

**VT TEVIOT FUNDS ICVC  
(SUB-FUND VT TEVIOT UK SMALLER  
COMPANIES FUND)**

**Annual Report and Financial Statements  
for the period from 29 August 2017 to 31 December 2018**

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## COMPANY OVERVIEW

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### **Type of Company**

VT Teviot Funds ICVC (the 'Company') is an investment company (company number IC001094) with variable capital incorporated in England and Wales under the Open Ended Investment Company Regulations 2001 (SI2001/1228).

The Company was authorised by the Financial Conduct Authority on 31 July 2017.

The Company is a UCITS scheme and is an umbrella company (as defined in the OEIC Regulations). Each sub-fund would be a UCITS scheme if it had a separate authorisation order.

The shareholders are not liable for the debts of the Company.

### **Changes to the Company**

The following fund was launched during the period:

VT Teviot UK Smaller Companies Fund 29 August 2017

## STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S (ACD's) RESPONSIBILITIES

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The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Authorised Corporate Director to prepare financial statements for each accounting period which give a true and fair view of the financial position of the Company at the end of the financial period and its net revenue and net capital losses for the period. In preparing these financial statements the Authorised Corporate Director is required to:

- comply with the Prospectus, the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014, the Instrument of Incorporation, generally accepted accounting principles and applicable accounting standards, subject to any material departures which are required to be disclosed and explained in the financial statements.
- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

The Authorised Corporate Director is required to keep proper accounting records and to manage the Company in accordance with the COLL regulations, the Instrument of Incorporation, and the Prospectus. The Authorised Corporate Director is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### DIRECTOR'S STATEMENT

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In accordance with the requirements of the Financial Conduct Authority's Collective Investment Scheme's Sourcebook, we hereby certify the annual report.

Anne A. Laing CA



Neil J. Smith MA BA CA



Valu-Trac Investment Management Limited  
Authorised Corporate Director

Date 15 April 2019

# STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY

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The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001(SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares in the Company is calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

National Westminster Bank Plc  
1 January 2019

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT TEVIOT FUNDS ICVC (SUB-FUND VT TEVIOT UK SMALLER COMPANIES FUND)

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## Opinion

We have audited the financial statements of VT Teviot Funds ICVC ("the Company") for the period ended 31 December 2018 which comprise the Statement of Total Return, Statement of Changes in Net Assets Attributable to Shareholders, Balance Sheet, the related Notes to the Financial Statements and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company at 31 December 2018 and of the net revenue and the net capital losses on the scheme property of the Company for the period then ended; and
- have been properly prepared in accordance with the IA Statement of Recommended Practice for Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are described further in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions Relating to Going Concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the ACD's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the ACD has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other Information

The ACD is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT TEVIOT FUNDS ICVC (SUB-FUND VT TEVIOT UK SMALLER COMPANIES FUND) (Continued)

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## **Opinion on Other Matters Prescribed by the COLL Regulations**

In our opinion, based on the work undertaken in the course of the audit:

- Proper accounting records for the Company have been kept and the accounts are in agreement with those records;
- We have received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; and
- The information given in the report of the ACD and in the report of the authorised fund manager for the period is consistent with the financial statements.

## **Responsibilities of the Authorised Corporate Director**

As explained more fully in the Authorised Corporate Director's Responsibilities Statement set out on page 2, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal controls as the ACD determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the ACD is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the ACD either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the ACD.
- Conclude on the appropriateness of the ACD'S use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

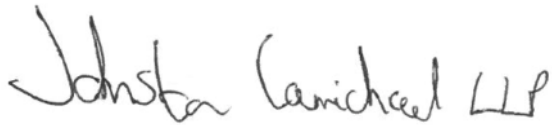
# INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VT TEVIOT FUNDS ICVC (SUB-FUND VT TEVIOT UK SMALLER COMPANIES FUND) (Continued)

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Use of Our Report

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ("the COLL Rules") issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.



Johnston Carmichael LLP  
Chartered Accountants  
Statutory Auditor  
Elgin

Date 15/4/19



## SUB-FUND OVERVIEW

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<b>Name of Sub-Fund</b>	VT Teviot UK Smaller Companies Fund
<b>Size of Company</b>	£49,148,887
<b>Launch Date</b>	29 August 2017
<b>Company Objective and Policy</b>	<p>The investment objective of the VT Teviot UK Smaller Companies Fund is to achieve a total return (of growth and income, after fees) greater than the Benchmark Index over the long term. The Benchmark Index is the Numis Smaller Companies Index (including AIM but excluding Investment Companies).</p> <p>The Fund will seek to achieve its investment objective by investing in a diversified portfolio of investments which shall primarily consist of UK equities which reside in the bottom 10% of the UK stock market in terms of market capitalisation.</p> <p>The investment held by the Fund will be primarily in companies domiciled, incorporated or having a significant part of their business in the UK.</p> <p>The Manager actively manages the portfolio in order to achieve the objective and will not be restricted in respect of investments by industrial sectors.</p> <p>In seeking investments the approach will be fundamental in nature: rigorous financial analysis of prospective and existing investments and regular contact with the management of these companies. The emphasis within the portfolio will reflect the desire to invest in companies whose shares represent relatively attractive value within the given stockmarket context.</p> <p>The Fund's investment universe is defined by the Numis Smaller Companies Index (including AIM but excluding Investment Companies). The Investment Manager has discretion to invest up to 10% of the fund's assets in FTSE 250 companies that are not in the benchmark index.</p> <p>The Fund's eligible markets, as defined in COLL, include the Official List of the London Stock Exchange plc ("LSE") and the Alternative Investment Market ("AIM") of the LSE. The Fund's base currency is Pounds Sterling.</p> <p>The Fund will not invest in any immovable property or tangible movable property.</p> <p>In addition to equities, the asset classes in which the Fund may invest includes transferable securities, units in collective investment schemes, money market instruments, cash and near cash and deposits to the extent permitted for UCITS schemes pursuant to the rules in COLL and in accordance with the Fund's investment powers as set out in the Prospectus.</p> <p>As indicated above, The Fund aims to achieve a total return over the longer term. Nevertheless capital is in fact at risk and there is no guarantee that a total return will be achieved over that specific, or any, time period.</p>
<b>Performance benchmark</b>	The performance benchmark is the Numis Smaller Companies Index (including AIM but excluding Investment Companies).
<b>Derivatives</b>	The Sub-Fund may hold derivatives for efficient portfolio management purposes. It is not intended that the use of derivatives for efficient portfolio management purposes will increase the risk profile of the Sub-Fund.

## SUB-FUND OVERVIEW (CONTINUED)

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<b>Authorised Corporate Director (ACD)</b>	Valu-Trac Investment Management Limited
<b>Ex-distribution Dates</b>	30 June, 31 December
<b>Distribution Dates</b>	31 August, 28 February
<b>Individual Savings Account (ISA)</b>	The Company is a qualifying investment for inclusion in an ISA.
<b>Minimum Investment</b>	
Lump sum subscription	Net Accumulation/Income = £1,000 Gross Accumulation/Income = £1,000
Top up	Net Accumulation/Income = £500 Gross Accumulation/Income = £500
Holding	Net Accumulation/Income = £500 Gross Accumulation/Income = £500
Redemption	£500 (provided minimum holding is maintained)
Switching	£500 (provided minimum holding is maintained)

Initial, redemption and switching charges Nil

The ACD may waive minimum levels at its discretion.

### **ACD charges**

The ACD charges are:	£30,000 per annum plus Net Accumulation/Income = 0.75% Gross Accumulation/Income = 0.75%
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The above percentage being the percentage of the net asset value of the Fund attributable to the relevant class (plus VAT if applicable).

The fixed element of the fee shall rise annually in line with the rate of inflation (calculated in accordance with the Consumer Price Index) on 1 July each year from 1 July 2018. In the event of negative inflation the fixed element of the fee shall remain unchanged.

### **Dilution levy**

The ACD retains discretion to charge a dilution levy of up to 2.5% on all purchases and redemptions of shares. The actual rate is monthly.

### **Investment restrictions**

The sub-fund may not invest more than 10% of its value in other collective investment schemes and may not invest in other sub-funds of the Company.

# INVESTMENT MANAGER'S REVIEW

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## Introduction

This is the maiden set of final results for the VT Teviot UK Smaller Companies Fund since launch on 29 August 2017 and covers the period to 31 December 2018. It is a sixteen-month period in which the global interest rate cycle turned, and various economic and political uncertainties ended one of the longest bull markets in history. It also coincides with a period of unprecedented regulatory change for investment managers. In short, there were plenty of challenges to navigate.

Many of these challenges were on the horizon when we founded Teviot Partners in 2016. At the time, we believed that a small, focussed investment manager would have a greater ability to adapt and respond to changing circumstances. Our experience since we founded the business has increased our original conviction. Having liquidity in an illiquid asset class, like UK Smaller Companies, is a valuable competitive advantage. There are two principle benefits: investment decisions can be timed according to investment considerations, not liquidity factors; and it allows us to select from a broader spectrum of companies because the Fund can invest in smaller constituents within our universe. Recognising this liquidity advantage, we commit to controlling the growth in our assets under management to preserve this advantage.

## Performance

Over the period from launch to 31 December 2018, the Fund has produced a positive total return of 9.4%, while the benchmark index, the Numis Smaller Companies Index (including AIM but excluding Investment Companies) generated a negative return of 10.5%. Outperformance was achieved in eleven months of the sixteen-month period and importantly, the outperformance was sustained during the market correction witnessed in the fourth quarter of 2018. The contribution to this return has been broadly spread and the portfolio comprises of 67 holdings. Analysis of the attribution of returns shows that the performance is nearly all generated by stock selection rather than sector allocation. Our monthly Factsheets provide an insight into the companies driving performance over the shorter term. The Statement of Total Return for the Fund shows a deficit for the period of £5,202,638. This may seem unusual in a period where the Fund has shown a positive progression in net asset value and results from the timing of inflows into the Fund. The majority of these inflows were at a premium to the closing net asset value, reflecting the weak market conditions towards the end of the period.

## Style

Teviot's investment process is value orientated so the returns have been achieved with a distinctly different approach to most of our peers. Growth investing has been in the ascendancy for much of the last decade and the data suggests this remained the case in 2018. However, the fourth quarter provided a timely reminder that a value discipline is often helpful when markets become more difficult.

Teviot aims to invest in companies with good long-term prospects and avoid industries with potential structural challenges. However, we pay close attention to what we pay for these opportunities. On occasion, this may mean paying above the market average valuation but at the portfolio level Teviot estimates that the portfolio stands on a prospective price earnings ratio of 11.0x and a dividend yield of 3.3% at the period end, providing some impression of the value in the portfolio. We are helped by the diversity of companies in our potential investment universe and we currently invest in one in eleven of the companies available to us.

Our investment universe is broader than many of our peers because our average unit size of investment is relatively small, allowing us to invest further down the market capitalisation spectrum. In turn, this results in a portfolio where the average size of company is smaller than the benchmark index. The average market capitalisation of our holdings was £324m at the period end and the median market capitalisation of the portfolio was £148m. This compares to an average market capitalisation for the benchmark index of £601m at the period end. Over the long term, there is compelling evidence to support investing in the smaller constituents of the Market. In many cases, the smaller constituents present themselves as value opportunities due their relative liquidity rather than their prospects. At the more liquid end of the market, value opportunities will often come with more clouded prospects.

## Income

The Fund has made three distributions over this reporting period as detailed in the notes to the accounts. The two distributions for the calendar year 2018 on the accumulation class amount to 2.4012p. The Fund does not have a specific income target and 75% of allowable costs are charged to income. Dividends are an important element of our investment appraisal and we believe the portfolio is currently well positioned to deliver dividend growth in 2019.

## INVESTMENT MANAGER'S REVIEW (Continued)

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### Outlook

The global economic outlook is more uncertain than it has been for some time. The initial steps towards normalising monetary policy have resulted in faltering growth and concerns are further compounded by threats of protectionism. Markets have been accustomed to rational and co-ordinated responses in the past and yet now economic policy appears more unpredictable. While everyone in the UK is fixated by Brexit, the trajectory of markets will be materially affected by global events.

UK small companies will be significantly exposed to the repercussions of Brexit, in whatever form it takes. In the two years following the referendum the worst fears were not realised. The devaluation of sterling increased competitiveness and served to inflate international earnings. The UK enjoyed close to full employment and most companies have operated on the basis that some form of settlement will be reached with the EU. As the deadline approaches and still no consensus has formed, then the uncertainty is clearly beginning to weigh on companies. If uncertainty is removed, then we expect a period of relief in which prospects improve, sterling strengthens and investors return to the UK market. However, the two scenarios the market fears are a "no-deal" Brexit and a Corbyn led government. Both these outcomes seem unlikely, but neither can be dismissed.

In this environment, we come back to the importance of liquidity. Whichever of these wide-ranging scenarios unfold, Teviot has a relative liquidity advantage to be able to re-position our client's capital so that we maintain a portfolio with good value attributes and attractive prospects.

Teviot Partners LLP  
Investment Manager to the Fund

# PERFORMANCE RECORD

## Financial Highlights

		<b>Period from 29 August 2017 to 31 December 2018<sup>^</sup></b>
<b>Net Accumulation</b>		
Changes in net assets per unit		<b>GBP</b>
	Opening net asset value per unit	100.0000
	Return before operating charges	10.3659
	Operating charges (note 1)	(1.0049)
	Return after operating charges*	9.3610
	Closing net asset value per unit	109.3610
	Retained distributions on accumulated units	3.2178*
	*after direct transaction costs of:	1.2352
<b>Performance</b>		
	Return after charges	9.36%
<b>Other information</b>		
	Closing net asset value	£14,727,438
	Closing number of units	13,466,806
	Operating charges (note 2)	0.96%
	Direct transaction costs	1.18%
<b>Prices</b>		
	Highest unit price	128.42
	Lowest unit price	100.00

<sup>^</sup>Share class launched 29 August 2017

		<b>Period from 29 August 2017 to 31 December 2018<sup>^</sup></b>
<b>Net Income</b>		
Changes in net assets per unit		<b>GBP</b>
	Opening net asset value per unit	100.0000
	Return before operating charges	10.5870
	Operating charges (note 1)	(0.9907)
	Return after operating charges*	9.5963
	Distribution on income units	(3.1930)**
	Closing net asset value per unit	106.4033
	*after direct transaction costs of:	1.2178
<b>Performance</b>		
	Return after charges	9.60%
<b>Other information</b>		
	Closing net asset value	£35,064,168
	Closing number of units	32,954,011
	Operating charges (note 2)	0.96%
	Direct transaction costs	1.18%
<b>Prices</b>		
	Highest unit price	127.50
	Lowest unit price	100.00

<sup>^</sup>Share class launched 29 August 2017

\* The dividend for the calendar year 2018 amounted to 2.4012p per share

\*\*The dividend for the calendar year 2018 amounted to 2.3762p per share.

## PERFORMANCE RECORD (Continued)

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1. The operating charges per unit figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the period.
2. The operating charges percentage is based on the expenses incurred during the period annualised, as a proportion of the average net asset value of the fund.

### **Risk Profile**

Based on past data, the Fund is ranked a '5' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document. The Fund is ranked '5' as the Fund is in a relatively high category because the price of its investments are expected to rise and fall to some extent.

## PORTFOLIO SUMMARY

As at 31 December 2018		Market	Total Net	Index
Investment	Holding	Value	Asset	
		£	%	%
<b>Total Equities</b>		<b>47,779,440</b>	<b>97.21</b>	<b>100.00</b>
<b>Oil &amp; Gas Producers</b>		<b>2,987,990</b>	<b>6.07</b>	<b>4.66</b>
Cairn Energy	519,093	782,792	1.59	
Eland Oil & Gas	566,500	610,403	1.24	
Jadestone Energy	1,371,429	467,657	0.95	
Premier Oil	1,125,000	726,469	1.48	
Serica Energy	323,120	400,669	0.81	
<b>Oil Equipment &amp; Services</b>		<b>272,640</b>	<b>0.55</b>	<b>0.83</b>
Enteq Upstream	1,420,000	272,640	0.55	
<b>Alternative Energy</b>		<b>178,645</b>	<b>0.36</b>	<b>0.23</b>
Ilika	268,705	45,008	0.09	
PV Crystalox Solar	533,480	133,637	0.27	
<b>Chemicals</b>		-	-	<b>1.67</b>
<b>Forestry &amp; Paper</b>		-	-	<b>0.05</b>
<b>Industrial Metals &amp; Mining</b>		-	-	<b>0.14</b>
<b>Mining</b>		<b>2,462,989</b>	<b>5.01</b>	<b>3.40</b>
Anglo Pacific Group	1,044,233	1,521,970	3.10	
Central Asia Metals	435,657	941,019	1.91	
<b>Construction &amp; Materials</b>		<b>2,835,193</b>	<b>5.76</b>	<b>4.21</b>
Countryside Properties	60,000	180,900	0.37	
Eurocell	325,000	695,500	1.41	
Keller Group	101,000	499,445	1.02	
Tyman	375,000	891,563	1.81	
Van Elle Holdings	709,731	567,785	1.15	
<b>Aerospace &amp; Defense</b>		-	-	<b>2.26</b>
<b>General Industrials</b>		<b>305,871</b>	<b>0.62</b>	<b>0.67</b>
Low & Bonar	2,192,623	305,871	0.62	

## PORTFOLIO SUMMARY (Continued)

As at 31 December 2018		Market	Total Net	
Investment	Holding	Value	Asset	Index
		£	%	%
<b>Electronic &amp; Electrical Equipment</b>		<b>2,951,537</b>	<b>6.01</b>	<b>2.03</b>
Elektron Technology	2,515,635	1,094,301	2.23	
TT Electronics	701,200	1,363,133	2.77	
Zytronic	160,684	494,103	1.01	
<b>Industrial Engineering</b>		<b>1,784,622</b>	<b>3.64</b>	<b>1.83</b>
Castings	153,405	582,939	1.19	
Severfield	567,507	401,227	0.82	
Trifast	432,095	800,456	1.63	
<b>Industrial Transportation</b>		<b>1,543,870</b>	<b>3.14</b>	<b>1.87</b>
Clarkson	28,411	532,990	1.08	
Ocean Wilsons Holdings	86,400	1,010,880	2.06	
<b>Support Services</b>		<b>7,094,158</b>	<b>14.43</b>	<b>11.46</b>
Augean	850,000	612,000	1.24	
De La Rue	225,000	937,688	1.91	
Driver Group	1,217,500	894,863	1.82	
Kin and Carta	1,406,857	1,363,947	2.78	
Ricardo	188,745	1,179,656	2.40	
Science Group	200,141	416,293	0.84	
Staffline Group	69,667	855,511	1.74	
WYG	1,940,000	834,200	1.70	
<b>Automobiles &amp; Parts</b>		<b>1,027,167</b>	<b>2.09</b>	<b>0.45</b>
TI Fluid Systems	616,732	1,027,167	2.09	
<b>Beverages</b>		-	-	<b>0.93</b>
<b>Food Producers</b>		<b>1,783,022</b>	<b>3.63</b>	<b>2.82</b>
Dairy Crest Group	214,500	907,335	1.85	
Greencore Group	492,028	875,687	1.78	
<b>Household Goods &amp; Home Construction</b>		<b>1,231,950</b>	<b>2.51</b>	<b>3.16</b>
IG Design Group	215,000	1,231,950	2.51	
<b>Leisure Goods</b>		<b>749,801</b>	<b>1.53</b>	<b>1.20</b>
Character Group	138,852	749,801	1.53	



## PORTFOLIO SUMMARY (Continued)

As at 31 December 2018		Market	Total Net	
Investment	Holding	Value	Asset	Index
		£	%	%
<b>Personal Goods</b>		-	-	<b>0.98</b>
<b>Health Care Equipment &amp; Services</b>		-	-	<b>1.77</b>
<b>Pharmaceuticals &amp; Biotechnology</b>		<b>1,336,758</b>	<b>2.72</b>	<b>3.66</b>
Allergy Therapeutics	3,535,000	481,643	0.98	
Vectura Group	1,212,070	855,115	1.74	
<b>Food &amp; Drug Retailers</b>		<b>123,841</b>	<b>0.25</b>	<b>0.89</b>
McColl's Retail Group	220,750	123,841	0.25	
<b>General Retailers</b>		<b>4,406,859</b>	<b>8.97</b>	<b>4.58</b>
Carpetright	1,657,787	279,337	0.57	
Findel	721,500	1,475,468	3.00	
Footasylum	556,691	150,307	0.31	
Lookers	1,286,617	1,189,477	2.42	
Mothercare	8,331,875	1,312,270	2.67	
<b>Media</b>		<b>3,329,658</b>	<b>6.77</b>	<b>4.02</b>
Bonhill Group	750,000	615,000	1.25	
Ebiquity	930,000	599,850	1.22	
Future	220,250	1,066,010	2.16	
Haynes Publishing	115,800	200,334	0.41	
STV Group	239,341	848,464	1.73	
<b>Travel &amp; Leisure</b>		<b>1,845,658</b>	<b>3.76</b>	<b>7.25</b>
Elegant Hotels Group	984,000	688,800	1.40	
Marston's	767,000	720,021	1.47	
Ten Entertainment Group	191,595	436,837	0.89	
<b>Fixed Line Telecommunications</b>		<b>641,268</b>	<b>1.30</b>	<b>1.51</b>
Manx Telecom	415,060	641,268	1.30	
<b>Mobile Telecommunications</b>		-	-	<b>0.39</b>
<b>Electricity</b>		<b>961,541</b>	<b>1.96</b>	<b>0.85</b>
Drax Group	265,913	961,541	1.96	
<b>Gas, Water &amp; Multiutilities</b>		-	-	<b>0.05</b>

## PORTFOLIO SUMMARY (Continued)

As at 31 December 2018		Market	Total Net	
Investment	Holding	Value	Asset	Index
		£	%	%
<b>Software &amp; Computer Services</b>		<b>1,376,924</b>	<b>2.80</b>	<b>6.69</b>
Brady	226,550	146,125	0.30	
Castleton Technology	591,888	554,895	1.13	
SCISYS Group	171,103	254,088	0.52	
IQGeo	624,912	421,816	0.85	
<b>Technology Hardware &amp; Equipment</b>		<b>1,224,324</b>	<b>2.49</b>	<b>1.24</b>
Amino Technologies	511,000	592,760	1.21	
Vianet Group	613,169	631,564	1.28	
<b>Banks</b>		-	-	<b>1.26</b>
<b>Nonlife Insurance</b>		<b>1,399,090</b>	<b>2.85</b>	<b>1.16</b>
Sabre Insurance Group	506,000	1,399,090	2.85	
<b>Life Insurance</b>		<b>732,074</b>	<b>1.49</b>	<b>0.35</b>
Just Group	815,000	732,074	1.49	
<b>Real Estate Investment &amp; Services</b>		<b>450,028</b>	<b>0.92</b>	<b>5.50</b>
Belvoir Lettings	508,506	450,028	0.92	
<b>Real Estate Investment Trusts</b>		-	-	<b>4.04</b>
<b>Financial Services</b>		<b>2,741,962</b>	<b>5.58</b>	<b>9.94</b>
Manolete Partners	342,857	668,571	1.36	
Morses Club	767,071	1,200,466	2.44	
Ramsdens Holdings	515,000	872,925	1.78	
<b>Total Equities</b>		<b>47,779,440</b>	<b>97.21</b>	
<b>Mid to bid adjustment</b>		<b>(628,179)</b>	<b>(1.28)</b>	
<b>Other net assets</b>		<b>1,997,626</b>	<b>4.07</b>	
<b>Total Net Assets</b>		<b>49,148,887</b>	<b>100.00</b>	

The Sub-Fund launched on 29 August 2017 therefore there are no comparative figures.

The Index shown is the unbalanced Numis Smaller Companies Index (including AIM but excluding Investment Companies), as at 31 December 2018.

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

<b>Purchases (Note 14)</b>	<b>£</b>	<b>Sales (Note 14)</b>	<b>£</b>
Mothercare	2,004,018	Premier Oil	1,018,002
Ricardo	1,836,511	Amigo Holdings	1,007,145
Findel	1,628,754	Macfarlane Group	932,176
TT Electronics	1,625,312	Speedy Hire	880,715
Anglo Pacific Group	1,608,895	Greene King	871,793
TI Fluid Systems	1,604,810	RPS Group	863,287
Greencore Group	1,546,728	Ultra Electronics Holdings	828,221
Premier Oil	1,433,288	Nostrum Oil & Gas	803,167
Tyman	1,320,138	Headlam Group	797,675
Sabre Insurance Group	1,312,843	Diversified Gas & Oil	758,562
Lookers	1,299,213	CMC Markets	724,597
De La Rue	1,264,340	Mortgage Advice Bureau	622,540
RPS Group	1,234,350	U and I Group	585,698
Amigo Holdings	1,224,365	NAHL Group	564,479
Kin and Carta	1,216,834	SCISYS Group	551,607
Central Asia Metals	1,206,942	Greencore Group	530,874
Cairn Energy	1,189,904	Hogg Robinson	508,568
Future	1,170,169	Staffline Group	503,179
IG Design Group	1,120,475	Future	501,350
Vectura Group	1,115,440	Brady	408,925
<b>Other Purchases</b>	<b>47,577,835</b>	<b>Other Sales</b>	<b>9,042,665</b>
<b>Total Purchases for the Period</b>	<b>75,541,164</b>	<b>Total Sales for the Period</b>	<b>23,305,225</b>

The above transactions represent all of the major sales and purchases during the period.

## STATEMENT OF TOTAL RETURN

For the period from 29 August 2017 to 31 December 2018

		£	£
Income	Notes		
Net capital (losses)	2		(5,098,267)
Revenue	3	1,207,830	
Expenses	4	(417,485)	
Finance costs: Interest	6	-	
Net revenue before taxation		<u>790,345</u>	
Taxation	5	-	
Net revenue after taxation			<u>790,345</u>
Total return before distributions			(4,307,922)
Finance costs	6		<u>(894,716)</u>
<b>Change in net assets attributable to shareholders from investment activities</b>			<b><u>(5,202,638)</u></b>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period from 29 August 2017 to 31 December 2018

	£
<b>Opening net assets attributable to shareholders</b>	-
Amounts receivable on creation of shares	54,179,933
Amounts payable on cancellation of shares	(962,232)
Dividend reinvested	343,678
Dilution levy	790,146
Change in net assets attributable to shareholders from investment activities (see above)	<u>(5,202,638)</u>
<b>Closing net assets attributable to shareholders</b>	<b><u>49,148,887</u></b>

The fund was launched on 29 August 2017, hence there are no comparatives.

# BALANCE SHEET

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As at 31 December 2018

	Notes	£	£
<b>ASSETS</b>			
Investment assets			47,151,261
<b>Current assets</b>			
Debtors	7	245,331	
Cash and bank balances	8	<u>2,184,584</u>	
<b>Total other current assets</b>			<u>2,429,915</u>
<b>Total current assets</b>			49,581,176
<b>CURRENT LIABILITIES</b>			
<b>Creditors</b>			
Distribution payable on income shares		(375,451)	
Other creditors	9	<u>(56,838)</u>	
<b>Total current liabilities</b>			<u>(432,289)</u>
<b>Net assets attributable to shareholders</b>			<u>49,148,887</u>

The fund was launched on 29 August 2017, hence there are no comparatives.

# NOTES TO THE FINANCIAL STATEMENTS

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For the period ended 31 December 2018

## 1. Accounting Policies

- (a) The financial statements have been prepared in compliance with FRS 102 and in accordance with the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (IA) in May 2014. The functional currency is Sterling.
- (b) Dividends on equities are recognised when the security is quoted ex-dividend. Other revenue is accounted for on a receipts basis.
- (c) The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Fund, and where applicable is included in the distribution. In the case of an enhanced stock dividend the value of the enhancement is treated as capital.
- (d) Special dividends are treated as repayments of capital or revenue depending on the facts of each particular case.
- (e) All expenses are accounted for on an accruals basis and, other than those relating to the buying and selling of investments, 75% of all expenses are charged to the revenue of the Fund.
- (f) Where the revenue from investments exceeds the expenses of the Fund, half yearly distributions are allocated to all holders of income and accumulation shares.
- (g) The listed investments of the Fund have been valued at bid market prices at the closing valuation point on 31 December 2018.
- (h) All transactions in foreign currencies are converted into Sterling at the rates of exchange ruling at the date of such transactions. Any foreign currency assets and liabilities at the end of the accounting period are translated at the exchange rates at the closing valuation point on 31 December 2018.
- (i) Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax.  
  
Deferred tax assets are recognised only to the extent that the ACD considers that it is more likely than not there will be taxable profits from which underlying timing differences can be deducted.
- (j) In certain circumstances the ACD may charge a dilution levy on the sale or repurchase of shares. The levy, which is paid into the Fund, is intended to cover certain charges not included in the bid market value of the Fund, used in calculating the share price, which could have a diluting effect on the performance of the Fund.
- (k) Equalisation will be applied to the Company. An allocation of income to be made in respect of each share issued or sold by the ACD during an accounting period in respect of which that income allocation is made may include a capital sum ("income equalisation") representing the ACD's best estimate of the amount of income included in the price of that share.

The amount of income equalisation in respect of any share may be the actual amount of income included in the issue price of the share in question or it may be an amount arrived at by taking the aggregate of the ACD's best estimate of the amounts of income included in the price of shares in that class issued or sold in the annual or interim period in question and dividing that aggregate by the number of those shares and applying the resultant average to each of the shares in question.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

	<b>From 29 August 2017 to 31 December 2018</b>
<b>2. Net Capital (Losses)</b>	
<b>The net capital (losses) comprise:</b>	<b>£</b>
Non-derivative securities (losses)	(5,084,677)
Transaction charges (custodian)	(13,607)
Foreign exchange gain	17
Total net capital (losses)	<u>(5,098,267)</u>
	<b>From 29 August 2017 to 31 December 2018</b>
<b>3. Revenue</b>	
	<b>£</b>
UK dividends	1,156,228
Unfranked investment income	25,039
Overseas dividends	25,467
Bank interest	1,096
Total revenue	<u>1,207,830</u>
	<b>From 29 August 2017 to 31 December 2018</b>
<b>4. Expenses</b>	
	<b>£</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:</b>	
ACD fee	<u>364,685</u>
<b>Payable to the depositary, associates of the depositary, and agents of either of them:</b>	
Depositary fee	26,937
Safe custody fee and transaction charges	14,382
	<u>41,319</u>
<b>Other expenses:</b>	
Audit fee	8,083
FCA fee	181
Legal and investment fees	3,217
	<u>11,481</u>
Total expenses	<u>417,485</u>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

	From 29 August 2017 to 31 December 2018 £
<b>5. Taxation</b>	
<b>(a) Analysis of charge in the period</b>	
Irrecoverable income tax	-
Total current tax charge for the period (note 5b)	<u>-</u>
<b>(b) Factors affecting current tax charge for the period</b>	
The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an open-ended investment company of 20.00%. The differences are explained below:	
Net revenue before taxation	790,345
Corporation tax at 20.00%	158,069
<u>Effects of:</u>	
Revenue not subject to UK corporation tax	(236,339)
Current period expenses not utilised	78,270
Current tax charge for period (note 5a)	<u>-</u>
<b>(c) Provision for deferred taxation</b>	
At 31 December 2018 there is a potential deferred tax asset of £78,270 (at 20.00% corporation tax rate) in relation to surplus management expenses. It is unlikely the Company will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised.	
	From 29 August 2017 to 31 December 2018 £
<b>6. Finance Costs</b>	
First interim dividend distribution	60,028
Second interim dividend distribution	482,404
Final dividend distribution	532,400
	<u>1,074,832</u>
Add: Revenue deducted on cancellation of shares	1,536
Deduct: Revenue received on issue of shares	(181,652)
	<u>894,716</u>
<b>Net distribution for the period</b>	894,716
Interest	-
<b>Total finance costs</b>	<u>894,716</u>
<b>Reconciliation of distributions</b>	
Net revenue after taxation	790,345
Expenses paid from capital	104,371
<b>Net distribution for the period</b>	<u>894,716</u>



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

<b>7. Debtors</b>	<b>31 December 2018</b>
	<b>£</b>
Amounts receivable for issue of shares	139,654
Accrued revenue:	
Dividends and withholding tax receivable	105,677
Total debtors	<u>245,331</u>
<b>8. Cash and Bank Balances</b>	<b>31 December 2018</b>
	<b>£</b>
Cash and bank balances	<u>2,184,584</u>
<b>9. Creditors</b>	<b>31 December 2018</b>
	<b>£</b>
Amounts payable for redemption of shares	76
<b>Amounts payable to the ACD, associates of the ACD and agents of either of them:</b>	
ACD's periodic charge	34,201
<b>Amounts payable to the Depositary, associates of the Depositary and agents of either of them:</b>	
Transaction charges	11,580
Safe custody and other bank charges	1,309
	<u>12,889</u>
Audit fee	8,083
Other accrued expenses	1,589
Total creditors	<u>56,838</u>

### 10. Financial Instruments

In pursuing its investment objective as stated on page 7, the Company holds a number of financial instruments. The Company's financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued revenue.

The main risks arising from the Company's financial instruments, those of its underlying holdings and the ACD's policies for managing these risks are summarised below. These policies have been applied throughout the period.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Market Price Risk

Market price risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Company holds. It represents the potential loss the Company might suffer through holding market positions in the face of price movements.

The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the ACD in pursuance of the investment objective and policy as set out in the Prospectus.

Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook mitigates the risk of excessive exposure to any particular type of security or issuer.

If market prices at the balance sheet date had been 10% higher or lower while all other variables remained constant, the return attributed to ordinary shareholders and equity for the period from 29 August 2017 to 31 December 2018 would have increased/decreased by £4,715,126.

### Foreign Currency Risk

Foreign currency risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in foreign currency exchange rates.

The AFM may seek to manage exposure to currency movements by using forward exchange contracts or by hedging the Sterling value of investments that are priced in other currencies. Revenue received in other currencies is converted to Sterling on or near the date of receipt.

Net currency monetary assets and liabilities consist of:

At 31 December 2018	Net Monetary Assets and Liabilities	Non Monetary Assets	Total Net Assets
	£	£	£
Sterling	1,997,626	47,151,261	49,148,887
Total	1,997,626	47,151,261	49,148,887

### Interest Rate Risk

Interest rate risk is the risk that the value of the Company's investment holdings will fluctuate as a result of changes in interest rates. The company's interest rate risk is limited to bank balances of £2,184,584.

### Maturity of Financial Liabilities

The financial liabilities of the company as at 31 December 2018 are payable either within one year or on demand.

### Liquidity Risk

The Company's assets comprise mainly of readily realisable securities. The main liability of the Company is the redemption of any shares that the investors wish to sell. Assets of the Company may need to be sold if insufficient cash is available to finance such redemptions.

### Credit Risk

Certain transactions in securities that the Company enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Company has fulfilled its responsibilities. The Company only buys and sells investments through brokers which have been approved by the ACD as acceptable counterparties and fund management companies. In addition, limits are set to the exposure to any individual broker that may exist at any time and changes in brokers' financial ratings are reviewed.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Fair Value Disclosure

The fair value hierarchy is intended to prioritise the inputs that are used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices and the lowest to un-observable inputs. The criteria applied to the fair values levels in these financial statements are as follows:

- A Fair value based on a quoted price for an identical instrument in an active market.
- B Fair value based on the price of a recent transaction for an identical instrument.
- C1 Fair value based on a valuation technique using observable market data.
- C2 Fair value based on a valuation technique that relies significantly on non-observable market data.

Valuation Technique	Assets £'000	Liabilities £'000
A Quoted prices for identical instruments in active markets	47,151	-
	47,151	-

### 11. Units Held

#### Net Accumulation

<b>Opening units at 29 August 2017</b>	-
Units issued during the period	14,097,675
Units cancelled during the period	(630,869)
Units converted during the period	-
<b>Closing units at 31 December 2018</b>	<b>13,466,806</b>

#### Net Income

<b>Opening units at 29 August 2017</b>	-
Units issued during the period	33,125,501
Units cancelled during the period	(171,490)
Units converted during the period	-
<b>Closing units at 31 December 2018</b>	<b>32,954,011</b>

### 12. Contingent Assets and Liabilities

At 31 December 2018, the fund had no contingent liabilities or commitments.

### 13. Post Balance Sheet Events

As indicated in the accounting policies in Note 1, the investments have been valued at the closing valuation point on 31 December 2018. Since that date, the Fund's quoted mid price has moved as follows for each share class:

Share class	Price at 31 December 2018	Price at 01 April 2019
Net Accumulation	109.3610	116.6140
Net Income	106.4033	113.4641

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 14. Portfolio Transaction Costs

	31 December 2018		
Analysis of total purchase costs	£	% of Purchases	£
Purchases in the period before transaction costs			75,203,989
Commissions	108,942	0.14%	
Taxes	227,844	0.30%	
Levies	389	0.00%	
	<u>337,175</u>	0.44%	
Total purchase costs			<u>337,175</u>
Total purchases including transaction costs			<u><u>75,541,164</u></u>

	31 December 2018		
Analysis of total sale costs	£	% of Sales	£
Sales in the period before transaction costs			23,343,286
Commissions	(35,134)	0.15%	
Taxes	-	0.00%	
Levies	(90)	0.00%	
	<u>(35,224)</u>	0.16%	
Total sale costs			<u>(38,061)</u>
Total sales net of transaction costs			<u><u>23,305,225</u></u>

	£	% of Average Net Assets
<b>Analysis of total transaction costs</b>		
Commissions	144,076	0.45%
Taxes	227,844	0.73%
Levies	479	0.00%
Total	<u><u>372,399</u></u>	1.18%

# DISTRIBUTION TABLES

For the period ended 31 December 2018

## First Interim Distribution in Pence per Share

Group 1 – Shares purchased prior to 29 August 2017

Group 2 – Shares purchased on or after 29 August 2017 and on or before 29 December 2017

29 August 2017 to 29 December 2017

Net Income	Dividend paid 28 February 2018	Equalisation	Distribution paid 28 February 2018
Group 1	0.8168p	-	0.8168p
Group 2	0.6828p	0.1340p	0.8168p

Net Accumulation	Dividend accumulated 28 February 2018	Equalisation	Distribution accumulated 28 February 2018
Group 1	0.8166p	-	0.8166p
Group 2	0.5838p	0.2328p	0.8166p

## Second Interim Distribution in Pence per Share

Group 1 – Shares purchased prior to 29 December 2017

Group 2 – Shares purchased on or after 29 December 2017 and on or before 30 June 2018

29 December 2017 to 30 June 2018

Net Income	Dividend paid 31 August 2018	Equalisation	Distribution paid 31 August 2018
Group 1	1.2369p	-	1.2369p
Group 2	0.8304p	0.4065p	1.2369p

Net Accumulation	Dividend accumulated 31 August 2018	Equalisation	Distribution accumulated 31 August 2018
Group 1	1.2357p	-	1.2357p
Group 2	0.8484p	0.3873p	1.2357p

## Final Distribution in Pence per Share

Group 1 – Shares purchased prior to 30 June 2018

Group 2 – Shares purchased on or after 30 June 2018 and on or before 31 December 2018

30 June 2018 to 31 December 2018

Net Income	Dividend payable 28 February 2019	Equalisation	Distribution payable 28 February 2019
Group 1	1.1393p	-	1.1393p
Group 2	0.4994p	0.6399p	1.1393p

Net Accumulation	Dividend accumulated 28 February 2019	Equalisation	Distribution accumulated 28 February 2019
Group 1	1.1655p	-	1.1655p
Group 2	0.4936p	0.6719p	1.1655p

## EQUALISATION

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents the accrued revenue included in the purchase price of the shares. It is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

## Information for Corporate Shareholders

A corporate shareholder receives the distribution shown on the voucher enclosed with this report as follows:

- i) 97.83% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 2.17% of the dividend allocation is received as an annual payment received after deduction of income tax at the lower rate and is liable to corporation tax. It is not franked investment income.

# INFORMATION FOR INVESTORS

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## **Authorised Status**

VT Teviot Funds ICVC (“the Company”) is an authorised open-ended investment company with variable capital (“ICVC”) further to an authorisation order dated 31 July 2017. The Company is incorporated under registration number IC001094. It is a UCITS scheme complying with the investment and borrowing powers rules in the Collective Investment Schemes sourcebook (“COLL”) issued by and amended by the Financial Conduct Authority (“FCA”).

## **Head Office**

The head office of the Company is at Level 13 Broadgate Tower, 20 Primrose Street, London, EC2A 2EW.

## **Base Currency**

The base currency of the Company is Pounds Sterling.

## **Share Capital**

The minimum share capital of the Company is £1,000.

## **Structure of the Company**

The Company is structured as an umbrella company. Provision exists for an unlimited number of Sub-Funds.

## **Classes of Shares**

The Company can issue different classes of share in respect to any Sub-Fund.

## **Valuation Point**

The scheme property of the Company and each Sub-Fund will normally be valued at 12 noon on each dealing day for the purpose of calculating the price at which shares in the Company may be issued, sold, repurchased or redeemed.

The ACD reserves the right to revalue the Company or any Sub-Fund at any time if it considers it desirable to do so, with the Depositary’s approval.

## **Buying and Selling of Shares**

The ACD will accept orders for the purchase and sale of shares on normal business days between 8:30am and 5:30pm. Instructions to buy or sell shares may either be in writing to:

Valu-Trac Investment Management Ltd  
Orton, Fochabers, Moray, IV32 7QE  
Or by email to:  
[teviot@valu-trac.com](mailto:teviot@valu-trac.com)

A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

## **Individual Shareholders**

HM Revenue and Customs changed the taxation of dividends on 6 April 2016. Dividend tax credits were abolished and replaced by a tax-free annual dividend allowance now standing at £2,000. UK resident shareholders are now subject to new, higher rates of tax on dividend income in excess of the annual allowance. The actual rate depends on the individual’s tax rate band.

Capital gains tax: Individual shareholders resident in the UK for tax purposes may be liable to capital gains tax on realisation of their shares as with other chargeable assets. However, the first £11,700 (2018/19) of gains each year are presently tax free for individuals. Gains in excess of that amount are charged at the rate of tax applicable to the individual tax payer.

## **Pricing Basis**

There is single price for buying, selling and switching shares in a Sub-Fund which represents the net asset value of the Sub-Fund concerned. The share price is calculated on a forward pricing basis, that is at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACD. The latest price of the shares can be obtained by contacting the ACD.

## **Other Information**

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected free of charge at the office of the ACD which is also the Head Office of the Company and copies may be obtained upon application.

## CORPORATE DIRECTORY

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<b>Authorised Corporate Director, Manager &amp; Registrar</b>	<p>Valu-Trac Investment Management Limited Mains of Orton Fochabers Moray IV32 7QE</p> <p>Telephone: 01343 880344 Fax: 01343 880267 E-mail: (teviot@valu-trac.com)</p> <p>Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648</p>
<b>Director</b>	Valu-Trac Investment Management Limited as ACD
<b>Investment Manager</b>	<p>Teviot Partners LLP 46 Charlotte Square Edinburgh Scotland EH2 4HQ</p> <p>Authorised and regulated by the Financial Conduct Authority</p>
<b>Depositary</b>	<p>NatWest Trustee &amp; Depositary Services Drummond House 2<sup>nd</sup> Floor, 1 Redheughs Avenue Edinburgh EH12 9RH</p> <p>Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority</p>
<b>Auditor</b>	<p>Johnston Carmichael LLP Commerce House South Street Elgin IV30 1JE</p>