

## Interim Short Report - 01 March 2015 to 31 August 2015

# ConBrio Sanford DeLand UK Buffettology Fund

### Fund Facts

Launch date:	28 March 2011
Ex-dividend dates:	28 February and 31 August
Income dates:	27 May and 27 November
IA Sector:	UK All Companies

### Investment Objective and Policy

To seek to achieve an annual compounding rate of return over the long term which is superior to the performance of the UK stock market. The Fund will invest principally in a portfolio of UK equities, and 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 Investment Adviser will adopt a focused approach to investing in shares of those companies which it believes have strong operating franchises and experienced management teams and whose shares are undervalued and offer the potential for improved economic growth.

The Fund may also invest in derivatives and forward transactions (for hedging purposes). The Fund may borrow and may enter into stocklending and underwriting transactions in accordance with COLL.

### Investment Risks

The Fund holds equities concentrated by number and by location in the UK. Equities, as an asset class, tend to experience higher volatility than many other assets such as bonds or money market instruments. Funds concentrated by number of assets and/or geographic location are more vulnerable to market sentiment impacting on one or more of those assets or location and can carry a higher risk than funds holding more diversified assets.

### Performance Record (in pence per share)

Share Class	General Income		Institutional Income	
	High	Low	High	Low
2011 <sup>1</sup>	104.72	84.59	-	-
2012	117.61	87.94	-	-
2013	159.71	118.30	-	-
2014	165.08	145.35	165.12 <sup>3</sup>	145.79 <sup>3</sup>
2015 <sup>2</sup>	186.54	159.78	187.43	160.45

<sup>1</sup>From 28 March 2011 to 31 December 2011.

<sup>2</sup>To 31 August 2015.

<sup>3</sup>From 18 March 2014 to 31 August 2014.

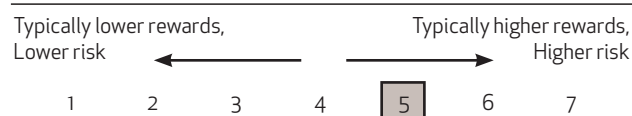
### Net Asset Values (in pence per share)

Share Class	General Income	Institutional Income
28.02.2014	160.77	-
28.02.2015	169.29	169.71
31.08.2015	178.39	178.92

### Dividend Distribution (in pence per share)

Period end	Paid	General Income	Institutional Income
31.08.2015	27.11.2015	0.4504	0.8261

### Risk and Reward Indicator (RRI)



The Fund is ranked as five because it has experienced medium to high rises and falls in value over recent years. As there is less than five years of available data for this Fund, for illustrative purposes a similar index has been used to calculate the risk/reward profile. Please note that even the lowest ranking does not mean a risk-free investment.

### Ongoing Charges Figures (OCF)

	31.08.2015	28.02.2015
General Income	2.08%	2.13%
Institutional Income Shares	1.58%	1.63%

The ongoing charges figure is based on the last six months' expenses for the period ending 31 August 2015 and may vary from year to year. It excludes the costs of buying or selling assets for the Fund (unless these assets are shares of another fund).

## Review & Outlook

Over the six months ended 31 August 2015, the Fund achieved a total return of 5.9%, while the Fund's peer group, the IA UK All Companies sector, fell by 3.6%.

Although the UK stock market reached a new all-time high on 27 April, the gains were soon given up as worries about the situation in Greece, a hard landing in China, impending tighter monetary policy and the outlook for the global economy weighed on investor sentiment. Beyond 27 April, the stock market suffered a correction of 15% culminating in a violent downward lurch on 24 August (dubbed another 'Black Monday' by the commentariat). Under these circumstances, the Fund did very well to achieve a positive return during this correction phase. This was due to good results and trading statements from most portfolio companies. The Fund also benefited from the return to fashion of small and mid-cap companies after the dreadful 2014 that they endured and in the wake of the conclusive General Election.

Over the period we made the decision to sell two holdings in their entirety. The first, Driver Group, has been a mainstay of the portfolio since we launched in 2011. However, in recent months, a change of senior personnel has brought a cost-led expansion at a time when some of the group's markets are challenging. The second, Elementis, has only been in the portfolio since May 2013. In that time, the share price had risen to a full valuation. Given the company's exposure to North American oil shale markets, the decision was taken to take profits on the holding. Subsequently, Elementis issued a profits warning. There have been some small additions to existing holdings but nothing material. A new investment was made in AB Dynamics following extensive research and a day spent with the management. AB Dynamics supplies advanced bespoke vehicle testing technology and products to the global automotive industry.

During the period, the investments that most benefited the Fund were Dart Group (share price up by 55.0%), Air Partner (50.2%), Scapa Group (36.5%), Domino's Pizza Group (22.5%), Mattioli Woods (15.1%), Liontrust Asset Management (14.4%) and James Halstead (11.7%). The main

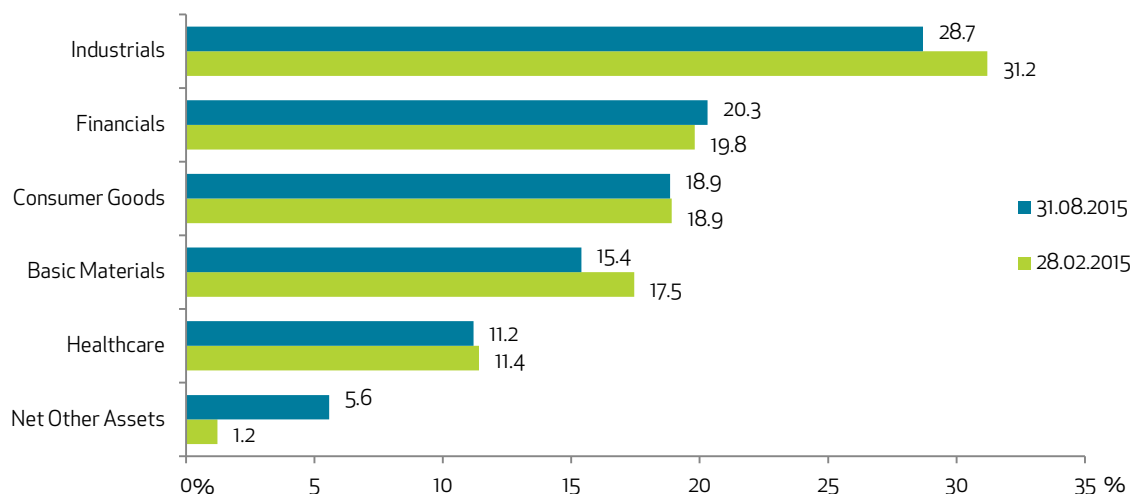
detractors from performance were RWS Holdings (-21.7%), A.G. Barr (-16.0%), Rotork (-12.9%), Latchways (-11.4%), GlaxoSmithKline (-10.7%) and Diageo (-8.8%). However, since the period end, Latchways has recommended a cash offer from MSA Safety Inc.

Already the game has shifted to trying to call whether 'Black Monday 2015' was the capitulation phase of the correction going back to April, or the start of something more sinister. We suspect the former. But, the stock market is a great leveller. It may indeed make us look a complete fool by going from a 15% correction to a full blown bear market. If so, we don't care to predict it or pre-empt it. All we know is that we will be best served over many years by concentrating on getting our investments right and swinging at the ball when the pitch is fattest. That means when share prices are lower because others are losing their head. Be greedy when others are fearful and fearful when others are greedy.

To conclude, we again reiterate that the success of our company investments should be judged by their operating results not their share price movements. We remain confident in our 'Business Perspective Investment' philosophy and its ability to generate above-average long-term gains from marketable securities.

Source: Sanford DeLand Asset Management, September 2015. Performance data taken from FE Analytics, quoted on a total return, bid to bid, UK sterling basis. Past performance is not a guide to future returns.

## Asset Allocation



### Top Ten Holdings as at 31.08.2015

Scapa Group	6.28%
Bioventix	6.28%
Trifast	5.95%
Mattioli Woods	5.78%
NCC Group	4.70%
Liontrust Asset Management	4.42%
Provident Financial	4.40%
Dart Group	4.30%
Air Partner	3.90%
RWS Holdings	3.53%

### Top Ten Holdings as at 28.02.2015

Trifast	5.56%
Mattioli Woods	4.76%
Dart Group	4.57%
Scapa Group	4.53%
Bioventix	4.51%
Liontrust Asset Management	4.47%
NCC Group	4.43%
Provident Financial	4.29%
Dixons Carphone	4.26%
RWS Holdings	4.15%

# What Does It Mean?

If you come across the odd word or phrase within your report that you are unfamiliar with, here is a glossary to help explain a few key terms.

## Accumulation Shares

Any income made by the Fund will be reinvested to grow the value of your investment.

## Alternative Assets

Types of non-traditional investments, which could include hedge funds and commodities for example and which are designed to help diversify a portfolio as they tend not to move in the same direction as the stock market.

## Autocall

An autocall structured product has the potential to mature before the end of the product's life, if certain predetermined market conditions are reached. The investor will usually receive a pre-defined return.

## Bonds

Issued by companies or governments and similar to a loan in nature, usually paying a fixed or variable interest rate.

## Corporate Bonds

Issued by companies and similar to a loan in nature, usually paying a fixed rate of interest.

## Credit Rating

A score awarded by an independent rating agency to indicate the financial strength of the issuer of a corporate bond, and the potential for a default on interest and principal payments. Bonds issued and backed by developed market governments are generally considered superior to bonds rated 'AAA'. The top credit rating is 'AAA'. The lowest rating to be considered 'investment grade' is 'BBB'. Below 'BBB', bonds are termed 'sub investment grade' or 'high yield'.

## Credit Spreads

Can be used to describe the difference in yield between securities, due to different credit quality.

## Duration

A measure of the price sensitivity of a fixed income investment / fund to a change in interest rates.

## Equities

Another name for shares in a company.

## Fixed Income Assets

Investments that pay out a set level of income, such as bonds or gilts.

## FTSE® 100 INDEX

A share index of the 100 largest companies, by market capitalisation, listed on the UK stock exchange and could include, for example, familiar household names such as BP, Marks & Spencer and Vodafone.

## Funds

A general term used to describe collective investment schemes, such as unit trusts, open-ended investment companies and closed-ended investment companies.

## GDP

Gross Domestic Product (GDP) refers to the market value of all officially recognised final goods and services produced within a country in a given period.

## Gilts

A bond issued by the UK government.

## Hedging

A way of offsetting the potential losses that may be incurred by an investment.

## Income Shares

Any income made by the Fund will be paid out to you.

## Inflation Hedge

A way in which to protect capital against the effects of inflation.

## Investment Grade Bond

A bond that is assigned a rating in the top four categories by commercial credit rating companies. S&P classifies investment grade bonds as BBB or higher, and Moody's classifies investment grade bonds as BAA or higher.

## Investment Trust

A company set up to buy and sell shares in other companies and is run by a Board of Directors.

## LIBOR

The average interest rate estimated by leading banks in London that they would be charged if borrowing from other banks.

## Market Capitalisation (market cap)

The total value of the shares of a company.

## Net Asset Value (NAV)

Used to value shares of a company, calculated by taking the total assets and deducting the total liabilities.

## OEIC

An 'Open Ended Investment Company' - this is similar to a unit trust. Investors pool their money together to invest in a range of different assets such as bonds, equities, property, cash etc. Each OEIC will have an investment objective, stated in a prospectus document, which could be to produce long term growth or generate a regular income.

## OCF

The Ongoing Charges Figure (OCF) is designed to give you an accurate measure of what it costs to invest in a fund and helps you compare this cost between different funds. It includes the annual management charge (used to pay the investment manager, fund accountant and fund administrator for example) and other operating costs, such as fees paid to the Trustee, Auditor, Custodian and Regulator.

## Options

A financial contract that enables the holder to purchase or sell a certain number of shares at a future date and at a known price.

## Quantitative Easing

A government policy used to increase the money supply within an economy, by flooding the financial system with money.

## RRI

The Risk and Reward Indicator (RRI) demonstrates where a fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indicator of the future risk profile of the Fund.

## Structured Products/Investments

A group of financial instruments which frequently combine the potential upside of market performance with limited downside. They may also provide a fixed return in exchange for accepting a degree of risk or may generate gains from market falls. They can also be used within a Fund to help manage the impact of large stockmarket fluctuations.

## Synthetic Zeros

A form of structured product which also has a pre defined return profile and a set maturity date whilst being exposed to a degree of credit and equity market risk. Synthetic zeros are usually linked to major, well known indices, such as the FTSE 100, but with much less risk than investing directly in the index itself.

## Top Down Asset Allocation

An investment approach that looks to review the economic landscape prior to delving down into sector and company specifics.

## Transferable Securities

A general term used to describe a broad range of investments such as bonds and company shares for example.

## Volatility

Refers to the frequency and severity with which the price of an investment goes up and down.

## Weighted Average Maturity (WAM)

The average time until maturity of all the underlying holdings of a fund.

## Yield

The amount of income paid or expected to be paid from each share held. The yield is calculated and quoted as a percentage.

## Zero Dividend Preference Shares

Shares that do not receive an income but instead pay out a return at the end of the investment's fixed life.

Please visit our website to see our glossary in full.

Available online  
[theconbriofunds.co.uk](http://theconbriofunds.co.uk)



## Important Information

On 13 August 2015, KPMG LLP replaced KPMG Audit Plc as auditor of the ConBrio Funds.

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