

# 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 on an unconstrained basis 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:<br>GB00BWZMTX09<br>A £ Inc:<br>GB00BD8PLW60<br>A \$ Acc:<br>GB00BWZMTY16<br>A € Acc:<br>GB00BWZMTZ23<br><br>B £ Acc:<br>GB00BWZMV016<br>B £ Inc:<br>GB00BD8PLY84<br>B \$ Acc:<br>GB00BWZMV123<br>B € Acc:<br>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 2023

### Investment Commentary

The GBP A class of the fund recorded a loss of 6.69% for the month of May 2023. This brings the cumulative return of the fund in GBP from inception in June 2015 to 56.02%. The latest net asset value of each of the fund's share classes can be found [here](#).

Narratives were centred on the so-called US debt ceiling. In 1917 the first limit on US government debt issuance was set at \$11.5bn. The limit has since been increased over 100 times. The current limit of \$31.4tn is 2,730x greater than the original \$11.5bn, and remains suspended for two years until after the next presidential election. US GDP by contrast has increased by a lesser 422x over the same period. This divergence is one of many examples of why we favour listed equities over fixed income at current valuations.

An example. 68% of Mueller Industries (+3.4%) revenue comes from its copper Piping Systems segment which serves North American construction markets. Q1 operating income increased 10.6% versus last year to \$229.1m. Net income of \$173.2m was up 9.4%. Earnings per share (EPS) increased 10.4% to \$3.07, which outpaced net income growth on account of the firm's share buybacks. This is often value-accretive for shareholders as the firm's earnings are then attributable to a smaller number of shares, driving up EPS. These strong earnings are despite revenues decreasing 3.8% to \$971.2m due to fluctuating copper sales prices which averaged \$4.09/lb through Q1, 10% lower than last year. Growing margins despite fluctuating sales prices are exactly what we like to see. Just as compelling is Mueller's 24.9% cash flow yield which suggests that its shares remain objectively cheap.

Transportation and logistics provider Schneider National (-0.96%) operates in North America too. EPS grew 5.7% from \$0.52 per share in the first quarter of 2022, to \$0.55. This leaves the firm comfortably on track to meet full year EPS guidance of \$2.00. After partnering recently with Union Pacific, Schneider has announced a new rail partnership with Canadian Pacific Kansas City, whereby Schneider will be a partner carrier on the CPKC railway connecting Canada, the US, and Mexico, further supporting its objective to double intermodal offerings to customers by 2030. As with Mueller, Schneider's shares remain objectively cheap as reflected by a 21.1% cash flow yield, so are priced to perform well over the medium term.

## Performance History

| Period                          | GBP A Share Class |
|---------------------------------|-------------------|
| 1 Month                         | -6.69%            |
| Year-to-date                    | -2.82%            |
| Since inception<br>(16.06.2015) | +56.02%           |

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 |
|---------|------------|-----------|------------|
| US      | 37%        | Australia | 27%        |
| Europe  | 15%        | Canada    | 10%        |
| UK      | 8%         | Cash      | 3%         |

## Sector Exposure\*

| Sector      | Allocation | Sector     | Allocation |
|-------------|------------|------------|------------|
| Commodities | 46%        | Industrial | 24%        |
| Consumer    | 19%        | Financials | 8%         |
| Cash        | 3%         |            |            |

## Major Holdings\*

|                              |      |
|------------------------------|------|
| Mueller Industries Inc       | 5.5% |
| Betsson AB                   | 5.4% |
| Heartland Express Inc        | 5.3% |
| Perseus Mining Ltd           | 5.0% |
| Agnico Eagle Mines Ltd       | 4.1% |
| IG Group Holdings PLC        | 4.1% |
| Westgold Resources Ltd       | 4.1% |
| John B. Sanfilippo & Son Inc | 4.0% |
| Seaboard Corporation         | 4.0% |
| CMC Markets PLC              | 3.8% |

## Fund Metrics\*

|                         |      |
|-------------------------|------|
| Price to earnings ratio | 19x  |
| Price to book ratio     | 1.2x |

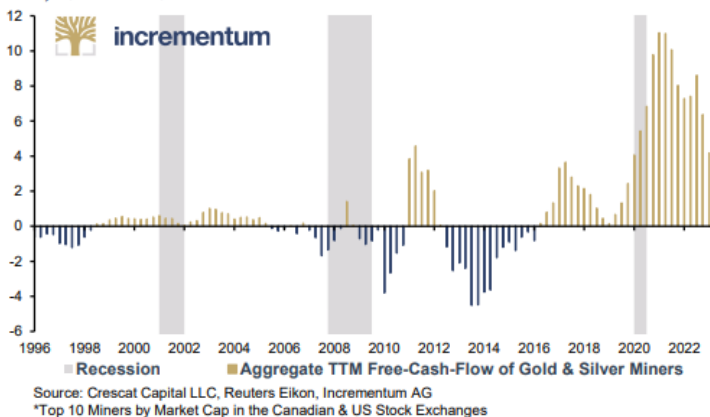
\*as at 31 May 2023.

## 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

Aggregate TTM Free-Cash-Flow of Gold & Silver Miners\*, in USD bn, Q1/1996-Q1/2023



The above chart from Incrementum shows that gold and silver miners operate today with the strongest free cash flow yields in three decades. Free cash flow is cash from operations net of capital expenditures, so is representative of excess cash a firm can distribute to shareholders via dividends, share buybacks, or more commonly seen for mining firms, acquisitions. Further, precious metals firms on average have the strongest operating margins of any commodity sector, 27%. This is 107% greater than coal (13% margins) and 440% that of agriculture (5% margins). Torex Gold is one investee firm with a track record of generating excess cash at similarly strong margins.

Torex (+4.5%) operates the Morelos Gold property in South Mexico. In Q1 the firm sold 118.5k gold ounces at an all-in sustaining cost of \$1,079 per ounce. This places Torex comfortably on track to meet full year operational guidance for a fifth year in a row at 440koz. The average sales price was \$1,899, a 43.2% margin over the cost to produce. Revenue was \$228.8m, up 10.2% from \$207.7m 12 months prior. Impressively, net income grew by a stronger margin, by 70.5% from \$40m to \$68.2m. Development of the firm's newest development project, Media Luna, is tracking to schedule and budget. The Guajes Tunnel has advanced more than 4km and is on schedule to break through to surface early Q1 2024. The overall project is c.24% complete. An order for the mine production fleet has been placed, consisting of 15 battery-electric and 20 diesel-powered machines. Despite strong appreciation over the last 12 months, Torex shares continue to offer one of the most compelling cash flow yields of all the fund's holdings, 46.5%.

## 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   |