

THE VT PRICE VALUE PORTFOLIO

Factsheet as at 30 September 2023

Investment Commentary

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

The GBP A class of the fund recorded a loss of 3.45% for the month of September 2023. This brings the cumulative return of the fund in GBP from inception in June 2015 to 46.51%. The latest net asset value of each of the fund's share classes can be found [here](#).

10-year US government debt currently yields 4.7%, its highest since October 2008. These higher rates have gravely impacted rate-sensitive securities often favoured by banks. Indeed, US bank failures year to date, totalling \$548.6bn by asset size, have outpaced the previous 523 bank failures since October 2008, and are greater than the failures of 2007, 2008, and 2009 combined. These trends look set to continue as US national debt has increased by \$1.51trn since the debt ceiling was suspended just 3 months ago, to \$33.2trn, and now requires \$1trn in annual interest payments. We discuss below several examples of appropriate investments given today's environment.

IG Group (-0.1%), which benefits from trading commissions during volatile times and from higher interest rates, confirmed revenue up 0.5% to £242.9m for the three months to end August. IG saw a 37% increase in exchange traded derivatives commissions, including via its European Spectrum platform, and via its Chicago-based tastytrade platform which achieved another record quarterly revenue, up 48% to \$60m. Client balances at £4.1bn were up 9% versus the previous quarter, indicating clients' interest in and propensity to trade when they see opportunities in the market. Net interest income, accounted for within total revenue, at £34.4m was up 380% from £7.1m last year. 52% of these interest earnings were attributable to exchange traded derivatives whereby uninvested client balances, held so clients can place trades quickly, attract third party bank interest. IG's shares offer a 34% cash flow yield today, making it one of the fund's most undervalued holdings.

Shares of Heartland Express (-2.5%) also seem undervalued to us today, offering a 20% cash flow yield. Heartland made two large acquisitions last summer, almost doubling sales overnight. One of these, the purchase of Contract Freighters' trucking unit from TFI International for \$525m, added \$575m in revenue and was purchased at just a 5-times EBITDA multiple.

Performance History

Period	GBP A Share Class
1 Month	-3.45%
Year-to-date	-8.74%
Since inception (16.06.2015)	+46.51%

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	16%	Canada	9%
UK	7%	Cash	3%

Sector Exposure*

Sector	Allocation	Sector	Allocation
Commodities	45%	Industrial	24%
Consumer	21%	Financials	7%
Cash	3%		

Major Holdings*

Betsson AB	6.0%
Karora Resources Inc	5.9%
Heartland Express Inc	5.4%
Mueller Industries Inc	5.4%
Weis Markets Inc	5.2%
Perseus Mining Ltd	5.0%
Tyson Foods Inc	4.9%
Seaboard Corporation	4.4%
IG Group Holdings PLC	4.3%
Agnico Eagle Mines Ltd	4.1%

Fund Metrics*

Price to earnings ratio	23x
Price to book ratio	1.3x

*as at 30 September 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.

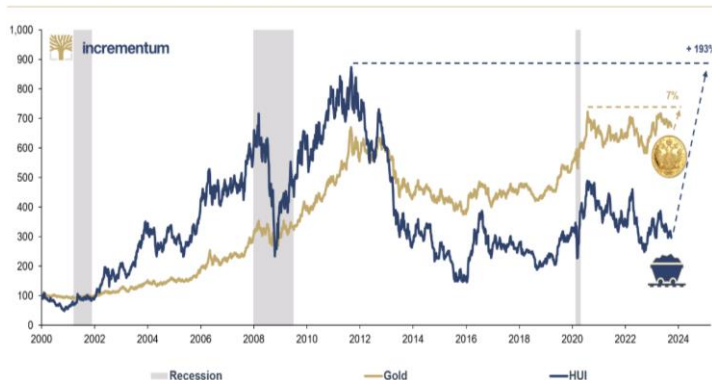
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Heartland retains its position as a regular distributor of cash dividends, well-covered by net profits at 4.9 times. Circa \$1.6m, or 2 cents per share, will be paid to shareholders in October. This is Heartland's eighty-first consecutive quarterly cash dividend. Management will have distributed a total of \$547.3m, including four special dividends, since the dividend program was implemented in Q3 of 2003. Well-covered regular dividend payments and special cash distributions – paid when a firm has excess cash reserves beyond those required for growth initiatives – are telltale signs of a strong and well-managed balance sheet.

Other highly appropriate investments in today's inflationary environment can be found in the commodity space. We believe investors generally are yet to appreciate that many miners have significantly strengthened their balance sheets, margins, and operating models in recent years. Indeed, many commodity producers are operating much more strongly than recent share price action would suggest. Mining ETFs help illustrate this negative sentiment. Gold mining shares account for only 0.34% of all ETF assets today. At the peak of precious metal sentiment in 2011, the share was still just 1.4%. We believe certain mining stocks will vastly outperform other sectors, but also the physical metal they produce, as the below chart suggests.

Gold And Mining Stocks: Mind the Gap!

Gold and HUI, 100 = 01/2000, 01/2000-09/2023



The above chart from Incrementum shows that although gold is trading near all-time highs, the HUI Index shown in blue, representing the largest gold miners, is trading 67% below its all-time high in September 2011. For our junior and mid-tier miners, these valuation discrepancies are more pronounced and therefore even more compelling.

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