

# VT Teviot UK Smaller Companies Fund

Monthly Fact Sheet – March 2018



| Key Facts   |                     |               | Summary Investment Objective   |            |           |           |           |           |           |           |
|---|---------------------|---------------|--|------------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Launch Date</b>  |                     |               | 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).   |            |           |           |           |           |           |           |
| <b>Fund Size</b>  |                     |               |  |            |           |           |           |           |           |           |
|   | <b>Accumulation</b> | <b>Income</b> | Fund Attributes  |            |           |           |           |           |           |           |
| Price at 29.03.18 (12 noon)   | 110.0711p           | 109.2796p     | <ul style="list-style-type: none"> <li>❖ A value investment style</li> <li>❖ Small unit size of investment confers a significant advantage in an illiquid asset class</li> <li>❖ Broad and diverse investment universe</li> <li>❖ Invest in less than 1 in 14 companies of the available universe</li> <li>❖ Active Share 93%</li> <li>❖ Bottom up driven with an asset allocation overview</li> </ul> |            |           |           |           |           |           |           |
| Sedol   | BF6X212             | BF6X223       |  |            |           |           |           |           |           |           |
| ISIN  | GB00BF6X2124        | GB00BF6X2231  |  |            |           |           |           |           |           |           |
| <b>Annual Management Fee</b>  |                     |               | 0.75%  |            |           |           |           |           |           |           |
| <b>Ongoing Charges</b>  |                     |               | 1.00%  |            |           |           |           |           |           |           |
| <b>Minimum Investment</b>   |                     |               | £1,000   |            |           |           |           |           |           |           |
| <b>Dilution Levy:</b><br><i>(effective 1 April 2018)</i>  |                     |               | Purchases: 1.41%   |            |           |           |           |           |           |           |
|   |                     |               | Redemptions: 1.11%   |            |           |           |           |           |           |           |
| Dilution levy is updated monthly. For more information visit <a href="http://www.teviotpartners.com">www.teviotpartners.com</a> |                     |               | Month End Price History - Fund Accumulation Shares (p)   |            |           |           |           |           |           |           |
|   |                     |               | 29.8.17<br>(Launch)  | Sept<br>17 | Oct<br>17 | Nov<br>17 | Dec<br>17 | Jan<br>18 | Feb<br>18 | Mar<br>18 |
|   |                     |               | 100.0  | 103.8      | 105.3     | 107.8     | 113.5     | 116.5     | 114.0     | 110.1     |

## Monthly Manager Commentary

March witnessed another weak month for Markets, with the benchmark Numis Smaller Companies Index (including AIM and excluding ICs) falling 1.3%, to leave the index down 6.1% since the start of 2018, and marginally negative since the Fund launch. Interest rates in the US were raised as expected and the Market debated their future trajectory. Fears over an escalating trade war moved to centre stage as the Trump administration began to implement its election pledge. The UK results season reflected a couple of themes with the UK consumer under pressure and companies with dollar earnings losing the recent benefit of weak sterling.

Over the month, the Fund asset value reduced to 110.1p.

Positive contributors included St Ives, which reassured with solid results and a partial disposal of its problematic Marketing Activation business. On a price earnings ratio of under 7x and market capitalisation of £120m, we believe the rehabilitation of St.Ives has further to run. Results from Drax highlighted the changing profile of this business with significant growth in earnings in sight. The company announced a substantial increase in the dividend and the initiation of a share buy-back programme.

Negatively impacting performance was De La Rue. The share price fell on a combination of modestly weaker guidance, the Finance Director stepping down and the potential loss of the UK passport contract. The de-rating looks harsh in view of its global market position but there is confidence to be rebuilt. Headlam also contributed negatively, despite reiterating profit guidance for 2018, but investors took concern from a weak start to the year and the prospects of weaker UK consumer spending. Over the long term we expect Headlam to emerge stronger from any downturn due to its market position and strength of balance sheet. NAHL reduced its forecast dividend guidance with its final results as its strategy requires further investment in working capital. With a less favourable cashflow outlook the decision was made to exit the position.

The Fund finished the month with cash of 2.7%.

*\*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.*

## 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  
7IM

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## VT Teviot UK Smaller Companies Fund

### Top 10 Holdings

| Holding              | Sector                       | % of Portfolio |
|----------------------|------------------------------|----------------|
| 1. Ricardo           | Business Consultancy         | 3.7            |
| 2. TT Electronics    | Electronics                  | 3.2            |
| 3. Ultra Electronics | Aerospace & Defence          | 2.5            |
| 4. Morses Club       | Home Collected Credit        | 2.5            |
| 5. Driver Group      | Business Services            | 2.5            |
| 6. Drax Group        | Electricity Producer         | 2.5            |
| 7. Severfield        | Steel Solutions              | 2.5            |
| 8. Cairn Energy      | Oil Exploration & Production | 2.4            |
| 9. Macfarlane Group  | Packaging Distributor        | 2.4            |
| 10. Tyman            | Building Hardware            | 2.3            |
| Total                |                              | 26.5           |

Source: Teviot Partners LLP

### Market Cap Breakdown

|               | % of Portfolio | No. of Stocks |
|---------------|----------------|---------------|
| Above £1bn    | 7.4            | 3             |
| £500m - £1bn  | 16.2           | 10            |
| £250m - £500m | 23.1           | 11            |
| £100m - £250m | 29.0           | 18            |
| Below £100m   | 21.6           | 18            |
| Cash          | 2.7            |               |
| Total         | 100.0          | 60            |

### Listing

|      | %    |
|------|------|
| Main | 67.1 |
| Aim  | 35.6 |
| Cash | 2.7  |

## 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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