

## INVESTING FUND OF THE WEEK

### 'My fund is built on Buffett's principles'

Keith Ashworth-Lord tells *Kyle Caldwell* how he runs the ConBrio Sanford Deland UK Buffettology fund

A fund that adopts Warren Buffett's investment principles has almost doubled investors' money since it launched five years ago. ConBrio Sanford Deland UK Buffettology has returned 98pc, whereas the average "UK growth" fund has risen by 37pc over the same period and the FTSE All Share index has gained 30pc.

Here Keith Ashworth-Lord, who manages the portfolio, describes his investment philosophy, names his best-performing shares and explains why he does not fear a "Brexit".

#### The portfolio has just 27 shares. How did you put it together?

All I am trying to do is buy ownership interests in the very best companies I can find, irrespective of size or sector, at a price that makes business sense.

I have a checklist of attributes that I look for, but the main one is a favourite of Mr Buffett's, the "economic moat" – anything that makes it hard for competitors to encroach on a company's position.

I also look for companies with consistent operational performance, high returns on equity and strong free cash generation.

When I find an ideal candidate, I will invest only if I believe that I am getting more in economic value than I am being asked to pay. I regard economic value as the future stream of cash flows I can expect to receive.

#### Mr Buffett buys and holds for the long term. Do you do the same?

My investment horizon is 5-10 years. In the first month of the fund's existence, April 2011, I bought 16 shares, and 11 are still held.

One holding was bought by another company, so I have sold only four of these original holdings. I don't try to be clever by trading in and out of holdings; like good wine they are laid down for long-term appreciation.

I also try to avoid taking profits from shares that perform well over a short space of time because my fingers have been burnt that way in the past.

#### What have been your best performing shares over the past five years?

The top three are Dart Group, the owner of Jet2 (share price up by 644pc), Scapa Group, a producer of plasters and dressings (up 438pc), and Trifast, the bolt and screw manufacturer (up 182pc).

#### What have you been buying and selling over the past couple of months?

I haven't sold anything since the second quarter of 2015 other than

a forced sale in November when Latchways was taken over.

I have been adding to Rotork, the engineer; Victrex, the manufacturer of specialist lightweight polymers; AG Barr, the maker of Irn-Bru; and International Personal Finance, the doorstep lender.

#### Are there any areas you favour that peers are shying away from?

Since I don't have the career risk of working in a business that I don't own, I don't have to worry about index hugging or quarterly underperformance. That gives me the freedom to invest in situations where I might not see immediate performance. I don't know when the oil price will come back, I just know at some point it will and then strong businesses such as Rotork will recover.

#### What types of company are you avoiding?

I don't go near business models that I don't understand. My circle of competence is an inch wide and a mile deep. That fences off large areas of the stock market such as miners, oil exploration, blue-sky pharmaceutical firms and banks.

#### Are you concerned about the vote on our EU membership?

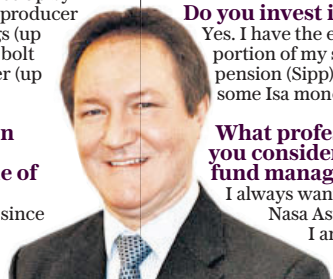
I would welcome a Brexit and as a fund manager would love some volatility too, as it would give me the opportunity to buy shares at better prices. I have plenty of exporters in the portfolio, and a weaker pound, which is likely in the event of a Brexit, would make their goods cheaper overseas.

#### Do you invest in the fund?

Yes. I have the entire equity portion of my self-invested pension (Sipp) in the fund, and some Isa money as well.

#### What professions did you consider other than fund management?

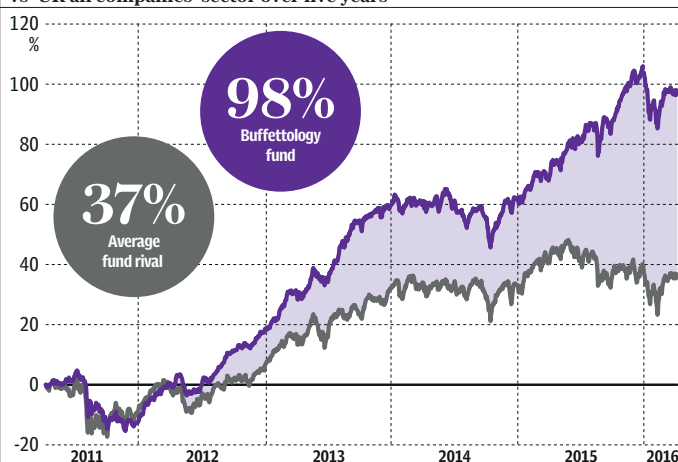
I always wanted to join the Nasa Astronaut Corps. I am a complete space nerd.



### KEITH ASHWORTH-LORD CONBRIO SANFORD DELAND UK BUFFETTOLGY



vs 'UK all companies' sector over five years



#### Performance

|          | 1 year | 3 years | 5 years |
|----------|--------|---------|---------|
| Growth   | 14pc   | 51pc    | 98pc    |
| Quartile | 1st    | 1st     | 1st     |

#### Key facts

|                     |            |                     |      |
|---------------------|------------|---------------------|------|
| Launch date         | April 2011 | Return year to date | 40pc |
| Return since launch | 98pc       | Current fund value  | £35m |

#### Top holdings

|                |       |                            |       |
|----------------|-------|----------------------------|-------|
| 1. Bioventix   | 6.2pc | 6. Domino's Pizza          | 3.9pc |
| 2. Scapa Group | 4.9pc | 7=. Mattoli Woods          | 3.5pc |
| 3. Dart Group  | 4.4pc | 7=. RWS                    | 3.5pc |
| 4=. NCC Group  | 4.2pc | 9=. James Halstead         | 3.4pc |
| 4=. Trifast    | 4.2pc | 9=. Dechra Pharmaceuticals | 3.4pc |

Source: FE Trustnet

#### How to buy the fund as cheaply as possible

The trust has a total cost (the "OCF" or "TER") of 1.63pc a year. Be sure to buy the right "share class", which is "I". The investment shop through which you buy the fund will also levy a charge. Some will

charge a percentage of the amount invested, others will apply a flat annual fee. Our colour coded tables at [telegraph.co.uk/investing](http://telegraph.co.uk/investing) will guide you to the cheapest fund shop for your circumstances.

## OUR VIEW

Kyle Caldwell

It has been a case of so far, so good for the Buffettology fund. Its impressive performance numbers should win over any doubters who five years ago dismissed the fund as a gimmick.

But the fund is still small, at £35m, although it has grown since the start of the year, when assets stood at £27m.

Ben Willis of Whitechurch Securities, a wealth manager, described the fund as a "well-kept secret" and said it was "definitely one to consider".

Adrian Lowcock of Axa Wealth, the fund shop, is also a fan. He likes the fund's investment process and small number of holdings, but has reservations about whether performance can be maintained if the fund attracts greater interest from investors.

"Thanks to its small size the fund benefits from being nimble and can take large positions in small companies, which helps boost its performance. The true test comes when the fund is much bigger," Mr Lowcock said.

Other investors who share the fund's buy and hold philosophy are Nick Train, manager of Lindsell Train UK Equity, and Terry Smith, who oversees Fundsmith Equity, a member of the Telegraph 25, a list of funds that *Telegraph Money* journalists think stand out from the crowd.

One thing to point out is that the charges on the ConBrio Sanford Deland UK Buffettology fund are high. The ongoing charge figure (OCF) is 1.63pc a year. Other actively managed UK equity funds are typically priced at 0.85pc.