

# 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
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 July 2023

### Investment Commentary

The GBP A class of the fund recorded a gain of 2.39% for the month of July 2023. This brings the cumulative return of the fund in GBP from inception in June 2015 to 55.65%. The latest net asset value of each of the fund's share classes can be found [here](#).

Bankruptcies year-to-date rose to a 13 year high in the US as firms continue to struggle in this rising rate environment. Among July's casualties was Heartland Tri-State, the fourth US bank to go under this year. Indeed, by asset size, this year's US banking failures have already surpassed those experienced in 2008 and 2009 combined. Interest rates are still rising, making today's environment eerily similar to the stagflation of the 1970s. One firm that is seeing advantages from higher rates is IG Index (+4.6%), which can now earn much higher earnings from its cash holdings.

IG's full year revenue increased 5% from £973.1m to £1.02bn, with a strong profit before tax (PBT) margin of 44%. Its two operating segments are High Potential Markets (Spectrum and exchange traded activities) and Core Markets (original market making platform). HPM revenue increased 40% to £207m. Within HPM, revenue from its Spectrum platform rose 68% to £15.7m. Interest income earned, which IG keeps due to the margin nature of its clients' trading, rose 100x, from £0.8m to £80.8m. £363.4m was returned to shareholders over the financial year, split across cash dividends and buybacks, almost twice the £186.2m returned last year. IG shares currently offer a 26.4% cash flow yield.

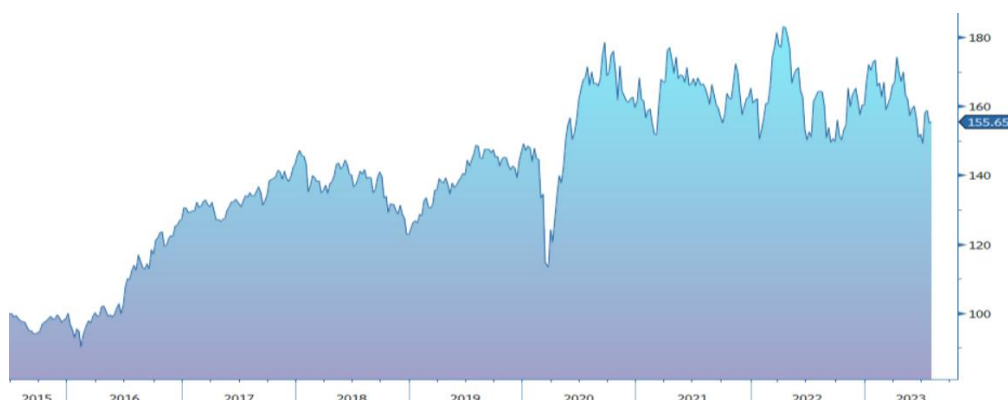
Family-owned US supermarket chain Weis Markets (+3.3%) operates 197 stores across Pennsylvania and six surrounding states. Weis uses its own distribution centres and transportation fleet to supply two thirds of its stores' products, helping to capture some upstream profits. The firm benefited from covid restrictions just as all supermarkets did. However, Weis maintained those strong operations, delivering a higher return on equity in 2022 than 2021, and equally strong ROE in Q1 2023. Quarterly net sales of \$1.14bn were up 3.7% versus \$1.1bn last year. Margins remain at historic lows, yet at those low margins Weis generates a 20.2% cash flow yield. We added to the position slightly and will look to take profit or exit when margins normalise from these levels.

Looking to our commodity allocations, the chart below from Incrementum highlights gold and broad commodities as the two stand-out asset classes during periods of inflation.

## Performance History

Period	GBP A Share Class
1 Month	+2.39%
Year-to-date	-3.05%
Since inception (16.06.2015)	+55.65%

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	26%
Europe	17%	Canada	9%
UK	7%	Cash	2%

### Sector Exposure\*

Sector	Allocation	Sector	Allocation
Commodities	46%	Industrial	25%
Consumer	20%	Financials	7%
Cash	2%		

### Major Holdings\*

Betsson AB	6.2%
Karora Resources Inc	6.0%
Mueller Industries Inc	5.6%
Heartland Express Inc	5.5%
Weis Markets Inc	5.0%
Tyson Foods Inc	4.9%
Perseus Mining Ltd	4.8%
Westgold Resources Ltd	4.5%
IG Group Holdings PLC	4.4%
Agnico Eagle Mines Ltd	4.1%

### Fund Metrics\*

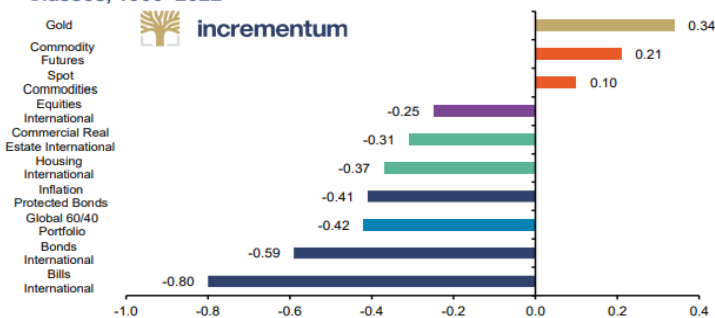
Price to earnings ratio	25x
Price to book ratio	1.3x

\*as at 31 July 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.

### Correlation of Inflation and Real Returns for Various Asset Classes, 1900–2022



Source: Credit Suisse, Incrementum AG

Separately, gold producer Bellevue Gold (+14.2%) is constructing a 1m tonne processing facility in Australia and remains on track for Q4 first production. The project is fully funded and permitted, and the total cost remains on track for A\$313m as originally guided. Target production is 180k gold ounces annually over a minimum 8-year mine life. The forecasted cost to produce each ounce is ~A\$1,000, a near 200% margin over the current AUD gold price of A\$2,975. Margins like this are rare even in the commodity space. Bellevue estimates the project's payback period will be as low as 1.4 years. The project offers a tier-1 location, reserve grade of at least 5g/t, and annual production of at least 180k ounces. Only seven other assets worldwide meet these criteria.

Full underground early development works are complete, three of the four independent underground mining areas have been connected, and ore extraction is underway. Surface mining activities are progressing on schedule at the Vanguard deposit and tailings facility, where 100kt of ore is being stockpiled ahead of a third-party toll treatment agreement in Q3. This will enable Bellevue to generate early cash flow as its own plant is commissioned later this year. The project will start as an open pit, with underground mining a couple of years into production. Four out of seven of Bellevue's management were fundamental to Northern Star's success, another gold miner in the area which proved profitable for us. Interestingly, Bellevue's confirmed 3.1m of resource ounces are situated within only the top 600 metres below surface. Indeed, management confirm that gold mineralisation remains completely open both across and down the ore body's current known shape. This will allow the firm to increase its life of mine, and by extension decrease its annual depreciation expenses as the mineralisation is proven up.

### 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