# THE VT PRICE VALUE PORTFOLIO

## Factsheet as at 29 November 2019

## 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<br>A £ Inc: GB00BD8PLW60<br>A $ Acc: GB00BWZMTY16<br>A € Acc: GB00BWZMTZ23<br><br>B £ Acc: GB00BWZMV016<br>B £ Inc: GB00BD8PLY84<br>B $ Acc: GB00BWZMV123<br>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.)

## Investment Commentary

The GBP A class of the fund recorded a loss of 0.91% for the month of November 2019, driven primarily by short term price volatility in some of our commodity-related holdings. This brings the cumulative return of the fund in GBP from inception in June 2015 to 42.73%. The latest net asset value of each of the fund's share classes can be found here.

As UK-based investors we are often asked why we don't have greater exposure to the UK stock market within the fund. Isn't the UK market cheap ? Our answer has been – for the last four years at least – that whilst the FTSE 100 and FTSE 250 indices trade at no great premium versus other international markets (and notably the US), we have simply been able to find far more attractive valuations – not to say stronger revenue growth – in markets like Japan and Vietnam, especially on a bottom-up, company-specific basis. Since so many asset managers are continually guilty of 'home country bias', we see no compelling reasons to join them.

For the first time in four years or so, however, UK companies are starting to appear on our value screens, which take account both of valuation metrics and underlying corporate operations. In other words, we endeavour never to overpay for anything we buy, relative to its inherent value, but we also seek companies with solid and ideally improving trends in cash flow generation. We are now starting to nibble at the UK market and will report on our accumulated holdings in due course once our acquisitions are complete. Over the last two months we have raised our allocation to UK listed firms to c. 9% of the portfolio.

Further afield, the *Financial Times* reports that the US Federal Reserve is considering introducing a rule that would let inflation run above its 2 percent target, which would be one of the most significant changes to the Fed's inflation-fighting mandate in its history. We have long believed that the global debt 'predicament' would ultimately result in a potentially messy outbreak of inflation. We concede that a period of deflation could plausibly precede it, if not accelerate its arrival. Nevertheless, as we have stated before, we try not to let subjective 'macro' prognostications drive our investment process. Every equity purchase we make is predicated on company valuations that are already attractive, and where our sole 'forecast' is that next year's earnings will at least match those of the current year, if not actually surpassing them. This presumed inflationary backdrop notwithstanding, we are starting to find new opportunities in the commodities space.

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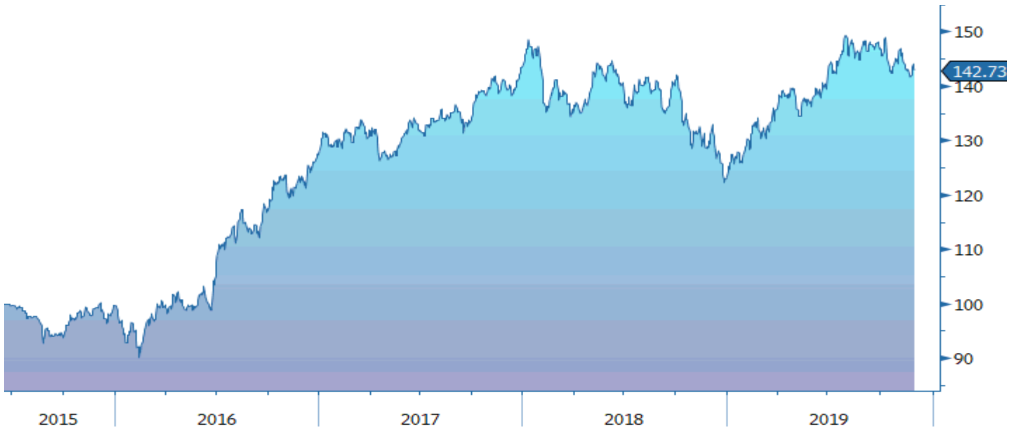
## Performance History

| Period | GBP A Share Class |
|---|---|
| 1 Month | -0.91% |
| Year-to-date | 16.04% |
| Since inception (16.06.2015) | 42.73% |

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 | 30% | Vietnam | 18% |
| Europe | 16% | US | 9% |
| UK | 9% | Australia | 5% |
| Canada | 5% | Malaysia | 2% |
| Other | 3% | *Cash* | *3%* |

## Sector Exposure*

| Sector | Allocation | Sector | Allocation |
|---|---|---|---|
| Commodities | 24% | Industrials | 21% |
| Consumer | 16% | Real Estate, Infrastructure | 10% |
| Technology | 9% | Financials | 5% |
| Utilities | 3% | Other | 12% |

## Major Holdings*

| | |
|---|---|
| Samarang Japan Value | 20.2% |
| Halley Asian Prosperity Fund | 19.3% |
| Argos Argonaut Fund | 7.6% |
| Vietnam Value and Income | 6.0% |
| Wheaton Precious Metals | 5.4% |
| Ramelius Resources | 5.3% |
| Loews Corp | 4.8% |
| Boliden AB | 4.5% |
| Seaboard Corp | 4.3% |
| Yara International | 3.8% |

## Fund Metrics*

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

*as at 29 November 2019

## Investment Commentary (continued)

One of the UK firms we've been adding to is a commodity producer. The fund already owns shares in the metal and mining producer Boliden. A key characteristic that the new position and Boliden share is a robust, proven ability to grow book value during challenging environments. Boliden managed to compound book value by an annualised 11.4% during the five-year commodity bear market that we believe ended at the start of 2016. Our recent UK purchase grew its book value by 20% during the same period. The firm however has been de-rated from 9x book value to 1.8x book value today. More interesting to us, at current commodity prices, we are able to secure an 11% CFO yield with marginal financial leverage of 17% debt to total assets. We hope to have fully allocated to this holding by the end of the year, at which point we'll discuss this and other new additions.

Despite the value we're seeing in commodity related firms, it was these holdings that led to the fall in the price of the fund during November. Ramelius was the biggest culprit, down 18%. Ordinarily we'd add to a shareholding that fell in price whilst operations were strong. However, we have opted to add instead the commodity firm cited above during a period of negative sentiment toward the entire sector. Boliden and Yara also fell during the month, down 4.8% and 3% respectively.

The best performers during the month were two of our new UK purchases. One, a financial services firm that is still run by its founder, rose by 14.6% during the month whilst the other firm's shares rose by 6.4%. Argos Argonaut, the small cap European specialist fund, rose by 5.4%. We hold that position in a GBP hedged share class, therefore the overall GBP exposure of the fund has now risen to c. 20%. Again, we look forward to the resolution of the current UK political stalemate with some interest.

## 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. | |

## Important Information