

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

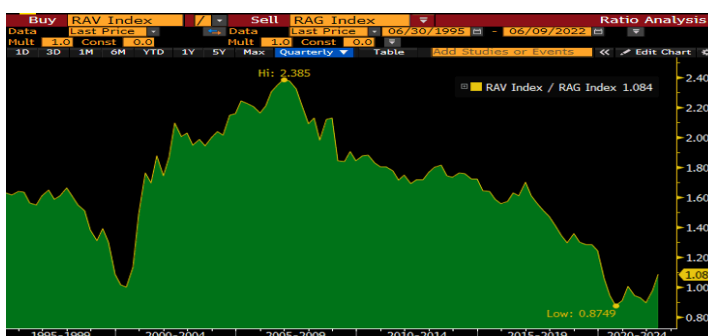
(Variations in historic performance shown by the different currency share classes of the fund relate solely to foreign exchange translation effects, as the underlying holdings are identical.)

Factsheet as at 31 May 2022

Investment Commentary

The GBP A class of the fund recorded a loss of 2.81% for the month of May 2022. This brings the cumulative return of the fund in GBP from inception in June 2015 to 75.12%. The latest net asset value of each of the fund's share classes can be found [here](#).

Firms offering low cashflow yields provide little margin of safety. Their earnings must grow to justify comparatively lofty share prices. The recent sell-off in growth stocks and the outperformance of value stocks appears to us to have much further to go. The chart below of the Russell indices shows that value versus growth is still only at ratios last seen at the peak of the first dot.com bubble.



One firm thriving as a 'value' stock is Swedish gaming firm Betsson AB, up 13.2% on the month. We discussed recently how the firm grew revenue and margins in the first quarter to post a 16% higher net earnings figure versus 2021. Margin strength, we suspect, will be an important characteristic this year given higher input prices but perhaps just as pertinent are a firm's 'insider transactions'. Over the last five years Betsson directors have only sold 1.57m shares compared to 3.39m shares bought, a buy to sell ratio of 2.15. Insider transactions can reveal how management and directors feel about a firm's prospects. Insiders of the recently popular growth stocks such as the 'FAANGS' have all been net sellers of their personal share holdings over the last five years. In comparison to Betsson's strong c. 20% CFO yield, the FAANGS sport CFO yields that have never offered more than 5% over the last few years. Sentiment towards a firm or industry is often at odds with the underlying cash-operations of a business. However, it is not unusual for us to see strong insider buying around the same time that the shares of the firm start appearing via our screening tools. Betsson was a recent example of that.

Performance History

Period	GBP A Share Class
1 Month	-2.81%
Year-to-date	+6.00%
Since inception (16.06.2015)	+75.12%

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	35%	US	19%
Europe	12%	UK	11%
Japan	9%	Asia ex-Japan	7%
Canada	4%	Cash	3%

Sector Exposure*

Sector	Allocation	Sector	Allocation
Commodities	54%	Industrial	16%
Consumer	13%	Financials	11%
Technology	3%	Cash	3%

Major Holdings*

CMC Markets PLC	9.6%
Ramelius Resources Ltd	8.4%
Perseus Mining Ltd	5.7%
Seaboard Corp	5.7%
Betsson AB	4.5%
Mueller Industries Inc	4.2%
Boliden AB	4.0%
Agnico Eagle Mines Ltd	3.7%
Weis Markets Inc	3.6%
Silver Lake Resources Ltd	3.6%

Fund Metrics*

Price to earnings ratio	15.5x
Price to book ratio	1.7x

*as at 31 May 2022.

Important Information

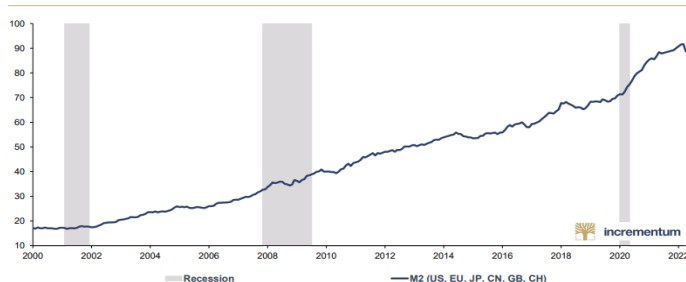
Past performance is not necessarily a guide to future returns. The value of investments and the income from them may go down as well as up and is not guaranteed. An investor may not get back the amount originally invested. Price Value Partners Ltd does not give you investment advice so you will need 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

Japanese firm Halows, up 3.9% for the month, operates 24-hour supermarkets across six major cities in Japan. Through its 'Plan 2125' (sic) Halows will continue expanding across Southern Japan, aiming to reach 120 operating stores and ¥200bn in operating revenue by 2026. These targets are in line with historic growth rates, as the firm has grown revenue from ¥112bn to ¥160bn over the last five years. Like many supermarkets, Halows also offers an own-brand budget product line, *Halows Selection*, for customers looking to spend less. That focus on costs is reflected in the operations too. Over five years Halows has grown its operating margin more than 30% and is operating today with the strongest margins in the firm's history. Halows offers an 18% cashflow yield and operates with a stable five-year average return on equity of 12% showing how strongly the firm has compounded operations in a tricky environment.

We suspect that firms will have to continue navigating higher input costs for some time given the inflationary environment that has resulted from fiscal and monetary largesse. As the below chart shows, there is five times more money in the system than 22 years ago. Money growth has outpaced GDP growth by 2.5 times.

M2 (US, EU, JP, CN, GB, CH), in USD trn



Commodity producers, in our view, are natural inflation hedges, however we'll remain guided by bottom-up analysis. Strangely, despite strong operations, some of the best operating firms in the portfolio were the largest detractors from performance. Australian gold producer Westgold Resources was one such firm, down 12.2% for the month. The firm is on track to meet production guidance at 270k ounces at an all-in sustaining cost of A\$1,700 per ounce, almost A\$1,000 below the current AUD gold price. Adjusted for lease obligations, Westgold operates with just 4.2% debt to total assets yet generates a 34% cashflow yield at current prices and operations.

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