

# THE VT PRICE VALUE PORTFOLIO

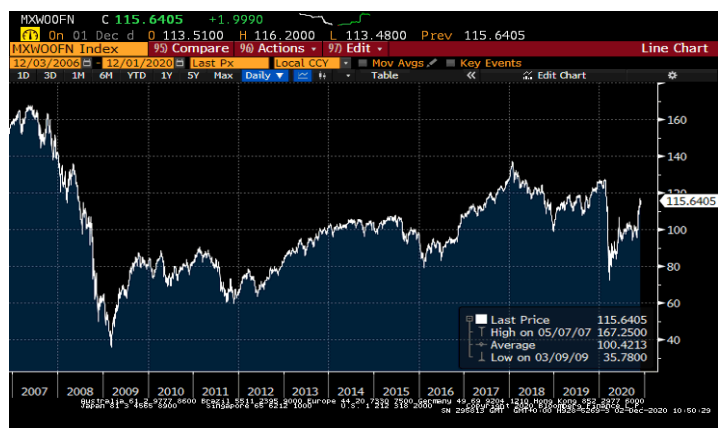
Factsheet as at 30 November 2020

## Investment Commentary

The GBP A class of the fund recorded a loss of 1.23% for the month of November 2020. This brings the cumulative return of the fund in GBP from inception in June 2015 to 59.86%. The latest net asset value of each of the fund's share classes can be found [here](#).

At the time of writing, the outcome of the US Presidential election remains disputed, at least by the incumbent holder of that office. Fears over mounting US political instability were, however, offset during the month by positive news about the development of a variety of apparently efficacious vaccines against coronavirus. The roll out of a vaccine ought to swiftly lead to a removal of the various Covid restrictions that are currently strangling numerous economies. Perhaps the reopening of western economies will result in some outperformance of traditional value stocks versus the primarily 'technology' growth stocks that have garnered even stronger positive sentiment as offices were locked and employees forced to work remotely. However, we believe it is more profitable to remain sector-agnostic and focus on how a firm is financed (ideally with not too much debt) and how it is currently operating (ideally with high CFO yields) rather than to allocate capital on the basis of anticipated sector outperformance.

For example, it is presumed that cyclical industries will struggle to grow their earnings during a recession. Below is a long-term chart of the MSCI Financials Index. In 2008 the index fell by over 65%, and it has also struggled year-to-date. This is understandable given that the asset side of most financial firms becomes impaired at the same time as operational cash flows fall; a two-factor impact on RoE. Looking through the index components; however, there were some financial firms that triumphed in 2008, and again this year.



## 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.

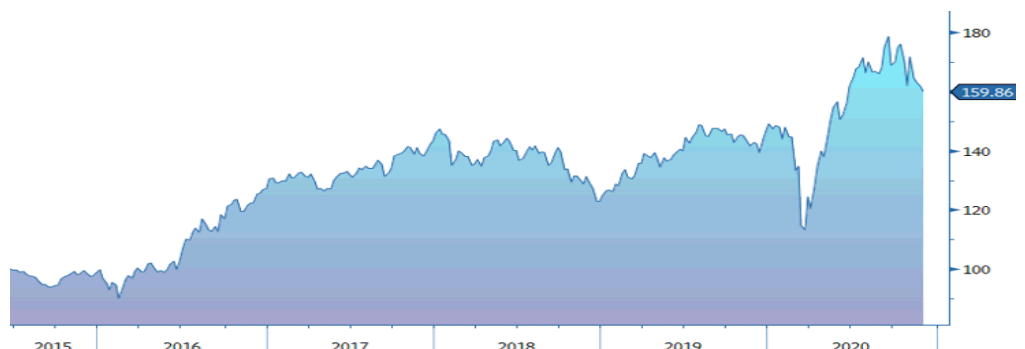
## Fund Facts

|   |  |
|---|--|
| 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:<br>GB00BWZMTX09<br>A £ Inc:<br>GB00BD8PLW60<br>A \$ Acc:<br>GB00BWZMTY16<br>A € Acc:<br>GB00BWZMTZ23<br><br>B £ Acc:<br>GB00BWZMV016<br>B £ Inc:<br>GB00BD8PLY84<br>B \$ Acc:<br>GB00BWZMV123<br>B € Acc:<br>GB00BWZMV230 |
| (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.) |  |
| Minimum Investment A  | £1000 / \$1000 / €1000   |
| Minimum Investment B  | £1M; \$1M; €1M   |

## Performance History

| Period                       | GBP A Share Class |
|------------------------------|-------------------|
| 1 Month                      | -1.23%            |
| Year-to-date                 | 8.70%             |
| Since inception (16.06.2015) | 59.86%            |

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 | 20%        | Japan   | 19%        |
| UK        | 18%        | US      | 13%        |
| Europe    | 11%        | Canada  | 8%         |
| Vietnam   | 2%         | Other   | 2%         |
| Cash      | 7%         |         |            |

## Sector Exposure\*

| Sector      | Allocation | Sector                         | Allocation |
|-------------|------------|--------------------------------|------------|
| Commodities | 43%        | Industrials                    | 14%        |
| Financials  | 12%        | Consumer                       | 10%        |
| Technology  | 9%         | Real Estate,<br>Infrastructure | 3%         |
| Utilities   | 2%         | Cash                           | 7%         |

## Major Holdings\*

|                               |        |
|-------------------------------|--------|
| Samarang Japan Value          | 13.66% |
| Halley Asian Prosperity Fund  | 9.77%  |
| Ramelius Resources Ltd.       | 7.21%  |
| CMC Markets plc               | 7.06%  |
| Argos Argonaut Fund           | 6.61%  |
| Fresnillo plc                 | 6.53%  |
| IG Group Holdings plc         | 4.60%  |
| Wheaton Precious Metals       | 4.60%  |
| Seaboard Corp.                | 3.76%  |
| Saracen Mineral Holdings Ltd. | 3.42%  |

## Fund Metrics\*

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

\*as at 30 November 2020.

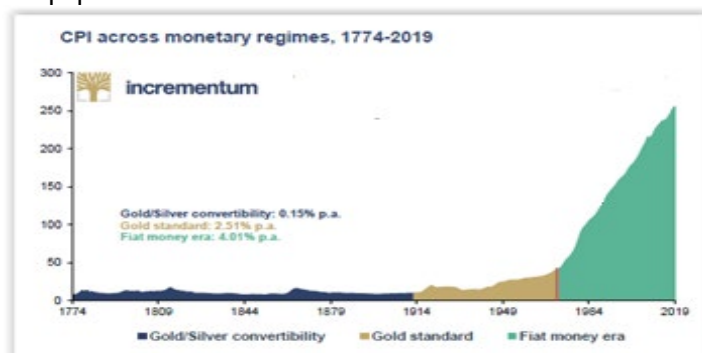
## Important Information

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.

## Investment Commentary (continued)

CMC Markets and IG Index, for example, are 'financial' firms, with no debt and no toxic 'assets', that were operating strongly at the start of the year and which have continued to operate well. Allocating away from all 'financials' due to the recessionary environment, without focusing on cash-flow from operations and associated balance sheet strength, would lead investors away from some very well-run firms trading at attractive valuations. CMC and IG were two of our best performing holdings in November, their share prices up by 19% and 6% respectively.

Our negative return during the month was solely due to the commodity allocation held within the fund, with Saracen, Silver Lake and Ramelius all falling over 13%. On a cash-flow basis, the commodity allocations remain the cheapest in the fund, and also carry little to no debt on their respective balance sheets. The firms continued to operate very strongly during the month and we expect further, solid operational updates in January. Sentiment, unlike operations, can fluctuate wildly in the short-term. By focusing on the underlying operations of our holdings, we have found it easier to remain stoic in the face of not just negative sentiment, but positive swings, too. These fluctuations are a characteristic of liquid equity market investing and, given the paucity of yields on offer in the credit market, it is a characteristic that more investors are going to have to experience in future. To remain in cash, or to shelter in 'safer' sectors than commodities, just as to eschew financials, is to miss out on attractive investment opportunities. Inflation protection appears under-priced in our view. Investment firm *Incrementum AG* highlights that CPI inflation has annualised at 4.01% since the Bretton Woods monetary order ended in 1971. Our miners should compound strongly at current price levels. But should CPI rise from its current moribund level, we would expect the commodity sector to be back 'in vogue', at which point opportunities should logically present themselves in less popular sectors.



## 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   |