

THE VT PRICE VALUE PORTFOLIO

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.)

Factsheet as at 31 July 2019

Investment Commentary

The GBP A class of the fund recorded a gain of 6.61% for the month of July 2019. This brings the cumulative return of the fund in GBP from inception in June 2015 to 49.27%. The latest net asset value of each of the fund's share classes can be found [here](#).

The US Federal Reserve would probably have wanted a more favourable response to its first reduction in US interest rates since the dark days of 2008. Coming at a time of almost full employment and sub-par inflation, the loosening of monetary policy looked suspiciously like the Fed had capitulated to political pressure; equity markets fell sharply and the US yield curve inverted further.

Our favourite market, Japan, celebrates two specific anniversaries this year. It is forty years since Sony introduced the Walkman, and a huge yellow statue of this iconic consumer product has now been installed in Tokyo's Ginza district. Perhaps predictably, Leo Lewis for *The Financial Times* took a fashionably declinist view of the tribute:

..there is a problem with all the Walkman-worship. Nostalgia is a deadweight anywhere, but the burden is especially onerous in a society that is ageing as quickly as Japan's, whose demographics suggest rather too convincingly that its days of disruptive verve are in the past.

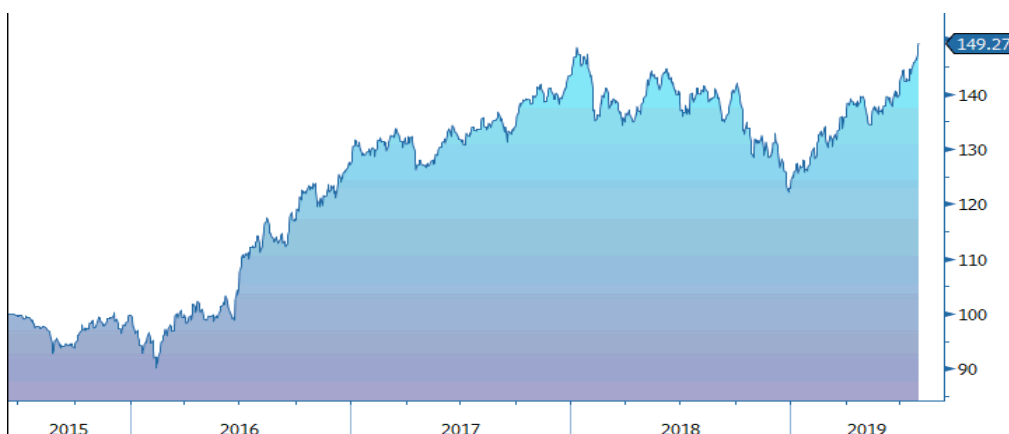
We take a more nuanced view. That the Sony Walkman (and arguably Sony itself) has fallen victim to shifting tastes and trends in consumer electronics is undeniable. At the same time, Sony, under its visionary co-founder, Akio Morita, adopted a relentless pursuit of constant improvement that remains standard throughout modern Japanese manufacturing culture. At one point, for example, Morita summoned a team of engineers, requesting that the company's best-selling camcorder be made smaller. They argued that it was impossible. Morita procured a bucket of water, dropped a Sony camcorder into it, and waited. Some air bubbles floated up to the surface. "Try again," he said, and left the office.

Japan's second market-related anniversary throws into sharp relief the value opportunity throughout the country today. It is 30 years since the Nikkei 225 stock index reached an all-time high of 38,915 (achieved on the last trading day of 1989). Within

Performance History

Period	GBP A Share Class
1 Month	6.61%
Year-to-date	21.35%
Since inception (16.06.2015)	49.27%

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)

nine months of reaching this peak, the Nikkei had halved in value. By the time Shinzo Abe was re-elected as Prime Minister in late 2012, the index was trading below 9,000 – less than a quarter of its 1989 level.

If the extent of the decline in the stock market since 1989 accounts for reticence on the part of both domestic and foreign investors to re-engage with this market, it has also given rise to a sea change in corporate culture, the widespread introduction of stock buy-backs, raised dividends, and a newly found appreciation of delivering shareholder value. The Japanese stock market of 2019 is a far cry from that of 1989. As Japan analyst Peter Tasker points out, at its 1989 high, the Nikkei traded on a p/e ratio of 70 times, with a dividend yield of 0.5%. Today the p/e ratio of the Japanese stock market trades at a 48 year low, and its overall “cash return yield” (i.e. dividends plus stock buy-backs) now stands at over 5%. The Japanese stock market now yields more than the US. It is, in part, for these micro-economic reasons that we allocate c. 30% of the fund's capital to Japan via two regional funds – Halley Asian Prosperity and Samarang Japan Value. Both funds have vastly outperformed their indices and peers since launch, and have delivered impressive gains year-to-date. Given rising RoEs in Japan, we may even look to increase our exposure to Japan if current market volatility continues.

We realise that we've mentioned Ramelius Resources quite a lot recently, but once again it was our best performing holding during the month. In value it has now risen to over 5% of the fund and we expect this may continue, given the cash-flow yields on offer and the fact that gold is recording new six-year highs in all currencies. Since the launch of the fund in 2015, we have benefitted from the rise in gold and silver via Wheaton Precious Metals (up 11.5% in July) and now Ramelius (up 39.3% last month). Both are generating strong cash-flows and have little or no debt, so despite the increase in the overall exposure, we remain comfortable with the allocations.

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	29%	Vietnam	18%
Europe	22%	Canada	9%
US	11%	Malaysia	1%
Australia	6%	Other	2%
Cash	2%		

Sector Exposure*

Sector	Allocation	Sector	Allocation
Industrials	27%	Consumer	16%
Financials	9%	Commodities	24%
Technology	8%	Real Estate, Infrastructure	10%
Utilities	2%	Other	2%

Major Holdings*

Samarang Japan Value	18.8%
Halley Asian Prosperity Fund	18.7%
Argos Argonaut Fund	6.9%
Vietnam Value & Income Fund	6.1%
Ramelius Resources Ltd.	5.3%
Wheaton Precious Metals	5.3%
Loews Corp.	5.1%
Yara International	4.7%
Seaboard Corp.	4.4%
Boliden AB	4.0%

Fund Metrics*

Price to earnings ratio	12.6x
Price to book ratio	1.3x

*as at 31 July 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.