

VT De Lisle America Fund US\$ Units

June 2019

**de
LISLE
PARTNERS**

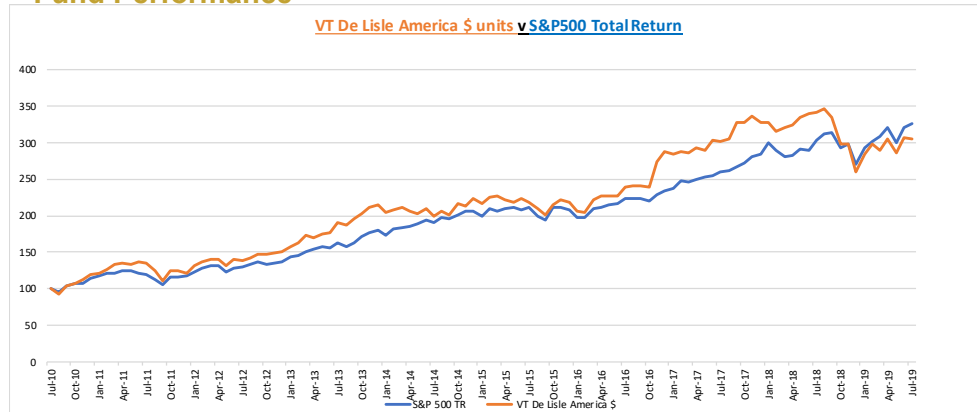
Fund Information

Portfolio Manager	Richard de Lisle
Launch Date	06/08/10
Fund Size	£33.468m
No. of Holdings	85
Benchmark	S&P 500 Index
IA Sector	IA North America
Pricing	Daily, 12 noon
ACD	Valu-Trac Inv. Management
Structure	UCITS III OEIC

Fund Objective

To provide an attractive long-term return by investing primarily in equities in North America.

Fund Performance



Cumulative Performance (%)

	1m	3m	6m	1yr	3yr	5yr	7yr	Since launch
VT De Lisle America US\$	-0.64	-0.08	7.26	-10.65	27.66	52.21	118.26	104.42
S&P 500 TR	1.44	1.69	11.32	7.80	45.69	71.15	150.07	226.13

Discrete Performance (%)

	2019	2018	2017	2016	2015	2014	2013	2012	2011
VT De Lisle America US\$	17.04	-20.44	13.43	31.95	-2.09	3.92	42.96	24.17	1.79
S&P 500 TR	20.24	-4.75	21.60	12.89	0.93	14.04	32.23	16.00	2.03

Source: Data from daily valuations of the B US\$ share class, as at 1/8/19 and Market Close for the S&P500TR as at 31/07/19.

Past performance is not a reliable indicator to future performance.

Shareclass Information

Shareclass	B Shares Acc GBP (£)	B Shares Acc USD (\$)
Minimum Investment	£10	\$10
Initial Charge	2%(currently waived)	2% (currently waived)
Management Fee	1% +£12,500(whole Fund)	1% +£12,500 (whole Fund)
OCF	~1.15%	~1.15%
SEDOL	B3QF3G6	B4X7J42
ISIN	GB00B3QF3G69	GB00B4X7J424

Ratios

	3yr	5yr	Since launch
Volatility	15.49	14.73	15.54
Alpha	0.16	1.98	2.63
Beta	0.90	0.86	0.94
Sharpe ratio	0.63	0.68	0.78
Information Ratio	-0.16	-0.01	0.16

Manager Commentary

In July the S&P500 TR rose by 1.44% while the Fund fell by 0.64% in a difficult month as the great bifurcation continued. Slowdown fears returned and bonds rallied to new highs which pushed the elite growth stocks ever higher too as the rest languished. We lost ground again as our relatively light weighting in these elite means our languishers predominate.

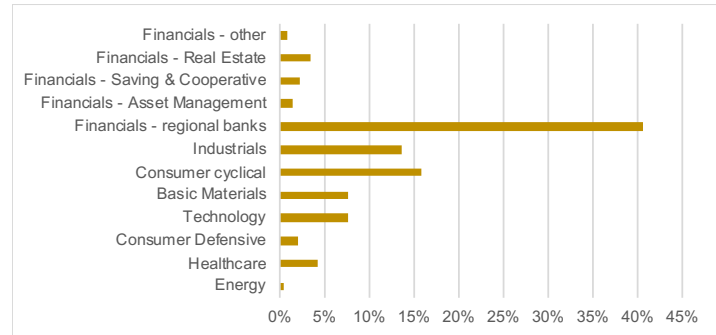
By the end of the month 40% of the world's government bond markets had negative yields, including the entirety of German Bunds, all the way through 30 years. All this for the first time and making the US 10-year at 1.9% a relative bargain which is seeing inflows from all over. What multiple should we put on certain earnings growth in an environment where bond yields are tending to zero? The answer is – whatever we can get away with, because we can rationalise as high as we like. As an example, here's a member of the crew: McDonald's which is a stock we park cash in because, well, it's been clear it's going up: McDonald's operating income and total sales have been flat for five years (source: 10k), no surprise there, they've already conquered the world. In fact, they've been flat for longer, but end 2013 to the present will do. A sustained buyback has reduced the share count from 990 million to 767 million, so trailing 12 months earnings per share have improved from \$5.55 to \$7.61 from end 2013 to June 2019, or 6.3% a year. The share count reduction accounts for 5.9% of that. The stock has gone from \$97 to \$214 or from P/E of 17 to 28. It is beating the market again this year and growth remains assured. However, in the period, debt has increased from \$14 billion to \$32 billion which is from \$14 per share to \$42 per share and stockholders' equity has been moved into negative territory since 2016.

Does this matter? Not yet. Systems sales are \$38 billion and interest rates look like they'll only go down. But we don't want it. This is the Minsky vase getting thinner. At some point the unbounded multiple we can put on the earnings growth becomes challenged by the increasing fragility of the financial structure. This fragility tends to be discovered by an external shock which breaks the vase, rather than a rational unwind of the creative financial genius that got us there.

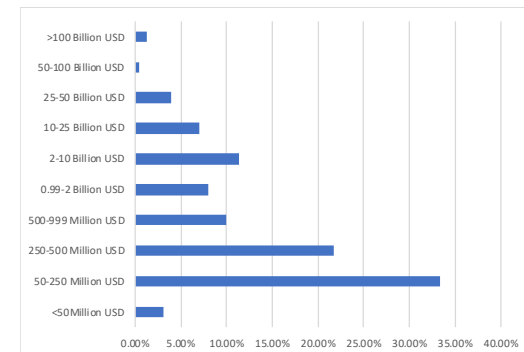
Platform Availability

Hargreaves Lansdown	Standard Life
AJ Bell/Youinvest	Ascentric
Allfunds	Nucleus
Cofunds	Novia
Transact	Pershing Nexus
Alliance Trust	

Sector Allocation (%)



Market Cap Breakdown (%)



Top 10 Holdings (%)

F S Bancorp	9.18
Townebank	4.90
Steel Partners	4.40
Johnson Outdoors	3.85
Plumas Bancorp	2.87
Vectrus	2.82
Marine Products	2.75
UFP technologies	2.37
Fidelity Nat Info	2.13
Calavo Growers	2.08
TOTAL	37.36

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