

# THE VT PRICE VALUE PORTFOLIO

Factsheet as at 30 April 2020

## Investment Commentary

The GBP A class of the fund recorded a gain of 17.57% for the month of April 2020. This brings the cumulative return of the fund in GBP from inception in June 2015 to 42.70%. The latest net asset value of each of the fund's share classes can be found [here](#).

Given the severity of the economic damage triggered by the spread of Covid-19, rallies by stock markets during April looked somewhat counter-intuitive. Seen through the prism of commercial bank balance sheet growth however, they appear *slightly* more understandable. As the chart below indicates, M2 money supply in the US reached \$17.2 trillion, up an annualised 141.4% in the five weeks to the 20<sup>th</sup> April. It is now up by 18.7% year on year, more than four percentage points higher than at any time since Bloomberg records began in 1961. The commercial bank expansion is a result of unprecedented government deficits and central bank liquidity programmes.



Source: The Macro Strategy Partnership LLP

Economic commentators have compared the current world economic situation to that of the Great Depression of the 1930s, or to that pertaining during the Second World War. Given that there has been no damage inflicted on the world's physical industrial infrastructure in 2020, perhaps a fairer comparison might be with the stagflationary conditions that arose in the 1970s, exacerbated by the 1973-4 oil shock. UK readers of a certain vintage will recall the introduction of the Three-Day Week, for example, during which measures were introduced to conserve electricity, the generation of which was impaired by sharply higher oil prices. This time around, of course, oil prices are markedly lower, not higher, but the malign impact of governmental interventions in forcibly shutting down the economy is clearly visible in the form of data relating to jobless claims, for example. More than 3.8 million people in the US filed for unemployment benefits in the last week of April, bringing the six-week total to more than 30 million.

## 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.

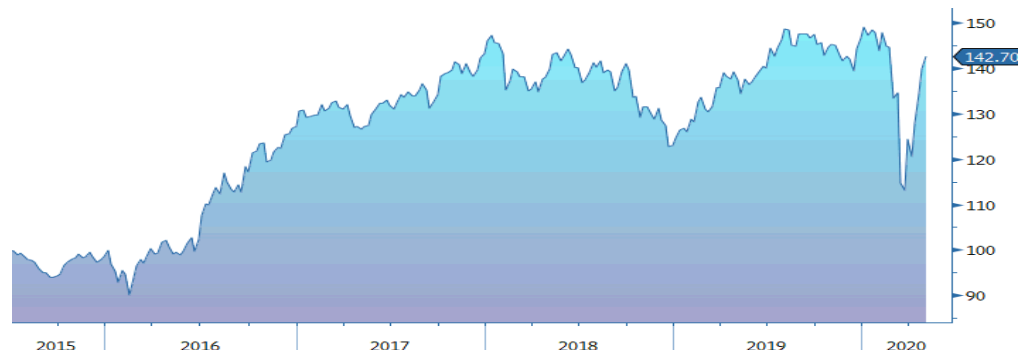
## Fund Facts

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
I Month	17.57%
Year-to-date	-2.96%
Since inception (16.06.2015)	42.70%



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

# THE VT PRICE VALUE PORTFOLIO

## Investment Commentary (continued)

Not all companies have been negatively impacted by the global lockdown. Amazon and Netflix, for example, have both seen their share prices rise by roughly 40% from their mid-March lows, as billions of people have been kept indoors and sought refuge of sorts in home deliveries and streamed entertainment. But the Covid-19 ‘winners’ are surely outnumbered by the ‘losers’: data from Womply, which processes transactions on behalf of small businesses in the US, shows that revenues for restaurants, bars and recreational businesses have declined by two-thirds since March 15<sup>th</sup>. In the EU, the number of people travelling by plane fell from 5 million to 50,000; on April 19<sup>th</sup>, less than 5% of hotel rooms in Italy and Spain were occupied.

Last month we discussed how we had rotated capital into shares of commodity businesses that had seen their margins increase during the Covid crisis – in similar vein to Amazon and Netflix. However, these firms were, and still are, generating double digit cash-flow yields with little or no debt. We sold out of Boliden, a base metals and mining firm, as it saw its margins contract during the period. We also exited Yara International and Boskalis for the same reason. The proceeds were invested into Silver Lake Resources and several other commodity-related firms that saw cash-flow growth in the last 6 weeks. Silver Lake rose 41% during the month on the back of record gold sales. Unlike other firms who are pulling guidance, Silver Lake upgraded revenue guidance by over 4%. We also added to a family-run US consumer discretionary firm that is also operating more strongly in this *new normal* – but which is still cheaply valued by our cash-flow and EBITDA analysis. This firm rose 20% in April and we’ll discuss it more next month when fully allocated.

Including the sales proceeds from our Vietnam investment which will settle shortly, the fund holds c. 14% in cash. We will continue to allocate to cash-generative businesses, but given the recent rally across all risk assets, we will take our time in becoming fully invested again. Being unconstrained, there are always likely to be quality businesses available at attractive valuations – irrespective of broad market rallies.

## 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
Australia	22%	Japan	21%
UK	12%	Canada	11%
US	8%	Vietnam	8%
Europe	7%	Other	2%
Cash	9%		

## Sector Exposure\*

Sector	Allocation	Sector	Allocation
Commodities	42%	Consumer	13%
Industrials	12%	Financials	10%
Technology	6%	Real Estate, Infrastructure	6%
Utilities	2%	Cash	9%

## Major Holdings\*

Samarang Japan Value	14.5%
Halley Asian Prosperity Fund	11.0%
Wheaton Precious Metals	8.4%
Ramelius Resources Ltd.	7.9%
Argos Argonaut Fund	6.5%
Vietnam Value and Income Fund	5.3%
Silver Lake Resources Ltd.	4.5%
CMC Markets plc	4.5%
Seaboard Corp.	4.2%
IG Group Holdings plc	4.1%

## Fund Metrics\*

Price to earnings ratio	15.5x
Price to book ratio	1.9x

\*as at 30 April 2020

## 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.