

THE VT PRICE VALUE PORTFOLIO

Factsheet as at 30 April 2019

Investment Commentary

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
(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.)	
Minimum Investment A	£1000 / \$1000 / €1000
Minimum Investment B	£1M; \$1M; €1M

The GBP A class of the fund recorded a gain of 2.54% for the month of April 2019. This brings the cumulative return of the fund in GBP from inception in June 2015 to 39.28%. The latest net asset value of each of the fund's share classes can be found [here](#).

The Financial Times carried an interview with Warren Buffett at the end of April in which the Sage of Omaha announced that he was "ready to buy something in the UK tomorrow," regardless of whether the UK left the EU or not. The Berkshire Hathaway CEO added, "We welcome the chance to put money out any place where we think we understand and sort of trust the system. We're never going to understand the culture or the tax laws as well as the US, but we can come awfully close in Britain." This was somewhat excitedly splashed as the headline 'Buffett backs Britain'.

With all due respect to Mr. Buffett, actions speak louder than words, and he may also be overlooking some of the political risks inherent in a two-party system in which the incumbent Conservatives appear to be facing both a leadership crisis and an electoral Waterloo, having conclusively botched Brexit. We have long felt that the apparent 'discount' at which the UK stock market trades to some of its international peers has far less to do with Brexit and rather more to do with the likely economic impact of a Prime Minister and Chancellor who are both unashamed Marxists. That we own no UK equity investments within the fund is not a reflection of our political fears, however, but simply a pragmatic response to far more compelling valuations available overseas.

Japan is a case in point. Generating somewhat less publicity during the month, Henry Kravis and George Roberts of the private equity specialists KKR described Japan as their "highest priority" and the best investment opportunity globally if "you look at value to price of stock and the cost of capital" i.e. very low price to tangible book ratios, combined with very low borrowing costs. The KKR founders held their annual partners' meeting in Tokyo for the first time. Messrs Kravis and Roberts pointed out that after many years of disappointment, corporate Japan was "now in a phase of fundamental change" and that "the push for improved governance and transparency initiated by the administration of Shinzo Abe now had the momentum to survive beyond his time as Prime Minister." Suffice to say, we agree.

Performance History

Period	GBP A Share Class
1 Month	2.54%
Year-to-date	13.23%
Since inception (16.06.2015)	39.28%



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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Investment Commentary (continued)

The fund continues to benefit from its allocation to these opportunities in Japan. Samarang Japan Value was our best performing regional fund allocation during the month, up 7.9% for April and 12.5% since the start of the year. The end of the month saw some of our investee companies report end March operational results. Yara was the best performing stock holding during April, up 10.3%. The firm announced an underwhelming profit of \$91m for the quarter; however, this figure vastly understated operational returns, with operating income and EBITDA up 47% and 26% yoy. When we first initiated a position in Yara, the firm had been de-rated following concerns relating to overcapacity in the fertiliser industry. Since listing in 2000, Yara has seen its operating margins fluctuate between 2% and 17%. In our view, so long as the industry has value (fertiliser production appears to us to have longevity) then margins plausibly should mean revert. Yara's margins, as with other fertiliser producers, have indeed picked up from their 2018 lows and the firm is guiding for margins to rise back to 10% in 2020. In the interim, they have expanded via acquisition during this tough period but they don't appear to have over paid. They expanded their footprint in Brazil and India during 2018 and according to their annual report, these acquisitions will generate an unlevered cash-on-cash return in excess of 10% at 2018 EBITDA levels. We expect higher returns in 2019 and 2020 as margins recover for these businesses, too. By focusing on companies with low levels of debt, we ensure that our target firms have the capacity to acquire businesses without recourse to dilutive equity issuance during periods of negative sentiment.

Ramelius Resources, on the other hand, gave back a little of its recent gains. Sentiment was poor for all precious metal producers; however, the firm itself produced another strong quarter of production. Following strong operational growth in 2017 and 2018, the company's daily stock market volume has risen in line with its market cap. We hope to use recent volatility in the sector to take advantage of share price weakness.

Fund Platforms

The fund is available on the following platforms:

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

Geographic Exposure*

Country	Allocation	Country	Allocation
Japan	31%	Vietnam	19%
Europe	23%	Canada	8%
US	11%	Malaysia	1%
Australia	4%	Other	3%
Cash	0%		

Sector Exposure*

Sector	Allocation	Sector	Allocation
Industrials	28%	Consumer	17%
Financials	9%	Commodities	23%
Technology	9%	Real Estate, Infrastructure	11%
Utilities	2%	Other	1%

Major Holdings*

Halley Asian Prosperity Fund	18.5%
Samarang Japan Value	17.8%
Argos Argonaut Fund	7.5%
Vietnam Value, Income & Growth	6.5%
Vietnam Value & Income Fund	6.3%
Seaboard Corp	4.9%
Loews Corp	4.8%
Boliden AB	4.5%
Wheaton Precious Metals	4.4%
Yara International ASA	4.4%

Fund Metrics*

Price to earnings ratio	12.5x
Price to book ratio	1.4x

*as at 30 April 2019

Important Information

Past performance is not necessarily a guide to future returns. The value of investments and the income from them may go down as well as up and is not guaranteed. An investor may not get back the amount originally invested. Price Value Partners Ltd does not give you investment advice so you will need to decide if an investment is suitable for you. Before investing in the fund please read the Key Information Document and Prospectus (and take particular note of the risk factors detailed therein). If you are unsure whether to invest you should contact a financial advisor. We have taken all reasonable steps to ensure that the above content is correct at the time of publication. However, markets are volatile and the portfolio may change at any time. If you no longer wish to receive these commentaries, please let us know and we will remove you from our distribution list, which is opt-in exclusively. The information above does not constitute investment advice or make any recommendation.