

# THE VT PRICE VALUE PORTFOLIO

Factsheet as at 30 June 2024

## Investment Commentary

The GBP A class of the fund recorded a loss of 6.27% for the month of June 2024. This brings the cumulative return of the fund in GBP from inception in June 2015 to 78.11%. The latest net asset value of each of the fund's share classes can be found [here](#).

When screening for new companies we initially look in sectors that have underperformed broader markets for a sustained period, and where there are indications that the trend is reversing. Such sector underperformance often leads us to companies with historically low margins. Margin expansion, in our view, is the most powerful driver of share price appreciation. Using proprietary margin analysis, we assess input costs and output prices that meaningfully impact a firm's operating margin. Following this analysis we have been building a position in a fertiliser company. This is a highly profitable company that has generated consistent return on equity over the last decade averaging c.8%. We are encouraged by the recent momentum displayed in the company's share price. We also have pending purchases within the energy sector, specifically Nat Gas, with the sector showing signs of a reversal after an extended period of underperformance. One firm we are looking at we can pick up for book value of 1 and is offering us a 20% cash flow yield. This explains the fund's high cash balance versus historic averages but we expect to be fully allocated in the next few weeks as the technical price action of these firms match our financial analysis.

US trucking company Heartland Express (+9.1%) currently offers its lowest operating margin since it listed back in 1986. The firm specialises in short-to-medium haul dry-van truckload transportation services. The company completed two acquisitions in 2022 using their strong cash balance and debt. The use of leverage ensures that we shareholders are not diluted. Revenue doubled since the acquisitions so when margins revert across the sector, Heartland will now be much better placed to capture this return and will see over a 10x increase in earnings. During the first quarter management paid down \$36.7m of debt that was taken out to fund the acquisitions of CFI and Smith Transport. Management have now paid down 41% of that acquisitions-related debt. We will add to our Heartland position once margins rebound somewhat.

## 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	-6.27%
Year-to-date	+11.52%
Since inception (16.06.2015)	+78.11%

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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Alamos Gold (-6.0%) has been one of the best-performing gold mining companies over the last five years. They operate three separate mines across North America with an average mine life of 15 years. These assets collectively produced 135.7k ounces during Q1. Revenue was \$278m, a 10% increase versus the same quarter last year. Higher gold prices in Q2 are likely to result in another strong quarter. Alamos is acquiring Argonaut Gold's Magino asset, adjacent to their existing Island Gold tenement. Argonaut has constructed a milling complex at Magino, which Alamos will now utilize to process their ore. By 2026, the mill is expected to reach a processing rate of 12.4kt per day, this will allow Alamos to double its underground mining rate. Both mines have capacity beyond these stated rates hence further mill expansion is under evaluation. The Magino acquisition adds 60% to Island Gold's net present value and there are an estimated \$515m of synergies to be created as a result.

Coeur Mining (-2.3%), a recent addition to the fund, has the largest US based silver reserves of any listed firm. At 243.9m ounces, this is ore that has high geological confidence and has undergone evaluations that consider the ounces economically viable. This large reserve base gives Coeur a long group mine life of 10 years. As we enter a new bull market for precious metals, we strongly favour firms like Coeur which have the large asset base to comfortably produce through that period of elevated prices. Management recently released an update on their newly expanded Rochester mine including the achievement of commercial production at the end of March, with ramp-up to full capacity due to complete in the next quarter. Coeur expect materially higher production levels on the back of the ramp up with throughput expected to be 2.5x historic levels. Rochester will become one of the world's largest open pit heap leach operations and a key driver of cash flow for the company. The supply deficit silver faces due to both industrial demand and as protection against inflation, will likely see the metal trade higher. Amazingly, silver remains 40% below its 1980-high of \$49. As and when silver makes a new high, the margin on silver miners will expand at an extremely high rate.

## 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
Swissquote		

## Geographic Exposure\*

Country	Allocation	Country	Allocation
US	36%	Australia	16%
UK	15%	Canada	11%
Europe	7%	Cash	15%

## Sector Exposure\*

Sector	Allocation
Commodities - Mining	47%
Commodities - Soft	5%
Value Equity	18%
Bullion	15%
Cash	15%

## Major Holdings\*

Tyson Foods Inc	4.9%
Hecla Mining Co	4.1%
Endeavour Silver Corp	3.8%
SilverCrest Metals Inc	3.8%
iShares Physical Silver ETC	3.8%
WisdomTree Physical Silver ETC	3.8%
Heartland Express Inc	3.5%
Pan American Silver Corp	3.5%
Torex Gold Resources Inc	3.5%
Invesco Physical Gold ETC	3.5%

## Fund Metrics\*

Price to earnings ratio	20.5x
Price to book ratio	1.30x

\*as at 30 June 2024.

## 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. The information above does not constitute investment advice or make any recommendation.

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