

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 August 2022

Investment Commentary

The GBP A class of the fund recorded a loss of 4.31% for the month of August 2022. This brings the cumulative return of the fund in GBP from inception in June 2015 to 55.75%. The latest net asset value of each of the fund's share classes can be found [here](#).

The euro weakened through parity against the dollar again as Europe's energy crisis persisted. German electricity prices are up 900% this year. Several Eastern European countries have secured ruble-based energy contracts with Russia, but Western European counterparts are yet to make such deals. Despite the geopolitical uncertainty, however, our investee firms continue to operate well and, in some cases, grow their operating margins.

We wrote last month that we looked forward to more value-accretive acquisitions from our well-capitalised firms. US trucking firm Heartland Express (-4.60%) has announced its largest ever acquisition, of Transportation Resources for \$525m, funded largely with cash reserves. Heartland is now the eighth largest US logistics firm by truck fleet size, with total group revenue now c. \$1.3b. Q2 operating profits and margins were a record \$105.1m and 55.9% respectively. Shareholder equity (a firm's net asset value) also reached a record \$817.9m. This is not surprising given the firm's 10-year average return on equity of 14.3%. Heartland now offers its most attractive cash flow yield historically, of 26%.

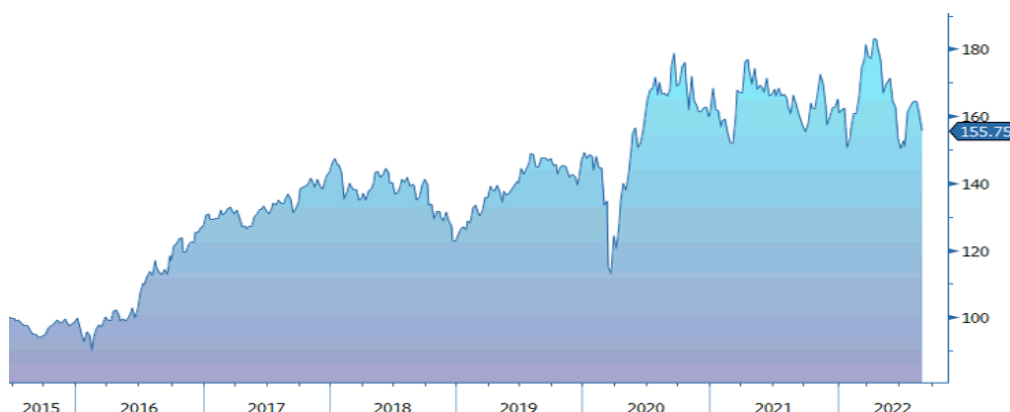
Swedish multi-metals firm Boliden AB (+1.96%) offers a 27% cash flow yield and outperformed on almost all key performance metrics in the first six months versus the same period last year. Boliden encountered higher input costs related to energy and consumables, maintenance and labour costs, and the expansion of its zinc processor at Odda. Despite these higher costs, however, six-month operating profit grew from SEK 5.6bn to SEK 9.1bn. To that point, the below table from Boliden shows how average metals prices in aggregate have risen over that period, in USD.

	Six months	
	2022	2021
Zinc, USD/tonne	3,832	2,832
Copper, USD/tonne	9,761	9,092
Nickel, USD/tonne	27,636	17,466
Lead, USD/tonne	2,269	2,072
Gold, USD/troz	1,875	1,806
Silver, USD/troz	23.3	26.5

Performance History

Period	GBP A Share Class
1 Month	-4.31%
Year-to-date	-5.72%
Since inception (16.06.2015)	+55.75%

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	24%
Europe	11%	Japan	10%
UK	10%	Asia ex-Japan	8%
Canada	4%	Cash	4%

Sector Exposure*

Sector	Allocation	Sector	Allocation
Commodities	49%	Industrial	20%
Consumer	14%	Financials	10%
Technology	3%	Cash	4%

Major Holdings*

CMC Markets PLC	7.4%
Seaboard Corp	6.5%
Mueller Industries Inc	6.1%
Ramelius Resources	6.1%
Perseus Mining Ltd	5.5%
Betsson AB	4.8%
Weis Markets Inc	4.8%
Heartland Express Inc	4.1%
Indo Tambangraya Megah Tbk	3.6%
Boliden AB	3.6%

Fund Metrics*

Price to earnings ratio	16.3x
Price to book ratio	1.3x

*as at 31 August 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

The strong dollar and higher sales prices acted as tailwinds to revenue, yet Boliden operated well despite these external factors. Boliden's four main production centres – Aitik, Garpenberg, Tara, Kevitsa – all increased ore volume milled versus both Q1 and last year's Q2. Production was subsequently higher for nearly all metal concentrates. Operations level with, or higher than, the previous period are exactly what we like to see from our investee firms.

Commodities are now trading at their cheapest levels ever relative to broad popular equities. Within the commodity space gold miners offer the most attractive valuations, such as Regis Resources (-11.33%) in Western Australia, currently offering a 25% cash flow yield. The firm recently confirmed record annual gold production of 437k ounces at an AISC (all in sustaining cost) of \$1,556 and achieved record gold sales of over A\$1bn for the first time. 20% of current production is delivered into hedging commitments to ensure a minimum level of cash flow, the other 80% is sold close to the current gold spot price which at A\$2,500 is almost A\$1,000 over Regis's current total cost per ounce. The firm is guiding to produce 450k ounces next year at an AISC below \$1,625, driven primarily by its Duketon operations and the remainder from its 30% share in Tropicana 330km away. Regis is soon to bring online its Garden Well South underground mine at Duketon, while at Tropicana a pre-feasibility study has commenced at the Havana Underground mine to assess extending the existing mine deeper.

Silver Lake Resources (-7.61%) offers an even stronger cash flow yield of 33%. The firm produced 251k gold ounces for the 12 months to end June which includes production for the first full quarter of 11k ounces from its newly acquired Sugar Zone mine in Canada. Group production was driven by record output from its Deflector operations, which delivered 20% year-on-year sales growth. AISC for the year was A\$1,756; the average AUD gold price for the same period was A\$2,529. As with Regis, we find comfort in these strong margins. Silver Lake continues to carry zero risk in the form of debt on its balance sheet.

In a commodity bull market margins will fluctuate as input prices naturally rise at varying rates, as in 2015. However, even if prices remain at today's levels, and despite geopolitical uncertainties, the above compelling cash flow yields and strong margins show that regardless of operating sector, these firms are priced to quickly outperform back to their intrinsic value and long-term average.

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