

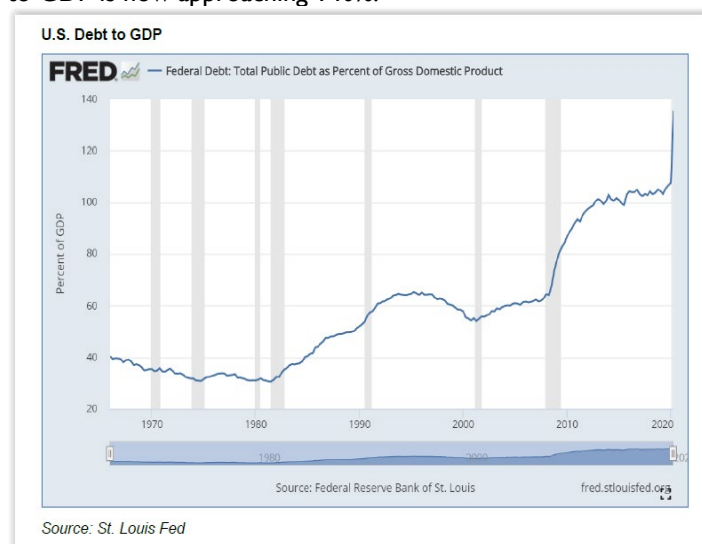
# THE VT PRICE VALUE PORTFOLIO

Factsheet as at 31 October 2020

## Investment Commentary

The GBP A class of the fund recorded a loss of 4.31% for the month of October 2020. This brings the cumulative return of the fund in GBP from inception in June 2015 to 61.86%. The latest net asset value of each of the fund's share classes can be found [here](#).

The last week of October saw sharp reversals of the trends of the previous weeks, both in terms of global equity indices and on the part of governments' responses to the coronavirus. While some countries have imposed looser economic restrictions against the SARS CoV-2 virus (one thinks of Taiwan, South Korea, Japan and Sweden), many nations have greatly increased the economic and financial impact of the virus by following more stringent lockdown policies. Europe, the US and Australia/NZ belong in this latter category, and have seen a dramatic deterioration in their government finances this year. In the US alone, the analysts Douglas Axe, William Briggs and Dr. Jay Richards, in their book 'The Price of Panic', estimate the cost of lockdown at roughly \$1 trillion a month. Since US tax revenues will inevitably take a significant hit, the cost of lockdown can only realistically be funded by the issuance of more debt. As the chart below shows, US debt to GDP is now approaching 140%.



Closer to home, UK government finances were not exactly in robust health before the emergence of coronavirus. Now they look disastrous. Due largely to coronavirus-related spending (matched with the complementary destruction wrought by the government on the private sector), the UK national debt has effortlessly risen through the £2 trillion level (the equivalent of £30,000 for every single person in the country).

## 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
(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	-4.31%
Year-to-date	10.06%
Since inception (16.06.2015)	61.86%

The fund is managed independently of any benchmarks. Chart source: Bloomberg LLP. Past performance is not necessarily a guide to future returns.



# THE VT PRICE VALUE PORTFOLIO

## Geographic Exposure\*

Country	Allocation	Country	Allocation
Australia	23%	Japan	19%
UK	18%	US	12%
Canada	9%	Europe	8%
Vietnam	2%	Other	1%
Cash	8%		

## Sector Exposure\*

Sector	Allocation	Sector	Allocation
Commodities	44%	Industrials	14%
Financials	11%	Consumer	10%
Technology	8%	Real Estate, Infrastructure	3%
Utilities	2%	Cash	8%

## Major Holdings\*

Samarang Japan Value	13.8%
Halley Asian Prosperity Fund	9.6%
Ramelius Resources Ltd.	8.1%
Fresnillo plc	7.2%
CMC Markets plc	5.9%
Argos Argonaut Fund	5.8%
Wheaton Precious Metals	5.4%
IG Group Holdings plc	4.3%
Saracen Mineral Holdings Ltd.	4.0%
Silver Lake Resources Ltd.	3.9%

## Fund Metrics\*

Price to earnings ratio	16.4x
Price to book ratio	1.9x

\*as at 31 October 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)

As Reinhart and Rogoff remind us, high debt / GDP levels (of 90% and above) are associated with “notably lower growth outcomes”. The paucity of economic growth over the last decade in many of these heavily indebted countries appears to support their thesis. However, growth stocks, as per the below chart, have continued their seemingly inexorable outperformance against value stocks. We launched this value-oriented fund in June 2015, when the ratio was at 1.2. We never felt the ratio would fall past the dot com bubble level of early 2000, however it has now fallen 33% lower than even that irrational point.



If sentiment is against value in general, we ought to be able to take advantage by buying our target firms at sensible valuations. This is true but as this month showed, it doesn't prevent occasional poor share price returns. Our commodity firms have all reported their Q3 updates. All announced strong cash operations that met or exceeded our expectations, yet every one of them (with the exception of Saracen, up 9%) fell in value during the month. Saracen announced a board-approved merger with Northern Star Resources, who like us were impressed with the firm's margins, cash-flow and lack of debt. We'll shortly rotate funds out of the merged entity and into smaller firms with greater potential to grow their cash-flow from operations at a superior rate. Away from commodity exposure, we are building up a position in a US technology related firm that was the fund's worst performing holding for the month, down 15%. The firm in question has an 18% CFO yield, low debt levels, and is compounding at close to 20% book value growth per annum; we expect to be fully allocated by early next year, following its end December update.

## 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