



THROUGH THE LENS OF DE LISLE PARTNERS

A TRIP TO THE US - Gill Charlton, Head of Research & ESG

JUNE 2024



In April I took a road trip through the heart of the US, from Chicago to Atlanta, to visit some of our investments. Listening to radio talk-shows, striking up conversations in bars and cafes, and dropping into retailers are all good ways to take the pulse of the country. I'd hoped to meet some Trump supporters but my companions were invariably Democrats, still hopeful even in deep red states.

My first stop was rural Elkhart, Indiana, RV capital of the world and home to several of our companies including Grand Design. Its stylish, light-weight travel trailers have a cult-like following and are a key contributor to Winnebago's bottom line (1.55% of the Fund).

I met with its President, Don Clark, and his management team whose enthusiasm is infectious and who have clear ideas on how to trim costs without compromising the quality for which they are famous. Over lunch we discussed the perils of discounting, better inventory management and their hopes to capture more market share with the end-year launch of its first motorhome (no sneak peek allowed) and the new Serenova, aimed at millennials, that can be towed by a BMW.

A tour of Grand Design's fifth-wheel production and lamination units revealed impressively organised workplaces with great attention to detail, and floors so clean you would sleep on them. Employees are from the local Amish community who like to start at 5am so they can get back to their farms in the afternoons.

At De Lisle Partners we invest thematically and, with the P/Es of RV and boating stocks at historic lows, we also hold stock in Lippert (LCII; 0.55%) and Patrick Industries (PTRK; 0.65%) which supply parts for RVs, boats and mobile homes (now renamed manufactured housing). Lippert was having a 'quiet time' before its quarterly reporting, but I spent a morning with the management team at Patrick.

With clever acquisitions of nearly 100 small fabricators, most in and around Indiana, its design centre has become a one-stop parts shop for OEMs in the recreational sphere. A new acquisition, Sportech, supplies the latest generation of UTVs including police buggies and off-road Side-by-Sides which some states are now allowing on public roads as I later saw in Tennessee.

Driving south through Kentucky and North Carolina I dropped into branches of Lowe's (like B&Q at its best) and kitchen design studios to winkle out information on sales of Masterbrand Cabinets (MBC; 3.04% of Fund). The news was encouraging. Designers said MBC's build quality had the edge on its main competitor, American Woodmark, and designers could price-match peers by mixing and matching within the brand.

Company Spotlight - Sterling Infrastructure



Market Cap*	\$3.74bn
Sector	Construction
Date Purchased	February 2021
% of Portfolio	1.8%
P/E*	25.19

Sterling Infrastructure (STRL) builds data centres and warehousing for e-commerce companies, lays concrete slab for housebuilders, and delivers civil construction projects (airports, roads, bridges). After going sideways for years, it is coming back to life thanks to Biden's Infrastructure Act, the changing interest rate cycle and deglobalisation.

We first bought STRL in February 2021 for \$22 a share. Now it is trading at \$129, driven by strong earnings and a growing backlog of orders. It currently makes up 2% of the Fund and we see it as a core holding going forward.

*Source: MarketWatch as at 30/05/2024.

The big reveal came in South Carolina and Georgia. Both states have been courting businesses with tax breaks, new infrastructure projects and a non-unionised workforce. The pitch is clearly working: leading car, aviation and aerospace companies are moving here, as well as IT and datacentre providers.

To take advantage of this economic migration we are building positions in homebuilders Toll Brothers (TOL; 0.54%) and Dream Finders Homes (DFH; 0.98%). At Point Hope, north of Charleston, Toll is one of three builders chosen by the developer to create a community of 13,000 households, a new town in effect, on a former hunting estate owned by the Guggenheims. Community schools, clinics and shopping centres, connected by cycle paths, are already up and running. Toll's homes are selling for around \$1 million and are aimed at relocating professionals and senior managers.

North of Savannah, Dream Finders' \$400,000 homes are finding buyers from all over the US despite the higher mortgage rates. I was pleased to hear that build times were vastly reduced, to around six months even with customer input, as materials and labour shortages ease and better contractors are secured. And it was good to see that Dream Finders is fitting Masterbrand kitchens!

It's not just relocators who are buying homes: early-retirees from the north-east, Chicago and even California are also heading for this south-eastern seaboard citing lower property taxes and crime rates, better weather and more house for your buck. We see our housebuilders, which also include M/I Homes in North Carolina, benefitting from this snowbird effect as Florida becomes less affordable and desirable.

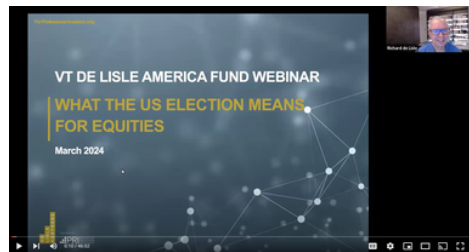
Watch on Demand



Webinar Recording: The best 'emerging market' in the world

Fund manager Richard de Lisle, talks about the main drivers of recent performance, taking a sector deep dive, and opportunities he sees for the Fund in coming months.

[Click here to watch \(45 minutes\)](#)



Webinar Recording: What the US election means for equities

Fund manager Richard de Lisle, shares his latest views on the US equity market and what makes it the best 'emerging market' in the world.

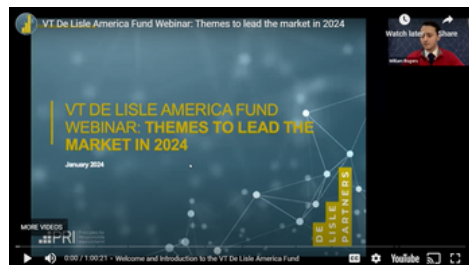
[Click here to watch \(45 minutes\)](#)



Webinar Recording: Under the hood - What's driving the VT De Lisle America Fund's returns & future opportunities

Fund manager Richard de Lisle, talks about the main drivers of recent performance, taking a sector deep dive, and opportunities he sees for the Fund in coming months.

[Click here to watch \(1 hour\)](#)



Webinar Recording: Themes to lead the market in 2024

Fund manager Richard de Lisle, gives an overview of the current macro environment, how the Fund is positioned and themes for 2024.

[Click here to watch \(1 hour\)](#)

Upcoming Events

VT De Lisle America Fund Webinar: 'Cui Bono - who benefits and why it matters'

Date: Tuesday 11 June 2024

Time: 2:00pm - 2:45pm

Platform: Zoom

[Register Here](#)

Contact Us

If you would like to arrange a meeting with the manager, or for further information on the Fund, please email investor-relations@delislepartners.uk or call 020 7074 3572.

Important Information

All data, unless otherwise stated: De Lisle Partners, April 2024.

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