



# VT Thistledown Income Fund

## Quarterly Factsheet

30<sup>th</sup> September 2018

### Investment Manager

Dominic Fisher OBE  
Thistledown Investment Management Limited  
Further information is available at  
[www.thisim.com](http://www.thisim.com)

### Key Fund information

Fund size	£14.1m
Number of investments	33
Price (Z Acc)	132.8399p

### Annualised Volatility

Fund (Z Acc)	6.8%
Benchmark	14.4%

### Fees & charges

Annual management charge	1.00%
Performance fee	None
Initial charge	None
Ongoing charges (31 Dec 2017)	1.39%

### Yield & dividends

Yield	1.81%
Quarterly dividend (ex date 28 Sep 18, paid 11 Oct 18)	0.7258p

### Security codes & other Fund Information

SEDOL (Z Acc)	BYYP644
ISIN (Z Acc)	GB00BYYP6442
SEDOL (Z Inc)	BNGXQZ0
ISIN (Z Inc)	GB00BNGXQZ01
Shares in Issue (Z Acc)	4,239,747
Market Value (Z Acc)	£5.6m
Launched	December 2010

### Objective

To provide income while investing to provide some capital growth over the medium to long term.

### Investment style: Value

Thistledown are value investors who buy shares in companies that they calculate to be selling below their intrinsic value. This is determined through detailed financial and industrial analysis, combined with a valuation approach that focuses on both stockmarket and corporate worth.

### Investment performance

Growth (%)	3m	1y	3y	5y	Inception
Fund (Z Acc)	0.5	2.1	40.0	52.2	91.6
MSCI UK IMI Net	-0.8	5.9	38.9	41.9	88.9

### Top 10 investments

Asset class	Holding	%
UK Gilts	UK Gilt 22/01/2021	14.5
UK Gilts	iShares III PLC - iShares UK Gilts 0-5yr UCITS ETF	7.3
Japan	Morant Wright Fuji Yield GBP Inc Hedged	7.0
UK Gilts	SPDR Barclays 1-5 Year Gilt UCITS ETF	6.0
Emerging Market Equity	SPDR S&P Emerging Markets Dividend ETF	4.6
US Bonds	iShares \$ Ultrashort Bond UCITS ETF	4.1
Emerging Market Bond	iShares Emerging Markets Local Government Bond UCITS ETF	3.9
UK All Companies	BP PLC	2.3
US Equity	HP Inc	2.3
Emerging Equity	OMV Petrom SA	2.2

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### Investment Commentary

#### INTRODUCTION

The fund barely moved last quarter, and the index fell slightly.

#### WHAT HAPPENED?

First, there was a successful bid for Phaunos Timber for a return of slightly over 50% since purchased six years ago or around 6% per annum. A positive return but not the level that I look for when investing.

The new investment in OMV Petrom performed strongly during the quarter, but here again, the market may be getting ahead of itself. The company prospects are satisfactory but the proper framework to develop its Black Sea gas licence has still not been passed by the parliament. This delay is frustrating as it is a great prospect and should contribute significant earnings to both the company and the country.

There have been setbacks in the UK consumer-facing companies, N Brown Plc in particular. In June last year after it rose nearly 50% in a few months I wrote: *'Investors have reacted enthusiastically to this news, which is pleasing, although with major elements of the transformation still to come I suspect there may be some short-term disappointments.'* I was right. There have been some hiccups and enthusiasm has turned to disgust; the CEO has left, and provisions for regulatory change have increased. I believe that the strengths of the business and its market position are now underappreciated.

#### TRANSACTIONS

There were no transactions last quarter.

#### OUTLOOK

Since the end of September, the stock market has suffered a setback. As you would expect the fund by holding cash and bonds has not suffered as much as the overall market. What is perhaps more surprising is that the US the market, where I think valuations are highest and so most likely to disappoint investors, has not suffered as much as other markets. As I write the S&P 500 has fallen around 3% over the last 3 months, while the UK has fallen 10%. This divergence, coming after a few years of weak performance outside the USA, is beginning to produce new opportunities for investment. I am not in a hurry to return to the market. Two things might accelerate building up investments. First, if the US market has a very substantial setback, or second if the valuations outside the USA reach levels associated with market bottoms. Neither of these has happened yet although in Asia there are industries where valuations are now discounting a dramatic fall in profits.

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