

VT Teviot UK Smaller Companies Fund

Monthly Fact Sheet – January 2022



Key Facts		
Launch Date: 29.08.17	Fund Size: £83m	
Price at 31.01.22 (12:00)	Accumulation 193.5333p	Income 180.3724p
Sedol	BF6X212	BF6X223
ISIN	GB00BF6X2124	GB00BF6X2231
Annual Management Fee	0.75%	
Ongoing Charges	0.84%	
Minimum Investment	£1,000	
Dilution Levy: (effective 1 February 2022)	Purchases: 1.38% Redemptions: 1.03%	
Dilution levy is updated monthly. For more information visit www.teviotpartners.com		

Summary Investment Objective

The objective of the fund is to achieve a total return (of growth and income, after fees) greater than the Numis Smaller Companies Index (including AIM but excluding Investment Companies).

Fund Attributes

- ❖ A value investment style
- ❖ Small unit size of investment confers a significant advantage in an illiquid asset class
- ❖ Broad and diverse investment universe
- ❖ Invest in circa 1 in 9 companies of the available universe
- ❖ Active Share 86%
- ❖ Bottom up driven with an asset allocation overview

Monthly Manager Commentary

Elevated Inflation, and the associated central bank response, took centre stage in January. The MPC confirmed Market expectations by raising the UK base rate to 0.5% (from 0.25%) just after the month end. Consensus expectations are for 2-3 similar rises later in the year. Rising interest rates imply higher discount rates for future cash flows. Consequently, elevated asset valuations whose present values depend on long duration returns have been pressured. Many commentators now expect 'value' stocks to outperform 'growth' in 2022. The Fund should be favourably exposed.

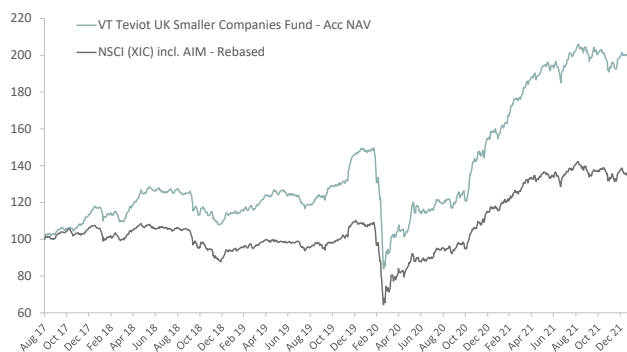
The other factors that should outperform are companies with higher margins and pricing power. These tend to occur in higher valued companies, but by no means exclusively.

Relative to the benchmark index (-6.4%), the Fund performed strongly (-3%). Cheaper stocks performed far better. Large Cap 'value' materially outperformed 'growth', though somewhat less so for small/mid caps. Style definitions are not clear cut and are very much sector-skewed. High-growth struggled, with the most obvious exponents (technology and biotech) hardest hit of all. The Fund has a materially underweight position here, which benefited relative performance. Energy was the strongest sector in the month. Energy prices remain elevated, as do containerised freight rates, with the latter impacting on Retailers' margins and availability over key Christmas trading.

The strongest contributor to returns was Lookers, after Constellation Automotive Holdings Limited purchased 19.9% of the share capital at a substantial premium to the prevailing price. Gulf Keystone benefited from the strong oil price as well as positive news flow regarding its production, cashflows and dividend payments. IG Design suffered as Asia-US freight rates rose yet further in the key run up to Christmas, which impacted margins and caused it to warn on profit expectations for the current year. De La Rue suffered manufacturing disruption as Omicron increased staff absences and supply chain delays, causing it to warn on current year profit expectations.

The Fund's full year distribution (Net Inc) to December 2021 is 2.2142p per share. This includes a provisional element for the period from June to December.

Performance





Returns (%)	1 m	3 m	6 m	1 Year	3 Years	Since Launch
The Fund	-3.0%	-3.7%	-0.0%	+23.9%	+69.1%	+93.5%
NSCI (XIC) incl. AIM	-6.4%	-5.7%	-4.5%	+11.6%	+36.6%	+28.9%

12 months Discrete Returns (%) – To End Q4	2021	2020	2019	2018
The Fund	+29.1%	+5.8%	+33.6%	-3.6%
NSCI (XIC) incl. AIM	+20.0%	+4.9%	+22.2%	-15.8%

Past performance is not necessarily a guide to future performance. Fund launched on 29 August 2017. Fund performance is illustrated by the Accumulation Share Class NAV. Discrete performance is updated on a calendar quarter basis and reflects all available discrete periods since launch.

How to Invest	
Details of how to invest in the VT Teviot UK Smaller Companies Fund are available from our website: www.teviotpartners.com	
Application forms and other supporting documents are also available at www.valu-trac.com/teviot +44 (0)1343 880344	
Platforms	
Aegon Allfunds Hargreaves Lansdown Pershing 7IM	AJ Bell Aviva Interactive Investor Transact
Authorised Corporate Director & Administrator	
* Valu-Trac Administration Services Orton, Moray, IV32 7QE Tel: +44 (0)1343 880344 Fax: +44 (0)1343 880267 www.valu-trac.com	
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VT Teviot UK Smaller Companies Fund				
Top 10 Holdings as at 31/01/22				
Holding	Sector	% of portfolio		
1. Drax	Electricity Provider	3.2		
2. Renewi	Waste Services	2.1		
3. De La Rue	Bank Note & Authentication Solutions	2.0		
4. Indivior	Speciality Pharmaceuticals	1.9		
5. Trifast	Industrial Distributor	1.9		
6. Staffline Group	Recruitment & Training	1.8		
7. Mears Group	Property Management & Maintenance	1.8		
8. Capricorn Energy	Oil Exploration & Production	1.8		
9. Energean	Oil & Gas Producer	1.8		
10. Serica Energy	North Sea Oil & Gas Producer	1.8		
Total		20.1		
Market Cap Breakdown		Listing	%	
	% of Portfolio	No. of Stocks		
Above £1bn	23.7	18	Main	69.2
£500m - £1bn	16.7	13	Aim	29.3
£250m - £500m	18.7	21	Cash	1.5
£100m - £250m	28.1	27		
Below £100m	11.3	18		
Cash	1.5			
Total	100.0	97		

Fund Managers	
 <p>Barney Randle, Partner</p> <p>Barney has a strong 4-year performance record managing the VT Teviot UK Smaller Companies Fund. Prior to founding Teviot Partners in November 2016, Barney spent over 20 years on the sell side on UK Small Caps, advising investors and corporates, working for a variety of investment banks including Merrill Lynch and JP Morgan. Barney specialised in original and rigorous investment analysis, with a non-consensual approach, and has a deep understanding of the implications of liquidity in an illiquid asset class.</p>	 <p>Dan Vaughan, Partner</p> <p>Dan joined Teviot in May 2021 and acceded to Partner in January 2022. He has a strong pedigree in UK Smaller Company investing, having managed UK Smaller Companies pension and life money at Colombia Threadneedle for 13 years, latterly heading up the team until 2013 when he took a career break. As a specialist in UK Small Caps, Dan was an analyst then fund manager at CU/CGU/Morley Fund Management as the organisation grew with the mergers of Commercial Union with General Accident in 1998 and then CGU with Norwich Union in 2000.</p>

Important Information / Risk Warnings
<p>This fund invests in smaller companies and carries a higher degree of risk than funds investing in larger companies. The shares of smaller companies may be less liquid and their performance more volatile over shorter time periods. The fund can also invest in smaller companies listed on the Alternative Investment Market (AIM) which also carry the risk described above.</p> <p>This document is provided for general information purposes only and should not be interpreted as investment advice. It is not a personal recommendation and it should not be regarded as a solicitation or an offer to buy or sell any securities or instruments mentioned in it. We recommend retail investors seek the services of a Financial Adviser. Full details of the VT Teviot UK Smaller Companies Fund (the "Fund"), including risk warnings are published in the Key Investor Information document and Prospectus all available from www.valu-trac.com/teviot. The Fund is subject to normal stock market fluctuations and other risks inherent in such investments.</p> <p>The information contained in this document has been obtained from sources that Teviot Partners LLP ("TP") considers to be reliable. However, TP cannot guarantee the accuracy or completeness of the information provided, and therefore no investment decision should be based solely on this data. Past performance is not a guide to future performance. This document is issued by TP, authorised and regulated by the Financial Conduct Authority (FCA), registration number 766508.</p> <p>Valu-Trac Administration Services are the Authorised Corporate Director of this fund. * Valu-Trac Administration Services is a trading name of Valu-Trac Investment Management Limited. Registered in England No. 2428648. Authorised and regulated by the Financial Conduct Authority (FCA), registration number 145168.</p>