

# CFP Sanford DeLand Funds

Annual Report & Accounts

**For the Year from 1 March 2021 to 28 February 2022**

**A UK Authorised Investment Company with Variable Capital**

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## Management & Administration

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### Registered Office and Directors

Authorised Corporate Director ("ACD") and registered office of the CFP Sanford DeLand Funds ("the Company"):

#### ConBrio Fund Partners Limited

111 Piccadilly,  
Manchester, M1 2HY

ConBrio Fund Partners Limited is authorised and regulated by the Financial Conduct Authority ("FCA") and is a member of The Investment Association ("IA").

### Directors of the ACD

<b>John Eckersley</b>	(Managing Partner)
<b>Kathryn Holland</b>	(Head of Finance)
<b>Andrew Knox</b>	(Non-Executive Director Resigned 31 March 2022)
<b>Timothy Saunt</b>	(Non-Executive Director)
<b>Richard Slattery-Vickers</b>	(Partner)

### Investment Adviser

(From 1 April 2021)  
**Sanford DeLand Asset Management Ltd ("SDL")**  
7 Park Row,  
Leeds, LS1 5HD  
(Authorised and regulated by the FCA)

(Up to 31 March 2021)  
**Castlefield Investment Partners LLP**  
111 Piccadilly,  
Manchester, M1 2HY  
(Authorised and regulated by the FCA)

### Depository

(From 3 July 2021)  
**NatWest Trustee and Depository Services Limited**  
250 Bishopsgate, London  
United Kingdom, EC2M 4AA  
(Authorised by the Prudential Regulation Authority ("PRA")  
and regulated by FCA and PRA)

(Up to 3 July 2021)  
**Société Générale S.A. (London Branch)**  
One Bank Street, Canary Wharf,  
London, E14 4SG  
(Authorised by the Prudential Regulation Authority ("PRA")  
and regulated by FCA and PRA)

### Auditor

**Beever and Struthers**  
St George's House  
215-219 Chester Road, Manchester, M15 4JE

### Administrator

(From 5 July 2021)  
**Northern Trust Global Services SE, UK Branch**  
50 Bank Street, Canary Wharf,  
London, E14 5NT

(Up to 5 July 2021)  
**Société Générale Securities Services**  
One Bank Street, Canary Wharf,  
London, E14 4SG

### Registrar

**SS&C Financial Services Europe Limited**  
St Nicholas Lane  
Basildon, Essex, SS15 5FS

## Management & Administration

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### Company Information

CFP Sanford DeLand Funds is an Investment Company with Variable Capital under regulation 12 of the Open-Ended Investment Company Regulations and incorporated in England and Wales under registered number 925651 and authorised by the Financial Conduct Authority with effect from 5 May 2020. Shareholders are not liable for the debts of the Company. At the period end, the Company contained two sub-funds.

The Company is a UCITS scheme which complies with the Financial Conduct Authority's Collective Investment Schemes Sourcebook and is structured as an umbrella company so that different sub-funds may be established from time to time by the ACD with the approval of the Financial Conduct Authority and the agreement of the Depositary.

### Important Notes

On 1 April 2021, Sanford DeLand Asset Management Ltd replaced Castlefield Investment Partners LLP as the Investment Adviser to these Funds, after gaining independent authorisation from the FCA.

On 3 July 2021, NatWest Trustee and Depositary Services Limited replaced Société Générale S.A. (London Branch) Services as Depositary of CFP Sanford DeLand Funds.

On 5 July 2021, Northern Trust Global Services SE, UK Branch replaced Société Générale Securities Services as Administrator of CFP Sanford DeLand Funds.

## Management & Administration

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### Report of the ACD to the Shareholders of the Company

The ACD, as sole director, presents its report and the audited financial statements of the Company for the year from 1 March 2021 to 28 February 2022.

The Investment Objectives and Policies of the sub-funds of the Company are covered in the section for each sub-fund. The names and addresses of the ACD, the Depositary, the Registrar, the Investment Adviser and the Auditor are detailed on page 2.

In the future there may be other sub-funds of the Company.

Where a sub-fund invests in other Collective Investment Schemes, the maximum annual management fee that may be charged to that Collective Investment Scheme is 5% of the net asset value of such a scheme, however, it is expected that the actual annual management fee will not exceed 2%.

There are no significant shareholders that require disclosure (i.e. greater than 10%).

### Value Assessment

The regulator – the Financial Conduct Authority (“FCA”) – requires each Authorised Corporate Director to annually assess the value of the sub-funds that they operate and manage on behalf of investors. This assessment of value is conducted against seven criteria, as mandated by the FCA, that encompass several considerations of assessment alongside traditional factors such as performance and cost. The latest report conducted by ConBrio Fund Partners Limited on behalf of investors within the CFP Sanford DeLand Funds can be found on the website [www.conbriofunds.com](http://www.conbriofunds.com).

### Remuneration Disclosure

The provisions of the Undertakings in Collective Investment Schemes Directive (“UCITS V”) took effect on 18 March 2016. The legislation made requirement for the Authorised Corporate Director (“ACD”) to establish and maintain remuneration policies for its staff, the purpose of which is consistent with and to promote sound and effective risk management.

The ACD is part of a larger group of companies and subject to the formal Remuneration Policy of that Group. Any and all remuneration policies are subjected to annual review.

The Company avoids basing rewards on excessive variable remuneration but pays what is believed to be fair fixed remuneration. As an employee owned company, equity ownership amongst all colleagues is encouraged which creates a bias for reward based upon long term shareholder value creation.

The total remuneration of those individuals who are fully or partly involved in the activities of the UCITS scheme for the financial year ending 28 February 2022 is stated below and includes all members of staff that are considered to be senior management or others whose actions may have a material impact on the risk profile of the sub-fund.

Within the Group, all staff are employed by the parent company with none employed directly by the UCITS scheme. The costs included within the below, part of which is attributable to Directors of the management company, is allocated between the entities within the Group.

Fixed Remuneration: £250,040

Number of Full Time Employees: 9

Management has reviewed the general principles of the Remuneration Policy and its application in the last year which has resulted in no material changes to the policy. The policy pertaining to the UCITS Management Company is disclosed <https://www.sanford-deland.com/>.

## Management & Administration

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### Statement of Authorised Corporate Director's Responsibilities

The Open-Ended Investment Companies (Investment Companies with Variable Capital) Regulations 2001 (SI 2001/1228) ("the OEIC's Regulations") and the rules of the FCA contained in the COLL Sourcebook require the ACD to prepare Financial Statements for each accounting year which give a true and fair view of the financial position of the Company and of its net revenue and the net gains on the property of the Company for the year. The ACD is responsible for ensuring that, to the best of its knowledge and belief, there is no relevant audit information of which the Auditor is unaware. It is the responsibility of the ACD to take all necessary steps as a director to familiarise themselves with any relevant audit information and to establish that the Auditor is aware of that information. In preparing the Financial Statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice – Financial Statements of Authorised Funds issued by the Investment Management Association in May 2014;
- follow generally accepted accounting practice and applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the Financial Statements as prepared comply with the above requirements;
- take such steps as are reasonably open to it to prevent and detect fraud and other irregularities;
- make judgements and estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

## Management & Administration

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### Statement of Disclosure to the Auditors

So far as the ACD is aware, there is no relevant audit information of which the sub-funds' Auditors are unaware. Additionally, the ACD has taken all the necessary steps that it ought to have taken as ACD in order to make themselves aware of all relevant audit information to establish that the sub-funds' Auditors are aware of the information.

### Sub-fund Cross-holdings

No sub-fund held shares in any other sub-fund within the Investment Company with Variable Capital during the year.

### Directors' Statement

In accordance with the regulations, we hereby certify the report on behalf of the directors of ConBrio Fund Partners Limited.



**Richard Slattery-Vickers**

Director (of the ACD)

17 June 2022

## Management & Administration

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### **Statement of the Depositary's Responsibilities and Report of the Depositary to the Shareholders of CFP Sanford DeLand Funds ("the Company") for the Year Ended 28 February 2022.**

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares in the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

### **NatWest Trustee and Depositary Services Limited**

1 March 2022



## Management & Administration

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### Independent Auditor's report

#### Report of the Independent Auditor to the Shareholders of CFP Sanford DeLand Funds

Year Ended 28 February 2022

#### Opinion

We have audited the financial statements of the CFP Sanford DeLand Funds ("the Company") for the year from 1 March 2021 to 28 February 2022 which comprise the statements of total return and statements of changes in net assets attributable to shareholders together with the balance sheet for each of the Company's sub-funds, the accounting policies of the Company set out on pages 12 and 13 and the related notes and the distribution tables for each of the Company's sub-funds. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice issued by the Investment Management Association (IMA) in May 2014 "Financial Statements of UK Authorised Firms" and the 2017 amendments.

In our opinion the Financial Statements:

- give a true and fair view of the financial position of the Company comprising each of its sub-funds as at 28 February 2022 and of the net revenue/expenses and the net capital gains/losses on the property of the company comprising each of its sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Instrument of Incorporation, the Statement of Recommended Practice issued by the IMA relating to UK Authorised Funds and the Collective Investment Scheme's Sourcebook rules.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK (ISAs (UK))) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions Relating to Going Concern

In auditing the financial statements, we have concluded that the Authorised Corporate Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Authorised Corporate Director is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of the Authorised Corporate Director for the Financial Statements

As explained more fully in the Authorised Corporate Director's responsibilities statement on page 5, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view, and for such internal control and the Authorised Corporate Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Management & Administration

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In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority**

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation; and
- the information given in the Authorised Corporate Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Collective Investment Schemes Sourcebook of the Financial Conduct Authority rules requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and
- proper accounting records have not been kept or that the financial statements are not in accordance with those records.

### **Auditor's responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements based on our understanding of the company and through discussion with the Authorised Corporate Director and other management (as required by auditing standards).

We also had regard to laws and regulations in areas that directly affect the financial statements including financial reporting. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to overstate the value of investments and increase the net asset value of the company.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Audit procedures performed included:

- Discussions with management, inquiring over known or suspected instances of non-compliance with laws, regulations, and fraud;
- Review of minutes of all Board meetings of the Authorised Corporate Director;
- Review and testing of transactions (including journals) posted as part of the financial statements preparation process by the Fund Accountant;
- Review of key business processes and evaluation of internal controls implemented by the Fund accountant designed to prevent and detect irregularities; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We did not identify any such irregularities however as with any audit, there remained a higher risk of non-detection of irregularities due to fraud, as these may involve deliberate concealment, collusion, forger, intentional omissions, misrepresentations, or the override of internal controls.

## Management & Administration

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The maintenance and integrity of the Funds website is the responsibility of the ACD. The work carried out by the auditors does not involve consideration of these matters.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of Our Report

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Scheme's Sourcebook issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### Caroline Monk BA FCA

For and on behalf of Beever and Struthers, Chartered Accountant and Statutory Auditor

St George's House

215 – 219 Chester Road Manchester

M15 4JE

17 June 2022

## Management & Administration

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### **About the Investment Adviser**

Sanford DeLand Asset Management Ltd ("SDL") acts as the appointed Investment Adviser of the sub-funds as referred to within this document.

SDL is a firm established with a view to managing sub-funds according to the philosophy of 'Business Perspective Investing' that seeks to build long term value for their shareholders. Further information regarding the company and investment process can be found on <https://www.sanford-deland.com/>.

## Management & Administration

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### Aggregated notes to the Financial Statements

#### 1. Statement of Compliance

The Financial Statements have been prepared in compliance with UK Financial Reporting Standard 102 (FRS 102) and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association in May 2014 (2014 SORP) and the 2017 amendments.

#### 2. Summary of Significant Accounting Policies

##### Basis of Preparation

The Financial Statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss. The principal accounting policies which have been applied consistently are set out below.

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##### Functional and Presentation Currency

The functional and presentation currency of the sub-funds is Sterling.

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##### Revenue Recognition

Revenue from collective investment schemes, quoted equity and non-equity shares is recognised net of attributable tax credits when the security is quoted ex-dividend. Overseas revenue received after the deduction of withholding tax is shown gross of taxation, with the taxation consequences shown within the taxation charge. Accumulation of revenue relating to accumulation units or shares held in collective investment schemes is recognised as revenue and included in the amount available for distribution. Bank interest, interest on debt securities, underwriting commission and other revenue are recognised on an accruals basis. In the case of debt securities, the total revenue arising includes the amortisation of any premium or discount at the time of purchase spread over the life of the security, using the effective interest rate method. The gains and losses arising on investments in structured plans are allocated between revenue and capital according to the nature of the structured plan. This is depending on the extent to which the return is capital or revenue based.

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##### Stock Dividends

The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the sub-funds. Any enhancement above the cash dividend is treated as capital.

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##### Special Dividends

Special dividends are recognised as either revenue or capital depending upon the nature and circumstances of the dividend.

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##### Expenses

For accounting purposes, all expenses (other than those relating to the purchase and sale of Investments) are charged against income for the year on an accruals basis.

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##### Distributions

Amounts distributable are calculated after excluding expenses as agreed by the ACD and Depositary. Equalisation received from the underlying investments has been treated as a reduction in the book cost of the investments and not distributed. All distributions unclaimed for a period of six years after having become due for payment shall be forfeited and shall revert to the capital of the sub-funds.

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## Management & Administration

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### Valuations

All investments are valued at their fair value at close of business on 28 February 2022 being the last business day of the financial year. The fair value of equity and non-equity shares is bid price, excluding any accrued interest. The fair value of dual priced collective investment schemes managed by the ACD is their cancellation price and the fair value of dual priced collective investment schemes which are managed by other management groups is their bid price. The fair value of all single priced collective investment schemes is their single price, taking account of any agreed redemption charges. Delisted and unquoted investments are shown at the ACD's valuation.

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### Foreign Currencies

Assets and liabilities in currencies other than Sterling are translated into Sterling at the exchange rates prevailing at close of business on the last working day of the accounting year. Transactions in foreign currencies are translated at the exchange rate prevailing at the transaction date.

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### Taxation

Corporation tax has been provided at 20%. Deferred tax is provided in respect of timing differences that have originated but not been reversed at the balance sheet date. Deferred tax assets are recognised only to the extent that they are more likely than not to be recoverable. Withholding tax on overseas dividends is accounted for when the security is quoted ex-dividend.

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### Dilution Levy

In certain circumstances the ACD may charge a dilution levy, in accordance with the FCA Regulations, on all subscriptions and redemptions of shares, which is paid into the sub-funds and included in the Statement of Change in Net Assets Attributable to Shareholders. The levy is intended to cover certain dealing charges not included in the mid-market value of the sub-funds used in calculating the share price, which could have a diluting effect on the performance of the sub-funds.

## 3. Risk Management Frameworks

The ACD has a documented risk management framework which details the processes and procedures used to identify, measure, manage and monitor appropriately all risks to which the sub-funds are or may be exposed. The risks covered by the framework include market risk, liquidity risk, credit/counterparty risk, operational risk and any other risks that might be material to the sub-funds. The first three risks are primarily focused on the investment itself while operational risk refers to the risk of loss arising from inadequate or failed processes, people or systems including attempted fraud. The risk framework details:

- the techniques, tools and arrangements including systems and processes used;
- the content and frequency of reports; and
- the allocation of responsibilities between key staff and departments.

The main risk management system used by the ACD is fully integrated with the position keeping system for the sub-funds and is used to measure and monitor market risk, credit/counterparty risk and liquidity risk.

A separate system is maintained to track instances of operational risk and monitor amendments to controls made seeking to ensure that operational risk errors do not re-occur. As part of its governance processes, the ACD reviews the performance of the risk management framework and its associated arrangements, processes, systems and techniques on an annual basis, and the compliance of the sub-funds with the risk management framework. The risk management framework is updated by the ACD following any significant change in the business or in risk exposures and at least annually. It is also reviewed by the Depositary.

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## Management & Administration

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### Market Risk

Market risk is the risk of loss arising from fluctuations in the market value of investments held by the sub-funds attributable to changes in market variables, such as equity prices, foreign exchange rates, interest rates or the credit worthiness of an issuer. The risk management framework monitors the levels of market risk to which the sub-funds are exposed in relation to the sub-fund investment objective and policy. A series of hard (strictly enforced) and soft (warning) limits are employed to ensure the sub-fund stays within its published mandate. The risk systems provide a range of risk analytical tools, including sensitivities to relevant market risks, Value at Risk stress testing, and incorporates the impact of changes to positions in real time. In addition to risk analytics, the risk system has an integrated risk limit and regulatory compliance function which performs checks on potential trades prior to the sub-fund executing them and on the sub-fund exposures on a daily basis. Market risk is also measured using gross leverage and global exposure (the commitment approach). The commitment approach is suitable for sub-funds investing in traditional asset classes such as equities, fixed income, money market securities and collective investment schemes. It can also be used for sub-funds using derivatives in a simple manner and investing in instruments with embedded derivatives where no additional leverage is created. The ACD may in some instances, and always following the guidelines set by the regulator, take account of legally enforceable netting and hedging arrangements when calculating global exposure where these arrangements do not disregard any obvious or material risks.

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### Liquidity Risk

Liquidity risk is the possibility that the sub-fund will not be able to sell its assets without incurring losses within the timeframe required to meet investor redemptions. The asset liquidity profile of each sub-fund is monitored on a regular basis and compared to both historical investor redemption patterns and potential redemption scenarios, with the aim of ensuring that the sub-fund will be able to meet any actual redemptions in a timely manner. The liquidity risk management process includes an assessment of the market turnover, percentage of an issue held by the sub-fund, credit rating of the issuer and/or the buy-sell spread of the market in the securities held where the information is available and is applicable. Liquidity profile stress tests under both normal and exceptional conditions are conducted on a regular basis. If market liquidity is perceived to be decreasing, the ACD might seek to take any of the following actions to improve the liquidity profile of a sub-fund: maintain higher cash balances; maintain a greater proportion of assets in securities which are traditionally more liquid; diversify the range of issue types and sizes held; hold shorter dated securities; or hold issues with a more diversified investor base.

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### Credit Risk

Credit risk comprises both credit issuer risk and counterparty risk. Credit issuer risk is the potential for loss arising from the issuer of a security failing to pay interest and principal in a timely manner. Counterparty risk is the potential for loss arising from the failure of a trading counterparty to honour an obligation to the sub-fund. The sub-funds manage credit issuer risk as a component of market risk. Counterparty risk arises primarily with the financial brokers through whom the sub-fund buys and sells securities.

The sub-funds may only transact with brokers from an approved broker list maintained by the ACD. All brokers on the ACD approved list are subject to regular credit and general business checks.

## CFP SDL UK Buffettology Fund

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### **Sub-fund information**

The Comparative Tables on pages 16 and 17 give the performance of each active share class in the sub-fund.

The 'Total return after operating charges' disclosed in the Comparative Tables are calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the Manager's report which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the sub-fund on each transaction, other types of investments (such as collective investment schemes, bonds, money instruments, derivatives) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.



## CFP SDL UK Buffettology Fund

## Comparative Tables

For the financial year ended 28 February 2022

## General Income Shares

	28/02/2022	28/02/2021	28/02/2020
	(pence per share)	(pence per share)	(pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	349.15	312.97	288.81
Return before operating charges*	(13.95)	40.93	31.19
Operating charges*	(4.37)	(3.81)	(3.90)
Return after operating charges*	(18.32)	37.12	27.29
Distributions on income shares	(1.96)	(0.94)	(3.13)
Closing net asset value per share	328.87	349.15	312.97
After transaction costs of**:	0.08	0.17	0.78
<b>Performance</b>			
Total return after operating charges*	(5.25)%	11.86%	9.45%
<b>Other Information</b>			
Closing net asset value (£'000)	586,865	723,188	701,536
Closing number of shares	178,447,871	207,128,031	224,153,558
Operating charges*	1.14%	1.19%	1.19%
Direct transaction costs**	0.02%	0.05%	0.22%
<b>Prices</b>			
Highest share price	422.56	368.60	363.25
Lowest share price	319.30	231.65	288.87

\* Operating charge, otherwise known as the Ongoing Charge Figure ("OCF") is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

## CFP SDL UK Buffettology Fund

### Comparative Tables (continued)

For the financial year ended 28 February 2022

#### General Accumulation Shares

	28/02/2022 (pence per share)	28/02/2021 (pence per share)	28/02/2020 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	140.27	125.38	113.89
Return before operating charges*	(5.67)	16.42	13.05
Operating charges*	(1.76)	(1.53)	(1.56)
Return after operating charges*	(7.43)	14.89	11.49
Distribution on accumulation shares	(0.79)	(0.38)	(1.25)
Retained distribution on accumulation shares	0.79	0.38	1.25
Closing net asset value per share	132.84	140.27	125.38
After transaction costs of**:	0.03	0.07	0.28
<b>Performance</b>			
Total return after operating charges*	(5.30)%	11.88%	10.09%
<b>Other Information</b>			
Closing net asset value (£'000)	785,897	766,378	616,895
Closing number of shares	591,593,892	546,365,325	492,008,326
Operating charges*	1.14%	1.19%	1.19%
Direct transaction costs**	0.02%	0.05%	0.22%
<b>Prices</b>			
Highest share price	170.11	147.83	144.75
Lowest share price	128.54	92.80	114.59

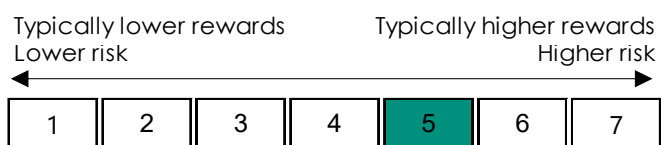
\* Operating charge, otherwise known as the Ongoing Charge Figure ("OCF") is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

## CFP SDL UK Buffettology Fund

### Risk and Reward Indicator (RRI)

The Risk and Reward Indicator demonstrates where the sub-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 indication of the future risk profile of the sub-fund.



The sub-fund is ranked as a 5 because it has experienced relatively medium to high rises and falls in value historically. The risk number shown is not guaranteed and may change over time.

The lowest risk number does not mean a risk-free investment.

The sub-fund holds equities concentrated by number and 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. Sub-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 sub-funds holding more diversified assets.

**The indicator may not take fully into account the following risks of investing in this sub-fund:**

**Liquidity risk:** during difficult market conditions, some securities, such as structured investments, corporate bonds, and position in emerging markets, may become more difficult to sell at desired price.

**Counterparty risk:** arising from securities which require specific entity, usually a large bank, to honour its obligations to the sub-fund.

**Operational risk:** arising from investments in overseas markets, in particular emerging market countries, which may not have the same level of safekeeping and other controls as UK markets.

**Legal or tax risk:** arising from a change in legal regulations, tax rules or the application of them.

### Investment Objective and Policy

The investment objective of the sub-fund is to seek to achieve an annual compounding rate of return over the long term, defined as 5 – 10 years, which is superior to the median performance of all of the funds forming the official peer group of which the sub-fund is part. ‘Peer group’ is defined as being the Investment Association sector to which the sub-fund has been allocated (currently being the UK All Companies Sector) or to which it may be allocated in future, as determined by that body. Investments will be made principally in UK equities, applying the methodology of Business Perspective Investing.

Business Perspective Investing identifies companies that exhibit criteria considered essential to the long term success of that business, and are expected to possess strong operating franchises and experienced management teams. Investments are to be made at a valuation deemed to provide shareholder value over the intended long term period of investment, not to be sold for short term profits.

Further information regarding the investment criteria adopted in Business Perspective Investing can be obtained directly from the Investment Adviser or at <https://www.sanford-deland.com/70/who-we-are/business-perspective-investing>.

The sub-fund 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 sub-fund may also invest in derivatives and forward transactions (for hedging purposes). The sub-fund may borrow and may enter into stock lending and underwriting transactions in accordance with COLL.

### Performance

The sub-fund’s General Income Share Class price fell by 6.90% from 352.97p at the close on 26 February 2021 to 328.68p on 28 February 2022. This compared to a 12.30% rise in the UK stock market. The sub-fund outperformed its benchmark in seven discrete months of the year. The General Accumulation Share Class price fell 6.50% from 141.56p to 132.32p over the same period compared to a gain of 7.50% for the sub-fund’s peer group, the IA UK All Companies sector. The share price recorded a high of 422.56p on 3 September and a low of 319.30p on 24 February, the day that marked the start of Russia’s invasion of Ukraine.

## CFP SDL UK Buffettology Fund

At the end of this twelve-month period, FE Trustnet ranked the sub-fund 242nd out of 252 funds in the IA UK All Companies sector over one year, 151st out of 242 over three years, 14th out of 232 over five years and third out of 195 since inception on 28 March 2011.

### Investment Review

The period under review was marked by a rotation away from quality growth companies (such as we endeavour to own in UK Buffettology) to so-called value stocks (what I prefer to call a 'dash for trash'). This was reflected in the top five performing sectors for the year which included: Health Care Providers; Oil, Gas & Coal; Aerospace & Defence; Tobacco; and Industrial Metal & Mining. The sub-fund has no exposure to any of these sectors. Against this difficult backdrop we saw a net funds outflow of £34.7 million, which coupled with a negative investment return, led to the sub-fund size shrinking from £1,503 million to £1,371 million.

Investment activity returned to more normal levels during the period and our portfolio turnover ratio was 8.00% (based on the 12-month moving average) giving an implied average holding period of twelve and a half years. The activity was concentrated in the first half of the year with two sales (Provident Financial Group and Scapa Group) and one new addition (Darktrace). We ended the period with 31 holdings.

The first sale came in March, when the decision was taken to dispose of our entire holding in Provident Financial. Let me start with a bit of history on this investment. We had sold out of our original holding, first bought in November 2012, during 2017 on concerns about the costly attempt to transition the business operating model in home collected credit. As a result, we booked a tidy profit and avoided the catastrophic collapse in the share price when our concerns became reality. The mistake was re-entering at much lower prices in the belief that the new team brought in would steady the ship. A shocker of an update in the middle of March provoked a sharp fall in the share price. On consideration of the multiple issues raised by the announcement, I took the decision to liquidate the entire holding. Consequently, we gave back all our earlier profit and some. Also in the first half, we lost another one of our earliest investments, namely Scapa Group, which had been owned since May 2011. Scapa accepted a 215.00p per share cash offer from Schweitzer-Morduit International, a US industrial company. This completed during April.

On the other side of the ledger, we added Darktrace to the portfolio on its Initial Public Offering in late April. This is the first time that Buffettology has participated in an IPO because, usually, there is not enough financial track record or time to undertake proper research on these issues. However, Darktrace is a business I have known and watched for several years now, having become acquainted with it by virtue of research on the market for the assurance division of NCC Group, which we have also owned since May 2011. It is the world's first 'cyber AI'

company, having been founded in Cambridge 2013 by a combination of cyber experts working on national security and mathematicians with an interest in machine learning. The company's AI Immune System Approach is self-learning, providing a surgical response to a breach at machine speed. This is the key differentiator and where the IP and economic moat lies. The analogy here is the human immune system, which learns what is normal and what is abnormal and acts accordingly. A notable client list counts Siemens, Vodafone, and Coca-Cola among 6,000+ customers in 110 countries, with North America the main overseas market. Though yet to move into reported profitability, owing to a very heavy spend on sales and marketing, the business is cash positive because of its favourable working capital cycle. It is in no need of fresh capital to attain profitability. In all other respects, it ticks all the Business Perspective Investing boxes right now and has been a strong performer post-IPO to date.

Over the twelve-month period, the strongest performers were Darktrace (share price up by 77% from the IPO price), RELX PLC (+34.8%), Diageo (+32.4%), Berkshire Hathaway (+32.3%) and Experian (+29.0%). There were three other double-digit and six single-digit risers. The worst performers were AB Dynamics (share price down by 42.6%), Homeserve (-35.3%), London Stock Exchange Group (-31.6%), NCC Group (-28.5%), and Bioventix (-27.8%). There were ten other single-digit fallers.

During the year, we noted comments made by one of the ratings agencies about the size of the sub-fund and that the average market capitalisation of our investee companies has risen markedly. The implication is that we are not investing in smaller companies. One of the main reasons the sub-fund has graduated up the market cap spectrum is the success of several of the smaller companies that we invested in. The growth in the market cap of these companies has contributed to the corresponding increase in the size of the sub-fund. Examples of 'multi-baggers' we have held for many years include Games Workshop Group, Liontrust Asset Management, JET2 PLC, Dechra Pharmaceuticals, Bioventix and AB Dynamics. As many investors are aware, we do not chop and change the portfolio. That is why our portfolio turnover is low and we capture such huge share price movements, not least of the companies mentioned. We continue to invest in smaller companies and of the four new companies invested in during the last two years, Homeserve and Darktrace are mid-caps and Team17 and Quartix are small caps quoted on AIM. If we have done our research properly then these will migrate up the market cap spectrum over the years, just as their predecessors have done.

At the year-end, in terms of banding by market capitalisation, we have five companies above £20 billion, representing 16.30% of the portfolio; three between £5 billion to £20 billion, making up a further 8.20%; ten between £1 billion to £5 billion, making up 31.70%; and thirteen under £1 billion making up 34.10%. The remaining 9.70% was in cash.

## CFP SDL UK Buffettology Fund

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### Outlook

While our investment style is currently out of favour, I should make clear that our investment methodology and ethos has not and will not change. Value investors chasing short-term gains in cigar-butts may very well succeed but at the expense of long-term returns. We have a portfolio of great companies, which we are confident will emerge even stronger from what is currently a difficult operating environment. We will not 'value wash' this portfolio in response to short-term market pressure. We judge the success of our investments by their companies' operating performance not stock price gyrations. Long term, in our opinion, there is a 100% correlation between the success of a business and its share price performance. Most of our companies are getting on with improving their operating performance and the longer the market gives them scant credit for that, the tighter the coil is wound and the more dramatic the turn will be. My message about the 'value rotation' is simple. In the words of Abraham Lincoln, "this too shall pass".

**Sanford DeLand Asset Management Ltd**  
28 March 2022

## CFP SDL UK Buffettology Fund

Top Ten Purchases and Sales during the year were as follows:

<b>Purchases</b>	<b>Cost £'000</b>	<b>Sales</b>	<b>Proceeds £'000</b>
Darktrace	37,058	Scapa Group	32,519
Team17 Group	5,713	Provident Financial	15,369
Games Workshop Group	3,296	Games Workshop Group	9,174
NCC Group	3,250	JET2 PLC	5,175
Rotork	3,085	Croda International PLC	5,142
Hargreaves Lansdown	3,074	Team17 Group	5,036
Croda International PLC	3,025	Dechra Pharmaceuticals	4,900
JET2 PLC	2,984	Softcat PLC	4,713
RWS Holdings	2,889	James Halstead	4,284
Trifast	2,867	Berkshire Hathaway	3,707
<b>Total purchases during the year</b>	<b>100,797</b>	<b>Total sales during the year</b>	<b>133,719</b>

## CFP SDL UK Buffettology Fund

## Portfolio of Investments

As at 28 February 2022

Holding	Investment	Market Value £'000	Total Value of Sub-fund %
<b>BASIC MATERIALS 5.97% (7.40%)</b>			
<b>Chemicals 5.97% (7.40%)</b>			
690,000	Croda International PLC	51,419	3.75
1,565,000	Victrex	30,439	2.22
		<b>81,858</b>	<b>5.97</b>
<b>CONSUMER GOODS 7.51% (6.56%)</b>			
<b>Beverages 5.23% (4.10%)</b>			
5,200,000	AG Barr	26,780	1.95
1,210,000	Diageo	45,072	3.28
		<b>71,852</b>	<b>5.23</b>
<b>Household Goods &amp; Home Construction 2.28% (2.46%)</b>			
4,794,000	MJ Gleeson	31,257	2.28
		<b>31,257</b>	<b>2.28</b>
		<b>103,109</b>	<b>7.51</b>
<b>CONSUMER SERVICES 18.81% (19.35%)</b>			
<b>Media 3.28% (2.24%)</b>			
1,975,000	RELX PLC	45,030	3.28
		<b>45,030</b>	<b>3.28</b>
<b>Travel &amp; Leisure &amp; Catering 15.53% (17.11%)</b>			
7,061,000	Focusrite*	74,140	5.40
1,135,000	Games Workshop Group	84,785	6.18
4,225,000	JET2 PLC*	54,228	3.95
		<b>213,153</b>	<b>15.53</b>
		<b>258,183</b>	<b>18.81</b>

## CFP SDL UK Buffettology Fund

### Portfolio of Investments

Holding	Investment	Market Value £'000	Total Value of Sub-fund %
<b>FINANCIALS 13.77% (14.19%)</b>			
<b>Financial Services 10.10% (11.71%)</b>			
1,940,000	Hargreaves Lansdown	22,000	1.60
5,140,000	Liontrust Asset Management	77,820	5.67
590,000	London Stock Exchange Group	38,775	2.83
		<b>138,595</b>	<b>10.10</b>
<b>Non-Life Insurance 3.67% (2.48%)</b>			
140	Berkshire Hathaway	50,358	3.67
		<b>50,358</b>	<b>3.67</b>
		<b>188,953</b>	<b>13.77</b>
<b>HEALTH CARE 6.35% (6.18%)</b>			
<b>Pharmaceuticals &amp; Biotechnology 6.35% (6.18%)</b>			
1,040,000	Bioventix*	31,200	2.27
1,360,000	Dechra Pharmaceuticals	55,978	4.08
		<b>87,178</b>	<b>6.35</b>
<b>INDUSTRIALS 21.28% (22.27%)</b>			
<b>Construction &amp; Materials 2.75% (2.66%)</b>			
14,700,000	James Halstead*	37,779	2.75
		<b>37,779</b>	<b>2.75</b>
<b>Industrial Engineering 6.85% (8.00%)</b>			
2,962,000	AB Dynamics*	31,397	2.29
11,835,000	Rotork	36,499	2.66
19,130,000	Trifast	26,017	1.90
		<b>93,913</b>	<b>6.85</b>



## CFP SDL UK Buffettology Fund

## Portfolio of Investments

Holding	Investment	Market Value £'000	Total Value of Sub-fund %
<b>Support Services 11.68% (11.61%)</b>			
1,560,000	Experian	45,739	3.33
2,690,000	HomeServe	18,104	1.32
3,915,000	PayPoint PLC	23,333	1.70
1,670,000	Rollins	40,670	2.96
7,060,000	RWS Holdings*	32,462	2.37
		<b>160,308</b>	<b>11.68</b>
		<b>292,000</b>	<b>21.28</b>
<b>TECHNOLOGY 16.93% (15.60%)</b>			
<b>Software &amp; Computer Services 14.45% (12.94%)</b>			
1,660,000	Craneware*	28,884	2.10
8,965,000	Darktrace	39,643	2.89
18,342,500	NCC Group	34,374	2.50
14,450,000	RM PLC	21,964	1.60
3,245,000	Softcat PLC	50,557	3.68
4,200,000	Team17 Group*	23,100	1.68
		<b>198,522</b>	<b>14.45</b>
<b>Technology Hardware &amp; Equipment 2.48% (2.66%)</b>			
9,216,000	Quartix Holdings*	34,099	2.48
		<b>34,099</b>	<b>2.48</b>
		<b>232,621</b>	<b>16.93</b>
<b>Total Value of Investments</b>		<b>1,243,902</b>	<b>90.62</b>
Net Other Assets		128,860	9.38
<b>Total Net Assets</b>		<b>1,372,762</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28 February 2021

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated

\* AIM listed securities

## CFP SDL UK Buffettology Fund

### Statement of Total Return

For the year ended 28 February 2022

	Note	28/02/2022		28/02/2021	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital (losses)/gains	2		(86,929)		152,686
Revenue	3	27,584		20,199	
<b>Expenses</b>					
Interest payable and similar charges	4	(18,979)		(16,116)	
			(2)		–
Net revenue before taxation		8,603		4,083	
Taxation	5	(86)		(68)	
Net revenue after taxation			8,517		4,015
<b>Total return before distributions</b>					
			<b>(78,412)</b>		<b>156,701</b>
Distributions	6		(8,517)		(4,015)
<b>Change in net assets attributable to shareholders from investment activities</b>					
			<b>(86,929)</b>		<b>152,686</b>

### Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2022

	28/02/2022		28/02/2021	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>				
		<b>1,489,566</b>		<b>1,318,433</b>
Amounts received on creation of shares	265,745		423,879	
Amounts paid on cancellation of shares	(300,255)		(407,498)	
		(34,510)		16,381
Change in net assets attributable to shareholders from investment activities		(86,929)		152,686
Retained distribution on accumulation shares		4,635		2,066
<b>Closing net assets attributable to shareholders</b>				
		<b>1,372,762</b>		<b>1,489,566</b>

## CFP SDL UK Buffettology Fund

### Balance Sheet

As at 28 February 2022

	Note	28/02/2022 £'000	28/02/2021 £'000
<b>Assets</b>			
Investment assets		1,243,902	1,363,717
Debtors	7	1,529	7,797
Cash and bank balances	8	141,365	120,552
<b>Total assets</b>		<b>1,386,796</b>	<b>1,492,066</b>
<b>Liabilities</b>			
Creditors	9	(12,044)	(1,257)
Distribution payable on income shares		(1,990)	(1,243)
<b>Total liabilities</b>		<b>(14,034)</b>	<b>(2,500)</b>
<b>Net assets attributable to shareholders</b>		<b>1,372,762</b>	<b>1,489,566</b>

### Summary of Material Portfolio Changes

For the year ended 28 February 2022

	28/02/2022 £'000	28/02/2021 £'000
Total purchases in year	100,797	222,709
Total sales in year	133,719	175,872

The notes on pages 27 to 34 are an integral part of these Financial Statements.

On behalf of ConBrio Fund Partners Limited



**Richard Slattery-Vickers**

Director (of the ACD)

17 June 2022

## CFP SDL UK Buffettology Fund

### Notes to the Financial Statements

#### 1. Accounting Policies

The accounting, distribution and risk management policies are provided in the Aggregated notes to the Financial Statements section on pages 12 to 14.

#### 2. Net Capital (Losses)/Gains

	28/02/2022 £'000	28/02/2021 £'000
Non-derivative securities	(86,911)	152,717
Currency losses	(17)	(22)
Transaction costs and handling charges	(1)	(9)
<b>Net capital (losses)/gains on investments</b>	<b>(86,929)</b>	<b>152,686</b>

#### 3. Revenue

	28/02/2022 £'000	28/02/2021 £'000
UK dividends non taxable	26,814	19,692
Overseas dividends non taxable	768	448
Bank interest	2	59
<b>Total revenue</b>	<b>27,584</b>	<b>20,199</b>

## CFP SDL UK Buffettology Fund

## 4. Expenses

	28/02/2022 £'000	28/02/2021 £'000
<b>Payable to the manager, associates of the manager and agents of either of them</b>		
ACD fees	1,898	1,604
Investment Adviser fees	15,862	13,532
	<b>17,760</b>	<b>15,136</b>
<b>Payable to the depositary or associates of the depositary and agents of either of them</b>		
Depositary fees	302	268
Financial statement fees	8	1
Safe Custody fees	156	108
	<b>466</b>	<b>377</b>
<b>Other expenses:</b>		
Audit fees	7	8
Registration fees	598	565
Legal fees	–	30
Professional fees	44	–
Calastone fees	79	–
EMX fees	25	–
	<b>753</b>	<b>603</b>
<b>Total expenses</b>	<b>18,979</b>	<b>16,116</b>
<b>Total expenses charged to Income</b>	<b>(18,979)</b>	<b>(16,116)</b>

Irrecoverable VAT is included in the above expenses where relevant.

## CFP SDL UK Buffettology Fund

### 5. Taxation

#### (a) Analysis of the tax charge in the year

	28/02/2022 £'000	28/02/2021 £'000
Overseas Tax	86	68
<b>Total current tax charge (Note 5 (b))</b>	<b>86</b>	<b>68</b>
<b>Total taxation for the year</b>	<b>86</b>	<b>68</b>

#### (b) Factors affecting current tax charge for the year

	28/02/2022 £'000	28/02/2021 £'000
Net revenue before taxation	8,603	4,083
Net revenue for the year multiplied by the standard rate of (20%)	1,721	817
<b>Effects of:</b>		
Movement in excess management expenses	3,795	3,211
Overseas Tax	86	68
Revenue not subject to taxation	(5,516)	(4,028)
<b>Total tax charge (Note 5 (a))</b>	<b>86</b>	<b>68</b>

Authorised OEIC's are exempt from tax on capital gains made within the sub-fund.

#### (c) Deferred Tax

The sub-fund has not recognized a deferred tax asset of £11,695,951 (2021: £7,883,000) arising as a result of having unutilised management expenses. It is unlikely that the sub-fund will obtain relief for these in the future so no deferred tax asset has been recognized.

### 6. Distributions

	28/02/2022 £'000	28/02/2021 £'000
<b>Interim Income</b>		
Interim distribution	1,720	712
Final distribution	1,990	1,243
<b>Interim Accumulation</b>		
Interim accumulation	1,971	747
Final accumulation	2,664	1,320
<b>Total Distribution</b>	<b>8,345</b>	<b>4,022</b>
Add: Income deducted on cancellation of shares	548	220
Deduct: Income received on creation of shares	(376)	(227)
<b>Net distribution for the year</b>	<b>8,517</b>	<b>4,015</b>
<b>Reconciliation of net revenue after taxation to distributions:</b>		
Net revenue after taxation	8,517	4,015
<b>Net distribution for the year</b>	<b>8,517</b>	<b>4,015</b>

## CFP SDL UK Buffettology Fund

### 7. Debtors

	28/02/2022 £'000	28/02/2021 £'000
Accrued revenue	1,089	1,256
Amounts receivable for creation of shares	–	6,478
Sales awaiting settlement	440	63
<b>Total debtors</b>	<b>1,529</b>	<b>7,797</b>

### 8. Cash and Bank Balances

	28/02/2022 £'000	28/02/2021 £'000
Sterling	141,365	120,537
US Dollar	–	15
<b>Cash and bank balances</b>	<b>141,365</b>	<b>120,552</b>

### 9. Creditors

	28/02/2022 £'000	28/02/2021 £'000
Accrued expenses	1,358	389
Amounts payable for cancellation of shares	10,686	244
Purchases awaiting settlement	–	624
<b>Total other creditors</b>	<b>12,044</b>	<b>1,257</b>

### 10. Related Parties

#### Authorised Corporate Director (“ACD”)

The annual management charge (“AMC”) is 0.20% subject to a minimum of £25,000 per annum and is payable monthly. This fee can, and is, reduced at the discretion of the ACD. Amounts paid to the ACD are disclosed within note 4. The amount due to the ACD at the year end was £126,370 and this is included within the accrued expenses.

#### Investment Adviser

The employees of Sanford DeLand Asset Management (“SDL”), noted within this document, acted as Approved Persons of CIP for the purposes of acting as the lead day-to-day managers to the respective sub-funds. CIP is part of the group of companies to which the ACD belongs, Castlefield Partners Limited. On 1 April 2021, SDL replaced Castlefield Investment Partners LLP as the appointed Investment Adviser to the CFP Sanford DeLand Funds ICVC. Amounts paid to Sanford DeLand Asset Management (“SDL”) in respect of the Investment Adviser Fee are disclosed within note 4. The amount due at the year end was £1,040,230 and this is disclosed within the accrued expenses.

### 11. Contingent Liabilities and Commitment

There were no contingent liabilities or outstanding commitments at the balance sheet date (2021: £Nil).

## CFP SDL UK Buffettology Fund

### 12. Financial Instruments

In pursuing the sub-fund's investment objective, the main risks arising from the sub-fund's financial instruments are market price, currency, interest rate, liquidity and counterparty risk.

#### Market Price Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 13 and 14.

At 28 February 2022, if the price of the investments held by the sub-fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £62,195,098 (2021: £68,185,850).

#### Currency Exposure

There was no material direct foreign currency exposure within the sub-fund at the balance sheet date.

#### Currency exposure as at 28/02/2022

Currency	Portfolio of investments £'000	Net other assets £'000	Total £'000	Total exposure %
US Dollar	91,028	106	91,134	6.64
Sterling	1,152,874	128,754	1,281,628	93.36
<b>Total Net Assets</b>	<b>1,243,902</b>	<b>128,860</b>	<b>1,372,762</b>	<b>100.00</b>

#### Currency exposure as at 28/02/2021

Currency	Portfolio of investments £'000	Net other assets £'000	Total £'000	Total exposure %
US Dollar	77,491	95	77,586	5.21
Sterling	1,286,226	125,754	1,411,980	94.79
<b>Total Net Assets</b>	<b>1,363,717</b>	<b>125,849</b>	<b>1,489,566</b>	<b>100.00</b>

At 28 February 2022, if the value of Sterling increased or decreased by 1% against all currencies, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £911,343 (2021: 775,860).

#### Interest Rate Risk

The only interest-bearing financial assets of the sub-fund are bank balances on which interest is calculated at a variable rate by reference to Sterling bank deposit rates or the international equivalent (2021: same).

#### Liquidity Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 13 and 14.

#### Counterparty Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 13 and 14.



## CFP SDL UK Buffettology Fund

### 12. Financial Instruments (continued)

#### Fair Value of Financial Assets and Financial Liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the sub-fund disclosed in the balance sheet where applicable.

#### Valuation Technique

As at 28/02/2022	Assets £'000	Liabilities £'000
Level 1	1,243,902	–
Level 2	–	–
Level 3	–	–
<b>Total</b>	<b>1,243,902</b>	<b>–</b>

As at 28/02/2021	Assets £'000	Liabilities £'000
Level 1	1,363,717	–
Level 2	–	–
Level 3	–	–
<b>Total</b>	<b>1,363,717</b>	<b>–</b>

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable for the asset or liability).

#### Derivatives and Forward Transactions

The sub-fund does not hold any derivatives or forward transactions that could materially impact the value of the sub-fund.

The Investment Adviser does not use derivative instruments to hedge the investment portfolio against risk.

## CFP SDL UK Buffettology Fund

### 13. Share Classes

The sub-fund currently has two share classes in issue and the Investment Adviser's Fee on the share classes is as follows:

**General Shares:** 0.95%

(Effective from 1 April 2021, the Investment Adviser Fee for each share class was reduced to 0.95% from 1.00%)

The following table shows the shares in issue during the year:

<b>General Income Shares</b>	<b>Income</b>
Opening Shares	207,128,031
Shares Created	17,116,183
Shares Liquidated	(45,796,343)
<b>Closing Shares</b>	<b>178,447,871</b>
<b>General Accumulation Shares</b>	<b>Accumulation</b>
Opening Shares	546,365,325
Shares Created	132,433,954
Shares Liquidated	(87,205,387)
<b>Closing Shares</b>	<b>591,593,892</b>

The net asset value, the asset value per share and the number of shares in issue are given in the Comparative Tables on pages 16 and 17. All share classes have the same rights on winding up. The taxation and income are apportioned equally based on the weighted proportion of each share class.

The distribution per share class is given in the distribution tables on page 35.

## CFP SDL UK Buffettology Fund

## 14. Portfolio Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on pages 16 and 17.

PORTFOLIO TRANSACTION COSTS	28.02.2022 £'000	28.02.2021 £'000
<b>Analysis of total purchase costs:</b>		
Equities	100,537	222,099
Purchases in year before transaction costs	100,537	222,099
Commissions:		
Equities total value paid	43	161
Taxes:		
Equities total value paid	217	449
<b>Total purchase costs</b>	<b>260</b>	<b>610</b>
<b>Gross purchases total</b>	<b>100,797</b>	<b>222,709</b>
<b>Analysis of total sale costs:</b>		
Equities	133,761	175,956
Gross sales in year before transaction costs	133,761	175,956
Commissions:		
Equities total value paid	(42)	(80)
Taxes:		
Equities total value paid	-	(4)
<b>Total sales costs</b>	<b>(42)</b>	<b>(84)</b>
<b>Gross sales total</b>	<b>133,719</b>	<b>175,872</b>

PORTFOLIO TRANSACTION COSTS	28.02.2022 %	28.02.2021 %
<b>Analysis of total purchase costs:</b>		
Commissions:		
Equities total value paid	0.04	0.07
Taxes:		
Equities total value paid	0.22	0.20
<b>Analysis of total sale costs:</b>		
Commissions:		
Equities total value paid	0.03	0.05
Taxes:		
Equities total value paid	-	-
<b>Transaction costs as percentage of average net asset values</b>		
Commissions	0.01	0.02
Taxes	0.01	0.03

As at the balance sheet date, the average portfolio dealing spread was 1.07% (2021: 0.91%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

## CFP SDL UK Buffettology Fund

### Distribution Tables

#### Interim Dividend Distribution In Pence Per Share

Group 1 Shares purchased prior to 1 March 2021

Group 2 Shares purchased between 1 March 2021 to 31 August 2021

##### General Income Shares

			Distribution Paid	Distribution Paid
	Net Income	Equalisation	31/10/2021	31/10/2020
Group 1	0.8436	–	0.8436	0.3355
Group 2	0.3669	0.4767	0.8436	0.3355

##### General Accumulation Shares

			Distribution Paid	Distribution Paid
	Net Income	Equalisation	31/10/2021	31/10/2020
Group 1	0.3397	–	0.3397	0.1413
Group 2	0.1356	0.2041	0.3397	0.1413

#### Final Dividend Distribution In Pence Per Share

Group 1 Shares purchased prior to 1 September 2021

Group 2 Shares purchased between 1 September 2021 to 28 February 2022

##### General Income Shares

			Distribution Paid	Distribution Paid
	Net Income	Equalisation	30/04/2022	30/04/2021
Group 1	1.1154	–	1.1154	0.6000
Group 2	0.6027	0.5127	1.1154	0.6000

##### General Accumulation Shares

			Distribution Paid	Distribution Paid
	Net Income	Equalisation	30/04/2022	30/04/2021
Group 1	0.4502	–	0.4502	0.2415
Group 2	0.2133	0.2369	0.4502	0.2415

## CFP SDL Free Spirit Fund

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### **Sub-fund information**

The Comparative Tables on pages 37 and 38 give the performance of each active share class in the sub-fund.

The 'Total return after operating charges' disclosed in the Comparative Tables are calculated as the return after operating charges per share divided by the opening net asset value per share. It differs from the sub-fund's performance disclosed in the Manager's report which is calculated based on the latest published price.

Portfolio transaction costs are incurred when investments are bought or sold by a sub-fund in order to achieve the investment objective. These transaction costs affect an investor in different ways depending on whether they are joining, leaving or continuing with their investment in the sub-fund.

In addition, there are indirect portfolio transaction costs arising from the 'dealing spread' – the difference between the buying and selling prices of underlying investments in portfolio. Unlike shares whereby broker commissions and stamp duty are paid by the sub-fund on each transaction, other types of investments (such as collective investment schemes, bonds, money instruments, derivatives) do not have separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and money market sentiment.

## CFP SDL Free Spirit Fund

## Comparative Tables

For the financial year ended 28 February 2022

## General Income Shares

	28/02/2022 (pence per share)	28/02/2021 (pence per share)	28/02/2020 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	163.03	136.21	118.85
Return before operating charges*	0.31	28.81	20.37
Operating charges*	(2.04)	(1.99)	(2.26)
Return after operating charges*	(1.73)	26.82	18.11
Distributions on income shares	(0.92)	–	(0.75)
Closing net asset value per share	160.38	163.03	136.21
After transaction costs of**:	0.29	1.20	0.19
<b>Performance</b>			
Total return after operating charges*	(1.06)%	19.69%	15.23%
<b>Other Information</b>			
Closing net asset value (£'000)	27,621	16,168	1,237
Closing number of shares	17,221,854	9,917,273	907,877
Operating charges*	1.12%	1.27%	1.72%
Direct transaction costs**	0.16%	0.76%	0.03%
<b>Prices</b>			
Highest share price	196.36	173.99	149.38
Lowest share price	157.38	103.55	117.97

\* Operating charge, otherwise known as the Ongoing Charge Figure ("OCF") is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

## CFP SDL Free Spirit Fund

## Comparative Tables (continued)

For the financial year ended 28 February 2022

## General Accumulation Shares

	28/02/2022 (pence per share)	28/02/2021 (pence per share)	28/02/2020 (pence per share)
<b>Change in net asset value per share</b>			
Opening net asset value per share	165.19	138.02	118.52
Return before operating charges*	0.21	29.17	21.68
Operating charges*	(2.08)	(2.00)	(2.18)
Return after operating charges*	(1.87)	27.17	19.50
Distribution on accumulation shares	(0.92)	–	(0.75)
Retained distributions on accumulation share	0.92	–	0.75
Closing net asset value per share	163.32	165.19	138.02
After transaction costs of**:	0.30	1.21	0.16
<b>Performance</b>			
Total return after operating charges*	(1.13)%	19.69%	16.45%
<b>Other Information</b>			
Closing net asset value (£'000)	79,105	57,380	6,574
Closing number of shares	48,434,849	34,734,560	4,762,965
Operating charges*	1.12%	1.26%	1.67%
Direct transaction costs**	0.16%	0.76%	0.03%
<b>Prices</b>			
Highest share price	199.67	176.30	151.36
Lowest share price	160.02	104.93	118.84

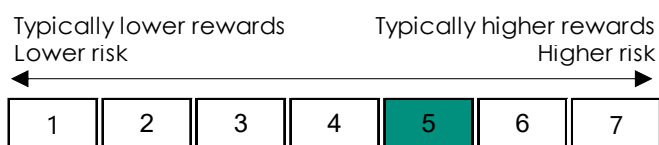
\* Operating charge, otherwise known as the Ongoing Charge Figure ("OCF") is the ratio of the sub-fund's total disclosable costs (excluding overdraft interest) to the average net assets of the sub-fund. The OCF is intended to provide a reliable figure which gives the most accurate measure of what it costs to invest in a sub-fund and is calculated based on the last year's figures.

\*\* Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments or dilution levies that relate to direct transaction costs. A negative transaction costs figure might arise where there is a timing difference between inflows and the settlement of the resultant purchases.

## CFP SDL Free Spirit Fund

### Risk and Reward Indicator (RRI)

The Risk and Reward Indicator demonstrates where the sub-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 indication of the future risk profile of the sub-fund.



The sub-fund is ranked as a 5 because it has experienced relatively medium to high rises and falls in value historically. The risk number shown is not guaranteed and may change over time.

Please note that even the lowest ranking does not mean a risk-free investment.

As there is less than five years of available data for this sub-fund, for illustrative purposes a portfolio with a comparable asset allocation has been used to calculate the risk/reward profile where data for this sub-fund is not available.

The sub-fund holds a concentrated portfolio of UK equities listed on the LSE or quoted on AIM/ISDX. Equities, as an asset class, tend to experience higher volatility than many other assets such as bonds or money market instruments. Sub-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 sub-funds holding more diversified assets.

**Liquidity risk:** during difficult market conditions some securities, such as structures investments, corporate bonds and positions in emerging markets, may become more difficult to sell at a desired price.

**Counterparty risk:** arising from securities which require a specific entity usually a large bank, to honour its obligations to the sub-fund.

**Operational risk:** arising from investments in overseas markets, in particular emerging market countries, which may not have the same level of safekeeping and other controls as UK markets.

**Legal or tax risk:** arising from a change in legal regulations, tax rules or the application of them.

### Investment Objective and Policy

The investment objective of the sub-fund is to seek to maximise total returns over the long-term – 10 years. At least 80% of the sub-fund will be invested within UK equities, with an emphasis on smaller and mid capitalised companies. The sub-fund will have a concentrated portfolio of between 25 and 40 holdings when fully invested. The Investment Adviser will apply the methodology of Business Perspective Investing.

Business Perspective Investing identifies companies that exhibit criteria considered essential to the long term success of that business, and are expected to possess strong operating franchises and experienced management teams. Investments are to be made at a valuation deemed to provide shareholder value over the intended long term period of investment, not to be sold for short term profits.

Further information regarding the investment criteria adopted in Business Perspective Investing can be obtained directly from the Investment Adviser or at <https://www.sanford-deland.com/70/who-we-are/business-perspective-investing>.

### Performance

The sub-fund's General Income Share Class price decreased by 2.60% during the twelve months to 28 February 2022 to 160.18p and the General Accumulation Share Class price decreased by 2.30% to 162.88p. This compared to a gain of 7.50% for the sub-fund's peer group, the IA UK All Companies Sector. At the interim stage, the sub-fund had significantly outperformed this peer group so it can be deduced that the pain was felt exclusively during the second half as the market rotation from growth to value took off. More of which later.

As a result, the sub-fund ranked in the bottom quartile over the past twelve months, but, since inception on 10 January 2017, has returned 62.90%, ranking it eighth out of 230 funds. As a long-term buy and hold strategy, it is over this longer time frame that we believe it should be judged.

A common theme throughout the last six months was a resumption of the great rotation from quality growth companies, exactly the sort we choose to invest in, towards Banks, Commodities and so-called "value", areas of the market that we don't invest in. Arguably this phenomenon had started as far back as 'Vaccine Monday' in November 2020, although we commented in the interim report that it had seemed to have run its course by summer 2021. As it turned out, this was a blip and the rotation continued.



## CFP SDL Free Spirit Fund

After a number of holdings hit all-time highs during the quiet and less liquid summer months, the mood of the market started to turn during autumn. Perfectly decent in-line trading updates were met with dispassion and often profit taking whereas the same statement six months earlier would have been met with jubilation and a share price rise. This continued into the New Year.

When the history books are written, they may attach too much causation to the market sell-off and Putin sending his troops into Ukraine. This would be misleading. Whilst war in Ukraine exacerbates some of the macro issues the world faces (inflation and supply chain disruption to name the largest), investors had in truth begun to fret as we entered January. This change in market sentiment was reflected in the sub-fund's flows with net inflows of £39.9 million during the six-month period from 1 March 2021 to 31 August 2021 and modest net outflows of £591,000 during the period from 1 September 2021 to 28 February 2022. We ran with healthy levels of cash throughout the year, exiting with 8.9% of net asset value in cash, a figure that had been over 18% in July.

### Investment Review

The top ten winners and losers in the twelve-month period were as follows:

#### Best Performers

Tatton Asset Management	45.30%
Bloomsbury Publishing	39.40%
RELX PLC	33.80%
YouGov	31.10%
Mortgage Advice Bureau Holding	20.20%
Auto Trader	18.30%
Fintel	15.60%
Kainos Group	14.30%
Diploma	13.10%
Treant	6.90%

#### Worst Performers

Avon Protection	-66.30% <sup>1,2</sup>
Tristel	-42.20%
London Stock Exchange Group	-32.70%
AVEVA Group	-29.40%
EKF Diagnostics Holdings	-28.40%
AJ Bell	-27.40% <sup>2</sup>
Games Workshop Group	-23.50%
Michelmersh Brick	-21.60%
Craneware	-16.50%
XP Power	-13.40% <sup>2</sup>

<sup>1</sup> Based on average sale price    <sup>2</sup> Only held for part of period

Of the 27 companies held as at 28 February 2022, 11 showed a gain over the twelve months and 15 showed a loss. This does not include Trellus Healthcare which we received part way through the period as a dividend in specie from our holding in EKF Diagnostics.

The biggest contributor to performance in the year was Tatton Asset Management, the niche discretionary fund management business that goes from strength to strength. Tatton is one of those businesses that has been nimble to exploit an opportunity in the market and has been rewarded by significant inflows of investor cash which it manages in return for a fee. Buoyant equity markets have no doubt enhanced the performance over recent years but our reason for holding it is no way predicated on the market exuberance we have seen over the past two years.

Bloomsbury Publishing is a great example of the sort of steady compounder we like to own. Five-year compound average revenue growth of 8.4% might not be racy enough for some but the financial shape of this business is strong, with cash conversion consistently in excess of 100% (it has averaged 112% over the past ten years). It continues to grow both organically and through selective acquisition – small bolt-ons rather than anything ‘transformative’ thank goodness.

The biggest detractor to performance in the year by some way was Avon Protection. Avon had received far too much airtime in our monthly fact sheets and frequently topped the worst performers in the portfolio but we stuck with it believing its challenges to be short-term and surmountable. We were content to look through troubles earlier in the year caused by supply chain issues and a tight US labour market as these phenomena were being felt by many businesses – a “known unknown” to quote Donald Rumsfeld. In November, however, it was revealed that a body protection product had failed critical First Article Testing and, at best, there would be a lengthy delay in shipments to its customer. As a result the whole division was put under strategic review.

The shares virtually halved but there was worse to come. Following a call with management, we attempted to engage directly with the senior non-executive director to make our views known, which, primarily, were that the current executive management team had failed one of our key requirements – rational deployment of capital – and the strategic review should be extended to cover the entirety of the business. The product concerned came out of an acquisition barely two years earlier which made us question how much due diligence had gone in at the time. Our attempts to engage were met by an investor relations team that would not allow us the direct access to the Board, that, as investors we expect. We learnt more about the culture of the business in one email exchange than in the previous four years we had held the shares. Needless to say, we exited the entire holding in December and sleep much better at night with it gone.

## CFP SDL Free Spirit Fund

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The overarching theme of the other losers was that they tended to be those stocks that had performed the best throughout COVID-19. Tristel and EKF Diagnostics certainly fall into that category.

During the year we spent £50.1m on purchases and received £5.2m from sales. In addition to the sale of Avon referred to above, we chose to exit two other holdings, CLS Holdings (commercial property) and Eleco (construction software) which were identified for disposal as part of our ongoing review of holdings against our Business Perspective Investing principles. Eleco was exited for a small six-figure profit and CLS for a very modest loss.

We were pleased to welcome four new holdings to the portfolio during the year. XP Power, initially purchased in March 2021, is a designer and manufacturer of power converters used mainly in the industrial, healthcare and technology sectors and with no direct exposure to consumer electronics. Once a customer chooses to use XP's power converters in critical applications such as healthcare, there is little incentive for them to change supplier as to do so would require the burden of further regulatory approval. As a result, revenues tend to be locked in for the long term, typically 7 years.

Bytes Technology (July 2021) is one of the UK's leading value-added resellers of IT products and services, with a particular focus on cloud computing and cybersecurity software. Over 60% of gross profit comes from repeat and annuity-type revenue and over 90% of gross profit comes from existing customers, demonstrating high levels of repeat business and customer loyalty. Bytes originally came to our attention through our research into its larger peer, Softcat, which we hold in the CFP SDL UK Buffettology Fund.

AJ Bell (November 2021) is one of those companies that had resided on our watch list for some time. As a growing financial services platform, it exhibits many characteristics we look for from both a qualitative and quantitative viewpoint. The catalyst for swinging the bat was when the shares fell below our estimation of fair value despite stellar full year results in December. Although the model is sensitive to the level of equity markets (it earns its revenue as a percentage of client assets under its management), it is even more sensitive to increases in interest rates where it earns a margin on customer cash on deposit. Whilst we did not buy it for this reason, the profitability should do well in a period of steadily rising base rates.

Finally, in December, we invested in a niche electronic hardware business called Calnex Solutions. Despite its small size (£120 million market cap), Calnex plays a key role in mobile network testing equipment. It supplies many large multi-national network operators and OEMs and has a long runway ahead of it, supported in the medium term by 5G rollout. Its founder and largest shareholder, Tommy Cook, exudes all the expertise and enthusiasm we look for in our business managers and it was a pleasure to carry out our first in-person site visit post-COVID-19 to the HQ in Linlithgow in January.

As at the end of February, 8.60% of the portfolio was invested in Mega Caps, which we define as having market capitalisations of £20 billion or over; 10.00% in Large Cap (£5 billion to £20 billion); 26.10% Mid Cap (£1 billion to £5 billion); and 46.40% in Small and Micro Cap (less than £1 billion). Cash at the period end was 8.90%.

Our decision to run with high levels of cash throughout a large part of the period proved to be the right call (albeit it was driven by the lack of available companies to buy at fair prices rather than soothsaying of the more recent equity market sell-off) and having cash available at the right time in the cycle is key to future performance. This strategy has proven its worth time and time again.

### Outlook

We are unable to tell you when our style of investing will be back in favour. This would rely on a psycho-analysis of market participants, which is simply not possible to achieve.

What we do know is the rationale for holding the companies we do in the portfolio. This goes to the very heart of Business Perspective Investing – we hold a concentrated portfolio of high conviction companies that we would be prepared to own outright if it were possible with an ideal holding period of forever. Our investment process is built on a deep multi-stage analysis involving Porter's Five Forces, a thorough Strengths/Weaknesses/Opportunities/Threats dive, as well as our proprietary financial ratio analysis developed over several decades. Not many ideas get through the process and even fewer into the portfolio. That's the way it should be.

By investing in quality companies with strong financial returns and balance sheets we insulate ourselves against some of the challenges the world is likely to face over the coming years. Pricing power is a real attribute possessed by our businesses which gives us confidence of their ability to trade well through a higher inflationary environment. Our preference for capital-light, IP-led businesses also steers us away from companies with large capex requirements, a particularly troublesome issue during the inflationary era of the 1970s where assets needed to be replaced at much higher prices than historic cost and where the depreciation charge had under-provided for their replacement.

In our experience, periods of uncertainty and economic pain generally result in the strong getting stronger. Eventually this will be recognised in the share prices of those businesses once the current fixation with Miners, Oil & Gas, Banks and other miscellaneous 'trash' has passed. We will never sacrifice long-term performance to deliver short-term returns.

**Sanford DeLand Asset Management Ltd**

28 March 2022

## CFP SDL Free Spirit Fund

Top Ten Purchases and Sales during the year were as follows:

<b>Purchases</b>	<b>Cost £'000</b>	<b>Sales</b>	<b>Proceeds £'000</b>
AJ Bell	4,004	Eleco	2,333
Bytes Technology Group	3,999	CLS Holdings	2,196
Calnex Solutions	3,977	Avon Protection	1,438
XP Power	3,372	Tristel	582
Fintel	3,289	YouGov	539
Kainos Group	3,203	Treatt	428
Treatt	2,358	Dotdigital Group PLC	402
Diploma	2,244	Diploma	398
Tristel	2,165	Bloomsbury Publishing	371
Dotdigital Group PLC	1,975	Kainos Group	350
<b>Total purchases during the year</b>	<b>54,377</b>	<b>Total sales during the year</b>	<b>10,458</b>

## CFP SDL Free Spirit Fund

## Portfolio of Investments

As at 28 February 2022

Holding	Investment	Market Value £'000	Total Value of Sub-fund %
<b>BASIC MATERIALS 4.09% (3.17%)</b>			
<b>Chemicals 4.09% (3.17%)</b>			
445,000	Treant	4,361	4.09
		<b>4,361</b>	<b>4.09</b>
<b>CONSUMER GOODS 3.30% (3.81%)</b>			
<b>Personal Goods 3.30% (3.81%)</b>			
94,000	Unilever	3,521	3.30
		<b>3,521</b>	<b>3.30</b>
<b>CONSUMER SERVICES 19.95% (17.29%)</b>			
<b>Media 17.50% (13.81%)</b>			
650,000	Auto Trader Group	4,310	4.04
1,400,000	Bloomsbury Publishing	5,614	5.26
172,000	RELX PLC	3,922	3.68
380,000	YouGov*	4,826	4.52
		<b>18,672</b>	<b>17.50</b>
<b>Travel &amp; Leisure &amp; Catering 2.45% (3.48%)</b>			
35,000	Games Workshop Group	2,614	2.45
		<b>2,614</b>	<b>2.45</b>
		<b>21,286</b>	<b>19.95</b>
<b>FINANCIALS 14.27% (14.95%)</b>			
<b>Financial Services 14.27% (12.10%)</b>			
1,015,000	AJ Bell	3,116	2.92
26,000	London Stock Exchange Group	1,709	1.60
425,000	Mortgage Advice Bureau Holding*	4,803	4.50
1,245,000	Tatton Asset Management*	5,602	5.25
		<b>15,230</b>	<b>14.27</b>
<b>Real Estate Investment &amp; Services 0.00% (2.85%)</b>			
		<b>15,230</b>	<b>14.27</b>

## CFP SDL Free Spirit Fund

## Portfolio of Investments

Holding	Investment	Market Value £'000	Total Value of Sub-fund %
<b>HEALTH CARE 5.24% (7.77%)</b>			
<b>Health Care Equipment &amp; Services 5.24% (7.77%)</b>			
6,375,000	EKF Diagnostics Holdings*	3,073	2.88
163,076	Trellus Health*	46	0.04
750,000	Tristel*	2,475	2.32
		<b>5,594</b>	<b>5.24</b>
<b>INDUSTRIALS 23.51% (19.57%)</b>			
<b>Aerospace &amp; Defense 3.45% (6.74%)</b>			
1,265,000	QinetiQ Group	3,696	3.45
		<b>3,696</b>	<b>3.45</b>
<b>Construction &amp; Materials 3.09% (3.48%)</b>			
2,941,000	Michelmersh Brick*	3,294	3.09
		<b>3,294</b>	<b>3.09</b>
<b>Electronic &amp; Electrical Equipment 5.82% (2.97%)</b>			
1,175,000	Morgan Advanced Materials	3,566	3.34
61,000	XP Power	2,644	2.48
		<b>6,210</b>	<b>5.82</b>
<b>Industrial Engineering 7.51% (6.38%)</b>			
165,000	Diploma	4,412	4.13
67,000	Intertek Group	3,602	3.38
		<b>8,014</b>	<b>7.51</b>
<b>Industrial Support Services 3.64% (0.00%)</b>			
1,825,000	Fintel*	3,887	3.64
		<b>3,887</b>	<b>3.64</b>
		<b>25,101</b>	<b>23.51</b>

## CFP SDL Free Spirit Fund

## Portfolio of Investments

Holding	Investment	Market Value £'000	Total Value of Sub-fund %
<b>TECHNOLOGY 20.74% (14.75%)</b>			
<b>Software &amp; Computer Services 17.23% (14.75%)</b>			
115,000	AVEVA Group	2,862	2.68
870,000	Bytes Technology Group	4,005	3.75
146,984	Craneware*	2,558	2.40
2,360,000	Dotdigital Group PLC*	3,540	3.32
360,000	Kainos Group	5,422	5.08
		<b>18,387</b>	<b>17.23</b>
<b>Technology Hardware &amp; Equipment 3.51% (0.00%)</b>			
3,200,000	Calnex Solutions*	3,744	3.51
		<b>3,744</b>	<b>3.51</b>
		<b>22,131</b>	<b>20.74</b>
<b>Total Value of Investments</b>		<b>97,224</b>	<b>91.10</b>
Net Other Assets		9,502	8.90
<b>Total Net Assets</b>		<b>106,726</b>	<b>100.00</b>

Figures in brackets represent sector distribution at 28 February 2021

Securities are admitted to an official stock exchange listing or traded on another regulated market unless otherwise stated

\* AIM listed securities

## CFP SDL Free Spirit Fund

**Statement of Total Return**

For the year ended 28 February 2022

	Note	28/02/2022		28/02/2021	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital (losses)/gains	2		(6,500)		3,800
Revenue	3	1,810		303	
<b>Expenses</b>					
Interest payable and similar charges	4	(1,260)		(322)	
		(1)		–	
Net revenue/(expense) before taxation		549		(19)	
Taxation	5	1		–	
Net revenue/(expense) after taxation			550		(19)
<b>Total return before distributions</b>					
			<b>(5,950)</b>		<b>3,781</b>
Distributions	6		(550)		7
<b>Change in net assets attributable to shareholders from investment activities</b>					
			<b>(6,500)</b>		<b>3,788</b>

**Statement of Change in Net Assets Attributable to Shareholders**

For the year ended 28 February 2022

	28/02/2022		28/02/2021	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>				
		<b>73,548</b>		<b>7,810</b>
Amounts received on creation of shares	54,219		65,995	
Amounts paid on cancellation of shares	(15,000)		(4,111)	
		39,219		61,884
Dilution levy		–		66
Change in net assets attributable to shareholders from investment activities		(6,500)		3,788
Retained distribution on accumulation shares		459		–
<b>Closing net assets attributable to shareholders</b>				
		<b>106,726</b>		<b>73,548</b>

## CFP SDL Free Spirit Fund

### Balance Sheet

As at 28 February 2022

	Note	28/02/2022 £'000	28/02/2021 £'000
<b>Assets</b>			
Investment assets		97,224	59,802
Debtors	7	183	1,910
Cash and bank balances	8	9,679	12,973
<b>Total assets</b>		<b>107,086</b>	<b>74,685</b>
<b>Liabilities</b>			
Creditors	9	(318)	(1,137)
Distribution payable on income shares		(42)	–
<b>Total liabilities</b>		<b>(360)</b>	<b>(1,137)</b>
<b>Net assets attributable to shareholders</b>		<b>106,726</b>	<b>73,548</b>

### Summary of Material Portfolio Changes

For the year ended 28 February 2022

	28/02/2022 £'000	28/02/2021 £'000
Total purchases in year	54,377	52,886
Total sales in year	10,458	1,947

The notes on pages 48 to 55 are an integral part of these Financial Statements.

On behalf of ConBrio Fund Partners Limited



**Richard Slattery-Vickers**

Director (of the ACD)

17 June 2022



## CFP SDL Free Spirit Fund

### Notes to the Financial Statements

#### 1. Accounting Policies

The accounting, distribution and risk management policies are provided in the Aggregated notes to the Financial Statements section on pages 12 to 14.

#### 2. Net Capital (Losses)/Gains

	28/02/2022 £'000	28/02/2021 £'000
Non-derivative securities	(6,557)	3,806
Currency gains	59	-
Transaction costs and handling charges	(2)	(6)
<b>Net capital (losses)/gains on investments</b>	<b>(6,500)</b>	<b>3,800</b>

#### 3. Revenue

	28/02/2022 £'000	28/02/2021 £'000
UK dividends non taxable	1,759	302
Overseas dividends non taxable	51	-
Bank interest	-	1
<b>Total revenue</b>	<b>1,810</b>	<b>303</b>

## CFP SDL Free Spirit Fund

## 4. Expenses

	28/02/2022 £'000	28/02/2021 £'000
<b>Payable to the manager, associates of the manager and agents of either of them</b>		
ACD fees	129	35
Investment Adviser fees	1,019	231
	<b>1,148</b>	<b>266</b>
<b>Payable to the depositary or associates of the depositary and agents of either of them</b>		
Depositary fees	35	14
Financial statement fees	8	2
Safe Custody fees	12	2
	<b>55</b>	<b>18</b>
<b>Other expenses:</b>		
Audit fees	6	8
Registration fees	29	30
Professional fees	1	–
Calastone fees	18	–
EMX fees	3	–
	<b>57</b>	<b>38</b>
<b>Total expenses</b>	<b>1,260</b>	<b>322</b>
<b>Total expenses charged to Income</b>	<b>(1,260)</b>	<b>(322)</b>

Irrecoverable VAT is included in the above expenses where relevant.

## CFP SDL Free Spirit Fund

## 5. Taxation

## (a) Analysis of the tax charge in the year

	28/02/2022 £'000	28/02/2021 £'000
Corporation Tax prior year	-	-
Overseas Tax	(1)	-
<b>Total current tax charge (Note 5 (b))</b>	<b>(1)</b>	-
<b>Total taxation for the year</b>	<b>(1)</b>	-

## (b) Factors affecting current tax charge for the year

	28/02/2022 £'000	28/02/2021 £'000
Net revenue/(expense) before taxation	549	(19)
Net revenue for the year multiplied by the standard rate of (20%)	110	(4)
<b>Effects of:</b>		
Movement in excess management expenses	253	64
Revenue not subject to taxation	(363)	(60)
Overseas Tax	(1)	-
<b>Total tax charge (Note 5 (a))</b>	<b>(1)</b>	-

Authorised OEIC's are exempt from tax on capital gains made within the sub-fund.

## (c) Deferred Tax

The sub-fund has not recognized a deferred tax asset of £414,989 (2021: £159,000) arising as a result of having unutilised management expenses. It is unlikely that the sub-fund will obtain relief for these in the future so no deferred tax asset has been recognized.

## 6. Distributions

	28/02/2022 £'000	28/02/2021 £'000
<b>Interim Income</b>		
Interim distribution	110	-
Final distribution	42	-
<b>Interim Accumulation</b>		
Interim accumulation	341	-
Final accumulation	118	-
<b>Total Distribution</b>	<b>611</b>	-
Add: Income deducted on cancellation of shares	13	-
Deduct: Income received on creation of shares	(74)	(7)
<b>Net distribution for the year</b>	<b>550</b>	<b>(7)</b>

## CFP SDL Free Spirit Fund

### 6. Distributions (continued)

	28/02/2022 £'000	28/02/2021 £'000
<b>Reconciliation of net revenue after taxation to distributions:</b>		
Net revenue after taxation	550	–
Charges deducted from Capital	–	(7)
<b>Net distribution for the year</b>	<b>550</b>	<b>(7)</b>

### 7. Debtors

	28/02/2022 £'000	28/02/2021 £'000
Accrued revenue	58	52
Overseas Withholding Tax reclaimable	1	1
Amounts receivable for creation of shares	124	1,857
<b>Total debtors</b>	<b>183</b>	<b>1,910</b>

### 8. Cash and Bank Balances

	28/02/2022 £'000	28/02/2021 £'000
Sterling	9,679	12,973
<b>Cash and bank balances</b>	<b>9,679</b>	<b>12,973</b>

### 9. Creditors

	28/02/2022 £'000	28/02/2021 £'000
Accrued expenses	110	14
Amounts payable for cancellation of shares	208	–
Purchases awaiting settlement	–	1,123
<b>Total other creditors</b>	<b>318</b>	<b>1,137</b>

### 10. Related Parties

#### Authorised Corporate Director (“ACD”)

The annual management charge (“AMC”) is 0.20% subject to a minimum of £25,000 per annum and is payable monthly. This fee can, and is, reduced at the discretion of the ACD. Amounts paid to the ACD are disclosed within note 4. The amount due to the ACD at the year end was £9,763 and this is included within the accrued expenses.

## CFP SDL Free Spirit Fund

### 10. Related Parties (continued)

#### Investment Adviser

The employees of Sanford DeLand Asset Management ("SDL"), noted within this document, acted as Approved Persons of CIP for the purposes of acting as the lead day-to-day managers to the respective sub-funds. CIP is part of the group of companies to which the ACD belongs, Castlefield Partners Limited. On 1 April 2021, SDL replaced Castlefield Investment Partners LLP as the appointed Investment Adviser to the CFP Sanford DeLand Funds ICVC. Amounts paid to Sanford DeLand Asset Management ("SDL") in respect of the Investment Adviser Fee are disclosed within note 4. The amount due at the year end was £76,096 and this is disclosed within the accrued expenses.

### 11. Contingent Liabilities and Commitment

There were no contingent liabilities or outstanding commitments at the balance sheet date (2021: £Nil).

### 12. Financial Instruments

In pursuing the sub-fund's investment objective, the main risks arising from the sub-fund's financial instruments are market price, currency, interest rate, liquidity and counterparty risk.

#### Market Price Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 13 and 14.

At 28 February 2022, if the price of the investments held by the sub-fund increased or decreased by 5%, with all other variables remaining constant, then the net assets attributable to shareholders would increase or decrease by approximately £4,861,198 (2021: £2,990,100).

#### Currency Exposure

There was no material direct foreign currency exposure within the sub-fund at the balance sheet date (2021: same).

#### Interest Rate Risk

The only interest-bearing financial assets of the sub-fund are bank balances on which interest is calculated at a variable rate by reference to Sterling bank deposit rates or the international equivalent (2021: same).

#### Liquidity Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 13 and 14.

#### Counterparty Risk

Risk management policies surrounding this risk are discussed in note 3 on pages 13 and 14.

#### Fair Value of Financial Assets and Financial Liabilities

There is no material difference between the carrying values and the fair values of the financial assets and liabilities of the sub-fund disclosed in the balance sheet where applicable.

#### Valuation Technique

As at 28/02/2022	Assets £'000	Liabilities £'000
Level 1	97,224	–
Level 2	–	–
Level 3	–	–
<b>Total</b>	<b>97,224</b>	<b>–</b>

## CFP SDL Free Spirit Fund

### 12. Financial Instruments (continued)

As at 28/02/2021	Assets £'000	Liabilities £'000
Level 1	59,802	–
Level 2	–	–
Level 3	–	–
<b>Total</b>	<b>59,802</b>	<b>–</b>

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable for the asset or liability).

#### Derivatives and Forward Transactions

The sub-fund does not hold any derivatives or forward transactions that could materially impact the value of the sub-fund.

The Investment Adviser does not use derivative instruments to hedge the investment portfolio against risk.

### 13. Share Classes

The sub-fund currently has two types of share classes in issue and the Investment Adviser's Fee on the share classes is as follows:

**General Shares:** 0.90%

The following table shows the shares in issue during the year:

General Income Shares	Income
Opening Shares	9,917,274
Shares Created	8,059,165
Shares Liquidated	(754,585)
<b>Closing Shares</b>	<b>17,221,854</b>
General Accumulation Shares	Accumulation
Opening Shares	34,734,560
Shares Created	21,300,653
Shares Liquidated	(7,600,364)
<b>Closing Shares</b>	<b>48,434,849</b>

The net asset value, the asset value per share and the number of shares in issue are given in the Comparative Tables on pages 37 and 38. All share classes have the same rights on winding up. The taxation and income are apportioned equally based on the weighted proportion of each share class.

The distribution per share class is given in the distribution tables on page 56.

## CFP SDL Free Spirit Fund

### 14. Portfolio Transaction Costs

The following tables show portfolio transactions and their associated transaction costs. For more information about the nature of these costs please refer to the additional portfolio transaction cost information on pages 37 and 38.

<b>PORTFOLIO TRANSACTION COSTS</b>	<b>28.02.2022</b> <b>£'000</b>	<b>28.02.2021</b> <b>£'000</b>
<b>Analysis of total purchase costs:</b>		
Equities	54,200	52,689
Purchases in year before transaction costs	54,200	52,689
Commissions:		
Equities total value paid	40	38
Taxes:		
Equities total value paid	137	159
<b>Total purchase costs</b>	<b>177</b>	<b>197</b>
<b>Gross purchases total</b>	<b>54,377</b>	<b>52,886</b>
<b>Analysis of total sale costs:</b>		
Equities	10,463	1,948
Gross sales in year before transaction costs	10,463	1,948
Commissions:		
Equities total value paid	(5)	(1)
Taxes:		
Equities total value paid	-	-
<b>Total sales costs</b>	<b>(5)</b>	<b>(1)</b>
<b>Gross sales total</b>	<b>10,458</b>	<b>1,947</b>

## CFP SDL Free Spirit Fund

## 14. Portfolio Transaction Costs (continued)

PORTFOLIO TRANSACTION COSTS	28.02.2022 %	28.02.2021 %
<b>Analysis of total purchase costs:</b>		
Commissions:		
Equities total value paid	0.07	0.07
Taxes:		
Equities total value paid	0.25	0.30
<b>Analysis of total sale costs:</b>		
Commissions:		
Equities total value paid	0.05	0.07
Taxes:		
Equities total value paid	–	–
<b>Transaction costs as percentage of average net asset values</b>		
Commissions	0.04	0.15
Taxes	0.12	0.61

As at the balance sheet date, the average portfolio dealing spread was 1.56% (2021: 1.29%) based on close of business prices. This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.



## CFP SDL Free Spirit Fund

### Distribution Tables

#### Interim Dividend Distribution In Pence Per Share

Group 1 Shares purchased prior to 1 March 2021

Group 2 Shares purchased between 1 March 2021 to 31 August 2021

#### General Income Shares

	Net Income	Equalisation	Distribution Paid 31/10/2021	Distribution Paid 31/10/2020
Group 1	0.6791	–	0.6791	–
Group 2	0.4822	0.1969	0.6791	–

#### General Accumulation Shares

	Net Income	Equalisation	Distribution Paid 31/10/2021	Distribution Paid 31/10/2020
Group 1	0.6795	–	0.6795	–
Group 2	0.3688	0.3107	0.6795	–

#### Final Dividend Distribution In Pence Per Share

Group 1 Shares purchased prior to 1 September 2021

Group 2 Shares purchased between 1 September 2021 to 28 February 2022

#### General Income Shares

	Net Income	Equalisation	Distribution Paid 30/04/2022	Distribution Paid 30/04/2021
Group 1	0.2410	–	0.2410	–
Group 2	0.1487	0.0923	0.2410	–

#### General Accumulation Shares

	Net Income	Equalisation	Distribution Paid 30/04/2022	Distribution Paid 30/04/2021
Group 1	0.2433	–	0.2433	–
Group 2	0.1425	0.1008	0.2433	–

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