

## Annual Short Report - 01 March 2014 to 28 February 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>	170.39	159.78	171.22	160.45

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

<sup>2</sup>To 28 February 2015.

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

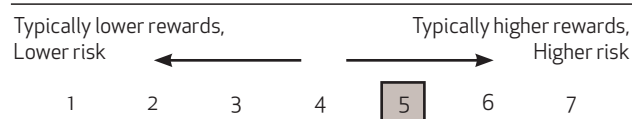
### Net Asset Values (in pence per share)

Share Class	General Income	Institutional Income
28.02.2013	126.44	-
28.02.2014	160.77	-
28.02.2015	169.29	169.71

### Dividend Distribution (in pence per share)

Period end	Paid	General Income	Institutional Income
31.08.2014	27.11.2014	0.2783	0.1293
28.02.2015	27.05.2015	0.1418	0.5468

### 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)

	28.02.2015	28.02.2014
General Income	2.13%	2.44%
Institutional Income Shares	1.63%	1.94%

The ongoing charges figure is based on the last year's expenses for the period ending 28 February 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

For the period under review, the Fund returned 5.5%, outperforming the IA UK All Companies sector average return of 3.8%.

There was increased volatility in UK equity markets, with the FTSE All-Share experiencing sharp drops and rebounds in August, October and December. The overall picture was clouded by signs of deflation in the Eurozone, the Scottish referendum, geopolitical tension in Russia/Ukraine and the Middle East, and pressure on commodity prices, most recently oil. There was also a shift out of small and medium sized companies into their larger brethren and exporters were impacted by the relative strength of sterling. Within the portfolio, we had a spate of cautionary trading statements from our more internationally orientated businesses, founded on currency concerns, and a handful of outright profit warnings that were more company specific.

The Fund enjoyed some good inflows and the investment performance augmented this, with funds under management rising from £17.1m to £19.3m over the year.

In much of 2014, it had been difficult to identify significant value among good businesses. Accordingly cash was allowed to build up over the summer, leaving the Fund well placed to take advantage of the mini corrections.

Most investment activity was again of the top-up variety; buying more of what we already owned when a pricing opportunity presented itself. A good example is Dart Group, which fell from over 300p in April 2014 to under 200p in the summer before recovering to its previous high in early 2015. Hargreaves Lansdown was a new addition to the portfolio in October and Bioventix in December. Both investments have hit the ground running and made significant contributions to performance in their early months. There were other events worth recording. Firstly, the exit from Sweett Group was completed during May as the investigation into possible bribery by the Serious Fraud Office and US Department of Justice represents an unquantifiable investment risk. Secondly, in early August, the merger of Dixons Retail and Carphone Warehouse was completed and this has been very well received in the market. Thirdly, we

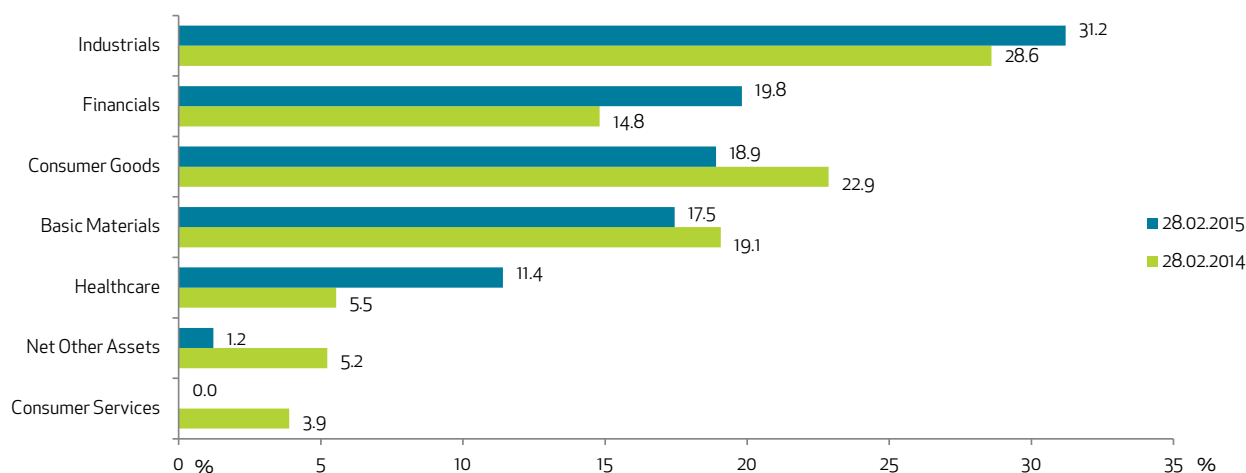
had our first take-over of a company held within the Fund with Motivcom accepting a cash offer from Sodexo in November.

There were 26 companies that remained within the portfolio throughout the year. Eighteen of these saw their share price rise and eight fall. As at 27 February 2015, the 28 investee companies included four positioned in the FTSE100, nine in the FTSE Mid Cap, seven fully listed smaller companies and eight quoted on AIM. In share price terms, 12 companies posted double-digit percentage gains, led by Provident Financial (+49.5%), Dixons Carphone (+33.5%), Dechra Pharmaceuticals (+32.7%) and Domino's Pizza (+30.1%). Five posted double-digit falls, the sharpest being Air Partner (-45.9%) and Driver Group (-32.4%).

We do not expect the year ahead to be any less challenging than 2014, not least because of the likelihood of an inconclusive General Election in May. However, in some respects we might be better placed than a year ago. At that time, we were coming off the back of two consecutive annual performances in excess of 30%. Whilst the majority of our investee companies continue to perform well, they now trade on significantly higher valuations, with their operational performances playing catch up. This has been, and still is, happening. In conclusion, we are most heartened by commentators talking about reasons for a stock market to crash in 2015. Major market highs are usually characterised by euphoria, not despondency.

Source: Sanford DeLand Asset Management, March 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 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%

### Top Ten Holdings as at 28.02.2014

Driver Group	5.82%
Dart Group	4.99%
NCC Group	4.18%
Mattioli Woods	3.94%
Scapa Group	3.92%
Liontrust Asset Management	3.90%
Dixons Retail	3.89%
Trifast	3.79%
International Personal Finance	3.74%
Lavendon Group	3.68%

# 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)



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