

# VT Teviot UK Smaller Companies Fund

Monthly Fact Sheet – October 2017

## Key Facts

<b>Launch Date</b>	29 August 2017	
<b>Fund Size</b>	£7.4m	
	<b>Income</b>	<b>Accumulation</b>
Price at 31.10.17(12 noon)	105.3023p	105.3023p
Sedol	BF6X223	BF6X212
ISIN	GB00BF6X2231	GB00BF6X2124
<b>Annual Management Fee</b>	0.75%	
<b>Ongoing Charges *</b>	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.		
<b>Minimum Investment</b>	£1,000	
<b>Dilution Levy:</b> (effective 1 November 2017)	Purchases: 1.44% Redemptions: 1.15%	
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
- ❖ Invest in less than 1 in 12 companies of the available universe
- ❖ Active Share 96%
- ❖ Bottom up driven with an asset allocation overview

## Monthly Manager Commentary

Over the course of October the price of Fund Accumulation shares increased from 103.8p to 105.3p. The fund launched at 100p on 29 August 2017.

In general, the larger index constituents led the index higher, boosted by bid approaches for Aldermore and Spire Healthcare. In the portfolio, both Amino Technologies and Morses Club retraced the previous month's gains and the outlook for both businesses remains unchanged. Lookers was impacted by poor new car sales data and the read-across from weaker peers. The shares trade close to asset value and it is a market leader with a strong balance sheet, well placed to drive further consolidation.

Due to our relatively small unit size of investment, Teviot Partners is able to access a broader universe of smaller companies. The two strongest contributors over the month illustrate the opportunity to invest in growing businesses on "value" multiples which are capitalised at a level below the radar of the larger funds.

Scisys designs, builds and supports software systems; and integrates them with complex hardware to provide seamless solutions. It serves a variety of markets, including Defence, Government and Communications, but the largest end market is Space. The Fund invested on a prospective Ev/Ebit multiple of 7.5x and dividend yield of 2.2%.

Vianet is a long established business specialising in remote monitoring systems. The cash generative core business monitors beer volumes for the tenanted pub companies. The company has enhanced the core product range and has begun to expand into adjacent sectors where remote monitoring can yield valuable productivity benefits. The Fund invested on a prospective Ev/Ebit multiple of 7.6x and a Yield of 5.3%.

The Fund was 94% invested at the period end, reflecting recent inflows and over the month the Fund was more fully invested.

As widely expected, interest rates were raised shortly after the month end with the MPC focusing on the inflation outlook. The prospects for UK economic growth are clouded by political uncertainty while the global economy has continued to provide a good backdrop for corporate earnings. There is a delicate balance to be struck but rates remain low, unemployment is low and as currency devaluation annualises then inflation may begin to subside. While it is right to focus on the challenges, we believe a value approach and a small unit size of investment leave us well placed for what lies ahead.

## 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	3.8
2. Acal Plc	Electronics	3.6
3. Headlam Group Plc	Carpet Distributor	3.3
4. Scisys Plc	Software & Services	3.2
5. Central Asia Metals Plc	Mining	3.2
6. Macfarlane Group Plc	Packaging Distributor	3.1
7. SQS Software Plc	Software & Services	3.0
8. Amino Technologies Plc	Media Technology	3.0
9. Premier Oil Plc	Oil & Gas Producer	3.0
10. Morses Club Plc	Home Collected Credit	2.9
Total		32.1

Source: Teviot Partners LLP

### Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	9.8	4
£500m - £1bn	9.5	4
£250m - £500m	25.8	9
£100m - £250m	32.4	13
Below £100m	16.2	9
Cash	6.2	
Total	100.0	39

### Listing

	%
Main	57.6
Aim	36.2
Cash	6.2

## 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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