

THE VT PRICE VALUE PORTFOLIO

Factsheet as at 30 June 2020

Investment Commentary

The GBP A class of the fund recorded a gain of 3.48% for the month of June 2020. This brings the cumulative return of the fund in GBP from inception in June 2015 to 62.05%. June 2020 therefore marked the fifth anniversary of the fund. The latest net asset value of each of the fund's share classes can be found [here](#).

Equity markets continue to wrestle with the implications of the Covid-19 crisis, notably the 'voluntary' suppression of economic activity throughout the world associated with lockdown. In his latest quarterly commentary for the fund management group GMO, their head of asset allocation, Ben Inker, writes as follows:

*Investing always involves making decisions under uncertainty. We seldom feel we know what the market will do in the near term. We do not feel we know what the short term will bring here, either. While many stocks appear to us to be overvalued today, overvalued stock markets are nothing new. What is new is the meaningful possibility of a disastrous economic outcome combined with a substantially overvalued stock market. The disaster scenario is by no means a certainty. But it is plausible enough that we want to invest in a way that mitigates the losses should it occur, as long as that can be done without costing too much in expected returns for less dire scenarios. Simply holding cash would remove the downside in the disaster scenario, but cash offers no return today. Moving from stocks to cash would be trading the possibility of a horrible outcome against the certainty of an inadequate one. Happily, we are not restricted to that choice. In aggregate, **global value stocks are cheaper relative to the market than they have ever been apart from a month or two in the TMT bubble. That cheapness buys a lot of margin of safety for a bad economic outcome while still providing an expected return higher than developed stock markets.***

[Emphasis ours.]

While different asset managers define terms like 'value' and 'growth' in different ways, the best shorthand we can use for describing our preferred value investments is essentially "high quality companies generating superior cash flows, but where their listed equity is available for whatever reason at a meaningful discount to our assessment of its inherent worth". By way of forecasts, GMO show their "blended" seven year forecasts, by sector, below. These forecasts constitute "an average of the mean

Focus

The VT Price Value Portfolio is an open-ended UCITS fund incorporated in the UK. The fund's objective is to deliver attractive long term returns.

Investment Philosophy

The fund seeks to invest with specialist 'value' equity managers internationally on an unconstrained basis. The fund also seeks to invest into listed businesses of exceptional quality trading at undemanding multiples. The fund endeavours to invest according to the time-honoured principles of 'value' investing developed by Benjamin Graham.

Fund Facts

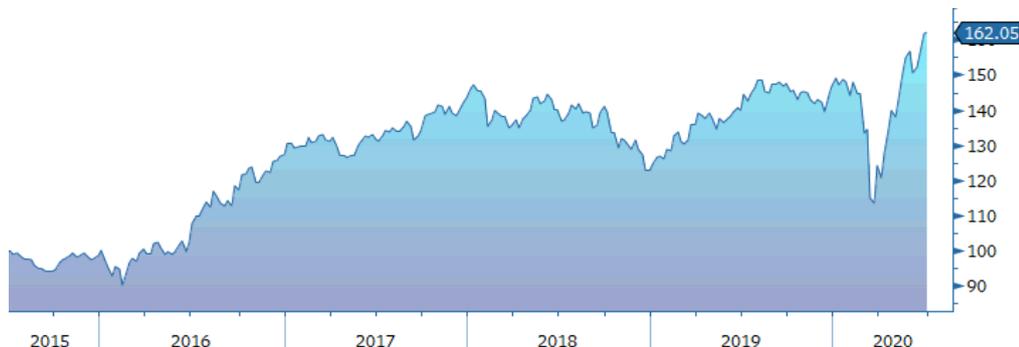
Investment Manager	Price Value Partners
Launch Date	16 June 2015
Share Classes	A, B
Currency Classes	GBP, USD, EUR
Dealing, Valuation	Daily 12:00p.m. GMT
Management Fees	A: 0.75% B: 0.50%
ISIN Codes	A £ Acc: GB00BWZMTX09 A £ Inc: GB00BD8PLW60 A \$ Acc: GB00BWZMTY16 A € Acc: GB00BWZMTZ23 B £ Acc: GB00BWZMV016 B £ Inc: GB00BD8PLY84 B \$ Acc: GB00BWZMV123 B € Acc: GB00BWZMV230
Minimum Investment A	£1000 / \$1000 / €1000
Minimum Investment B	£1M; \$1M; €1M

(Variations in historic performance shown by the different currency share classes of the fund relate solely to foreign exchange translation effects, as the underlying holdings are identical.)

Performance History

Period	GBP A Share Class
1 Month	3.48%
Year-to-date	10.20%
Since inception (16.06.2015)	62.05%

The fund is managed independently of any benchmarks. Chart source: Bloomberg LLP. Past performance is not necessarily a guide to future returns.



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Geographic Exposure*

Country	Allocation	Country	Allocation
Australia	27%	Japan	20%
UK	13%	Canada	11%
US	10%	Vietnam	7%
Europe	6%	Other	1%
Cash	5%		

Sector Exposure*

Sector	Allocation	Sector	Allocation
Commodities	45%	Consumer	12%
Industrials	12%	Financials	11%
Technology	7%	Real Estate, Infrastructure	6%
Utilities	2%	Cash	5%

Major Holdings*

Samarang Japan Value	14.0%
Ramelius Resources Ltd.	10.8%
Halley Asian Prosperity Fund	10.3%
Wheaton Precious Metals	7.8%
Argos Argonaut Fund	6.1%
CMC Markets plc	5.2%
Vietnam Value and Income Fund	5.1%
Silver Lake Resources Ltd.	4.3%
Saracen Mineral Holdings Ltd.	4.3%
St Barbara Ltd.	4.0%

Fund Metrics*

Price to earnings ratio	16.4x
Price to book ratio	1.9x

*as at 30 June 2020.

Important Information

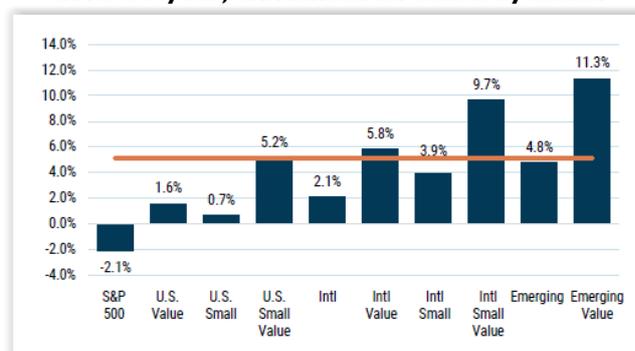
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Investment Commentary (continued)

reversion and partial mean reversion scenarios for GMO's asset class forecasts, adjusted for the expected deterioration of fundamentals associated with an event of twice the magnitude of the 2008-09 Global Financial Crisis." Note that if GMO are ultimately correct, the S&P 500, having outperformed most other markets over the past decade, could plausibly significantly underperform in the years to come.

GMO's 7 year, annualised forecasts by sector



(Source: GMO, 30.04.20)

While we continue to let corporate cash flows do the proof of work required to show fundamental investment appeal within the equity markets, we also continue to suspect that following the combination of newly created money internationally and eye-watering fiscal deficits already upon us, we will continue our overweight position in commodities as inflation protection. Thankfully, our favoured stocks within the sector remain cheap. Ramelius rose 13% during June as the firm announced record Q2 production and a 34% increase in life of mine – a key metric for analysts. Despite recent gains, the firm continues to provide us with a double-digit cash-flow yield based on the last 12 months' operations. However, it is guiding for a 20% increase in production for the next twelve months, at substantially higher gold prices. Our online broker dealers, which performed well in 2008, have also had a good 2020. CMC gained 34% in June and we expect good H1 results from IG Holdings when released in July. We continue to hold c.10% in cash or cash equivalents and will look to deploy this as Q2 earnings highlight which firms are also thriving in this environment – whilst still offering compelling cash-flow yields.

Fund Platforms

The fund is available on the following platforms:

AJ Bell	Aviva	Allfunds
Alliance Trust	Ascentric	Brewin Dolphin
Co-Funds	TD Direct	Hargreaves Lansdown
James Hay	Transact	Novia
Nucleus	Stocktrade	Old Mutual Wealth