)
- **Stewardship and ESG:** Work continuing with Sanford DeLand set to become a signatory to the UN PRI by the end of Q2 2021
- **Buffettology's 10-year anniversary webinar:** In case you missed our webinar on the 30<sup>th</sup> March with Keith Ashworth-Lord and the investment team, please [click here](#) to watch the recording.
- **Upcoming SDL manager webinars:**

**Free Spirit Fund Update**

Date: Tuesday 20<sup>th</sup> April  
Time: 11:30am – 12:00pm

[Register Here](#)

**Buffettology Investment Process**

Date: Tuesday 27<sup>th</sup> April  
Time: 12:30pm – 1:00pm

[Register Here](#)

## Contact Us

For further information on the Fund, please contact the team:



020 7071 3930



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The Fund's Prospectus and Key Investor Information Document (KIID) are available from [www.conbriofunds.com](http://www.conbriofunds.com) or directly from CFP. Investors should not purchase shares in the Fund except on the basis of information contained in the Fund's Prospectus. Those who are not professional investors should consider seeking financial advice if in any doubt as to the suitability of the Fund for their personal financial circumstances, before making any transaction.

All data as at 31 March 2021 unless otherwise stated. Signed SDL/JOD/BufQ12021/20210409.

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