

VT Teviot UK Smaller Companies Fund

Monthly Fact Sheet – January 2018



Key Facts	
Launch Date	29.08.17
Fund Size	£22.1m
	Income Accumulation
Price at 31.01.18 (12 noon)	115.6481p 116.4845p
Sedol	BF6X223 BF6X212
ISIN	GB00BF6X2231 GB00BF6X2124
Annual Management Fee	0.75%
Ongoing Charges *	1.00%
<i>* 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.</i>	
Minimum Investment	£1,000
Dilution Levy: (effective 1 February 2018)	Purchases: 1.38% Redemptions: 1.07%
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
<ul style="list-style-type: none"> ❖ 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 15 companies of the available universe ❖ Active Share 93% ❖ Bottom up driven with an asset allocation overview

Month End Price History – Fund Accumulation Shares (p)					
29 Aug 17 (Launch)	Sept 17	Oct 17	Nov 17	Dec 17	Jan 18
100.0	103.8	105.3	107.8	113.5	116.5

Monthly Manager Commentary
<p>January proved an eventful month. The positive momentum evident through most of 2017 continued in the early part of the month, a period when most investment managers were pre-occupied with the practical implications of implementing the new Mifid II regulations. This certainly reduced liquidity in the markets and from our perspective we are encouraged that the new restrictive regime on broker research could throw up more price anomalies. As the month wore on The Market grappled with the implications of rising yields in the US and a weakening dollar which reversed the trajectory of markets. Over the month, the Numis Smaller Companies Index (including AIM and Ex ICs) fell by 1.9% (+4.4% since the Fund launch). The liquidation of Carillion was a sobering reminder that banks may be taking a more hawkish stance towards distressed companies with high leverage.</p> <p>Over the month, the price of Fund Accumulation Shares increased to 116.5p*. The portfolio's exposure to smaller capitalised stocks will have helped during this period. The Fund has seen inflows over the month and the size of the Fund is now £22m. This is significant because the OCF will now be circa 1% without subsidy.</p> <p>The significant contributors to the Fund's value included Ricardo, which updated on a healthy order book, and Ultra Electronics, where the company reassured that recent issues should not detract from a good order book and high quality of projects. NAHL has been a strong performer since we launched the Fund and when we initially invested in this AIM-listed business it had a dividend yield of 12%. Confidence is building that its revised strategy is progressing and the company will return to growth. Finally, we should mention a small position we held in the financial software business, Lombard Risk Management. This small AIM-listed business was bid for by a Dutch group, Vermag, with the offer reflecting a 99% premium to the previous day's market price.</p> <p>Negatively impacting performance was Card Factory where guidance was reduced. The company is still growing top line but it is not recouping current input cost inflation. We still believe this is a strong franchise but high street retailing is a desperately tough sector. The position was reduced.</p> <p><i>*In order to comply with the regulation on financial promotions(Cobs 4.6.2R), Teviot can not present past performance of the Fund until the first anniversary of the Fund launch. Accordingly, we can not express the Fund price change as a percentage.</i></p>

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

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Platforms

AJ Bell
Allfunds
Hargreaves Lansdown
Transact

Authorised Corporate Director & Administrator

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Top 10 Holdings

Holding	Sector	% of Portfolio
1. Ricardo	Business Consultancy	4.0
2. RPS	Business Consultancy	3.2
3. TT Electronics	Electronics	3.2
4. NAHL Group	Claims Litigation Processing	2.9
5. Headlam	Carpet Distributor	2.8
6. Macfarlane	Packaging Distributor	2.8
7. McColls	Food Retail	2.7
8. SCISYS	Software Services	2.6
9. De La Rue	Security Solutions	2.6
10. Castings	Truck Metal Castings	2.5
Total		29.3

Source: Teviot Partners LLP

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	8.4	4
£500m - £1bn	18.9	9
£250m - £500m	25.0	13
£100m - £250m	22.3	14
Below £100m	22.0	15
Cash	3.4	
Total	100.0	55

Listing

	%
Main	60.2
Aim	36.4
Cash	3.4

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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