

VT Teviot UK Smaller Companies Fund

Monthly Fact Sheet – June 2022



Key Facts		
Launch Date: 29.08.17	Fund Size: £72m	
Price at 30.06.22 (12:00)	Accumulation 173.8813p	Income 159.6851p
Sedol	BF6X212	BF6X223
ISIN	GB00BF6X2124	GB00BF6X2231
Annual Management Fee	0.75%	
Ongoing Charges	0.85%	
Minimum Investment	£1,000	
Dilution Levy: (effective 1 July 2022)	Purchases: 1.36% Redemptions: 1.01%	
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 83%
 - ❖ Bottom up driven with an asset allocation overview

Objectives and Investment Policy

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).

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 Manager actively manages the portfolio in order to achieve the objective and will not be restricted in respect of investments by industrial sectors.

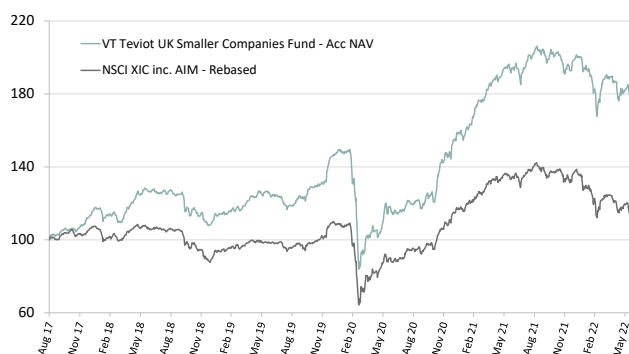
In addition to equities, the asset classes in which the Fund may invest includes transferable securities, units in collective investment schemes, money-market instruments, cash and near cash and deposits

The Fund will not invest in any immovable property or tangible movable property. The 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. The Fund's base currency is Pounds Sterling.

If you hold income shares any income from the Fund may be paid out to you. If you hold accumulation shares, any income from the Fund will be re-invested to grow the value of your investment. You can buy and sell shares on any business day.

As indicated above, the Fund aims to achieve a total return over the longer term. Nevertheless capital is in fact at risk and there is no guarantee that a total return will be achieved over that specific, or any, time period. For full investment objectives and policy details, please refer to the Prospectus.

Performance



Returns (%)	1 m	3 m	6 m	1 Year	3 Years	Since Launch
The Fund	-4.7%	-7.9%	-12.8%	-9.9%	+40.9%	+73.9%
NSCI (XIC) incl. AIM	-9.4%	-12.3%	-21.4%	-19.0%	+10.1%	+8.2%

12 months Discrete Returns (%) – To End Q2	2022	2021	2020	2019
The Fund	-9.9%	+68.3%	-7.1%	-2.5%
NSCI (XIC) incl. AIM	-19.0%	+52.3%	-10.7%	-7.2%

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.

Quarterly Manager Commentary

The relative return of the Fund was strong in Q2: Fund -7.9%, benchmark Index -12.3%. We would all prefer strong absolute returns too, but it is encouraging evidence of the Fund being well positioned for the current environment. Large cap UK equities outperformed in Q2, helped by the relative overweight to typically defensive sectors like Tobacco, Pharma, Food Retail, and Utilities; and also helped by the larger weight to Oil & Gas Producers. UK mid/small caps are more directly exposed to the struggling economy, with weak Q2 sectors being Mining, and the consumer facing sectors of Leisure and Retail. The Fund's relative strength in the quarter can largely be attributed to stock selection, although sectoral weightings also aided performance.

Investor sentiment is currently depressed. We have been here before and will undoubtedly be here again. Taking any long-term lens, the asset class has consistently outperformed inflation. Inflation has posed a problem for equity markets to navigate and for the most part of this year the yield on long-dated government bonds has been rising. More recently it has receded due to the risk of central banks hawking us into a recession; yet Equity Markets again responded negatively (this time with *falling* inflation projections). There is a lot of uncertainty out there, not least the trajectory for inflation and GDP, and the outcome in Ukraine. The stocks in our Index that are particularly exposed to rising inflation are those with long-dated valuations. Consequently, 'value' stocks outperformed 'growth' stocks, which served as a tailwind to performance, although 'value' underperformed in June as Markets became more fixated with slowing economic growth than with inflation and the cost of money.

In relative terms, the Fund has been well positioned for the first half of 2022 (Index -21.4%, Fund -12.8%). We have used our excellent liquidity to ensure the Fund is strongly weighted in energy producers and in defensive-orientated sectors, and in large part where we do have cyclical exposure, we are not running the double whammy of high financial leverage. The portfolio has a healthy selection of robust industry franchises with strong balance sheets that ought to ensure that these cyclical businesses fare far better in any downturn that may be coming than their competitors. If not, they also have the funding comfort to invest in working capital and inventory during the current global supply chain disruption, which will again serve them well in terms of market share gains.

The largest contributors to Fund performance in Q2 were holdings in Go-Ahead, EMIS and Telecom Plus. Corporate activity picked up noticeably in Q2 and the Fund benefited from recommended approaches for Go-Ahead, EMIS and ContourGlobal. The biggest detractor to relative performance in June was not owning Euromoney Institutional Investor which also received an approach. The Fund also has several holdings that are still subject to corporate interest but where a formal bid has either not been received or recommended. The largest detractor to relative performance in Q2 which the Fund owns was Future - technical factors served to undermine the share price despite a strong trading update and a sound valuation.

Telecom Plus is a rare beneficiary of the energy crisis. Not at the expense of the consumer, but rather the rewards of disciplined pricing and risk management in the face of numerous competitors who finally fell into administration when their energy-short business models were exposed by sharp upward wholesale prices which they were unable to fund.

VT Teviot UK Smaller Companies Fund

Top 10 Holdings as at 30/06/22

Holding	Sector	% of portfolio
1. Go-Ahead Group	Passenger Transport	2.8
2. Drax	Electricity Provider	2.8
3. Renewi	Waste Services	2.5
4. Energean	Oil & Gas Producer	2.2
5. Mears Group	Property Management & Maintenance	2.0
6. Norcros	Bathroom & Kitchen Supplies	2.0
7. Rathbone Brothers	Wealth Manager	1.9
8. EMIS Group	Software	1.9
9. Telecom Plus	Utility Services	1.8
10. Capricorn Energy	Oil & Gas Producer	1.8
Total		21.7

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	19.2	12
£500m - £1bn	22.9	18
£250m - £500m	19.4	21
£100m - £250m	27.3	26
Below £100m	10.2	18
Cash	1.0	
Total	100.0	95

Listing	%
Main	70.4
Aim	28.6
Cash	1.0

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	AJ Bell
Allfunds	Aviva
Hargreaves Lansdown	Interactive Investor
Pershing	Transact
7IM	

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

Teviot Partners LLP

46 Charlotte Square
Edinburgh EH2 4HQ
Tel: +44 (0)131 510 7280
info@teviotpartners.com www.teviotpartners.com

Fund Managers



Barney Randle,
Partner

Barney has a strong c.5 year performance record managing the VT Teviot UK Smaller Companies Fund since launch in August 2017. UK Smaller Companies has been his area of focus for 27 years, initially advising investors and corporates on the sell side where he specialised in original and rigorous investment analysis, and where he developed a deep understanding of the implications of liquidity in an illiquid asset class.



Dan Vaughan,
Partner

After graduating from Oxford University, Dan specialised in UK Smaller Companies in the mid-1990s at Aviva. He then spent 13 years managing UK Smaller Companies pension and life funds at Colombia Threadneedle, of which the final 7 years were as Head of Team. Dan joined Teviot in May 2021 and acceded to Partner in January 2022.

Important Information / Risk Warnings

This fund invests in smaller companies and carries a higher degree of risk than funds investing in larger companies. The shares of smaller companies may be less liquid and their performance more volatile over shorter time periods. The fund can also invest in smaller companies listed on the Alternative Investment Market (AIM) which also carry the risk described above.

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.

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.

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.