

THE VT PRICE VALUE PORTFOLIO

Factsheet as at 31 October 2023

Investment Commentary

The GBP A class of the fund recorded a gain of 0.91% for the month of October 2023. This brings the cumulative return of the fund in GBP from inception in June 2015 to 47.84%. The latest net asset value of each of the fund's share classes can be found [here](#).

We discuss below three firms which continue to operate debt-free and compound their strong operations despite the inflationary environment. US supermarket chain Weis Markets (+3.3%) operates 197 stores in the mid-Atlantic region. Revenue growth has averaged +6.6% over the last 12 months, to \$1.16bn in Q3, and operates today with higher margins and higher return on equity than the years preceding Covid. Retailers offering budget options can prosper through recessionary periods as private labels often yield higher profit margins. Indeed, Weis expanded its Low, Low Price private label programme during the quarter, to more than 10,000 products. The firm is steadily growing its physical footprint too, opening 11 new stores and conducting 50 major refurbishments and remodels in the last five years. Weis shares offer a 20% cash flow yield currently, its balance sheet carries zero debt, and management have not diluted shareholders through issuing more shares since listing in 1994.

Central banks have bought 800t of gold year-to-date, up 14% versus the same period last year, itself a record period of central bank gold purchases. In 2022, central banks bought over 1,100 tonnes, which was an increase of 100% over the average of the previous decade. This shift in the rate of purchases is noteworthy and given the apparent price insensitivity of central banks, is welcomed by our mining companies.

Western-Australia gold producer Northern Star (+11.8%) sold 369k ounces in the quarter, the same amount as in Q3 last year. Over that year the firm's cost to produce each ounce grew by 8% from A\$1,788 to A\$1,939, but the average sales price increased 13% from A\$2,494 to A\$2,815. In other words, revenue growth has outpaced cost inputs by 63%. Mining firms in general, and especially precious metal miners, have faced a headwind since late 2020 in which their input costs rose higher than their revenue line. Year to date it does appear that this trend has started its reversal and will now become a tailwind.

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

Performance History

Period	GBP A Share Class
1 Month	0.91%
Year-to-date	-7.91%
Since inception (16.06.2015)	+47.84%

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	33%	Australia	26%
Europe	7%	Canada	9%
UK	21%	Cash	4%

Sector Exposure*

Sector	Allocation	Sector	Allocation
Commodities	62%	Industrial	14%
Consumer	14%	Financials	6%
Cash	4%		

Major Holdings*

iShares Physical Silver ETC	7.4%
iShares Physical Gold ETC	7.4%
Karora Resources Inc	6.2%
Weis Markets Inc	5.5%
Perseus Mining Ltd	5.0%
Tyson Foods Inc	4.6%
Heartland Express Inc	4.5%
Agnico Eagle Mines Ltd	4.3%
IG Group Holdings PLC	4.3%
Seaboard Corporation	4.1%

Fund Metrics*

Price to earnings ratio	24x
Price to book ratio	0.85x

*as at 31 October 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

Through continued excess profits, Northern Star has cash reserves today of A\$1.2bn, some of which it will use to fund upcoming growth projects. Their main capital project is to double their main processing centre in Kalgoorlie from 13mt per year to 27mt. Northern Star has a 20+ year life of mine at the tenement so whilst this increase in processing capacity will reduce that to 12+ years, it will greatly bring forward production. This will naturally increase return on equity from this tenement whilst still maintaining a decade-long production profile. Equipment procurement and an A\$80m development programme for the associated mill expansion is now underway. We look forward to more updates on the expansion.

Perseus Mining (+3.7%) also carries zero debt and significant cash reserves, at \$594m, an increase of \$72m during the quarter. Q3 cashflow from operations of \$132m was up 4% versus the previous quarter. Perseus produced 132.8k ounces at a cost per ounce of \$937. The average sales price was again meaningfully above the firm's cost-to-produce, at \$1,936, a rare and attractive margin of 106%. Gold reserve ounces have increased to 2.07m at the firm's flagship mine Yaouré in Ivory Coast, extending the mine's life to 2035. This will involve constructing an underground mining operation at the CMA deposit below the existing open pit. There is further potential for additional discoveries adjacent to existing infrastructure as management confirm the deposit remains open in all directions. We also look forward to an updated resource statement from Perseus' Meyas Sand Gold Project in Sudan as definition drilling continues. As with Northern Star, we find confidence in these strong margins and compelling long mine lives. As gold continues to react positively to inflation, we expect these long mine life firms to outperform their shorter life counterparts.

During the month, we sold down on a number of firms, the profit margins of which had risen to rather elevated ranges. It is our experience that margin expansion and contraction amplify returns in both directions. We are now seeing 'growth' firms starting to experience margin contraction for the first time in a decade and at this point in the credit cycle we will hold our excess cash in gold and silver and look to rotate into more equity exposure as new opportunities arise there.

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