

# VT Teviot UK Smaller Companies Fund

Monthly Fact Sheet – March 2024



## Key Facts

<b>Launch Date:</b> 29.08.17		<b>Fund Size:</b> £108m
Price at 28.3.24 (12:00)	<b>Accumulation</b> 183.9170p	<b>Income</b> 161.7596p
Sedol	BF6X212	BF6X223
ISIN	GB00BF6X2124	GB00BF6X2231
<b>Annual Management Fee</b>	0.75%	
<b>Ongoing Charges</b>	0.90%	
<b>Minimum Investment</b>	£1,000	
<b>Dilution Levy:</b> (effective 1 April 2024)	Purchases: 1.35% Redemptions: 1.02%	
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 Deutsche 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 7 companies of the available universe
- ❖ Active Share 81%
- ❖ 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 Deutsche 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 Deutsche 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.

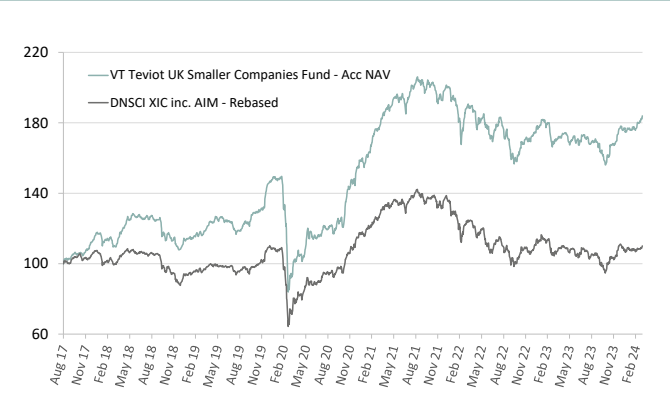
In addition to equities, the asset classes in which the Fund may invest includes transferable securities, units in collective investment schemes, money-market instruments, cash and near cash and deposits

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	+4.2%	+3.3%	+8.4%	+4.4%	+57.8%	+83.9%
NSCI (XIC) incl. AIM	+3.0%	-0.8%	+3.0%	-12.7%	+14.9%	+10.1%

12 months Discrete Returns (%) – To End Q1					
	2024	2023	2022	2021	2020
The Fund	+8.4%	-10.1%	+7.2%	+86.4%	-18.9%
NSCI (XIC) incl. AIM	+3.0%	-13.4%	-2.1%	+71.3%	-23.2%

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 year has started well for the Fund – it rose 3.3% in the first quarter of 2024, compared to its benchmark index (the Deutsche Numis Smaller Companies Index plus AIM, excluding Investment Companies) which fell by 0.8%. Pleasingly, the Fund outperformed the Index in all 3 months. In addition to the rise in the unit price, the Fund also saw net inflows – the combined effect saw the fund grow to £108m.

Having risen by 6% in the fourth quarter of 2023, another quarter of positive returns for our investors is warmly welcomed, and we certainly believe that there is much more upside potential in our holdings.

The stocks that contributed most to performance included food wholesaler Kitwave (+45% in the quarter), geospatial software provider IQGeo (+46%), housing maintenance provider Mears (+19%) and geotechnical solutions stock Keller (+19%) – all had positive trading updates. Wealth manager Mattioli Woods (+31%) also contributed, after receiving a takeover approach. From a relative perspective, the Fund benefited from not owning Watches of Switzerland (-49%), Close Brothers (-47%) and CVS (-42%) – the first two suffered profit warnings whilst the latter is subject to a CMA investigation into the UK veterinary market.

Detractors included Trifast (-15%) and Speedy Hire (-23%) – both are suffering from the slowdown in economic activity – whilst not owning media stock 4Imprint (+39%) hurt relative performance.

Although stock selection proved more important than sector positioning in the period, the Fund nevertheless benefited from its overweight positions in Telecoms, Food Producers and Industrials, and from its underweights in Consumer Discretionary, Basic Materials and Energy. The underweight in Health Care was slightly negative.

M&A continues to be a regular feature in UK small-caps, and - as in previous years - we would expect to get our fair share given the attractive valuations of our companies. In addition, with the decline in the inflation rate, the expectation of cuts in interest rates may spark greater investor interest. We continue to rotate gradually into more cyclically-exposed stocks as we gain confidence in improving economic growth.

Should investment flows turn positive into UK mid-caps and small-caps in the coming months, share prices could appreciate considerably after a prolonged period of under-performance. Our analysis suggests that most investors are currently underweight UK small-caps. Whilst that will have served them well for the best part of the last two years, any medium-to-long-term lens strongly dictates the opposite. Improving relative returns would likely trigger net capital allocation turning from negative to positive – the implications for asset prices would be very positive. We are optimistic.

### VT Teviot UK Smaller Companies Fund

Top 10 Holdings as at 28/03/24

Holding	Sector	% of portfolio
1. Kitwave Group	Independent Wholesaler	2.7
2. Keller Group	Construction Services	2.5
3. Wilmington	Information, Training & Education Solutions	2.2
4. Jet2	Leisure Travel Group	2.2
5. Premier Foods	Branded Food Producer	2.1
6. Mears Group	Property Management & Maintenance	2.1
7. SThree	Recruitment	1.9
8. Renewi	Waste Services	1.9
9. Drax Group	Electricity Provider	1.8
10. Sabre Insurance	Insurance	1.8
Total		21.2

### Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	21.9	17
£500m - £1bn	17.7	13
£250m - £500m	31.5	29
£100m - £250m	20.3	22
Below £100m	7.3	16
Cash	1.3	
Total	100.0	97

### Listing

	%
Main	67.0
Aim	31.7
Cash	1.3

## 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 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.

## 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)  
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## The Fund is available on most major Platforms including

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

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## 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.

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