

# THE VT PRICE VALUE PORTFOLIO

Factsheet as at 31 August 2020

## Investment Commentary

The GBP A class of the fund recorded a loss of 0.17% for the month of August 2020. This brings the cumulative return of the fund in GBP from inception in June 2015 to 65.88%. The latest net asset value of each of the fund's share classes can be found [here](#).

Addressing the Jackson Hole monetary policy symposium – held virtually this year due to Coronavirus – Jay Powell, the chairman of the US Federal Reserve, announced a new strategy for monetary policy that will be more tolerant of temporary increases in inflation. This reconfirmed expectations that the Fed intends to keep interest rates at ultra-low levels for some years to come.

The extent to which broad money (M2) in the US has already surged this year is clearly visible in the chart below. Now that the Fed has reiterated its explicit bias in favour of inflationism, it seems prudent for investors to at least consider which assets are likely to make sense to own during and after this “new normal” which the Coronavirus crisis, and the central and commercial bank policy response thereto, represents. Suffice to say that we believe the Powell announcement underlines the macro-economic tailwind behind both precious metals and wider commodity markets (at least over the medium term, subject to some form of global economic recovery).

## 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

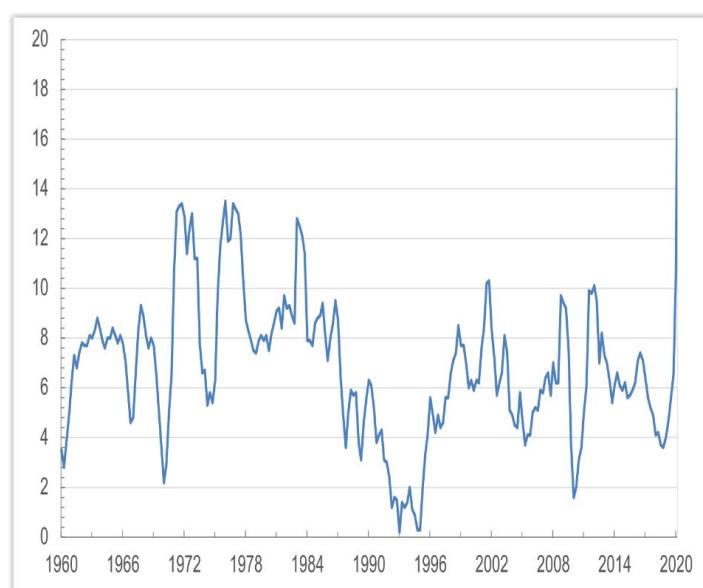
The fund seeks to invest with specialist ‘value’ equity managers internationally on an unconstrained basis. The fund also seeks to invest into listed businesses of exceptional quality trading at undemanding multiples. The fund endeavours to invest according to the time-honoured principles of ‘value’ 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.)

US M2 (% change year-on-year)



Source: Orlock Advisers

## Performance History

Period	GBP A Share Class
1 Month	-0.17%
Year-to-date	12.80%
Since inception (16.06.2015)	65.88%

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	24%	UK	18%
Japan	18%	US	11%
Canada	10%	Europe	6%
Vietnam	2%	Other	2%
Cash	9%		

## Sector Exposure\*

Sector	Allocation	Sector	Allocation
Commodities	44%	Industrials	14%
Financials	11%	Consumer	9%
Technology	7%	Real Estate, Infrastructure	4%
Utilities	2%	Cash	9%

## Major Holdings\*

Samarang Japan Value	13.0%
Halley Asian Prosperity Fund	9.1%
Ramelius Resources Ltd.	8.6%
Fresnillo plc	7.8%
Wheaton Precious Metals	6.0%
Argos Argonaut Fund	5.8%
CMC Markets plc	5.5%
IG Group Holdings plc	4.5%
Silver Lake Resources Ltd.	3.9%
St. Barbara Ltd.	3.9%

## Fund Metrics\*

Price to earnings ratio	16.8x
Price to book ratio	2.0x

\*as at 31 August 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.

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## Investment Commentary (continued)

While our mining-related investments incurred some modest losses during the month, our holding in the Samarang Japan Value Fund was a pleasing exception, gaining over 10% during August. On which point we note that Warren Buffett's Berkshire Hathaway has just announced the purchase of 5% stakes in each of Japan's five largest trading houses – Mitsubishi, Mitsui, Itochu, Marubeni and Sumitomo – worth approximately \$6 billion. Berkshire has also recently revealed a \$500+ million investment in Barrick Gold.

Whilst some of these Japanese trading firms can be purchased at a large discount to accounting book value, they are all very highly geared firms, with none of them equity financing themselves by more than 30% of assets. In some cases, the amount of equity is as little as 5% of total assets. We don't believe the balance sheets have been overlooked by Buffett – but it highlights one advantage we have when allocating our rather modest investment capital versus larger, multi-billion dollar allocators. Through Samarang Japan Value, we are allocating to firms with little or no debt, but which are growing their book value by c. 12% per annum. So we're enjoying a higher compounding rate vs the likes of Mitsui et al, but more importantly, we are exposed to more robust balance sheets by means of our investment in Samarang.

The performance of the portfolio's mining holdings in August serves as a useful reminder of the inherent volatility of commodity markets even during a prevailing bull trend. Such share price fluctuations have a positive dimension in that they enable us to top up some of our preferred investments comparatively cheaply. Saracen, Silver Lake and Ramelius fell by an average of 10% over the month as sentiment to precious metals reversed somewhat. This will allow us to rotate some capital from within the commodity positions as this negative sentiment, as is invariably the case, wasn't distributed equally across our holdings. Our own financial exposure, via CMC Markets and IG Group, helped performance during the month, with shares rising by 4% and 7% respectively. We have now received most of the Q2 updates for our holdings and target positions, and we started buying the shares of two new firms during the month after their financial updates highlighted strong cash operations during what has been an extremely challenging quarter.

## 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