

# 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: GB00BWZMTX09 A £ Inc: GB00BD8PLW60 A \$ Acc: GB00BWZMTY16 A € Acc: GB00BWZMTZ23 B £ Acc: GB00BWZMV016 B £ Inc: GB00BD8PLY84 B \$ Acc: GB00BWZMV123 B € Acc: GB00BWZMV230
(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.)	
Minimum Investment A	£1000 / \$1000 / €1000
Minimum Investment B	£1M; \$1M; €1M

## Factsheet as at 30 June 2023

## Investment Commentary

The GBP A class of the fund recorded a loss of 2.57% for the month of June 2023. This brings the cumulative return of the fund in GBP from inception in June 2015 to 52.02%. The latest net asset value of each of the fund's share classes can be found [here](#).

Technology funds saw \$8.5bn of inflows in one week, the highest ever weekly figure on record. Such record flows tend to be signs of overly positive sentiment. Whilst Amazon and Apple have led the rally in growth stocks this year, the firms appear to be struggling to grow their operations. Indeed, both firms are guiding for lower profits in 2023 than 2021. We favour family run, profitable businesses, trading at much more compelling valuations, like Heartland Express (+5.3%), whose price-to-book is 1.5x.

Heartland Express' acquisitions of Smith Transport and CFI Trucking last year have more than doubled Heartland's revenue, to \$330m in Q1 versus \$151m the same period 2022, an increase of 118%. This includes fuel surcharge revenue of \$49m, which represent fuel costs paid by Heartland customers. This helps protect Heartland's balance sheet particularly through inflationary periods. Heartland has repaid \$129m of acquisition-related debt and now carries a net debt to EBITDA of just 0.95. Balance sheet net value has reached an all-time high of \$866m, which shows Heartland's moderate use of debt was value-accretive for shareholders. Indeed, book value per share has subsequently reached a new all-time high at \$10.97. Heartland's shares today offer a 22% cash flow yield, and at record low margins of 7% which we expect to mean revert to their historic average of 15%. This is the cheapest Heartland's shares have traded since listing 27 years ago and, despite the acquisitions, 20% cheaper than in 2021.

Metals smelting and recycling firm Aurubis AG (+9.8%) also offers a compelling 20% cash flow yield. Aurubis operates smelters in Hamburg (Germany) and Pirdop (Bulgaria), producing high purity copper products. Following strong six-month earnings before taxes at €291m, full-year guidance has been raised 12.5% to €450m. Growth projects include a new battery recycling plant in Richmond, US, and a waste treatment plant in Olen, Belgium. The Richmond plant will allow for 95% recovery of base metals from waste generated by the shredding of batteries. The project will double planned capacity to 180kt by 2026; €78m of an allocated €300m has been spent so far. The Olen treatment facility will also

## Performance History

Period	GBP A Share Class
1 Month	-2.57%
Year-to-date	-5.31%
Since inception (16.06.2015)	+52.02%

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	39%	Australia	25%
Europe	16%	Canada	9%
UK	8%	Cash	3%

## Sector Exposure\*

Sector	Allocation	Sector	Allocation
Commodities	45%	Industrial	25%
Consumer	19%	Financials	8%
Cash	3%		

## Major Holdings\*

Mueller Industries Inc	6.2%
Karora Resources Inc	5.6%
Betsson AB	5.6%
Heartland Express Inc	5.5%
Perseus Mining Ltd	4.7%
IG Group Holdings PLC	4.2%
John B. Sanfilippo & Son Inc	4.2%
Agnico Eagle Mines Ltd	4.1%
Westgold Resources Ltd	4.0%
Seaboard Corporation	3.8%

## Fund Metrics\*

Price to earnings ratio	25x
Price to book ratio	1.4x

\*as at 30 June 2023.

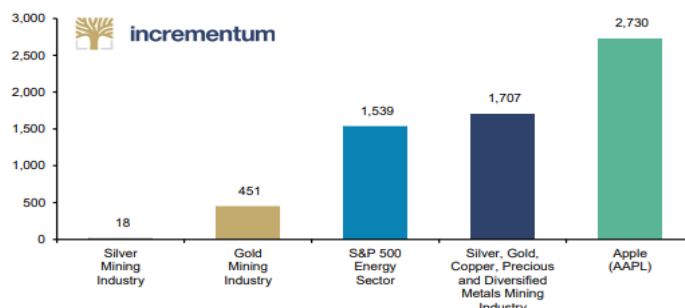
## Important Information

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

allow for more recycling of copper and nickel, contributing €15m of annual EBITDA once operational in FY26. These projects will help Aurubis achieve its target of 50% scrap inputs by 2030, which trade at discounts to copper concentrate, and should further improve margins.

Market Capitalization, in USD bn, 05/2023



Source: Reuters Eikon, Incrementum AG

The above chart shows the market value of physical silver, gold, and copper, plus all precious and diversified metals mining firms combined, sum to just 62.5% of the market value of Apple's shares. Apple has continued to grow since, to become the first ever \$3trn stock, and now trades at 540% more by value than global gold and silver mining industries combined. This illustrates the significant value on offer in the precious metals space today, such as Fortuna Silver Mines (-2.11%) which trades at a 21% cash flow yield.

Fortuna's recent updates focus on its newest mine, Séguéla. Set in Ivory Coast, the firm's fifth operating mine, which has a 9-year mine life, was delivered on-time and on-budget. First pour was confirmed in late May, and now enters the ramp-up phase where management plan to produce 60k gold ounces in 2023 at an all-in sustaining cost of \$1,080. Fortuna also announced the acquisition of Chesser Resources and its early stage Diamba Sud Gold Project in Senegal, for A\$89m. Resources across four high-grade gold deposits total 860k gold ounces so far. Exploration will prioritize expanding those mineral resources, such as at the Western Splay tenement. A scoping study demonstrated a conventional open pit and carbon-in-leach process, and a post-tax net present value of \$218m with a 43% internal rate of return. The study assumed a conservative gold price of \$1,600, 20% below today's USD price. We appreciate that the commodity theme has held back performance in 2023 but we think it remains the most compelling investment opportunity of our lifetime.

## 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