

VT Teviot UK Smaller Companies Fund

Monthly Fact Sheet – July 2018



TEVIOT PARTNERS
investment managers

Key Facts

| | | |
|---|--|----------------------------|
| Launch Date: 29.08.17 | Fund Size: £50m | |
| Price at 31.07.18 (12 noon) | Accumulation 125.7155p | Income 123.5728p |
| Sedol | BF6X212 | BF6X223 |
| ISIN | GB00BF6X2124 | GB00BF6X2231 |
| Annual Management Fee | 0.75% | |
| Ongoing Charges | 1.00% | |
| Minimum Investment | £1,000 | |
| Dilution Levy: <i>(effective 1 August 2018)</i> | Purchases: 1.30% Redemptions: 1.00% | |
| 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 92%
- ❖ Bottom up driven with an asset allocation overview

Monthly Manager Commentary

July was a quiet month with thin volumes in our markets. The impact of trade wars is beginning to become more tangible and the path of Brexit remains uncertain. The earnings season has started positively and the disappointments have often reflected structural rather than cyclical challenges. The larger constituents of our universe outperformed the smaller names, presenting a headwind for the Fund in July. The Numis Smaller Companies Index (ex ICs incl AIM) was up 0.3% over the month, down 0.2% year to date and up 6.2% since inception of the Fund eleven months ago.

Over the month, the net asset value was lower at 125.7p*.

The leading contributor over the month was Ocean Wilsons Holdings. Teviot built a position in this tightly held holding company because it was valued at a deep discount to its intrinsic value and paid an attractive income stream. Among its most valuable assets are interests in two strategically important container ports in Brazil. An announcement that it will review strategic options for these ports is seen as a potential catalyst to crystallise value for shareholders. Staffline produced re-assuring results. This company has an exceptional long term track record and is a market leader in the supply of agency workers. Macro concerns and the end of a lucrative government contract have seen the shares de-rated significantly over the last two years. However the company are confident of a return to growth in 2019 and the shares responded to this improving outlook. Corporate activity is always a welcome sign for value investors and the Fund benefitted from an approach for Carclo which was undervalued after its profit warning earlier this year.

Negatively impacting performance, Ricardo reduced forecasts as some of its key UK customers adjusted orders at short notice in response to market uncertainties. The company's overall order book remains encouraging and its strategic position is strong. McColl's reported results which were always expected to reflect a challenging six months for the company due to supply chain disruption. However a more cautious gross margin outlook unsettled the market as this was a key argument behind its recent acquisition of stores from the Co-op. The valuation is now significantly depressed but it will take time for management to re-build confidence. Mothercare completed its financial restructuring and fundraising. Some short term disruption is inevitable but the company is now in an infinitely stronger position to move forward.

Cash at the month end was 4.6%

**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.*

Month End Price History - Fund Accumulation Shares (p)

| 29.8.17 (Launch) | Sept 17 | Oct 17 | Nov 17 | Dec 17 | Jan 18 | Feb 18 | Mar 18 | Apr 18 | May 18 | June 18 | July 18 |
|------------------|---------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|
| 100.0 | 103.8 | 105.3 | 107.8 | 113.5 | 116.5 | 114.0 | 110.1 | 118.6 | 125.1 | 126.6 | 125.7 |

How to Invest

Details of how to invest in the VT Teviot UK Smaller Companies Fund are available from our website: 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
7IM

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VT Teviot UK Smaller Companies Fund

Top 10 Holdings

| Holding | Sector | % of Portfolio |
|------------------------|---------------------------|----------------|
| 1. Mothercare | Global Retail Franchise | 3.5 |
| 2. Ricardo | Business Consultancy | 3.1 |
| 3. Anglo Pacific Group | Mining Royalties | 2.6 |
| 4. Morses Club | Home Collected Credit | 2.6 |
| 5. Findel | Online Retail | 2.5 |
| 6. Lookers | Motor Retail | 2.4 |
| 7. TI Fluid Systems | Automotive Supplier | 2.3 |
| 8. Ocean Wilsons | Shipping & Ports Operator | 2.2 |
| 9. St Ives | Business Services | 2.2 |
| 10. WYG | Business Services | 2.2 |
| Total | | 25.6 |

Source: Teviot Partners LLP

Market Cap Breakdown

| | % of Portfolio | No. of Stocks |
|---------------|----------------|---------------|
| Above £1bn | 7.4 | 4 |
| £500m - £1bn | 16.0 | 9 |
| £250m - £500m | 22.9 | 12 |
| £100m - £250m | 23.4 | 17 |
| Below £100m | 25.7 | 22 |
| Cash | 4.6 | |
| Total | 100.0 | 64 |

Listing

| | % |
|------|------|
| Main | 59.5 |
| Aim | 35.9 |
| Cash | 4.6 |

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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