

THE VT PRICE VALUE PORTFOLIO

Factsheet as at 28 February 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
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.)

The GBP A class of the fund recorded a gain of 1.57% for the month of February 2019. This brings the cumulative return of the fund in GBP from inception in June 2015 to 30.29%. The latest net asset value of each of the fund's share classes can be found [here](#).

Global trade tensions dissipated somewhat after President Trump lifted a March 1st deadline for China to agree to concessions, after which \$200 billion-worth of Chinese exports had risked having tariffs upon them raised from 10% to 25%. The US President claimed to be making "substantial progress" in negotiations and announced that he expected to meet Xi Jinping to sign a deal in the coming weeks. China's stock market greeted the suspension of tariffs with a 5.6% rally – its best day in three years.

We don't have any exposure, directly or via our regional managers, to firms listed in China. Vietnam represents our second largest country weighting after Japan and the position appreciated by over 2% during February. We met with SSI Asset Management, the managers of our Vietnamese holdings, during the month. Vietnam continues to offer compelling metrics from a macroeconomic perspective. The country recorded its eighth successive current account surplus in 2018 – the primary driver for our decision not to hedge any of the currency exposure of the position. These current account surpluses and low inflation rates (c. 5%) were factors that led to Moody's upgrading the government's credit rating to Ba3 with a 'positive' outlook in their 2018 report. We were reminded of the speed with which the Vietnam capital markets have developed since 2005, with the number of listed companies rising 37x from a meagre 42, and the market capitalisation of the listed firms rising from \$550m to \$173bn – a growth of over 314x. The macro tailwinds didn't offer any support to investors in 2018, however, with our allocation falling 8.7%, on average, during the year. We don't believe we have over-paid for Vietnam – we were getting a CFO yield of over 15% when we initiated these positions. We are also quite happy with the 2018 operations of the underlying holdings in the Vietnam Active Value Fund. Indeed, we would suggest that we are getting access to growth companies, but at value metrics.

The fund's largest two positions are Hoa Phat Group (HPG) and Sai Gon Ground Services (SGN) which returned -9.7% and -22.8% in 2018. HPG is the leading steel manufacturer in Vietnam.

Performance History

Period	GBP A Share Class
1 Month	1.57%
Year-to-date	5.92%
Since inception (16.06.2015)	30.29%



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
Japan	32%	Vietnam	19%
Europe	23%	Canada	8%
US	10%	Malaysia	2%
Australia	3%	Other	2%
Cash	1%		

Sector Exposure

Sector	Allocation	Sector	Allocation
Industrials	28%	Consumer	17%
Financials	9%	Commodities	22%
Technology	9%	Real Estate, Infrastructure	11%
Utilities	2%	Other	1%

Major Holdings

Halley Asian Prosperity Fund	18.4%
Samarang Japan Value	17.3%
Vietnam Active Value Fund	9.3%
Argos Argonaut Fund	7.6%
Michinori Japan Equity Fund	4.7%
Wheaton Precious Metals	4.7%
Loews Corp	4.6%
Seaboard Corp	4.3%
Yara International	4.3%
Boliden AB	4.2%

Fund Metrics

Price to earnings ratio	12.5x
Price to book ratio	1.3x

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.

Investment Commentary (continued)

The firm grew its accounting, or book, value by 23.5% during the year. This return on equity was generated from cash-flow rather than changes in value of its asset or liabilities, with CFO rising 35% and EBITDA by 10%. SGD compounded book value at 47% during the year, generating shareholder returns that were again driven by cash-flow, with CFO rising 22% and EBITDA increasing by 21%. The firm is debt-free and just as importantly isn't holding much by way of debt-like commitments with its shareholder equity (called up capital plus retained earnings) a robust 72% of total assets. These operational returns were a fair reflection of the Vietnam Active Value Fund, with the top 10 holdings generating an average RoE of 22.9%. We are not immune to the emotional impact of poor share price returns on our direct investments or on those of our regional value funds. However, we try to guard against allowing these short-term reactions from impacting the investment process. Given the low debt levels of the corporates we're exposed to in Vietnam, and given their cash-flow operations, we maintain a high level of conviction in the long term returns we will likely have from this regional allocation and we will just have to accept the current disparity between operational performance and share price action as a natural characteristic of stock markets, especially in fast-growing emerging economies.

Elsewhere, earnings season is nearly behind us. Only one firm didn't quite meet our expectations of cash-flow operations with the other updates so far all exceeding guidance. Boliden, a Swedish metals and mining firm, posted strong returns, with RoE of 19% backed by strong cash-flow and EBITDA growth. It is something of a mystery why the firm's shares fell by 31% last year. As at end-2017, the firm was generating a cash-flow yield of over c. 25% with those cash returns being generated from very little debt (just 9% of total assets). It is still offering a 20% CFO yield so we took the opportunity to add to the holding during the month. It was our best performing asset during February, up 11.9%, but we expect to see new highs given the strength of its cash operations.

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.	