

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 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.)

Factsheet as at 31 December 2021

Investment Commentary

The GBP A class of the fund recorded a gain of 3.24% for the month of December 2021. This brings the cumulative return of the fund in GBP from inception in June 2015 to 65.20%. The latest net asset value of each of the fund's share classes can be found [here](#).

Congress has once more approved raising the US debt ceiling – the cumulative amount of bonds the US government can issue – to \$31.4 trillion. After five rounds of quantitative easing (QE) since 2008, the Fed's balance sheet has also swollen 860% to \$8.75 trillion (larger than the GDP of every country except the US and China). The US is not alone in the gross expansion of its debt and central bank asset size. It is an international trend. Economic history is quite clear that such policies result in higher price levels; monetary inflation begets price inflation. Bonds have been a profitable asset class to own for the last 40 years. It may be recency bias that is influencing asset allocators to continue to look favourably on bonds and real estate markets, despite today's yields. The key to wealth creation is in finding compounding rates of return. The share price of equities can often distract investors from the accounting rates of return that are also happening "under-the-hood". It is these rates of return that stand in sharp contrast to those on offer in the fixed income and real estate markets. It is these rates of return that drive share prices over the medium term. It is these rates of return that we discuss below.

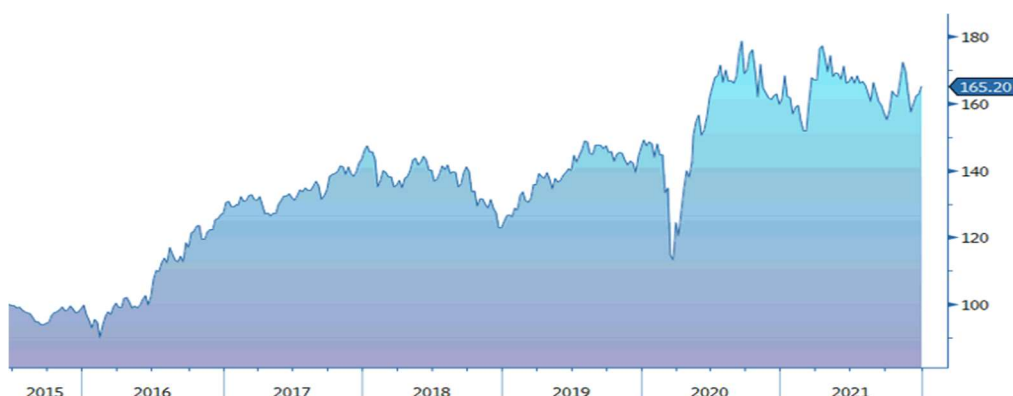
Aurubis rose 16.2% on the month after announcing record results. Following its €380m acquisition of metal-recycler Metallo, Aurubis' Beerse and Berango sites are now fully integrated into its Belgian operations. Reported operating earnings were a record €353m, 60% higher than the previous year. The resulting return-on-equity (ROE) at 15.6% was therefore also 60% higher than last year. Although the firm finances its operations with some debt, it has a 'negative net debt' position – as the value of its cash outweighs its debt issuance. Aurubis has increased this year's earnings forecast and will invest €30m in a new metallurgical facility at its Beerse site to process waste material rich in tin and precious metals more efficiently. Cash from operations of €805m was actually under-reported due to a €397m reduction in inventories. Adjusting for this working capital accounting, Aurubis offers a strong cashflow yield of 31.4%.

Performance History

Period	GBP A Share Class
1 Month	+3.24%
Year-to-date	+2.39%
Since inception (16.06.2015)	+65.20%

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	28%	US	22%
Europe	18%	Japan	16%
UK	9%	Canada	4%
Vietnam	1%	Other	1%
Cash	1%		

Sector Exposure*

Sector	Allocation	Sector	Allocation
Commodities	45%	Industrials	18%
Consumer	13%	Financials	11%
Technology	8%	Real Estate, Infrastructure	3%
Utilities	1%	Cash	1%

Major Holdings*

Samarang Japan Value Fund	13.5%
Ramelius Resources Ltd	9.1%
Argos Argonaut Fund	8.6%
CMC Markets plc	6.9%
Weis Markets Inc	5.5%
Mueller Industries Inc	5.0%
Seaboard Corp.	4.9%
Perseus Mining Ltd	4.5%
Kirkland Lake Gold Ltd	4.3%
Silver Lake Resources Ltd	3.8%

Fund Metrics*

Price to earnings ratio	16.0x
Price to book ratio	1.8x

*as at 31 December 2021

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.

Investment Commentary

Semiconductor and microchip manufacturer Intel rose 4.7% through December. Some investors like microchip manufacturers because of the popular chip-shortage narrative. We would expect margins in the chip industry to rise given the global deficit, however the firm generated an ROE of 22% to end Sept 2021 with a margin of 26% - its lowest since 2016. Yet at current operations and current margins, Intel is already compounding strongly and offers us a 14.5% cashflow yield with minimal debt.

Elsewhere, commodities remain vastly undervalued relative to broader equities, as measured by the CCI index and S&P 500 Index respectively. The ratio between the two since 1971 has averaged 4x, reaching as high as 8x and 9x during the heights of the 1970s and 2000s commodity bull markets. The ratio currently sits at 1x, implying that commodities are cheaper now versus equities than even during the 1999 dot-com boom – which was also when the last major tech bubble burst.

Regis Resources rose 8.3% through December. The firm is now only waiting on the granting of water licenses before final approval of the McPhillamy's tenement. McPhillamy's holds 2m ounces of easily accessible gold ounces to be produced over a 10-year life of mine, thus meaning a huge step change in the firm's profile once approved. Nonetheless, current operations are strong. In a recent presentation Regis confirmed it is on track to meet annual production guidance at 460k ounces at an average total cost per ounce of A\$1,328 – almost 50% below the current AUD gold price. This jump in production from 373k ounces last year is being driven largely by the firm's recently completed acquisition of a 30% interest in Tropicana, a Kalgoorlie-based collection of mines historically operated at low costs and high margins. The firm currently offers a 27% cashflow yield and, again, carries minimal debt.

The share prices of commodity producers and more generally listed equities experience price volatility in response to prevailing sentiment, government policies and central banking shenanigans. By maintaining our focus on the operations of our investee firms, we aim to take advantage of any disparities between operations and share prices that result from these macro-economic narratives. This month will see our firms release Q4 operational updates which should provide the basis for adding more capital to these firms.

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