

VT Teviot UK Smaller Companies Fund

Monthly Fact Sheet – May 2018



TEVIOT PARTNERS
investment managers

Key Facts			Summary Investment Objective		
Launch Date: 29.08.17		Fund Size: £40m	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).		
Price at 31.05.18 (12 noon)	Accumulation 125.0561p	Income 124.1569p			
Sedol	BF6X212	BF6X223			
ISIN	GB00BF6X2124	GB00BF6X2231			
Annual Management Fee		0.75%	Fund Attributes		
Ongoing Charges		1.00%			
Minimum Investment		£1,000	<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 13 companies of the available universe ❖ Active Share 93% ❖ Bottom up driven with an asset allocation overview 		
Dilution Levy: (effective 1 June 2018)		Purchases: 1.50% Redemptions: 1.20%			
Dilution levy is updated monthly. For more information visit www.teviotpartners.com					

Monthly Manager Commentary

The Numis Smaller Companies Index (including AIM, excluding Investment Companies) extended recent gains during May and closed ahead by 1.2% for the month. Gains were paired towards the end of the month by the political developments in Italy and confirmation of Trump's protectionist measures. Over the year to date, the index is down 0.1% and since inception the index has risen by 6.3%.

The Fund asset value increased to 125.06p.*

Mothercare was the largest contributor to returns over the month. The company was saddled with a loss-making UK retail portfolio which overshadowed a profitable international business. Investor revulsion had driven the market capitalisation down to £30m and clearly many assumed the group would head into administration. Our analysis, however, concluded that the debt was not insurmountable and it was very unlikely that the key stakeholders would allow the group to fail. The company has concluded the first stage of a CVA in the two most significant subsidiaries which will radically restructure the UK store network. Together with an equity raise, this will leave the company almost debt free within the medium term. Accordingly we see good recovery potential. This investment hopefully illustrates our contention that Teviot can build meaningful positions in overlooked companies close to the inflexion point in their fortunes due to our relatively small unit size of investment.

Premier Oil continued its rehabilitation aided by Brent Crude breaching \$80 during the month. An overweight position in the sector has served us well since we launched the Fund but we have reduced exposure over the month, particularly to the more geared companies like Premier. MacFarlane performed strongly. Steady business progression is now gaining the attention of a broader audience of investors, leading to a re-rating of the business.

The only significant detractor from performance was Faron Pharmaceutical. It's lead product was widely expected to gain approval but there were, as yet, unknown issues during the phase III trial. Results of a parallel trial in Japan will be released over the summer.

Cash was 5.1% at month end following recent subscriptions to the Fund.

**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	Mar18	Apr 18	May 18
100.0	103.8	105.3	107.8	113.5	116.5	114.0	110.1	118.6	125.1

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
+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. Ricardo	Business Consultancy	3.8
2. Mothercare	Global Retail Finance	3.2
3. TT Electronics	Electronics	2.9
4. Lookers	Motor Retail	2.7
5. Morses Club	Home Collected Credit	2.4
6. Anglo Pacific Group	Mining Royalties	2.3
7. Macfarlane Group	Packaging Distributor	2.2
8. De La Rue	Security Solutions	2.2
9. Ultra Electronics	Aerospace & Defence	2.1
10. Driver Group	Business Services	2.1
Total		25.9

Source: Teviot Partners LLP

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	7.6	4
£500m - £1bn	18.5	11
£250m - £500m	18.2	10
£100m - £250m	23.7	18
Below £100m	26.9	23
Cash	5.1	
Total	100.0	66

Listing

	%
Main	60.1
Aim	34.8
Cash	5.1

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.

This document is provided for general information purposes only and should not be interpreted as investment advice. It is not a personal recommendation and it should not be regarded as a solicitation or an offer to buy or sell any securities or instruments mentioned in it. We recommend retail investors seek the services of a Financial Adviser. Full details of the VT Teviot UK Smaller Companies Fund (the "Fund"), including risk warnings are published in the Key Investor Information document and Prospectus all available from www.valu-trac.com/teviot. The Fund is subject to normal stock market fluctuations and other risks inherent in such investments.

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