

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

**Annual Report and Financial Statements
for year to 31 December 2019**

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COMPANY OVERVIEW

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.

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

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

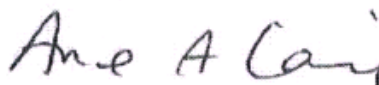
- comply with the Prospectus, the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014, the Instrument of Incorporation, generally accepted accounting principles and applicable accounting standards, subject to any material departures which are required 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

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 27 April 2020

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

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.

NatWest Trustee and Depositary Services Limited
1 January 2020

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

Opinion

We have audited the financial statements of VT Teviot Funds ICVC ("the Company") for the year ended 31 December 2019 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 2019 and of the net revenue and the net capital gains on the scheme property of the Company for the year 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)

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)

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

Johnston Carmichael LLP
Chartered Accountants
Statutory Auditor
Elgin

Date *29/4/20*

SUB-FUND OVERVIEW

Name of Sub-Fund	VT Teviot UK Smaller Companies Fund
Size of Company	£78,122,331
Launch Date	29 August 2017
Sub-fund Objective and Policy	<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 companies which shall primarily consist of small UK quoted companies. Small companies are those having a market capitalisation, at the time of purchase, equal to or lower than the largest company in the Numis Smaller Companies Index (including AIM but excluding investment companies).</p> <p>The investments held by the Sub-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 Sub-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 Sub-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 this Prospectus.</p> <p>As indicated above, the Sub-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>
Performance Benchmark	The performance benchmark is the Numis Smaller Companies Index (including AIM but excluding Investment Companies).
Derivatives	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)

Authorised Corporate Director (ACD) Valu-Trac Investment Management Limited

Ex-Distribution Dates 30 June, 31 December

Distribution Dates 31 August, 28 February

Individual Savings Account (ISA) The Company is a qualifying investment for inclusion in an ISA.

Minimum Investment

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%

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. The fee for 2019 was £31,334.

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 will be reviewed 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

Introduction

This is the second set of final results for the VT Teviot UK Smaller Companies Fund since launch on 29 August 2017 and covers the performance period for the twelve months to 31st December 2019. It has been another period of positive absolute and relative performance, building on the record achieved since inception. Importantly, these results provide further evidence to support our original thesis; a relatively small fund confers a material advantage in terms of liquidity and by extension, widens our potential universe of companies, thereby offering more investment choice. In practice, this gives the opportunity to time the entry and exit of investments according to the investment merits rather than the prevailing liquidity conditions. Furthermore, being able to select from a broader universe of companies gives us greater scope to identify companies offering attractive value allied with good prospects. Our mission is to provide superior long term returns from an illiquid asset class. To achieve this Teviot Partners is committed to preserving our liquidity advantage and managing responsibly the capacity of the strategy. At the 31st December 2019, Teviot Partners has two clients managed to the same strategy with a combined size of £91m.

Performance

In 2019, the Fund recorded a return of 33.6% compared with 22.2% from the benchmark index, the Numis Smaller Companies Index (including AIM but excluding Investment Companies). As we will go on to discuss below, it was a year when there was a significant divergence between the large and small constituents of the universe caused primarily by concerns around liquidity. Analysis by Teviot Partners estimates the smallest one third by weight of constituents returned 14% over the year while the largest one third of constituents returned 32%. This disparity in performance represented a strong headwind given the portfolio was heavily overweight in the smaller constituents. More than offsetting this headwind, stock selection has been positive and hence the favourable relative return. Our monthly Factsheets will give investors a flavour of the largest individual contributors to performance. However, we can demonstrate that active management, in what has been frequently a volatile market, helped capitalise on opportunities. We have also enjoyed more than our fair share of corporate activity with seven portfolio companies positively impacted in the period. This probably reflects our value discipline and our size exposure. The positive returns achieved in 2019 build on the returns generated since inception. Since launch on 29th August 2017, the Fund has returned +46.1% compared with the benchmark index return of +9.4%.

Style

Teviot Partners manages the portfolio with a value discipline. We consider the value gap between the current valuation and the intrinsic value of the company, adjusting for risk. Where risk is higher then we will look for a higher potential return. When value gaps close, we will actively recycle capital into more attractive opportunities. Accordingly, portfolio turnover can be an indicator of success and implementing the value discipline. In aggregate, we expect that over the long term the portfolio will exhibit a price earnings discount and a yield premium relative to the benchmark index. At 31st December 2019, we estimate that our portfolio is on a prospective price earnings multiple of 13.1x and a yield of 3.1%.

Interpreting performance with respect to style factors is fraught with difficulty. The price to book metric gives no impression of value in asset light industries which increasingly dominate our universe. We can observe that value as a style remains unfashionable and this appeals to our contrarian mindset. However, we also observe that value has performed well in 2019 and over the last decade in absolute terms. It is only in a relative sense that it has underperformed as growth investors continue to inflate valuations of their favoured companies. This trend will reverse at some point and we expect to benefit when it does, at least in relative terms.

Liquidity

Given the original thesis behind our business, Teviot Partners has always had a keen awareness of liquidity in our asset class. The issues surrounding the Woodford Funds dramatically heightened liquidity concerns among investors. The FCA is rightly focussing attention on liquidity and we can expect further developments in the year ahead. The effect on the small companies' market was almost immediate. Investors shunned the bottom end of the universe and 2019 recorded one of the widest ever disparities in performance between the small and large companies in the universe. On the one hand, it presents a range of value opportunities that will be accessible to a fund of Teviot's scale while on the other the period of adjustment still has further to run. One regrettable probability is that our investment universe will continue to shrink as listed markets hold diminishing appeal for smaller companies.

INVESTMENT MANAGER'S REVIEW (Continued)

Income

The Fund has made distributions totalling 2.9998p (2018:2.3762p) (Net Income share class) which is an increase of 26%. The figure includes special dividends accounting for 7% of income (2018: 3%). The Fund does not target a level of income and 75% of allowable costs are charged to income. The positive outcome in the year reflects the selection of undervalued companies with good prospects and scope to increase dividends as well as active management of the portfolio.

Outlook

The Markets entered 2019 on a wave of pessimism with global growth slowing, protectionism increasing and Brexit unresolved and yet the eventual outturn for the year proved highly rewarding for equity investors. For all the political trials and tribulations, perhaps the most influential factor was that yields remained depressed and equities appeared relatively attractive.

The Markets entered 2020 with greater optimism which has been quashed by increased tension in the Middle East and the Coronavirus outbreak in China. Both are of uncertain magnitude and duration with the potential to influence future returns. Offsetting this a monetary response seems probable and the low yield environment seems likely to persist. Domestically, investment decisions by UK consumers and corporates have been stifled by Brexit and political uncertainties. The decisive election result is helpful and a fiscal expansion will help to boost economic activity. However, a smooth passage to the conclusion of Brexit is unlikely, reflected in the continuing discount attributed to UK assets and depressed level of sterling.

The value style remains unfashionable and the smaller end of our market is increasingly unloved. Further volatility seems inevitable. These are cause for optimism and we will actively manage the portfolio and exploit the liquidity advantage conferred by our relative scale.

Teviot Partners LLP
Investment Manager to the Fund

PERFORMANCE RECORD

Financial Highlights

	Year ended 31 December 2019	Period from 29 August 2017 to 31 December 2018 [^]
Net Accumulation		
Changes in net assets per unit		
	GBP	GBP
Opening net asset value per unit	109.3610	100.0000
Return before operating charges	37.8083	10.3659
Operating charges (note 1)	(1.0984)	(1.0049)
Return after operating charges*	36.7099	9.3610
Closing net asset value per unit	146.0709	109.3610
Retained distributions on accumulated units	3.1025	3.2178+
*after direct transaction costs of:	0.6641	1.2352
Performance		
Return after charges	33.57%	9.36%
Other information		
Closing net asset value	£20,755,510	£14,727,438
Closing number of units	14,209,202	13,466,806
Operating charges (note 2)	0.86%	0.96%
Direct transaction costs	0.52%	1.18%
Prices		
Highest unit price	146.07	128.42
Lowest unit price	109.36	100.00

[^]Share class launched 29 August 2017

	Year ended 31 December 2019	Period from 29 August 2017 to 31 December 2018 [^]
Net Income		
Changes in net assets per unit		
	GBP	GBP
Opening net asset value per unit	106.4033	100.0000
Return before operating charges	36.4582	10.5870
Operating charges (note 1)	(1.0544)	(0.9907)
Return after operating charges*	35.4038	9.5963
Distribution on income units	(2.9998)	(3.1930)++
Closing net asset value per unit	138.8073	106.4033
*after direct transaction costs of:	0.6375	1.2178
Performance		
Return after charges	33.27%	9.60%
Other information		
Closing net asset value	£58,176,848	£35,064,168
Closing number of units	41,911,940	32,954,011
Operating charges (note 2)	0.86%	0.96%
Direct transaction costs	0.52%	1.18%
Prices		
Highest unit price	139.89	127.50
Lowest unit price	106.40	100.00

[^]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)

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 2019		Market	Total Net	
Investment	Holding	Value	Asset	Index
		£	%	%
Total Equities (31.12.18 : 97.21%)		75,463,788	96.60	100.00
Oil & Gas Producers (31.12.18 : 6.07%)		2,925,708	3.75	4.33
Cairn Energy	443,289	903,423	1.16	
Gulf Keystone Petroleum Ltd	355,000	756,150	0.97	
Premier Oil	1,050,000	1,029,000	1.32	
SDX Energy	1,090,276	237,135	0.30	
Oil Equipment & Services (31.12.18 : 0.55%)		364,940	0.47	0.57
Enteq Upstream	1,420,000	364,940	0.47	
Alternative Energy (31.12.18 : 0.36%)		-	-	0.41
Chemicals (31.12.18 : 0.00%)		628,212	0.80	1.47
Scapa Group	253,056	628,212	0.80	
Forestry & Paper (31.12.18 : 0.00%)		-	-	0.05
Industrial Metals & Mining (31.12.18 : 0.00%)		-	-	0.54
Mining (31.12.18 : 5.01%)		1,912,353	2.45	3.19
Anglo Pacific Group	553,961	1,070,530	1.37	
Central Asia Metals	375,814	841,823	1.08	
Construction & Materials (31.12.18 : 5.76%)		6,854,666	8.77	4.83
Alumasc Group	500,000	477,500	0.61	
Costain Group	751,740	1,217,819	1.56	
Countryside Properties	238,715	1,089,495	1.39	
Eurocell	711,000	1,727,730	2.21	
Keller Group	95,006	719,195	0.92	
Sigmaroc	1,280,487	672,256	0.86	
Tyman	232,000	624,080	0.80	
Van Elle Holdings	634,157	326,591	0.42	
Aerospace & Defense (31.12.18 : 0.00%)		2,529,347	3.24	1.58
Avon Rubber	59,860	1,273,522	1.63	
Chemring Group	526,000	1,255,825	1.61	
General Industrials (31.12.18 : 0.62%)		1,174,696	1.50	0.57
Macfarlane Group	1,097,847	1,174,696	1.50	

PORTFOLIO SUMMARY (Continued)

As at 31 December 2019		Market	Total Net	
Investment	Holding	Value	Asset	Index
		£	%	%
Electronic & Electrical Equipment (31.12.18 : 6.01%)		1,521,102	1.95	2.29
TT Electronics	469,330	1,147,512	1.47	
Zytronic	160,684	373,590	0.48	
Industrial Engineering (31.12.18 : 3.64%)		1,732,416	2.22	1.65
Severfield	523,206	439,493	0.56	
Trifast	472,923	864,267	1.11	
Vitec Group	39,875	428,656	0.55	
Industrial Transportation (31.12.18 : 3.14%)		1,878,140	2.40	1.62
Ocean Wilsons Holdings	86,400	855,360	1.09	
Wincanton	338,669	1,022,780	1.31	
Support Services (31.12.18 : 14.43%)		10,492,756	13.41	9.47
Amigo Holdings	1,000,000	675,000	0.86	
Augean	761,500	1,690,530	2.16	
De La Rue	935,000	1,331,440	1.70	
Driver Group	1,217,500	846,163	1.08	
Kin and Carta	1,139,641	1,132,803	1.45	
Renewi	6,793,443	2,464,321	3.15	
Ricardo	218,745	1,677,774	2.15	
Science Group	270,974	674,725	0.86	
Automobiles & Parts (31.12.18 : 2.09%)		756,723	0.97	0.59
TI Fluid Systems	302,689	756,723	0.97	
Beverages (31.12.18 : 0.00%)		-	-	0.71
Food Producers (31.12.18 : 3.63%)		1,548,140	1.99	2.75
Bakkavor Group	795,000	1,106,640	1.42	
Devro	250,000	441,500	0.57	
Household Goods & Home Construction (31.12.18 : 2.51%)		3,538,900	4.53	3.49
Headlam Group	222,226	1,173,353	1.50	
IG Design Group	151,000	1,079,650	1.38	
MJ Gleeson	134,790	1,285,897	1.65	
Leisure Goods (31.12.18 : 1.53%)		382,690	0.49	1.81
Character Group	93,339	382,690	0.49	

PORTFOLIO SUMMARY (Continued)

As at 31 December 2019		Market	Total Net	
Investment	Holding	Value	Asset	Index
		£	%	%
Personal Goods (31.12.18 : 0.00%)		-	-	0.73
Health Care Equipment & Services (31.12.18 : 0.00%)		3,609,565	4.62	1.82
Caretech Holdings	466,000	2,045,740	2.62	
Spire Healthcare Group	1,099,736	1,563,825	2.00	
Pharmaceuticals & Biotechnology (31.12.18 : 2.72%)		2,430,514	3.11	2.82
Allergy Therapeutics	3,785,000	386,070	0.49	
Ergomed	244,860	962,300	1.23	
Vectura Group	1,174,329	1,082,144	1.39	
Food & Drug Retailers (31.12.18 : 0.25%)		-	-	1.17
General Retailers (31.12.18 : 8.97%)		6,386,630	8.17	5.38
Lookers	1,822,420	1,026,022	1.31	
Mothercare	12,022,765	2,073,927	2.65	
Studio Retail Group	915,155	2,168,917	2.78	
Topps Tiles	1,527,000	1,117,764	1.43	
Media (31.12.18 : 6.77%)		3,817,606	4.90	4.44
Bonhill Group	900,000	342,000	0.45	
Ebiquity	930,000	344,100	0.45	
Future	128,997	1,878,196	2.40	
Haynes Publishing	85,800	368,082	0.47	
STV Group	214,341	885,228	1.13	
Travel & Leisure (31.12.18 : 3.76%)		3,648,201	4.67	9.09
Dart Group	88,197	1,515,225	1.94	
Rank Group	441,343	1,221,417	1.56	
Ten Entertainment Group	299,855	911,559	1.17	
Fixed Line Telecommunications (31.12.18 : 1.30%)		-	-	1.11
Mobile Telecommunications (31.12.18 : 0.00%)		-	-	0.58
Electricity (31.12.18 : 1.96%)		1,785,038	2.28	0.70
Drax Group	577,122	1,785,038	2.28	
Gas, Water & Multiutilities (31.12.18 : 0.00%)		-	-	0.03

PORTFOLIO SUMMARY (Continued)

As at 31 December 2019		Market	Total Net	Index
Investment	Holding	Value £	Asset %	%
Software & Computer Services (31.12.18 : 2.80%)		1,876,462	2.40	7.82
Castleton Technology	796,781	581,650	0.74	
Instem	19,977	77,111	0.10	
IQGeo	930,339	539,597	0.69	
Tribal Group	1,120,833	678,104	0.87	
Technology Hardware & Equipment (31.12.18 : 2.49%)		2,421,880	3.10	1.27
Amino Technologies	983,856	1,397,076	1.79	
Vianet Group	650,669	1,024,804	1.31	
Banks (31.12.18 : 0.00%)		-	-	0.92
Nonlife Insurance (31.12.18 : 2.85%)		1,823,787	2.34	1.60
Randall & Quilter Investment Holdings	589,711	1,037,891	1.33	
Sabre Insurance Group	255,576	785,896	1.01	
Life Insurance (31.12.18 : 1.49%)		-	-	0.52
Real Estate Investment & Services (31.12.18 : 0.92%)		2,285,819	2.93	5.66
Belvoir Lettings	792,081	1,124,755	1.44	
Countrywide	336,394	1,161,064	1.49	
Real Estate Investment Trusts (31.12.18 : 0.00%)		707,000	0.90	3.53
Newriver Reit	350,000	707,000	0.90	
Financial Services (31.12.18 : 5.58%)		6,430,497	8.24	8.90
Appreciate Group	1,800,000	1,003,500	1.28	
Begbies Traynor Group	355,000	322,163	0.42	
Brooks Macdonald Group	34,069	727,373	0.93	
International Personal Finance	580,222	954,465	1.22	
Morses Club	804,281	1,105,886	1.42	
Premier Asset Management Group	296,500	558,903	0.72	
Sigma Capital Group	771,688	872,007	1.12	
S&U	42,000	886,200	1.13	
Total Equities (31.12.18 : 97.21%)		75,463,788	96.60	
Mid to bid adjustment (31.12.18 : (1.28%))		(810,026)	(1.04)	
Other net assets (31.12.18 : 4.07%)		3,468,569	4.44	
Total Net Assets		78,122,331	100.00	

The Index shown is the unreballed Numis Smaller Companies Index (including AIM but excluding Investment Companies), as at 31 December 2019.

SUMMARY OF MATERIAL PORTFOLIO CHANGES

Purchases (Note 14)	£	Sales (Note 14)	£
Renewi	2,036,234	Clarkson	2,660,972
Countryside Properties	1,850,526	Marston's	1,908,692
Dart Group	1,741,630	Countryside Properties	1,570,664
International Personal Finance	1,696,857	Elektron Technology	1,414,468
Caretech Holdings	1,656,916	Aptitude Software Group	1,399,545
Clarkson	1,584,742	Premier Oil	1,299,337
Vitec Group	1,464,532	Dairy Crest Group	1,287,891
Costain Group	1,306,309	Greene King	1,259,962
Drax Group	1,274,565	Future	1,249,062
Randall & Quilter Investment Holdings	1,270,518	Anglo Pacific Group	1,218,148
Spire Healthcare Group	1,200,627	Elegant Hotels	1,082,400
MJ Gleeson	1,153,550	WYG	1,067,000
De La Rue	1,144,313	Vitec Group	1,062,562
Rank Group	1,112,234	TT Electronics	1,042,515
Topps Tiles	1,103,336	Staffline Group	1,022,077
Greene King	1,070,001	Greencore Group	1,012,013
Macfarlane Group	1,063,311	Keller Group	968,984
S&U	1,051,298	Dart Group	923,126
Bakkavor Group	1,032,352	Ramsdens Holdings	913,259
Aptitude Software Group	996,443	Cairn Energy	909,842
Other Purchases	29,689,643	Other Sales	20,441,773
Total Purchases for the Year	56,499,937	Total Sales for the Year	45,714,292

The above transactions represent the largest sales and purchases during the year.

STATEMENT OF TOTAL RETURN

For the year ended 31 December 2019 (Prior period 29 August 2017 to 31 December 2018)		2019	2019	2018	2018
		£	£	£	£
	Notes				
Income					
Net capital gains/ (losses)	2		16,708,698		(5,098,267)
Revenue	3	1,959,512		1,207,830	
Expenses	4	(536,448)		(417,485)	
Finance costs: Interest	6	-		-	
Net revenue before taxation		<u>1,423,064</u>		<u>790,345</u>	
Taxation	5	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>1,423,064</u>		<u>790,345</u>
Total return before distributions			18,131,762		(4,307,922)
Finance costs: distributions	6		<u>(1,557,176)</u>		<u>(894,716)</u>
Change in net assets attributable to shareholders from investment activities			<u>16,574,586</u>		<u>(5,202,638)</u>

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 December 2019 (Prior period 29 August 2017 to 31 December 2018)		2019	2018
		£	£
Opening net assets attributable to shareholders		49,148,887	-
Amounts receivable on creation of shares		18,153,561	54,179,933
Amounts payable on cancellation of shares		(6,453,795)	(962,232)
Distributions reinvested		428,942	343,678
Dilution levy		270,150	790,146
Change in net assets attributable to shareholders from investment activities (see above)		<u>16,574,586</u>	<u>(5,202,638)</u>
Closing net assets attributable to shareholders		<u>78,122,331</u>	<u>49,148,887</u>

BALANCE SHEET

As at 31 December 2019

		2019	2019	2018	2018
	Notes	£	£	£	£
ASSETS					
Investment assets			74,653,762		47,151,261
Current assets					
Debtors	7	803,517		245,331	
Cash and bank balances	8	<u>3,721,420</u>		<u>2,184,584</u>	
Total other current assets			<u>4,524,937</u>		<u>2,429,915</u>
Total current assets			79,178,699		49,581,176
CURRENT LIABILITIES					
Creditors					
Distribution payable on income shares		(532,176)		(375,451)	
Other creditors	9	<u>(524,192)</u>		<u>(56,838)</u>	
Total current liabilities			<u>(1,056,368)</u>		<u>(432,289)</u>
Net assets attributable to shareholders			<u>78,122,331</u>		<u>49,148,887</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

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 as a dividend distribution.
- (g) The listed investments of the Fund have been valued at bid market prices at the closing valuation point on 31 December 2019.
- (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 2019.
- (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)

	Year to 31 December 2019	From 29 August 2017 to 31 December 2018
2. Net Capital Gains/(Losses)		
The net capital gains/(losses) comprise:	£	£
Non-derivative securities gains/(losses)	16,716,855	(5,084,677)
Transaction charges (custodian)	(1,473)	(13,607)
Foreign exchange (losses)/gains	(6,684)	17
Total net capital gains/(losses)	<u>16,708,698</u>	<u>(5,098,267)</u>
	Year to 31 December 2019	From 29 August 2017 to 31 December 2018
3. Revenue	£	£
UK dividends	1,801,184	1,156,228
Unfranked investment income	-	25,039
Overseas dividends	154,505	25,467
Bank interest	3,823	1,096
Total revenue	<u>1,959,512</u>	<u>1,207,830</u>
	Year to 31 December 2019	From 29 August 2017 to 31 December 2018
4. Expenses	£	£
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
ACD fee	<u>492,413</u>	<u>364,685</u>
Payable to the depositary, associates of the depositary, and agents of either of them:		
Depositary fee	27,355	26,937
Safe custody fee and transaction charges	6,705	14,382
	<u>34,060</u>	<u>41,319</u>
Other expenses:		
Audit fee	8,117	8,083
FCA fee	58	181
Legal and investment fees	1,800	3,217
	<u>9,975</u>	<u>11,481</u>
Total expenses	<u>536,448</u>	<u>417,485</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Taxation	Year to 31 December 2019 £	From 29 August 2017 to 31 December 2018 £
(a) Analysis of charge in the period		
Irrecoverable income tax	-	-
Total current tax charge for the period (note 5b)	<u>-</u>	<u>-</u>
(b) Factors affecting current tax charge for the period		
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% (2018: 20.00%). The differences are explained below:		
Net revenue before taxation	1,423,064	790,345
Corporation tax at 20.00% (2018: 20.00%)	284,613	158,069
<u>Effects of:</u>		
Revenue not subject to UK corporation tax	(391,138)	(236,339)
Current period expenses not utilised	106,525	78,270
Current tax charge for period (note 5a)	<u>-</u>	<u>-</u>
(c) Provision for deferred taxation		
At 31 December 2019 there is a potential deferred tax asset of £184,795 (at 20.00% corporation tax rate) (31 December 2018: £78,270) 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.		
6. Finance Costs	Year to 31 December 2019 £	From 29 August 2017 to 31 December 2018 £
Interim dividend distributions	884,000	542,432
Final dividend distribution	720,379	532,400
	<u>1,604,379</u>	<u>1,074,832</u>
Add: Revenue deducted on cancellation of shares	15,548	1,536
Deduct: Revenue received on issue of shares	(62,751)	(181,652)
	<u>1,557,176</u>	<u>894,716</u>
Net distribution for the period	1,557,176	894,716
Interest	-	-
Total finance costs	<u>1,557,176</u>	<u>894,716</u>
Reconciliation of distributions		
Net revenue after taxation	1,423,064	790,345
Expenses paid from capital	134,112	104,371
Net distribution for the period	<u>1,557,176</u>	<u>894,716</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Debtors	31 December 2019	31 December 2018
	£	£
Amounts receivable on trades	173,047	-
Amounts receivable for issue of shares	425,942	139,654
Accrued revenue:		
Dividends	204,528	103,460
With-holding tax	-	2,217
Total debtors	803,517	245,331
8. Cash and Bank Balances	31 December 2019	31 December 2018
	£	£
Cash and bank balances	3,721,420	2,184,584
9. Creditors	31 December 2019	31 December 2018
	£	£
Amounts payable on trades	444,528	-
Amounts payable for redemption of shares	-	76
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	50,465	34,201
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	2,514	-
Transaction charges	5,128	11,580
Safe custody and other bank charges	3,966	1,309
	11,608	12,889
Audit fee	8,100	8,083
Other accrued expenses	9,491	1,589
Total creditors	524,192	56,838

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 year ended 31 December 2019 would have increased/decreased by £7,465,376 (2018 – £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:

	Net monetary assets and liabilities		Non-monetary assets		Total net assets	
	£		£		£	
	31.12.19	31.12.18	31.12.19	31.12.18	31.12.19	31.12.18
Sterling	3,468,569	1,997,626	74,653,762	47,151,261	78,122,331	49,148,887
Total	3,468,569	1,997,626	74,653,762	47,151,261	78,122,331	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 £3,721,420.

Maturity of Financial Liabilities

The financial liabilities of the company as at 31 December 2019 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. Credit risk on cash balances is mitigated by ensuring that cash is held with financial institutions that are at least investment grade credit related.

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	74,654	-
	74,654	-

11. Units Held

Net Accumulation

Opening units at 01 January 2018	13,466,806
Units issued during the period	3,036,542
Units cancelled during the period	(2,297,338)
Units converted during the period	3,192
Closing units at 31 December 2019	14,209,202

Net Income

Opening units at 01 January 2018	32,954,011
Units issued during the period	9,882,573
Units cancelled during the period	(921,315)
Units converted during the period	(3,329)
Closing units at 31 December 2019	41,911,940

12. Contingent Assets and Liabilities

At 31 December 2019, the fund had no contingent liabilities or commitments (31 December 2018: £nil).

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 2019. Since that date, the Fund's quoted price has moved as follows for each share class:

Share class	Price at 31 December 2019	Price at 27 April 2020
Net Accumulation	146.0709	104.5155
Net Income	138.8073	99.3137

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. Portfolio transaction costs

	Year to 31 December 2019		From 29 August 2017 to 31 December 2018	
	£	% of Purchases	£	% of Purchases
Analysis of total purchase costs				
Purchases in the year before transaction costs	56,230,881		75,203,989	
Commissions	79,624	0.14%	108,942	0.14%
Taxes	189,173	0.33%	227,844	0.30%
Levies	259	0.00%	389	0.00%
Total purchase costs	269,056	0.47%	337,175	0.44%
Total purchases including transaction costs	56,499,937		75,541,164	

	Year to 31 December 2019		From 29 August 2017 to 31 December 2018	
	£	% of Sales	£	% of Sales
Analysis of total sale costs				
Sales in the year before transaction costs	45,776,753		23,343,286	
Commissions	(62,180)	0.14%	(35,134)	0.15%
Taxes	-	0.00%	-	0.00%
Levies	(281)	0.00%	(90)	0.00%
Total sale costs	(62,461)	0.14%	(35,224)	0.16%
Total sales including transaction costs	45,714,292		23,308,062	

Analysis of total transaction costs	2019	% of average net asset value	2018	% of average net asset value
	£		£	
Commissions	141,804	0.22%	144,076	0.45%
Taxes	189,173	0.30%	227,844	0.73%
Levies	540	0.00%	479	0.00%
	331,517	0.52%	372,399	1.18%

DISTRIBUTION TABLES

For the year ended 31 December 2019

Interim Distribution in Pence per Share

Group 1 – Shares purchased prior to 1 January 2019

Group 2 – Shares purchased on or after 1 January 2019 and on or before 30 June 2019

1 January 2019 to 30 June 2019

Net Income	Dividend paid 31 August 2019	Equalisation	Distribution paid 31 August 2019	Distribution paid 31 August 2018
Group 1	1.7301p	-	1.7301p	1.2369p
Group 2	1.5247p	0.2054p	1.7301p	1.2369p

Net Accumulation	Dividend accumulated 31 August 2019	Equalisation	Distribution accumulated 31 August 2019	Distribution accumulated 31 August 2018
Group 1	1.7780p	-	1.7780p	1.2357p
Group 2	1.4255p	0.3525p	1.7780p	1.2357p

Final Distribution in Pence per Share

Group 1 – Shares purchased prior to 1 July 2019

Group 2 – Shares purchased on or after 1 July 2019 and on or before 31 December 2019

1 July 2019 to 31 December 2019

Net Income	Dividend payable 28 February 2020	Equalisation	Distribution payable 28 February 2020	Distribution payable 28 February 2019
Group 1	1.2697p	-	1.2697p	1.1393p
Group 2	0.6092p	0.6605p	1.2697p	1.1393p

Net Accumulation	Dividend accumulated 28 February 2020	Equalisation	Distribution accumulated 28 February 2020	Distribution accumulated 28 February 2019
Group 1	1.3245p	-	1.3245p	1.1655p
Group 2	0.4830p	0.8415p	1.3245p	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) 99.80% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 0.20% 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

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 10 am 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

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 £12,000 (2019/20) 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

Authorised Corporate Director, Manager & Registrar	<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>
Director	Valu-Trac Investment Management Limited as ACD
Investment Manager	<p>Teviot Partners LLP 46 Charlotte Square Edinburgh Scotland EH2 4HQ</p> <p>Authorised and regulated by the Financial Conduct Authority</p>
Depositary	<p>NatWest Trustee and Depositary Services Limited Drummond House 2nd Floor, 1 Redheughs Avenue Edinburgh EH12 9RH</p> <p>Authorised and regulated by the Financial Conduct Authority</p>
Auditor	<p>Johnston Carmichael LLP Commerce House South Street Elgin IV30 1JE</p>

Statement by the Authorised Fund Manager (AFM) to the shareholders of VT Teviot UK Smaller Companies Fund on the outcome of the ACD's assessment of the value provided to shareholders

For the year ended 31 December 2019

This assessment is to establish what the VT Teviot UK Smaller Companies Fund (the fund) has delivered to you in return for the price you have had to pay.

The AFM, the Authorised Corporate Director of the fund, is Valu-Trac Investment Management Limited (Valu-Trac). The Investment Manager is Teviot partners LLP.

The fund start date was 29 August 2017, the objective of the 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). The Fund will seek to achieve its investment objective by investing in a diversified portfolio of companies which shall primarily consist of small UK quoted companies. Small companies are those having a market capitalisation, at the time of purchase, equal to or lower than the largest company in the Numis Smaller Companies Index (including AIM but excluding investment companies).

The table below shows the net gains or losses for the fund since its inception on 29 August 2017, a period of just over 2 years.

	At and for the year ended	
	31 Dec 2019	31 Dec 2018¹
Net gains/(losses)	£	£
Capital only	16,710k	(5,085k)
Total Fund	18,670k	(3,877k)

¹ Period covered from 29 August 2017 to 31 December 2018

Share Classes

	At and for the year ended	
	31 Dec 2019	31 Dec 2018¹
Value of fund		
Net Accumulation	£20.8m	£14.7m
Net Income	£58.2m	£35.1m
Shares outstanding		
Net Accumulation	14.2m	13.5m
Net Income	41.9m	33.0m
NAV per share		
Net Accumulation	146.07p	109.36p
Net Income	138.81p	106.40p
Dividend per share		
Net Accumulation	3.1025p	3.2178p
Net Income	2.9998p	3.1930p
Operating charges		
Net Accumulation	0.86%	0.96%
Net Income	0.86%	0.96%

¹ Period covered from 29 August 2017 to 31 December 2018

The ongoing charges ratio is based on the actual charges and the average NAV during the period.

Source of all data is Valu-Trac Administration Services unless otherwise stated.

The performance of the Fund compared against that of a benchmark. The Numis Smaller Companies Index has been selected as it is considered that this index most closely reflects the investments which the fund will make (and its risk/reward objectives).

The table below demonstrates that this has been achieved in the year, this is discussed more fully below.

	Cumulative gain to 31 Dec 2019	
	FY 2019	Since fund inception 29/08/17
NAV per share		
Net Accumulation ¹	33.6%	46.1%
Net Income ¹	33.3%	45.0%
Comparator		
Numis Smaller Companies Index	22.2%	11.7%

Notes

¹The share classes were launched on 29 August 2017 when shares were issued at 100p each. Source of all data is Valu-Trac Administration Services unless otherwise stated.

In carrying out the assessment of value the following criteria were considered:

1. Quality of service

The AFM considers that a good level of service was provided to shareholders by all parties involved commensurate to the amount paid by the fund for those services. The AFM monitors the following operational services:

Depository – NatWest Trustee and Depository Services Limited

Custodian – RBC Investor Services Trust, UK branch (RBC)

The external audit is conducted by Johnston Carmichael LLP

These services are essential in ensuring that the fund operated efficiently and in the case of the Depository and Custodian the service is supervised on an on-going daily basis by the AFM. As a shareholder this means that you can be certain that your requests such as investment and redemption of the fund’s units will always be carried out exactly as set out in the documentation. During the period under review the AFM had in fact changed the fund’s custodian to RBC following a review of custody providers and comparing the quality of the services provided in addition to costs. Such items as recovery of withholding tax and efficiency of opening new investment markets were considered.

Valu-Trac does not delegate any of the core functions of the fund such as fund administration, fund accounting and transfer agency. This means that the AFM directly employs and supervises the individuals who are carrying out this work and that those undertaking the work are appropriately qualified and experienced. Due to this high level of supervision and control of these functions the AFM believes that the shareholders can be certain that their instructions will be carried out efficiently and that the reporting they receive is timely and focused. The AFM works closely with Teviot Partners LLP to coordinate mailings such as annual letters with dividend vouchers and financial reports to avoid excessive correspondence whilst providing all required reporting on a timely and clear basis. This also has ensured that the AFM has responded to any enquiries from shareholders fully and promptly.

2. Performance

The AFM has assessed performance of the fund net of all the charges that are outlined in its prospectus. In both periods since inception, the fund outperformed the benchmark. However, this cannot be interpreted as a guarantee that such out-performance will continue into next year nor any other period in the future.

3. AFM costs - general

The costs (in £) incurred during the year ended 31 December 2019 were as follows:

Investment Manager Fee	461,079 (VAT exempt)
Authorised Corporate Director	31,334 (VAT exempt)
Depositary	27,355 (VAT inclusive)
Custodian	8,178 (VAT exempt)
Auditor	8,117 (VAT inclusive)
FCA	58 (VAT exempt)
Legal fees	1,800 (VAT inclusive)
Total costs	537,921

The fund made a profit for the year (capital and revenue) before distribution of £18,131,762. There was no taxation.

It should be noted that the prospectus allows for a dilution levy to be charged of 2.5% on all transactions into or out of the fund. This charge is reviewed monthly. In its absolute discretion the ACD may waive or reduce the dilution levy.

4. Economies of scale

The AFM has assessed to what extent it has been able to achieve any savings as a result of economies of scale. Where any such savings have been made this has in every case been passed on to the shareholders. Examples of this are the sliding scale of the depositary fee in addition to reduction in depositary fees and in custody fees as a result of a review of custody providers. The fixed fee nature of the Authorised Corporate Director fee will also provide for cost efficiency savings as the assets of the fund grow. As the AFM grows its total assets across all schemes, it uses this purchasing power to benefit all schemes. The successful growth of the AFM has already facilitated this for both depositary and custody fees, which has reduced from £54,926 to £35,533.

5. Comparable market rates

The AFM has compared the charges of this fund with that of comparable funds. The ACD believes that the shareholders of the fund are achieving efficient market rates as a whole. As the ACD assets grow in total it continues to strive for extra efficiencies wherever this can be achieved for all of its schemes.

6. Comparable services

All shareholders of this fund are subject to the same service at the same cost. The services provided to this fund and the costs are also comparable amongst other similar funds operated by the ACD.

7. Classes of units

All shareholders of this fund are treated equally with fees being identical across the classes. There are two classes of shares income and accumulation.

CONCLUSION

In taking all of these criteria into consideration the ACD concludes that in assessing whether the payments out of the scheme property as set out in the prospectus are justified in the context of the overall value delivered to shareholders and that every shareholder of VT Teviot UK Smaller Companies Fund is receiving good value.

27 April 2020