

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

**Annual Report and Financial Statements
for year to 31 December 2020**

CONTENTS

	Page
Company Overview	1
Statement of the Authorised Corporate Director's (ACD's) Responsibilities	2
Statement of the Depositary's Responsibilities and Report of the Depositary	3
Independent Auditor's Report to the Shareholders of VT Teviot Funds ICVC (Sub-Fund VT Teviot UK Smaller Companies Fund)	4
VT Teviot UK Smaller Companies Fund	
Sub-Fund Overview	7
Investment Manager's Review	9
Performance Record	11
Portfolio Summary	13
Summary of Material Portfolio Changes	16
Statement of Total Return	17
Statement of Changes in Net Assets Attributable to Shareholders	17
Balance Sheet	18
Notes to the Financial Statements	19
Distribution Tables	26
Information for Investors	27
Corporate Directory	29
End subsection	
Assessment of value (unaudited)	1-4

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 incorporated and 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

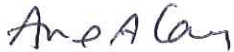
The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Authorised Corporate Director to prepare financial statements for each accounting period which give a true and fair view of the financial position of the Company at the end of the financial period and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

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



David E. Smith MA

Valu-Trac Investment Management Limited
Authorised Corporate Director

Date 28 April 2021

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
01 January 2021

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 2020 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 2020 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

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Authorised Corporate Director is responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 year 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.

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.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide the basis for our opinion. We planned and conducted our audit so as to obtain reasonable assurance of detecting any material misstatements in the financial statements resulting from irregularities or fraud.

All engagement team members were briefed on relevant laws and regulations and potential fraud risks at the planning stage of the audit. However, the primary responsibility for the prevention and detection of fraud rest with the Authorised Corporate Director.

We evaluated management's incentives for fraudulent activity and determined the key risk of fraud to be management override of controls in order to manipulate the financial statements. We determined that the principal risks in this regard were in relation inappropriate journal entries to increase net revenue or to increase the net asset value.

We considered the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. The most significant risk in relation to non-compliance with laws and regulations was deemed to be compliance with the Collective Investment Schemes Sourcebook and the Company's Prospectus.


Audit procedures performed in response to these risks included:

- Evaluation of the control environment designed to prevent and detect irregularities which the Authorised Corporate Director has in place;
- Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur around the key risks of valuation and ownership of investments, and revenue recognition;
- Review of material journal entries during the year;
- Review of a pre sign-off Net Asset Valuation (NAV) statement for any unexpected activity that may indicate management override in the Company's financial statements; and
- Assessing the Company's compliance with the key requirements of the Collective Investment Schemes Sourcebook and its Prospectus.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 30 April 2021

SUB-FUND OVERVIEW

Name of Sub-fund	VT Teviot UK Smaller Companies Fund
Size of Sub-fund	£90,805,267
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 Sub-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 stock market 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. The Sub-fund will not invest in any immovable property or tangible moveable property.</p> <p>In addition to equities, the asset classes in which the Sub-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 Sub-fund's investment powers as set out in the 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	<p>The performance benchmark is the Numis Smaller Companies Index (including AIM but excluding investment companies). The performance of the Fund can be compared against that of the benchmark. This benchmark has been selected as it is considered that this index most closely reflects the investments which the Fund will make (and its risk/return objectives). For the avoidance of doubt, the Investment Manager is not bound or influenced by the index when making its decisions and can make investments that are not included in the index.</p>
Derivatives	<p>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.</p>

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)

The ACD may waive the minimum levels at its discretion.

Initial, redemption and switching charges Nil

ACD charges

The ACD charges are: £30,000 per annum plus
Net Accumulation/Income = 0.75%
Gross Accumulation/Income = 0.75%

The above percentages being percentages 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.

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.

Introduction

This is third set of final results for the VT Teviot UK Smaller Companies Fund since launch on the 29 August 2017 and covers the twelve months to 31st December 2020. Given the events over the last year, we are pleased to be reporting on another year of positive absolute and relative performance. Our core thesis at the inception of the Firm, was that managing a relatively small fund in an illiquid asset class confers a number of advantages. Notably we are able to execute investment decisions quickly and with minimal market impact. It means we can change direction when circumstances change and we can rotate capital into areas where the balance of risk and reward are most favorable. Our portfolio should always represent our best ideas at that moment in time, with no stale or legacy holdings. Being a small Fund also confers an ability to invest in a broader investment universe as we can invest further down the market capitalization spectrum without losing flexibility. 2020 was an exceptionally challenging year but it further validated our core thesis. When circumstances changed we were able to change course. When opportunities opened up after sharp falls in the Spring, we were able to move quickly and when the pandemic accelerated the structural challenges for certain sectors we had sufficient investment choice to avoid impaired sectors.

The Fund has continued to grow in size with a net asset value of £90.8m at 31st December 2020. There were net inflows of £8.3m over the year. The managers target long term institutional investors who understand the benefit conferred by a relative liquidity advantage. The investor base has continued to broaden and there were relatively few redemptions considering the Market volatility. The Fund has now achieved a three-year investment track record, with a differentiated style so the Managers aim to further develop the investor base while remaining committed not to out-grow the natural capacity of the investment strategy.

Performance

In 2020, the Fund recorded a return of +5.8% (Net Accumulation) compared with +4.9% from the benchmark index, the Numis Smaller Companies Index (including AIM but excluding Investment Companies). These relatively modest numbers hide a year of extreme volatility. As the pandemic spread rapidly around the world and economies were shutdown, there was a sharp correction in the Markets. From the 21st February to 19th March 2020 our benchmark index fell by 41%. Recovery took hold as governments and central banks intervened to support economies. The path to controlling the pandemic dictated the mood of Markets and there was a strong boost to confidence with successful vaccine trials announced in the final quarter. Nonetheless the UK economy shrank by nearly 10% in 2020, the largest contraction for decades. That we exit the year in positive territory, speaks to the scale of economic stimulus and the prospects for recovery as the pandemic is brought under control.

The strongest contributors to performance broadly fell into two categories: companies that were able to negotiate the pandemic without any negative impact to their prospects (eg. Future, Ergomed, Premier Foods) and were rewarded with a positive re-rating. The second category were companies where we initiated or added to a holding in the aftermath of the Market sell off and the prices recovered (eg. Zotefoams, Drax, First Group). The negative contributors were generally at the smaller end of the market capitalization range and were negatively impacted by the pandemic (eg. Morses Club, Vianet, Costain). A more detailed commentary on the individual stock impacts is available through our monthly factsheets on our website.

Portfolio activity reflects the change in prospects brought by the pandemic and the opportunities that opened up following the Spring correction in Markets. Volatility was high and as a result there were several cases where the value gaps closed in a short period of time once attention turned to prospects of recovery. Teviot Partners invests with the aim of delivering a target total return over three years. If the target return is delivered in a shorter period and better value opportunities are presented elsewhere, then our value discipline leads us to rotate the capital.

Style

Teviot Partners invests with a value discipline but we are always careful not to confuse value with cheapness. The protracted underperformance of the value style over the last decade is well recorded and evident across the world. 2020 presented a particularly stiff challenge. Teviot will typically be drawn to companies with undervalued cashflows and companies capable of paying dividends. The repercussions of the pandemic were particularly hard felt for some of the portfolio companies. We came into 2020 on the back of a decisive UK election result which held the promise of a UK cyclical upswing before the pandemic quickly dashed this prospect. We had to adjust our portfolio as prospects changed. The strongest performing parts of the Market in this period were the perceived "Covid winners" with technology and healthcare sectors to the fore. The valuation of companies in these sectors make it difficult for a value orientated investor to participate. Another notable feature of 2020 was the outperformance of the AIM constituents in our benchmark index where a number of early stage, speculative companies performed strongly.

INVESTMENT MANAGER'S REVIEW (CONTIUNED)

Size

Due to our liquidity advantage, Teviot's portfolio has been consistently skewed to lower market capitalization stocks within our universe. This reflects better value characteristics and good underlying prospects. In the aftermath of the Woodford collapse in 2019, institutional investors continue to display a wariness towards the liquidity risks of the smallest companies. From Teviot's perspective it means we need to be highly selective in this part of the Market. Following the Market correction, the smaller constituents recovered particularly strongly buoyed by considerable retail investor appetite. However, much of this demand was focused on more speculative companies and our Fund saw limited benefit from this trend.

Income

The Fund made distributions totaling 0.7513p (2019: 2.9998p) (net income) which is a decrease of 75%. The impact of the pandemic severely impacted dividends. Companies were unclear about their future earnings potential and the priority for the majority of companies was capital preservation. Since inception and consistent with the value style, the Fund has produced a healthy level of income from the portfolio which typically displays a yield premium relative to the benchmark index. At this stage, the profile of dividend restoration is hard to predict in 2021 as companies are likely to remain prudent while the pandemic is not decisively resolved. Looking further out, we see no reason to believe the income characteristics of the portfolio will not be restored.

Outlook

The positive case for investing in UK Smaller Companies is based on the prospect of economic recovery in 2021 and beyond. The uncertainty around Brexit caused concern among international investors and UK assets have generally lagged their international peers since the referendum. The value of sterling has recently begun to strengthen suggesting investors are revisiting the opportunity in the UK. If this is sustained then UK Smaller Companies, with a greater domestic bias, should benefit relative to UK Large Companies. The other lead indicator of this trend is increased corporate activity as corporate buyers scent value in the UK Market.

Set against these arguments, the trajectory of recovery relies on lockdown restrictions being eased and a return to some form of normality. Vaccination programs offer hope that deaths and hospitalizations can be brought under control but it is much less certain whether the virus can be marginalized from daily life. The economy has been kept alive by extraordinary amounts of government support which at some point will be withdrawn and need to be paid for. Policymakers will have to balance stunting the recovery by withdrawing stimulus too early versus the risk of stimulating inflation. A final consideration is that the Numis Smaller Companies Index (including AIM but excluding Investment Companies) is at a higher level than preceding the pandemic, suggesting that the Market is already pricing some recovery. It must also be remembered, however, that an index is an aggregate, and there will be many constituents whose values do not.

The important thing for Teviot Partners is to retain a liquidity advantage. The rate of structural change in the economy has accelerated due to the pandemic so greater investment choice will be an advantage. The path to recovery is unlikely to be smooth and it will be important to be able to change course when required. Teviot Partners is structured to be a nimble active manager, with a value discipline, and we have confidence that this will be highly relevant in the period ahead.

Teviot Partners LLP
Investment Manager
08 March 2021

PERFORMANCE RECORD

Financial Highlights

	Year ended 31 December 2020	Year ended 31 December 2019	Period from 29 August 2017 to 31 December 2018 [^]
Net Accumulation			
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	146.0709	109.3610	100.0000
Return before operating charges	9.7118	37.8083	10.3659
Operating charges (note 1)	(1.2942)	(1.0984)	(1.0049)
Return after operating charges *	8.4176	36.7099	9.3610
Closing net asset value per unit	154.4885	146.0709	109.3610
Retained distributions on accumulated units	0.7946	3.1025	3.2178
 *after direct transactions costs of:	 0.5711	 0.6641	 1.2352
 Performance			
Return after charges	5.76%	33.57%	9.36%
 Other information			
Closing net asset value	£35,744,689	£20,755,510	£14,727,438
Closing number of units	23,137,446	14,209,242	13,466,806
Operating charges (note 2)	0.86%	0.86%	0.96%
Direct transaction costs	0.38%	0.52%	1.18%
 Prices			
Highest unit price	154.82	146.07	128.42
Lowest unit price	83.93	109.36	100.00

[^]Share class launched 29 August 2017

	Year ended 31 December 2020	Year ended 31 December 2019	Period from 29 August 2017 to 31 December 2018 [^]
Net Income			
Changes in net assets per unit	GBP	GBP	GBP
Opening net asset value per unit	138.8073	106.4033	100.0000
Return before operating charges	9.0727	36.4582	10.5870
Operating charges (note 1)	(1.2260)	(1.0544)	(0.9907)
Return after operating charges *	7.8467	35.4038	9.5963
Distribution on income units	(0.7513)	(2.9998)	(3.1930)
Closing net asset value per unit	145.9027	138.8073	106.4033
 *after direct transactions costs of:	 0.5409	 0.6375	 1.2178
 Performance			
Return after charges	5.65%	33.27%	9.60%
 Other information			
Closing net asset value	£56,173,071	£58,176,848	£35,064,168
Closing number of units	38,500,371	41,911,940	32,954,011
Operating charges (note 2)	0.86%	0.86%	0.96%
Direct transaction costs	0.38%	0.52%	1.18%
 Prices			
Highest unit price	146.55	139.89	127.50
Lowest unit price	79.76	106.40	100.00

[^]Share class launched 29 August 2017

PERFORMANCE RECORD (Continued)

Financial Highlights (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 sub-Sub-fund.

Risk Profile

Based on past data, the Sub-fund is ranked a '6' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document. The Sub-fund is ranked 6 because monthly historical performance data indicates that significant rises and falls in market prices would have occurred historically.

PORTFOLIO SUMMARY

As at 31 December 2020

Investment	Holding	Market Value £	Total Net Asset %	Index ¹ %
Total Equities (31.12.19 : 96.60%)		88,004,048	96.92%	100.00%
Oil & Gas Producers (31.12.19 : 3.75%)		3,442,836	3.79%	3.56%
Cairn Energy	546,441	1,146,433	1.26%	
Gulf Keystone Petroleum	690,000	845,940	0.93%	
SDX Energy	1,210,028	217,805	0.24%	
Serica Energy	1,059,895	1,232,658	1.36%	
Oil Equipment & Services (31.12.19 : 0.47%)		-	0.00%	0.65%
Chemicals (31.12.19 : 0.80%)		1,049,790	1.16%	1.67%
Zotefoams	61,761	234,692	0.26%	
Scapa Group	437,050	815,098	0.90%	
Mining (31.12.19 : 2.45%)		2,660,033	2.93%	5.04%
Anglo Pacific Group	698,577	889,289	0.98%	
Atalaya Mining	377,813	878,415	0.97%	
Central Asia Metals	370,261	892,329	0.98%	
Construction & Materials (31.12.19 : 8.77%)		5,058,815	5.58%	4.18%
Alumasc Group	500,000	570,000	0.63%	
Costain Group	971,552	577,102	0.64%	
Countryside Properties	178,215	834,580	0.92%	
Eurocell	445,000	925,600	1.02%	
Keller Group	163,389	1,103,693	1.22%	
Tyman	296,000	1,047,840	1.15%	
Aerospace & Defense (31.12.19 : 3.24%)		744,250	0.82%	1.72%
Chemring Group	260,000	744,250	0.82%	
General Industrials (31.12.19 : 1.50%)		1,075,446	1.18%	1.23%
Macfarlane Group	1,229,081	1,075,446	1.18%	
Electronic & Electrical Equipment (31.12.19 : 1.95%)		1,100,933	1.21%	3.02%
TT Electronics	428,350	875,976	0.96%	
Zytronic	160,684	224,957	0.25%	
Industrial Engineering (31.12.19 : 2.22%)		3,140,398	3.46%	1.69%
Pressure Technologies	360,000	390,600	0.43%	
Severfield	1,117,292	786,574	0.87%	
Trifast	840,923	1,278,203	1.41%	
Vitec Group	76,283	685,021	0.75%	
Industrial Transportation (31.12.19 : 2.40%)		1,409,773	1.55%	1.13%
James Fisher and Sons	107,660	1,006,083	1.11%	
Ocean Wilsons Holdings	47,774	403,690	0.44%	
Support Services (31.12.19 : 13.41%)		14,920,141	16.43%	7.88%
Augean	513,907	1,104,900	1.22%	
Boku Inc	379,087	547,781	0.60%	
De La Rue	2,007,457	3,404,647	3.75%	
Driver Group	1,190,000	624,750	0.69%	
Hargreaves Services	409,500	1,085,175	1.20%	
Kin and Carta	859,641	1,177,708	1.30%	
K3 Capital Group	285,168	728,604	0.80%	
Mears Group	1,021,743	1,565,821	1.72%	
PayPoint	61,165	403,077	0.44%	
Renewi	3,863,919	1,571,649	1.73%	
Ricardo	251,745	866,003	0.95%	
RPS Group	1,563,700	1,081,299	1.19%	
Science Group	270,974	758,727	0.84%	

VT TEVIOT FUNDS ICVC - VT TEVIOT UK SMALLER COMPANIES FUND

For the year ended 31 December 2020

PORTFOLIO SUMMARY (continued)

As at 31 December 2020

Investment	Holding	Market Value £	Total Net Asset %	Index ¹ %
Automobiles & Parts (31.12.19 : 0.97%)		-	0.00%	0.87%
Food Producers (31.12.19 : 1.99%)		1,621,517	1.78%	2.23%
Devro	229,192	363,727	0.40%	
M P Evans Group	86,380	563,630	0.62%	
Premier Foods	685,929	694,160	0.76%	
Household Goods & Home Construction (31.12.19 : 4.53%)		5,267,163	5.80%	2.59%
Headlam Group	414,465	1,516,942	1.67%	
IG Design Group	265,157	1,649,277	1.82%	
Inspects Group	578,187	1,908,017	2.10%	
MJ Gleeson	24,766	192,927	0.21%	
Leisure Goods (31.12.19 : 0.49%)		311,691	0.34%	2.16%
Character Group	73,339	311,691	0.34%	
Health Care Equipment & Services (31.12.19 : 4.62%)		2,016,398	2.22%	2.23%
Caretech Holdings	97,895	508,075	0.56%	
Spire Healthcare Group	950,424	1,508,323	1.66%	
Pharmaceuticals & Biotechnology (31.12.19 : 3.11%)		1,788,057	1.97%	4.30%
Allergy Therapeutics	3,560,397	591,916	0.65%	
ECO Animal Health Group	485,250	1,196,141	1.32%	
General Retailers (31.12.19 : 8.17%)		7,110,853	7.84%	4.81%
Card Factory	2,296,175	935,691	1.03%	
Dignity	183,600	1,175,958	1.30%	
Saga	212,549	542,000	0.60%	
Studio Retail Group	612,400	1,769,836	1.95%	
Lookers [^]	1,822,420	382,708	0.42%	
Mothercare	10,865,876	1,244,143	1.37%	
Xaar	599,162	1,060,517	1.17%	
Media (31.12.19 : 4.90%)		4,299,241	4.74%	6.15%
Ebiquity	1,330,000	268,660	0.30%	
Future	80,668	1,419,757	1.56%	
STV Group	433,711	1,314,144	1.45%	
Wilmington	825,911	1,296,680	1.43%	
Travel & Leisure (31.12.19 : 4.67%)		6,150,299	6.77%	6.22%
FirstGroup	1,420,562	1,066,487	1.17%	
Jet2	90,790	1,320,087	1.45%	
Hollywood Bowl Group	428,000	850,650	0.94%	
GYM Group	559,000	1,196,260	1.32%	
Playtech	239,000	986,353	1.09%	
Rank Group	513,326	730,462	0.80%	
Electricity (31.12.19 : 2.28%)		2,639,724	2.91%	1.45%
Drax Group	701,122	2,639,724	2.91%	
Software & Computer Services (31.12.19 : 2.40%)		4,921,298	5.43%	7.75%
Aptitude Software Group	233,965	1,059,861	1.17%	
EMIS Group	120,484	1,295,203	1.43%	
IQGeo Group	1,076,989	936,980	1.03%	
RM	273,502	596,234	0.66%	
Tribal Group	1,218,901	1,033,020	1.14%	
Technology Hardware & Equipment (31.12.19 : 3.10%)		2,321,941	2.56%	1.58%
Amino Technologies	352,174	422,609	0.47%	
Fonix Mobile	1,063,865	1,489,411	1.64%	
Vianet Group	650,669	409,921	0.45%	

PORTFOLIO SUMMARY (Continued)

As at 31 December 2020

Investment	Holding	Market Value £	Total Net Asset %	Index ¹ %
Nonlife Insurance (31.12.19 : 2.34%)		3,110,424	3.42%	1.14%
Randall & Quilter Investment Holdings	1,167,479	2,054,763	2.26%	
Sabre Insurance Group	384,576	1,055,661	1.16%	
Real Estate Investment & Services (31.12.19 : 2.93%)		2,703,907	2.98%	3.40%
Belvoir Lettings	662,077	1,032,840	1.14%	
Countrywide	430,133	1,671,067	1.84%	
Real Estate Investment Trusts (31.12.19 : 0.90%)		1,136,591	1.25%	0.86%
LSL Property Services	402,333	1,136,591	1.25%	
Financial Services (31.12.19 : 8.24%)		8,002,529	8.81%	10.16%
Appreciate Group	1,046,639	323,411	0.36%	
Brewin Dolphin Holdings	154,660	473,260	0.52%	
Brooks Macdonald Group	28,934	478,858	0.53%	
International Personal Finance	1,368,301	1,135,690	1.25%	
Morses Club	1,368,796	685,082	0.75%	
OSB Group	241,700	1,017,074	1.12%	
Premier Miton Group	467,159	689,060	0.76%	
Sigma Capital Group	801,688	1,042,194	1.15%	
S&U	36,135	820,265	0.90%	
TP ICAP	421,016	998,650	1.10%	
Volvere	24,300	338,985	0.37%	
Total Equities (31.12.19 : 96.60%)		88,004,048	96.92%	
Mid to bid adjustment (31.12.19 : (1.04%))		(1,112,491)	(1.23%)	
Other net assets (31.12.19 : 4.44%)		3,913,710	4.31%	
Total Net Assets		90,805,267	100.00%	

1. Numis Smaller Companies Index (including AIM but excluding investment companies)

[^]Lookers market value was based on the 7th July 2020 official price due to suspension of dealing. This suspension was lifted on the 29th January 2021.

SUMMARY OF MATERIAL PORTFOLIO CHANGES

Purchases (Note 14)	£	Sales (Note 14)	£
De La Rue	2,048,452	Avon Rubber	1,997,571
FirstGroup	1,729,871	Future	1,835,741
Indivior	1,712,960	Ergomed	1,828,254
Inspects Group	1,682,435	Chemring Group	1,662,724
PayPoint	1,573,133	Coats Group	1,638,848
Mears Group	1,552,037	Caretech Holdings	1,623,143
LSL Property Services	1,378,796	Vectura Group	1,601,367
EMIS Group	1,340,374	Premier Foods	1,431,421
Dignity	1,314,291	De La Rue	1,303,109
Coats Group	1,314,141	Indivior	1,151,797
M P Evans Group	1,194,109	Zotefoams	1,078,935
Anglo Pacific Group	1,180,395	MJ Gleeson	1,036,699
Serica Energy	1,146,873	Jet 2	1,019,198
ECO Animal Health Group	1,141,681	Anglo Pacific Group	1,007,115
Wilmington	1,085,485	Scapa Group	950,560
Fonix Mobile	1,080,000	Ten Entertainment Group	922,167
Hargreaves Services	1,078,946	Renewi	897,552
TP ICAP	1,039,233	PayPoint	881,659
James Fisher and Sons	972,555	FirstGroup	876,866
Card Factory	971,160	Amino Technologies	835,978
Other Purchases	30,744,122	Other Sales	23,292,073
Total Purchases for the Year	57,281,049	Total Sales for the Year	48,872,777

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

STATEMENT OF TOTAL RETURN

For the year ended 31 December 2020		2020		2019	
	Notes	£	£	£	£
Income					
Net capital gains	2		3,809,948		16,708,698
Revenue	3	947,564		1,959,512	
Expenses	4	(631,667)		(536,448)	
Finance costs: Interest	6	<u>(1,609)</u>		<u>-</u>	
Net revenue before taxation		314,288		1,423,064	
Taxation	5	<u>-</u>		<u>-</u>	
Net revenue after taxation			<u>314,288</u>		<u>1,423,064</u>
Total return before distributions			4,124,236		18,131,762
Finance costs: distributions	6		<u>(472,205)</u>		<u>(1,557,176)</u>
Changes in net assets attributable to shareholders from investment activities			<u>3,652,031</u>		<u>16,574,586</u>

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 December 2020	2020	2019
	£	£
Opening net assets attributable to shareholders	78,122,331	49,148,887
Amounts receivable on creation of shares	27,284,131	18,153,561
Amounts payable on cancellation of shares	(18,982,445)	(6,453,795)
Dividend reinvested	160,058	428,942
Dilution levy	569,161	270,150
Changes in net assets attributable to shareholders from investment activities (see above)	3,652,031	16,574,586
Closing net assets attributable to shareholders	<u>90,805,267</u>	<u>78,122,331</u>

BALANCE SHEET

As at 31 December 2020

	Notes	2020		2019	
		£	£	£	£
ASSETS					
Investment assets			86,891,557		74,653,762
Current Assets					
Debtors	7	371,794		803,517	
Cash and bank balances	8	<u>4,257,573</u>		<u>3,721,420</u>	
Total current assets			<u>4,629,367</u>		<u>4,524,937</u>
Total assets			<u>91,520,924</u>		<u>79,178,699</u>
CURRENT LIABILITIES					
Creditors					
Distribution payable on income shares		(127,906)		(532,176)	
Other creditors	9	<u>(587,751)</u>		<u>(524,192)</u>	
Total current liabilities			<u>(715,657)</u>		<u>(1,056,368)</u>
Net assets attributable to shareholders			<u>90,805,267</u>		<u>78,122,331</u>

For the year ended 31 December 2020

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 Sub-funds (SORP) issued by the Investment Association (IA) in May 2014. The functional currency is Sterling.

(b) Dividends on equities and collectives are recognised when the security is quoted ex-dividend. Interest on deposits is accounted for on an accruals basis.

(c) The ordinary element of stocks received in lieu of cash dividends is recognised as revenue of the Sub-fund, and where applicable is included in the distribution. In the case of 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 which are charged to capital, for the remaining expenses 75% are charged to the revenue of the Fund.

(f) Where the revenue from investments exceeds the expenses of the Sub-fund, semi-annual distributions are paid to all holders of income shares. In all cases, tax vouchers will be issued to shareholders.

(g) The listed investments of the Sub-fund have been valued at bid market prices at the closing valuation point on 31 December 2020. For securities which prices were suspended at the closing valuation point on 31 December fair value pricing was applied by the ACD.

(h) All transactions in foreign currencies are converted into Sterling at the rates of exchange ruling at the date of such transactions. Foreign currency assets and liabilities at the end of the accounting year are translated at the exchange rates at the closing valuation point on 31 December 2020.

(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 Sub-fund, is intended to cover certain charges not included in the bid market value of the Sub-fund, used in calculating the share price, which could have a diluting effect on the performance of the Sub-fund.

(k) Equalisation will be applied to the Sub-fund. 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)

2 Net capital gains	2020	2019
	£	£
The net capital gains comprise:		
Non-derivative securities gains	3,817,497	16,716,855
Transaction charges	(7,549)	(1,473)
Foreign exchange (losses)	-	(6,684)
Total net capital gains	<u>3,809,948</u>	<u>16,708,698</u>

3 Revenue	2020	2019
	£	£
UK dividends	908,428	1,801,184
Overseas dividends	37,841	154,505
Bank interest	1,295	3,823
Total revenue	<u>947,564</u>	<u>1,959,512</u>

4 Expenses	2020	2019
	£	£
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director, and agents of either of them:		
ACD fee	582,300	492,413
Payable to the depositary, associates of the depositary, and agents of either of them:		
Depositary fee	33,390	27,355
Safe custody fee	2,879	6,705
	<u>36,269</u>	<u>34,060</u>
Other expenses:		
Audit fee	8,311	8,117
FCA fee	71	58
Other expenses	4,716	1,800
	<u>13,098</u>	<u>9,975</u>
Total expenses	<u>631,667</u>	<u>536,448</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Taxation

	2020	2019
	£	£

(a) Analysis of charge in the year

UK Corporation Tax	-	-
Total tax charge for the year (note 5b)	-	-

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an open-ended investment company 20.00% (2019:20.00%). The differences are explained below:

Net revenue before taxation	314,288	1,423,064
Corporation tax at 20.00% (2019:20.00%)	62,858	284,613
<u>Effects of:</u>		
Revenue not subject to UK corporation tax	(189,254)	(391,138)
Current year expenses not utilised	126,396	106,525
Total tax charge for year (note 5a)	-	-

(c) Provision for deferred taxation

At 31 December 2020 there is a potential deferred tax asset of £311,191 (2019: £184,795) in relation to surplus management expenses. It is unlikely the Sub-fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised.

6 Finance costs

	2020	2019
	£	£

Interim dividend distribution	274,967	884,000
Final dividend distribution	209,136	720,379
	484,103	1,604,379

Add: Revenue deducted on cancellation of shares	37,681	15,548
Deduct: Revenue received on issue of shares	(49,579)	(62,751)

	472,205	1,557,176
Interest payable and similar charges	1,609	-
Total finance costs	473,814	1,557,176

Reconciliation of distributions

Net revenue after taxation	314,288	1,423,064
Expenses Paid from capital	157,917	134,112
Net distribution for the year	472,205	1,557,176

7 Debtors

	2020	2019
	£	£

Amounts receivable on trades	95,107	173,047
Amounts receivable for issue of shares	246,538	425,942

Accrued revenue:	-	-
Dividends	30,101	204,528
Prepaid expenses	48	-
Total debtors	371,794	803,517

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 Cash and bank balances	2020	2019
	£	£
Cash and bank balances	4,257,573	3,721,420

9 Creditors	2020	2019
	£	£
Amounts payable on trades	495,774	444,528
Amounts payable for redemption of shares	12,758	-
Amounts payable to the ACD, associates of the ACD and agents of either of them:		
ACD's periodic charge	57,373	50,465
Amounts payable to the depositary, associates of the depositary and agents of either of them;		
Depositary's fees	3,031	2,514
Transaction charges	2,386	5,128
Safe custody and other bank charges	1,813	3,966
	7,230	11,608
Audit fee	8,206	8,100
Other accrued expenses	6,410	9,491
Total creditors	587,751	524,192

10 Financial instruments

In pursuing its investment objective as stated on page 1, the Sub-fund holds a number of financial instruments. The Sub-fund'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 Sub-fund'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 year.

Market price risk

Market price risk is the risk that the value of the Sub-fund'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 Sub-fund holds. It represents the potential loss the Sub-fund might suffer through holding market positions in the face of price movements.

The Sub-fund'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 attributable to ordinary shareholders and equity for the year ended 31.12.20 would have increased/decreased by £8,689,156 (2019: £7,465,376).

10 Financial instruments (continued)

Foreign currency risk

Foreign currency risk is the risk that the value of the Sub-fund'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	
	£		£		£	
	31.12.20	31.12.19	31.12.20	31.12.19	31.12.20	31.12.19
Sterling	3,913,710	3,468,569	86,891,557	74,653,762	90,805,267	78,122,331
Total	3,913,710	3,468,569	86,891,557	74,653,762	90,805,267	78,122,331

Interest rate risk

Interest rate risk is the risk that the value of the Sub-fund's investment holdings will fluctuate as a result of changes in interest rates. The Sub-fund's interest rate risk is limited to bank balances of £4,257,573 (2019: 3,721,420).

Maturity of financial liabilities

The financial liabilities of the Sub-fund as at 31 December 2020 are payable either within one year or on demand.

Liquidity risk

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

Credit risk

Certain transactions in securities that the Sub-fund 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 Sub-fund has fulfilled its responsibilities. The Sub-fund 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.

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.

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's)	Liabilities (£000's)
A Quoted prices for identical instruments in active	86,509	-
C1 Fair value based on a valuation technique using	383	-
Total	86,892	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 Units held**Net Accumulation**

Opening units at 01.01.20	14,209,202
Units issued during the year	11,052,765
Units cancelled during the year	(2,124,521)
Units converted during the year	-
Closing units as at 31.12.20	23,137,446

Net Income

Opening units at 01.01.20	41,911,940
Units issued during the year	10,818,966
Units cancelled during the year	(14,230,535)
Units converted during the year	-
Closing units as at 31.12.20	38,500,371

12 Contingent assets and liabilities

At 31 December 2020, the Company had no contingent liabilities or commitments (31 December 2019: £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 2020. Since that date, the Sub-Fund's quoted price has moved as follows:

Share class	Price (GBP) at 31 December 2020	Price (GBP) at 30 April 2021
Net Accumulation	154.4885	187.7310
Net Income	145.9027	177.2977

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 Portfolio transaction costs

	Year to 31 December 2020		Year to 31 December 2019	
	£	%	£	%
Analysis of total purchase costs				
Purchases in the year before transaction costs	57,023,648		56,230,881	
Commissions	75,020	0.13%	79,624	0.14%
Taxes	182,070	0.32%	189,173	0.33%
Levies	311	0.00%	259	0.00%
Total purchase costs	<u>257,401</u>	<u>0.45%</u>	<u>269,056</u>	<u>0.47%</u>
Total purchases including transaction costs	<u>57,281,049</u>		<u>56,499,937</u>	
Analysis of total sale costs				
Sales in the year before transaction costs	48,946,536		45,776,753	
Commissions	(73,355)	0.15%	(62,180)	0.14%
Taxes	-	0.00%	-	0.00%
Levies	(404)	0.00%	(281)	0.00%
Total sale costs	<u>(73,759)</u>	<u>0.15%</u>	<u>(62,461)</u>	<u>0.14%</u>
Total sales net of transaction costs	<u>48,872,777</u>		<u>45,714,292</u>	

The following represents the total of each type of transaction cost, expressed as a percentage of the Sub-fund's average net asset value in the year:

	2020	% of average	2019	% of average
	£	net asset value	£	net asset value
Commissions	148,375	0.17%	141,804	0.22%
Taxes	182,070	0.21%	189,173	0.30%
Levies	715	0.00%	540	0.00%
	<u>331,160</u>	<u>0.38%</u>	<u>331,517</u>	<u>0.52%</u>

DISTRIBUTION TABLES

For the year ended 31 December 2020

Interim distribution in pence per share

Group 1: Shares purchased prior to 01 January 2020

Group 2 : Shares purchased on or after 01 January and on or before 30 June 2020

01 January 2020 to 30 June 2020

Net Income	Dividend paid 28 August 2020	Equalisation	Dividend paid 28 August 2020	Dividend paid 31 August 2019
Group 1	0.4191p	-	0.4191p	1.7301p
Group 2	0.2065p	0.2126p	0.4191p	1.7301p

Net Accumulation	Dividend accumulated 28 August 2020	Equalisation	Dividend accumulated 28 August 2020	Dividend accumulated 31 August 2019
Group 1	0.4435p	-	0.4435p	1.7780p
Group 2	0.3137p	0.1298p	0.4435p	1.7780p

Final Distribution in Pence per Share

Group 1 – Shares purchased prior to 1 July 2020

Group 2 – Shares purchased on or after 1 July 2020 and on or before 31 December 2020

01 July 2020 to 31 December 2020

Net Income	Dividend payable 26 February 2021	Equalisation	Dividend payable 26 February 2021	Distribution payable 28 February 2020
Group 1	0.3322p	-	0.3322p	1.2697p
Group 2	0.0639p	0.2683p	0.3322p	1.2697p

Net Accumulation	Dividend accumulated 26th February 2021	Equalisation	Dividend accumulated 26th February 2021	Dividend accumulated 28 February 2020
Group 1	0.3511p	-	0.3511p	1.3245p
Group 2	0.0053p	0.3458p	0.3511p	1.3245p

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) 99.86% of the total dividend allocation together with the tax credit is received as franked investment income.
- ii) 0.14% 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, subject to the approval of the FCA.

Valuation Point

The scheme property of the Company and each Sub-fund will normally be valued at 12:00 mid day 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, The ACD shall inform the Depositary of any decision to carry out any such additional valuation.

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 Limited
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.

Taxation

The Company will pay no corporation tax on its profits for the year to 31 December and capital gains within the Company will not be taxed.

Individual shareholders

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 £12,300 (2020/2021) 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.

Corporate shareholders

Companies resident for tax purposes in the UK which hold shares should note that OEIC distributions are streamed into both franked and unfranked income. The unfranked income element will be treated as an annual payment which has been subject to income tax at a rate of 20% and will be liable to tax accordingly. On realisation of their shares, UK resident companies may be liable to pay corporation tax on any capital gains.

The above information on taxation is only a general summary, and shareholders should consult their own tax advisors in relation to their own circumstances. Shareholders should also note that the position as outlined may change to reflect future changes in tax legislation.

INFORMATION FOR INVESTORS (Continued)

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.

Remuneration

Information about the authorised fund manager (AFM) remuneration policies and disclosures is available from Valu-Trac Investment Management Limited on its website which can be found on the link below.

<https://www.valu-trac.com/VIML%20Remuneration%20Policy%20Statement.pdf>

The AFM does not employ any staff directly from the fund, so there are no quantitative disclosures in this report.

CORPORATE DIRECTORY

Authorised Corporate Director, Manager & Registrar	Valu-Trac Investment Management Limited Mains of Orton Fochabers Moray IV32 7QE Telephone: 01343 880344 Fax: 01343 880267 Email: teviot@valu-trac.com Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648
Director	Valu-Trac Investment Management Limited as ACD
Investment Manager	Teviot Partners LLP 46 Charlotte Square Edinburgh Scotland EH2 4HQ Authorised and regulated by the Financial Conduct Authority
Depositary	NatWest Trustee and Depositary Services Limited House A Floor 0, 175 Glasgow Road Gogarburn Edinburgh EH12 1HQ Authorised and regulated by the Financial Conduct Authority
Auditor	Johnston Carmichael LLP Commerce House South Street Elgin IV30 1JE

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 2020

This assessment is to establish what 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 3 years.

	At and for the year ended		
	31 Dec 2020	31 Dec 2019	31 Dec 2018¹
Net gains/(losses) before expenses	£	£	£
Capital only	3,817k	16,710k	(5,085k)
Total fund	4,765k	18,670k	(3,877k)

¹ Period covered from 29 August 2017 to 31 December 2018

<u>Share Classes</u>	At and for the year ended		
	31 Dec 2020	31 Dec 2019	31 Dec 2018¹
Value of fund			
Net Accumulation	£35.7m	£20.8m	£14.7m
Net Income	£56.2m	£58.2m	£35.1m
Shares outstanding			
Net Accumulation	23.1m	14.2m	13.5m
Net Income	38.5m	41.9m	33.0m
NAV per share			
Net Accumulation	154.49p	146.07p	109.36p
Net Income	145.90p	138.81p	106.40p
Dividend per share			
Net Accumulation	0.7946p	3.1025p	3.2178p
Net Income	0.7513p	2.9998p	3.1930p
Operating charges			
Net Accumulation	0.86%	0.86%	0.96%
Net Income	0.86%	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.

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.

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 performance of the fund can be compared against that of a benchmark. The Numis Smaller Companies Index (including AIM but excluding investment Companies) 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 2020	
	FY 2020	Since fund inception 29/08/17
NAV per share		
Net Accumulation ¹	5.8%	54.5%
Net Income ¹ (dividends added back)	5.6%	52.8%
Benchmark		
Numis Smaller Companies Index	4.9%	14.8%

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

The AFM has assessed performance of the fund net of all the charges that are outlined in its prospectus. In the periods since inception, the fund outperformed the benchmark. This outperformance has come having introduced a higher level of risk than the Benchmark, although the AFM believes that the experience which the Investment manager has in this asset class, together with the risk controls utilised, ensures that this risk is suitably managed. (detailed analysis on how we have arrived at this conclusion can be provided on request). 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 incurred during the year ended 31 December 2020 were as follows:

	£	% of average fund value
Investment Manager Fee	550,203	0.75%
Authorised Corporate Director	32,097	0.04%
Depositary	33,390	0.05%
Custodian and transaction fees	14,930	0.02%
Auditor	8,311	0.01%
FCA	71	0.00%
Legal fees	214	0.00%
Total costs	639,216	0.87%

The fund made a profit for the year (capital and revenue less expenses) before distribution of £4,124,236. There was no taxation.

It should be noted that the prospectus allows for a dilution levy to be charged of up to 2.5% on all transactions into or out of the fund. This charge is reviewed daily and applied to all deals to protect existing investors in the funds by covering the spread and dealing costs on both purchases and sales of holdings.

The total dilution levy paid by investors in the period under review was £569,161 with the average dilution levy being 1.15%, the average dilution levy on subscriptions was 1.19% and 0.88% for redemptions.

In its absolute discretion the ACD may waive or reduce the dilution levy.

The AFM has considered the costs charged to the fund by comparing the operating charges of the share classes to the average OCF of the largest 10 funds in the IA UK Smaller Companies sector, retail classes where available. This is shown below.

	Operating charges (excluding legal and transaction fees)
VT Teviot UK Smaller Companies Fund	0.86%
IA UK Smaller Companies (average of 10 largest funds)	1.36%

Source - Morningstar

The AFM has concluded the costs and in particular the investment management fee are appropriate and justified for the fund with the Investment manager's fee considered appropriate for the detailed knowledge and research which the Investment Manager applies to the fund.

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.

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, every shareholder of VT Teviot UK Smaller Companies Fund is receiving good value.

29 April 2021