



# VT Thistledown Income Fund

## Quarterly Factsheet

**31<sup>st</sup> December 2019**

### 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	£14.7m
Number of investments	35
Price (Z Acc)	139.1117p

### Annualised Volatility

Fund (Z Acc)	6.6%
Benchmark	14.1%

### Fees & charges

Annual management charge	1.00%
Performance fee	None
Initial charge	None
Ongoing charges (30 Jun 2019)	1.31%

### Yield & dividends

Yield	1.74%
Final dividend (ex date 31 Dec 19, paid 14 Jan 20)	0.04p

### 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)	4,498,066
Market Value (Z Acc)	£6.3m
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)	3.4	12.0	13.0	42.2	100.7
MSCI UK IMI Net	3.6	18.4	20.7	41.8	100.0

Past performance is not necessarily a guide to future performance

### Top 10 investments as at 31<sup>st</sup> December 2019

Asset class	Holding	%
UK Gilts	UK Gilt 22/01/2021	13.9
UK Gilts	iShares III PLC - iShares UK Gilts 0-5yr UCITS ETF	7.0
Japan	Morant Wright Fuji Yield GBP Inc Hedged	6.2
UK Gilts	SPDR Barclays 1-5 Year Gilt UCITS ETF	5.8
Emerging Market Equity	SPDR S&P Emerging Markets Dividend ETF	4.5
Emerging Market Bond	iShares Emerging Markets Local Government Bond UCITS ETF	4.0
UK All Companies	Aberforth Smaller Companies Trust PLC	3.9
US Bonds	iShares \$ Ultrashort Bond UCITS ETF	3.8
Commodity ETF	ETFS Physical Gold	3.1
UK All Companies	Dart Group PLC	2.7

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**31<sup>st</sup> December 2019**

### Investment Commentary

#### PERFORMANCE

Over the quarter the fund rose 3.4% while the UK market rose 3.6%.

#### TRANSACTIONS

Five investments were added to the portfolio.

Aberforth Smaller Companies is an investment trust with a value bias investing in UK companies. I have known the managers since 1992 and am a director of a sister investment trust. The valuation at the time of purchase was similar to the low levels seen in the early 2000's. An investor since then has made around 12% per annum. This was my expectation although as the price has risen 25% since purchase some of that has been achieved.

Blackrock Frontiers Investment Trust does what its names suggests. The area is out of favour and with a well resourced team and a clear investment philosophy. The chance to buy this with a running yield of 4.5% seemed attractive, particularly as the team has grown the dividend steadily despite the income being derived from a host of developing countries.

Jardine Strategic Holdings is a holding company controlled by the Keswick family. The company controls stakes in a broad range of businesses operating in Asia. The 30 year record of the Jardine group is on a par with that of Berkshire Hathaway. The family stake means that the holding company trades at a 50% discount to the underlying quoted investments while the quoted investments are mostly trading at the low end of their historic ranges. There is no 'catalyst' as the family control is certain. There a number of ways for the newish Chairman to produce good returns in future and the recent sale of Jardine Lloyd Thompson shows a willingness to make big changes.

Krka is a generic pharmaceutical business based in Slovenia with a strong financial position. I have met the management a number of times in recent years. The business suffered as margins in the industry reduced and Eastern Europe struggled economically. The management maintained investment and research and recent results suggested this was paying off. This combined with a 5% yield lead to the investment.

Royal Bank of Scotland was added in the run up to the election. The business has a strong and growing capital position and trades at a discount to book value. The dividend forecast at investment was nearly 8%. This position suggests the company will be unable to improve returns in future years. It has struggled to date but my estimate is that if they are successful the return will be handsome while if they continue to struggle the return will be close to the running dividend yield.

The holding in AT&T was sold during the quarter to fund part of these sales.

#### COMPANY COMMENTARY

Dart Group rose over 80% last quarter. This investment was a recommendation from a 'value' friend. The temptation to 'take profits' is high but given the record of the management and the opportunities provided by the demise of Thomas Cook and the relatively low rating for a company it remains in the portfolio.

#### OUTLOOK

I will write in detail about the outlook in the annual report.

Dominic Fisher



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