

# VT Teviot UK Smaller Companies Fund

Monthly Fact Sheet – November 2017



TEVIOT PARTNERS  
investment managers

Key Facts		
Launch Date	29 August 2017	
Fund Size	£7.6m	
	Income	Accumulation
Price at 30.11.17 (12 noon)	107.7551p	107.7551p
Sedol	BF6X223	BF6X212
ISIN	GB00BF6X2231	GB00BF6X2124
Annual Management Fee	0.75%	
Ongoing Charges *	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.		
Minimum Investment	£1,000	
Dilution Levy:	Purchases: 1.31%	
(effective 1 December 2017)	Redemptions: 1.01%	
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
- ❖ Currently invest in 1 in 19 companies of the available universe
- ❖ Active Share 95%
- ❖ Bottom up driven with an asset allocation overview

## Monthly Manager Commentary

November witnessed the first interest rate rise in the UK for ten years. The MPC is juggling inflationary pressure with an economy which is tested by political uncertainty. After the strong run of UK Smaller Companies as an asset class, it was no surprise to see a pull-back in the market and the Numis Smaller Companies Index (excluding Investment Companies + AIM) fell 2.9% by mid-month before recovering to close the month down 1.5%.

Over the month the price of the Fund Accumulation shares moved from 105.3p to 107.8p. The price of Fund Accumulation shares was 100p at launch and now sits at 107.8p. Before describing the specific reasons for the Fund growth, there are general observations to make regarding the Fund's value since launch:

- The Fund is structured with a high level of Active Share which means its returns are likely to diverge from the returns of the Index;
- Our liquidity advantage allows us to enter and exit investments in a timely manner to the advantage of our investors;
- Better value is evident down the market capitalisation scale. The Fund's size allows it to access this segment of the market, with the Fund's average market capitalisation below the Index average. This size exposure will influence relative returns on a short-term basis according to the trajectory of the Index but over the long term we expect it to be positive;
- The Fund currently invests in around 1 in 19 of the companies in the available universe. From an asset allocation perspective, it has an ability to side-step some parts of the economy with obvious headwinds.

The largest contributors to the Fund this month were:

- Ricardo, which provided an encouraging trading update, further endorsing the strong underlying demand for its services which was evident in the latter part of the year just reported. Order intake rose by 37% on an underlying basis in the first quarter of the new year and we believe there is more in the pipeline;
- Vianet, which announced an important contract with an international blue-chip company to remotely monitor coffee vending machines. This award validates the material efficiency savings offered by its solution. As a small undervalued company, Vianet should benefit significantly from this reference customer;
- Ei Group and Severfield contributed after good results.

Stocks which detracted from the Fund's value included Headlam where macro concerns affected sentiment. PV Crystalox was awarded an arbitration settlement of €34m but there is now uncertainty as to how and when this comes back to investors.

## 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	4.81
2. DiscoverIE Group Plc	Electronics	4.30
3. Macfarlane Group Plc	Packaging Distributor	3.26
4. Central Asia Metals Plc	Mining	3.23
5. SCISYS Plc	Software & Services	3.06
6. Amino Technologies Plc	Media Technology	3.05
7. Morses Club Plc	Home Collected Credit	3.01
8. Premier Oil Plc	Oil & Gas Producers	2.98
9. McColl's Plc	Food Retail	2.98
10. Headlam Group Plc	Carpet Distributor	2.95
<b>Total</b>		<b>33.63</b>

Source: Teviot Partners LLP

### Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	7.0	3
£500m - £1bn	14.5	6
£250m - £500m	24.0	8
£100m - £250m	35.4	16
Below £100m	16.2	10
Cash	2.9	
<b>Total</b>	<b>100.0</b>	<b>43</b>

### Listing

	%
Main	58.6
Aim	38.5
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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