

# THE VT PRICE VALUE PORTFOLIO

Factsheet as at 29 February 2024

## 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 3.21% for the month of February 2024. This brings the cumulative return of the fund in GBP from inception in June 2015 to 43.99%. The latest net asset value of each of the fund's share classes can be found [here](#).

Gold's monthly close of \$2,045 marked the fourth consecutive monthly close above \$2,000. It is unsurprising to us that the recent bullish price action has led to famed investors Stanley Druckenmiller and Paul Singer announcing last month that they were allocating strongly into commodities. Druckenmiller has bought shares of the most liquid names in the gold sector – Newmont and Barrick - whilst Singer has committed over \$1bn into the broader mining sector. We suspect this is only the start of a reallocation towards commodities especially those with gold exposure given that the entire listed gold mining sector is valued at less than The Home Depot. These extreme valuations are usually seen at the start of a secular period of outperformance.

Australian-based Bellevue Gold (+15.0%) announced first pour at its new Bellevue mine in October 2023. Management have since achieved their target 1mt per annum ore throughput rate, producing 13.4k ounces in February – a 28% increase on the previous month. Gold production was at an average head grade of 5.2 grams per tonne. For the first five years of the mine life all-in sustaining costs are forecast at A\$922, representing a c. 70% margin versus the current AUD gold price. Even in the gold space these margins are rare to see. The underground operations are ramping-up into five independent mining areas, providing a diversified and significantly de-risked exposure to higher gold prices. Infill drilling is used to better understand the shape and mineralisation of ore deposits. After positive recent drill results, management confirm the deposit remains open horizontally along strike, and vertically at depth. In other words, management are yet to discover where the gold deposit ends in any direction, implying near-term opportunities to expand on the current 3.1m ounce resource. Indeed, the processing mill has been constructed to allow for additional ore throughput with little to no additional capital, in anticipation of production growth. The strong performance of Bellevue during February is likely down to investors re-rating the stock from a developer to a producer. We expect this outperformance to continue as the firm ramps up production.

## Performance History

Period	GBP A Share Class
1 Month	-3.21%
Year-to-date	-9.85%
Since inception (16.06.2015)	+43.99%

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	34%	Australia	25%
UK	24%	Canada	10%
Europe	6%	Cash	1%

## Sector Exposure\*

Sector	Allocation	Sector	Allocation
Commodities	62%	Consumer	15%
Industrials	13%	Financials	9%
Cash	1%		

## Major Holdings\*

iShares Physical Silver ETC	7.2%
Karora Resources Inc	6.1%
Tyson Foods Inc	5.4%
Perseus Mining Ltd	5.3%
Weis Markets Inc	5.2%
IG Group Holdings PLC	4.8%
Heartland Express Inc	4.7%
Agnico Eagle Mines Ltd	4.4%
CMC Markets PLC	4.1%
Seaboard Corporation	3.9%

## Fund Metrics\*

Price to earnings ratio	15.7x
Price to book ratio	1.22x

\*as at 29 February 2024.

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Karora Resources (-2.4%) also operates in tier-I Australia. With diversified operations between its two mining areas Beta Hunt and Higginsville, the company feeds ore into two separate processing facilities - the Higginsville and Lakewood mills. In Q4 Karora produced 40.3k gold ounces, achieving record annual gold production of 160.5k ounces and exceeding the high end of guidance. For 2024 management are guiding for at least an additional 10k ounces of production. Recent drill results indicate high-grade gold mineralisation at the Fletcher Zone, a new area where Karora is looking to expand the mineral resource base. Recent drill results have also returned some of the highest-grade nickel intersections to date at Beta Hunt which is expected to be mined as a by-product alongside the gold and so increase margins. Another commodity Karora has exposure to is lithium, through its spin out operation Kali Metals. Given its asset base, the firm continues to attract takeover speculation which gives us the potential for a premium upon acquisition.

Outside of the commodity space Tyson Foods, whose shares were flat for the month, operates as one of the largest protein providers globally. Tyson has processing facilities spread throughout the US. The most recent update showed the firm grew EPS 86% from the previous quarter. The Prepared Foods segment, the largest contributor to operating income, saw volume growth driven by the Williams Sausage acquisition. Following low margins in chicken processing, management recently closed four chicken facilities to reduce costs. Those adjustments proved fruitful and chicken segment operating income saw strong margin growth in the recent quarterly update. Indeed, the Chicken, Pork and Prepared Foods segments all experienced growing margins. In our experience the best share price returns come when margins are expanding. Management realises this, hence the focus on improving operating income. In Tyson's quarterly update the firm revised guidance to the upside in both the chicken and pork segments. Tyson's margins today are indeed expanding from all-time lows. Capturing this type of rebound in margins is where we have made significant returns from other holdings in the fund. This margin expansion is confirmed by a clear shift in momentum of Tyson's shares and has led us to add slightly to the position.

## 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

## 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.