Factsheet as at 31 October 2021

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
(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.)	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

Investment Commentary

The GBP A class of the fund recorded a gain of 3.44% for the month of October 2021. This brings the cumulative return of the fund in GBP from inception in June 2015 to 62.01%. The latest net asset value of each of the fund's share classes can be found here.

The central banking fraternity are trapped in a difficult position. Inflation expectations are rising, which is normally met with an increase in the base rate. However, central banks are aware that higher borrowing costs will have knock on effects in the property market via mortgage rates, the broad bond market and sentiment to the broad equity market. This week, the Reserve Bank of Australia (RBA) decided not to raise their base rate, keeping overnight borrowing costs at their record low of 0.1%. What central banks can't as easily control however is the yield on government bonds. Following their decision, the RBA saw yields on the Australian 2-year bonds rise 17 times, up to 0.80%. In similar vein, the Bank of England, the ECB, and the Bank of Canada also kept their interest rates at unprecedentedly low levels. Yields in these regions have risen sharply from their lows in the summer. Interestingly, the only way central banks can control anything but the base rate is via more money printing – so-called 'yield curve control'. Since money printing is the root cause of monetary inflation, it seems unlikely that such a policy would serve much purpose.

Firm's that have issued a lot of debt will now be seeing these higher borrowing costs feed into their earnings. If inflation is a fixture in the post-Covid environment, the lack of debt for our investee firms will ensure that their operations are not impacted by the negative effects of financial leverage. Indeed, we expect our commodity producing firms to see margins continue rising in an inflationary environment.

Despite rising 28.1% during the month, diversified industrial firm Mueller Industries still offers us strong 20% cashflow yield. In the commodity bull market of 2000 to 2012, Mueller showed that it is able to pass on these higher input costs. It seems like this trend will continue. The producer of copper, brass, aluminium, and plastic products, posted strong third quarter earnings. The average price of copper rose 47% through Q3 compared to the same period last year, yet over the same period Mueller grew its operating income by 337% to $233.4m, and its earnings per share by 396% to $3.01.

Performance History

Period	GBP A Share Class
1 Month	3.44%
Year-to-date	0.41%
Since inception (16.06.2015)	62.01%

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

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Geographic Exposure*

Country	Allocation	Country	Allocation
Australia	29%	US	20%
Europe	17%	Japan	17%
UK	9%	Canada	4%
Vietnam	1%	Other	1%
Cash	2%		

Sector Exposure*

Sector	Allocation	Sector	Allocation
Commodities	45%	Industrials	17%
Consumer	13%	Financials	10%
Technology	8%	Real Estate, Infrastructure	4%
Utilities	1%	*Cash*	2%

Major Holdings*

Samarang Japan Value Fund	14.3%
Ramelius Resources Ltd	9.7%
Argos Argonaut Fund	8.7%
CMC Markets plc	6.7%
Seaboard Corp.	4.9%
Perseus Mining Ltd	4.5%
Weis Markets Inc	4.5%
Kirkland Lake Gold Ltd	4.5%
Mueller Industries Inc	4.4%
Halley Asian Prosperity Fund	4.0%

Fund Metrics*

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

*as at 31 October 2021

Investment Commentary

Firms like Mueller provide the essential inputs to an economy's outputs, particularly as western governments aggressively pursue decarbonisation policies (e.g., Boris Johnson's new £400m 'green' deal). The copper usage of renewable solar and wind energy systems is four to six times greater than in traditional power generation, such as fossil fuel and nuclear power plants. However, whether the price of essential commodity inputs rise due to supply bottlenecks, inflationary money printing, or 'green' focussed government spending, Mueller's historic operations show the firm to be robust in periods of rising and falling commodity prices.

In terms of commodity producers, Ramelius Resources was one of our best performers, up 19.10% on the month. Ramelius met Q3 production guidance at 65,686 gold ounces at an all-in sustaining cost of A$1,445 per ounce, a 60% margin over the average price of gold through Q3. The company held over A$270m in cash at the start of October and it continued its long-term strategy of complementing its organic growth with mergers and acquisitions. It has made an off market bid to acquire Apollo Consolidated, which owns the Lake Rebecca deposit near Ramelius' existing tenements, with confirmed mineral resources of 1.1 million gold ounces. It's not the first time that Ramelius has taken advantage of poor sentiment to the sector. Indeed, we saw Ramelius do this twice in 2018 when it acquired its Marda and Tampia assets. Irrespective of the sector, lowly indebted companies with cash reserves are always best placed to expand during periods of negative sentiment. We accept that balance sheet strength doesn't appear in vogue at present. Indeed, the shares in Tesla seem to be divorced from its underlying operations and balance sheet strength. However, away from the glare of the Bloomberg screens, balance sheet strength is the key factor in long term operational compounding.

Our worst performing allocation this month was our small position in Betsson, an online gambling firm. The firm announced another set of strong results during the month, but shares fell 17.8% as Betsson temporarily stopped accepting Dutch customers until applying for a formal license early next year. We will continue to add to Betsson as the lack of Dutch customers is expected to only impact monthly operating profit by SEK25m. The lower operations still translate to 16% CFO yields.

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