

# THE VT PRICE VALUE PORTFOLIO

Factsheet as at 30 September  
2019

## Investment Commentary

### 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.)

The GBP A class of the fund recorded a loss of 0.71% for the month of September 2019. This brings the cumulative return of the fund in GBP from inception in June 2015 to 46.59%. The latest net asset value of each of the fund's share classes can be found [here](#).

The US Federal Reserve cut its fed funds target rate during the month by 0.25% to a range of 1.75% to 2%, citing weak business investment and exports. There was some concern after the New York Fed pumped \$75 billion into the money market to address funding pressures in the repo market. Greater concerns surfaced in the oil market after a suspected drone attack by Houthi rebels on Saudi oil facilities which temporarily caused the country to suspend more than half of its oil output. We highlighted the prospect of rising political risk in our last commentary, but these latest developments point to a heightened inflationary risk which financial markets – especially bonds – may not be accurately reflecting.

September also saw the collapse of the world's oldest tour operator, Thomas Cook. As CLSA analyst John Seagram points out, the bankruptcy did not suddenly fly out of a clear blue sky; over the last 12 years, the company's negative tangible book value widened from -£413 million to -£3.3 billion.

### Ex-financials, price to book ratio of S&P 500 (higher line) versus Japan's Topix index (lower line)

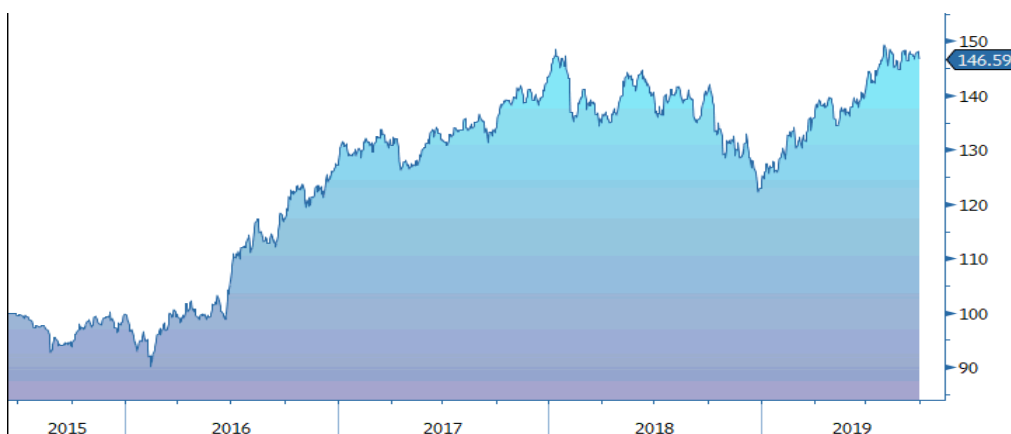


Source: CLSA.

### Performance History

Period	GBP A Share Class
1 Month	-0.71%
Year-to-date	19.17%
Since inception (16.06.2015)	46.59%

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	29%	Vietnam	19%
Europe	20%	Canada	10%
US	11%	Malaysia	2%
Australia	6%	Other	2%
Cash	1%		

## Sector Exposure\*

Sector	Allocation	Sector	Allocation
Industrials	25%	Consumer	16%
Financials	9%	Commodities	25%
Technology	9%	Real Estate, Infrastructure	10%
Utilities	3%	Other	2%

## Major Holdings\*

Samarang Japan Value	19.4%
Halley Asian Prosperity Fund	19.1%
Argos Argonaut Fund	7.1%
Vietnam Value and Income Fund	6.3%
Ramelius Resources Ltd	6.0%
Wheaton Precious Metals	5.3%
Loews Corp.	5.0%
Seaboard Corp.	4.8%
Yara International	4.3%
Power Corp. of Canada	4.2%

## Fund Metrics\*

Price to earnings ratio	12.8x
Price to book ratio	1.3x

\*as at 30 September 2019

## Investment Commentary (continued)

As John writes, “Call me old fashioned but I don't much care for this capitalism without capital thing, I prefer balance sheets stuffed full of tangible equity not ethereal intangibles like illwill (Thomas Cook has £2.6bn of so called goodwill (in reality 'illwill') on its balance sheet, which until this year gave it an illusorily positive book value). So, it's jolly lucky that I do Japan, which is stuffed full of more tangible equity than any other stock market in the world!”

Intangibles are often misunderstood by investors. The accounting term is for values that are sitting on the balance sheet – although as John Seagram points out, these values can quite quickly be written down. Other investors reference off-balance sheets assets as ‘intangible’. We met one manager recently who highlighted how Tinkerbell is an intangible asset of Disney – “you can't see her in the financials, but she's generating revenue for Disney.” What is classed as tangible or intangible - or not even on the balance sheet - is a function of accounting rules and these rules have changed over the years as regulators drive companies to recognise more and more off balance sheet assets on firms' balance sheets. Brand equity is the latest example of this push. We tend to agree with Seagram; however, we are primarily focused on the ability of a company's assets (whether on or off the balance sheet) to generate cash-flow – as this is the ultimate display of value. Our Japanese exposure is to firms in the region generating double digit cash-flow returns with strong capital structure, i.e. with more shareholder equity. Indeed, Thomas Cook had just 4% shareholder equity as at end September 2018, with the rest of their assets financed by debt-like instruments. A lack of shareholder equity is the highest signal of risk for us.

This month saw a reversal of returns from our commodity exposure, with Wheaton and Ramelius both falling 11%. Two family run businesses, Power Corp and Seaboard, rose 10.3% and 6% during September, and we will likely add to both during the next month as we get updates on their operations.

## 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

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.