

THE VT PRICE VALUE PORTFOLIO

Factsheet as at 31 May 2021

Investment Commentary

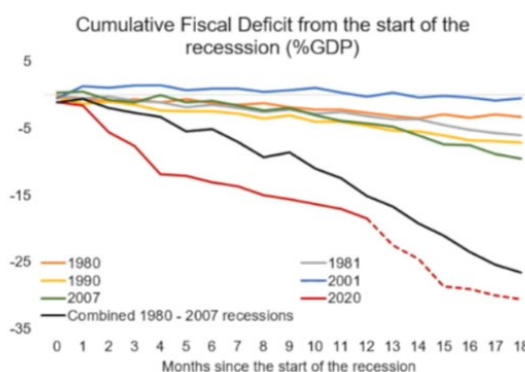
The GBP A class of the fund recorded a loss of 0.33% for the month of May 2021. This brings the cumulative return of the fund in GBP from inception in June 2015 to 68.98%. The latest net asset value of each of the fund's share classes can be found [here](#).

Policies in reaction to the spring 2020 market crash involved creating money at levels previously not seen in peacetime and this continues to be the central banker's playbook. Inflation is becoming the talk of the town. At the end of May the US Labour Department announced year-on-year and month-on-month annualised inflation rates of 4.2% and 0.8% respectively, both the highest in 12 years. The Federal Reserve confirmed it will not raise interest rates or reduce its bond purchase programmes until inflation levels out at 2% over an extended period of time, dismissing short term high inflation as transitory.

Policy maker reactions were put into perspective by Stanley Druckenmiller in a recent [presentation](#):

'If you look at the [March 2020] policy response it was extremely aggressive. Led by the CARES Act, in three months, we increased the government deficit by more than the last five recessions combined... you add up all those recessions' effects on our budget... combined they do not equal how much the budget deficit increased in three months last spring. The Fed response was equally aggressive and unprecedented... they did more QE in six weeks last spring than they did in the entire period from 2009 to 2018.'

The cumulative fiscal deficit from the start of the recession is larger than that of all 1980-2007 recessions combined.



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

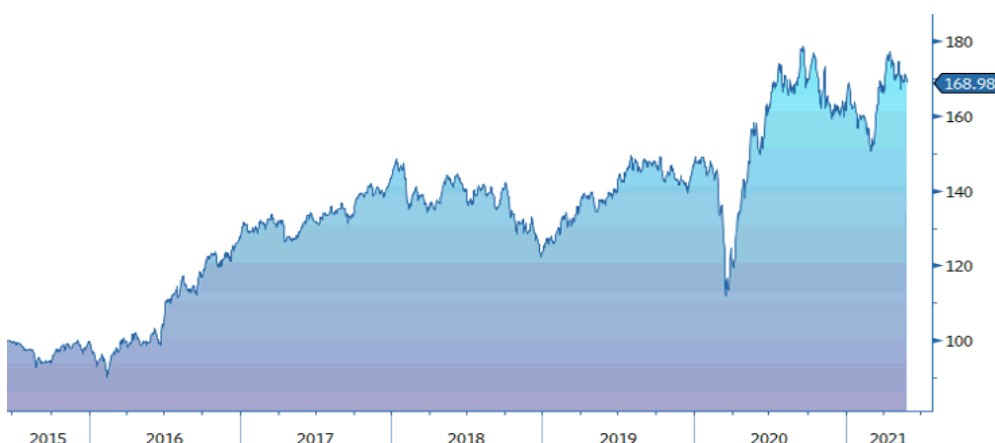
Investment Manager	Price Value Partners
Launch Date	16 June 2015
Share Classes	A, B
Currency Classes	GBP, USD, EUR
Dealing, Valuation	Daily 12:00p.m. GMT
Management Fees	A: 0.75% B: 0.50%
ISIN Codes	A £ Acc: GB00BWZMTX09 A £ Inc: GB00BD8PLW60 A \$ Acc: GB00BWZMTY16 A € Acc: GB00BWZMTZ23 B £ Acc: GB00BWZMV016 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
1 Month	-0.33%
Year-to-date	4.73%
Since inception (16.06.2015)	68.98%

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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The Bloomberg Commodity Index, a broad commodities proxy, was up another 2.7% in May to make new six-year highs. While this may prove a positive tailwind for our commodity allocations in the short term, we'll always be guided by cashflows and bottom-up valuations, because those firms operating well tend to enjoy the best share price returns over the medium term.

Elsewhere, Bitcoin holders enjoyed a wild ride as the cryptocurrency fell by 50% over the course of 10 days. So long as the cash operations of a firm haven't deteriorated – and we get quarterly updates from management to attest to that fact – we take advantage of such price volatility by purchasing more shares of the firm at this lower price level. This irrationality of the market is an integral part of the investment practice but the underlying asset must have economic value – namely it must be land (mineral wealth) or part of the capital structure – for us to then analyse a balance sheet, cash-flow statement and valuation metrics.

Our Asian value managers were detractors from our May performance. Yet the underlying holdings of Asian Prosperity (-4.9% for May) trade at an average of 1.0x book and are compounding operations at c. 16% RoE. In due course, those operations will lead to a strong rebound and new highs for the fund itself. Our best performers for the month were resource firms including Kirkland Lake Gold, Silver Lake Resources, and Ramelius Resources, up 13.6%, 15.2%, and 15.9% respectively. These firms offer us on average a 19% cashflow yield - our favoured internally adjusted metric for determining how cheap a company is trading, versus its operations. Australian and Canadian-based miner Kirkland Lake Gold announced solid first quarter results this month: it beat upper bound production guidance by 12,000 ounces, at a reduced all-in sustaining cost figure of US\$846/ounce, and will distribute US\$50m in dividends, a 50% increase from the same period in 2020. The firm carries no debt. We'll buy more shares of Kirkland if it experiences volatility similar to Bitcoin.

Geographic Exposure*

Country	Allocation	Country	Allocation
Australia	26%	Japan	16%
US	17%	Europe	15%
UK	12%	Canada	8%
Vietnam	2%	Other	2%
Cash	2%		

Sector Exposure*

Sector	Allocation	Sector	Allocation
Commodities	40%	Industrials	20%
Financials	14%	Consumer	12%
Technology	8%	Real Estate, Infrastructure	3%
Utilities	1%	Cash	2%

Major Holdings*

Samarang Japan Value	11.9%
Ramelius Resources	10.5%
Halley Asia Prosperity Fund	8.0%
CMC Markets plc	7.9%
Argos Argonaut Fund	7.6%
IG Group Holdings plc	4.5%
Airboss of America Corp.	3.9%
Seaboard Corp.	3.8%
Silver Lake Resources	3.8%
Kirkland Lake Gold	3.8%

Fund Metrics*

Price to earnings ratio	16.1x
Price to book ratio	1.8x

*as at 31 May 2021

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

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.