

# VT Teviot UK Smaller Companies Fund

Monthly Fact Sheet – December 2017



Key Facts		
<b>Launch Date</b>	29.08.17	
<b>Fund Size</b>	£8.4m	
	<b>Income</b>	<b>Accumulation</b>
Price at 29.12.17(12 noon)	112.6572p	113.4740p
Sedol	BF6X223	BF6X212
ISIN	GB00BF6X2231	GB00BF6X2124
<b>Annual Management Fee</b>	0.75%	
<b>Ongoing Charges *</b>	1.00%	
* The investment manager has undertaken to absorb any operating costs that would otherwise cause the Fund to have an OCF (before transaction costs) in excess of 1.00%, and has committed to do so for the first 12 months from launch.		
<b>Minimum Investment</b>	£1,000	
<b>Dilution Levy:</b> (effective 1 January 2018)	Purchases: 1.43% Redemptions: 1.14%	
Dilution levy is updated monthly. For more information visit <a href="http://www.teviotpartners.com">www.teviotpartners.com</a>		

## 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 18 companies of the available universe
- ❖ Active Share 95%
- ❖ Bottom up driven with an asset allocation overview

## Monthly Manager Commentary

The combination of positive global economic numbers and the prospect of US tax cuts spurred markets to a positive finish for the year. The Numis Smaller Companies Index (XIC+AIM) closed the year up 21.9%, comfortably ahead of the UK Equity Market overall.

The price of the Fund Accumulation shares moved from 107.8p to 113.5p in December. Since the Fund launch at the end of August 2017 the price of the Fund Accumulation shares has risen from 100p to 113.5p. At the end of December, there was a maiden distribution of 0.8168p for the four month period, payable in February 2018.

The most significant contributor to the Fund's value was AIM-listed SQS Software Quality Systems which received a recommended offer from a private equity backed German business at a 56% premium to the previous close. On 2017 forecasts, SQS was trading on a PE of 11.9x and Ev/Ebit of 8.4x prior to the offer which we believed significantly undervalued its market position and future prospects. It is also indicative of the value available in companies capitalised below £200m.

Consistent with the positive global growth outlook, our commodity exposed holdings were positive contributors to the Fund's value. Central Asia Metals will benefit from a buoyant market for copper and its acquisition of Lynx Resources will prove well timed if current commodity prices are sustained. The Fund also benefitted from the rise in Serica Energy which was purchased on its re-admission following the proposed acquisition of assets from BP. The innovative deal structure will catapult Serica to being the third largest European independent in the UK North Sea without raising additional equity.

There were few detractors to the Fund's value of any note. McColls slipped on a weaker sales trend and some potential short disruption in its supply chain but this overlooks the value of the portfolio and the margin potential of new supply arrangements.

## How to Invest

Details of how to invest in the VT Teviot UK Smaller Companies Fund are available from our website:

[www.teviotpartners.com](http://www.teviotpartners.com)

Application forms and other supporting documents are also available at:

[www.valu-trac.com/teviot](http://www.valu-trac.com/teviot)

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## Platforms

AJ Bell  
Allfunds  
Hargreaves Lansdown  
Transact

## Authorised Corporate Director & Administrator

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## VT Teviot UK Smaller Companies Fund

### Top 10 Holdings

Holding	Sector	% of Portfolio
1. Ricardo Plc	Business Consultancy	4.3
2. SQS Software Quality Systems AG	Software & Services	4.1
3. Central Asia Metals Plc	Mining	3.6
4. Headlam Group Plc	Carpet Distributor	3.2
5. Premier Oil Plc	Oil & Gas Producers	3.0
6. Macfarlane Group Plc	Packaging Distributor	3.0
7. Amino Technologies Plc	Media Technology	2.8
8. NAHL Group Plc	Claims Litigation Processing	2.8
9. SCISYS Plc	Software & Services	2.7
10. Vianet Group Plc	Industrial Technology	2.6
Total		32.1

Source: Teviot Partners LLP

### Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	6.5	3
£500m - £1bn	18.5	8
£250m - £500m	24.0	9
£100m - £250m	29.2	14
Below £100m	18.9	12
Cash	2.9	
Total	100.0	46

### Listing

	%
Main	55.3
Aim	41.8
Cash	2.9

## Fund Managers



### Andy Bamford

Andy has a 25-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 23-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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