

# VT Teviot UK Smaller Companies Fund

Monthly Fact Sheet – December 2023



Key Facts		
<b>Launch Date:</b> 29.08.17	<b>Fund Size:</b> £91m	
Price at 29.12.23 (12:00)	<b>Accumulation</b> 178.1138p	<b>Income</b> 156.6556p
Sedol	BF6X212	BF6X223
ISIN	GB00BF6X2124	GB00BF6X2231
<b>Annual Management Fee</b>	0.75%	
<b>Ongoing Charges</b>	0.86%	
<b>Minimum Investment</b>	£1,000	
<b>Dilution Levy:</b> (effective 1 January 2024)	Purchases: 1.24% Redemptions: 0.91%	
Dilution levy is updated monthly. For more information visit <a href="http://www.teviotpartners.com">www.teviotpartners.com</a>		

**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 8 companies of the available universe
  - ❖ Active Share 85%
  - ❖ 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.

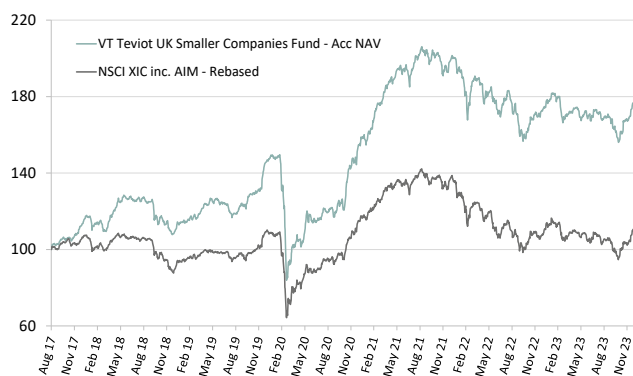
In addition to equities, the asset classes in which the Fund may invest includes transferable securities, units in collective investment schemes, money-market instruments, cash and near cash and deposits

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	1 Year	3 Years	5 Years	Since Launch
The Fund	+5.9%	+6.0%	+2.9%	+15.3%	+62.9%	+78.1%
NSCI (XIC) incl. AIM	+8.5%	+6.9%	+3.2%	-3.3%	+24.0%	+11.0%

12 months Discrete Returns (%) – To End Q4					
	2023	2022	2021	2020	2019
The Fund	+2.9%	-13.3%	+29.1%	+5.8%	+33.6%
NSCI (XIC) incl. AIM	+3.2%	-21.9%	+20.0%	+4.9%	+22.2%

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.

## Quarterly Manager Commentary

The fourth quarter of 2023 brought with it real signs of optimism for UK Small Caps. The Fund slightly underperformed its benchmark index: Fund +6.0%, compared to the Numis Smaller Companies Index plus AIM, excluding Investment Companies, which was up 6.9%.

As has been the pattern for some time now, Q4 experienced a high degree of volatility, with the Index down 7.0% in October, but up 5.9% in November and up 8.5% in December. A similar picture of uncertainty was echoed in bond markets too, with yields rising in October but falling very sharply in December. Q3 was punctuated by interest rate rises; Q4 saw markets price in significant cuts into 2024. When times are uncertain and Markets exhibit volatility, it is invariably the more liquid components of our index that suffer and benefit. With the Fund skewed down the market cap spectrum, we would expect our less liquid holdings to benefit if the rally persists. Style factors were pretty negligible in the quarter, bar the size effect noted above.

Capital Markets continue to wrestle with the likely trajectories for inflation, interest rates and economic growth. Whilst macro uncertainty remains, we take confidence from depressed equity valuations for UK small-caps; and that the significant capital flows out of our index over the past two years have eased. Prices can move upwards sharply if capital flows return.

M&A remained a feature. The Fund benefited from recommended offers for Ten Entertainments and Smoove; although the largest detractor from performance in Q4 was due to the withdrawal of bid interest in waste services & recycling company Renewi, which is a large holding in the Fund.

The other strongest stock performers in Q4 included Fonix (+32% after strong results); and Norcros (+28%), OSB (+42%), Keller (+17%) and TI Fluid Systems (+25%), which are all cyclically exposed and rate sensitive.

In contrast, there were disappointing performances from Renewi (-13%, takeover collapse); Indivior (-33%, poorly received Q3 results that led to reduced growth expectations); Xaar (-37%, warning on new product sales progress taking longer than expected); and Energean (-9%, increasing Middle East tensions). The bigger impact on relative performance was not owning some large index holdings that performed strongly into the year end: Paragon (+42%), and both Bridgepoint (+45%) and Carnival (+32%) then exited the index due to size.

At a sector level, it was principally the wider Financials underweight (relative to the benchmark index) that cost us relative performance. Our relative overweight in Industrials (Industrial Support Services, Construction & Materials and Industrial Transportation) helped.

Throughout 2023 we have been gradually increasing our cyclical exposures as the outlook starts improving. We have a large choice of companies on compelling valuations; and we are excited by the material upside potential in our portfolio of stocks.

### VT Teviot UK Smaller Companies Fund

Top 10 Holdings as at 29/12/23

Holding	Sector	% of portfolio
1. Mears Group	Property Management & Maintenance	2.5
2. Wilmington	Information, Training & Education Solutions	2.3
3. Keller Group	Construction Services	2.2
4. Kitwave Group	Independent Wholesaler	2.2
5. Renewi	Waste Services	2.0
6. SThree	Recruitment	2.0
7. Drax Group	Electricity Provider	1.9
8. Jet2	Leisure Travel Group	1.8
9. Atalaya Mining	Copper Mining	1.7
10. Sabre Insurance	Insurance	1.7
Total		20.3

### Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	18.6	16
£500m - £1bn	19.0	16
£250m - £500m	25.0	25
£100m - £250m	24.2	24
Below £100m	9.1	16
Cash	4.1	
Total	100.0	97

### Listing

	%
Main	66.9
Aim	29.0
Cash	4.1

## Fund Managers



**Barney Randle,**  
Partner

Barney has a strong 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 over 25 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 Columbia 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.

## How to Invest

Details of how to invest in the VT Teviot UK Smaller Companies Fund are available from our website: [www.teviotpartners.com](http://www.teviotpartners.com)

Application forms and other supporting documents are also available at [www.valu-trac.com/teviot](http://www.valu-trac.com/teviot)  
+44 (0)1343 880344

## The Fund is available on most major Platforms including

Aegon	AJ Bell
Allfunds	Aviva
Fidelity	Hargreaves Lansdown
Interactive Investor	Quilter
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](http://www.valu-trac.com)

## Teviot Partners LLP

101 George Street  
Edinburgh EH2 3ES  
Tel: +44 (0)131 510 7280  
[info@teviotpartners.com](mailto:info@teviotpartners.com) [www.teviotpartners.com](http://www.teviotpartners.com)

## 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](http://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.