

VT Teviot UK Smaller Companies Fund

Monthly Fact Sheet – December 2018



TEVIOT PARTNERS
investment managers

Key Facts

| | | |
|---|--|----------------------------|
| Launch Date: 29.08.17 | Fund Size: £50m | |
| Price at 31.12.18 (10:00) | Accumulation 109.3610p | Income 106.4033p |
| Sedol | BF6X212 | BF6X223 |
| ISIN | GB00BF6X2124 | GB00BF6X2231 |
| Annual Management Fee | 0.75% | |
| Ongoing Charges | 0.89% | |
| Minimum Investment | £1,000 | |
| Dilution Levy: (effective 1 January 2019) | Purchases: 1.73% Redemptions: 1.44% | |
| Dilution levy is updated monthly. For more information visit www.teviotpartners.com | | |

Summary Investment Objective

The objective of the fund is to achieve a total return (of growth and income, after fees) greater than the Numis Smaller Companies Index (including AIM but excluding Investment Companies).

Fund Attributes

- ❖ A value investment style
- ❖ Small unit size of investment confers a significant advantage in an illiquid asset class
- ❖ Broad and diverse investment universe
- ❖ Invest in less than 1 in 13 companies of the available universe
- ❖ Active Share 93%
- ❖ Bottom up driven with an asset allocation overview

Monthly Manager Commentary

The Numis Smaller Companies Index (XIC incl. AIM) reached its highest level for the year on 22nd May and since then the Index has corrected by 17.5%. Most of the fall came in the final quarter and December was another difficult month with no progress on a resolution to Brexit and further data pointing to a cooling of global growth. Further volatility can be expected as the politicians return after the New Year.

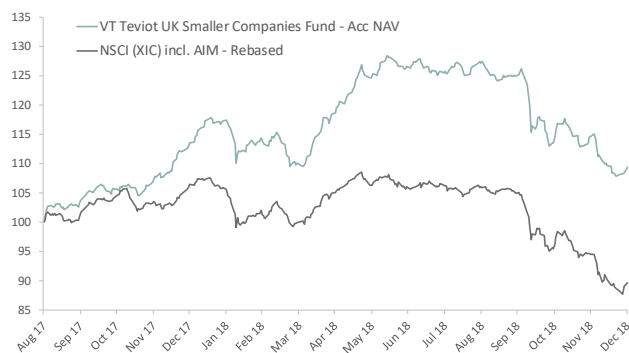
The Fund Accumulation class declared a provisional distribution of 1.1206p per share for the second half of 2018, contributing to a total provisional distribution of 2.3563p for 2018. While growth investors have been significantly exposed by the de-rating of the Market, it is also the case that the current uncertainties have caused an increasing number of dividend cuts at the value end of the Market. To date, the Fund has largely managed to avoid unexpected cuts with McColl's being the only holding affected. We expect the current portfolio to exhibit dividend growth in 2019 reflecting good underlying prospects.

Morses Club, the short duration lender, was the largest contributor. A robust performance is expected from its seasonal peak trading period. Augean has performed well as further evidence emerges of an aggressively managed turnaround.

Negatively impacting performance were two holdings with high leverage. McColl's is a convenience retailer that has endured a torrid year with supply chain disruption. Low & Bonar has faced input pressures and investors are looking for progress on disposals to address the balance sheet weakness.

Relative to the benchmark, the Fund is overweight to smaller constituents of our universe. This positioning has been beneficial to performance over the month and the quarter.

Performance



| Returns (%) | 1 m | 3 m | 6 m | 12 m | Since Launch |
|----------------------|-------|--------|--------|--------|--------------|
| The Fund | -4.7% | -12.5% | -13.6% | -3.6% | +9.4% |
| NSCI (XIC) incl. AIM | -5.2% | -14.6% | -15.5% | -15.8% | -10.5% |

Yearly Discrete Returns (%) 2018

| | |
|----------------------|--------|
| The Fund | -3.6% |
| NSCI (XIC) incl. AIM | -15.8% |

Past performance is not necessarily a guide to future performance.

Fund launched on 29 August 2017.

Fund performance is illustrated by the Accumulation Share Class NAV.

Discrete performance is updated on a calendar quarter basis and reflects all available discrete periods since launch.

How to Invest

Details of how to invest in the VT Teviot UK Smaller Companies Fund are available from our website at: www.teviotpartners.com

Application forms and other supporting documents are also available at:

www.valu-trac.com/teviot

+44 (0)1343 880344

Platforms

AJ Bell
Allfunds
Hargreaves Lansdown
Transact
7IM

Authorised Corporate Director & Administrator

*Valu-Trac Administration Services
Orton, Moray, IV32 7QE

Tel: +44 (0)1343 880344

Fax: +44 (0)1343 880267

www.valu-trac.com

Teviot Partners LLP

46 Charlotte Square
Edinburgh EH2 4HQ

Tel: +44 (0)131 510 7280

info@teviotpartners.com

www.teviotpartners.com

VT Teviot UK Smaller Companies Fund

Top 10 Holdings

| Holding | Sector | % of Portfolio |
|--------------------------|-------------------------------------|----------------|
| 1. Anglo Pacific Group | Mining Royalties | 3.1 |
| 2. Findel | Online Retail | 3.0 |
| 3. Sabre Insurance Group | Motor Insurance | 2.8 |
| 4. Kin and Carta | Digital Marketing | 2.7 |
| 5. TT Electronics | Electronics | 2.7 |
| 6. Mothercare | Global Retail Franchise | 2.6 |
| 7. IG Design Group | Giftware Manufacturer & Distributor | 2.5 |
| 8. Morses Club | Home Collected Credit | 2.4 |
| 9. Lookers | Motor Retail | 2.4 |
| 10. Ricardo | Business Consultancy | 2.4 |
| Total | | 26.6 |

Market Cap Breakdown

| | % of Portfolio | No. of Stocks |
|---------------|----------------|---------------|
| Above £1bn | 4.1 | 3 |
| £500m - £1bn | 13.7 | 8 |
| £250m - £500m | 28.0 | 14 |
| £100m - £250m | 20.6 | 13 |
| Below £100m | 29.6 | 29 |
| Cash | 4.0 | |
| Total | 100.0 | 67 |

Listing

| Listing | % |
|---------|------|
| Main | 56.9 |
| Aim | 39.1 |
| Cash | 4.0 |

Fund Managers



Andy Bamford

Andy has a 26-year track record of investing in UK smaller companies, running large and prestigious mandates.

He is a trained accountant who worked with General Accident and Edinburgh Fund Managers before joining Aberforth Partners in 2001 where he became a partner. Aberforth is a respected value investor and Andy had a successful 15-year career with the firm. Passionate about investing in small companies, Andy set up Teviot Partners in November 2016.



Barney Randle

Barney has a 24-year career working for a variety of investment banks including Merrill Lynch, JP Morgan and latterly Arden Partners.

He has always specialised in UK smaller companies and enjoys a strong reputation for original and rigorous investment analysis. His non-consensual and value orientated approach was well received by some of the largest and most successful investors in the asset class.

Important Information / Risk Warnings

This fund invests in smaller companies and carries a higher degree of risk than funds investing in larger companies. The shares of smaller companies may be less liquid and their performance more volatile over shorter time periods. The fund can also invest in smaller companies listed on the Alternative Investment Market (AIM) which also carry the risk described above.

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