

VT Teviot UK Smaller Companies Fund

Monthly Fact Sheet – June 2024



Key Facts		
Launch Date: 29.08.17	Fund Size: £123m	
Price at 28.06.24 (12:00)	Accumulation 198.9383p	Income 172.4230p
Sedol	BF6X212	BF6X223
ISIN	GB00BF6X2124	GB00BF6X2231
Annual Management Fee	0.75%	
Ongoing Charges	0.90%	
Minimum Investment	£1,000	
Dilution Levy: (effective 1 July 2024)	Purchases: 1.22%	Redemptions: 0.88%
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 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 80%
 - ❖ 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.

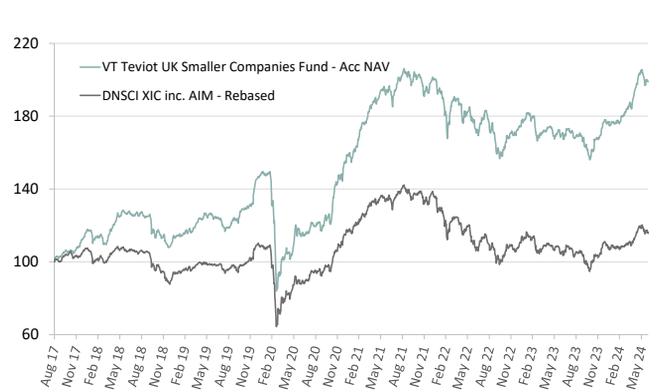
In addition to equities, the asset classes in which the Fund may invest includes transferable securities, units in collective investment schemes, money-market instruments, cash and near cash and deposits

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	-2.6%	+8.2%	+16.9%	+3.1%	+61.2%	+98.9%
NSCI (XIC) incl. AIM	-3.2%	+5.0%	+10.0%	-13.5%	+17.6%	+15.6%

12 months Discrete Returns (%) – To End Q2

	2024	2023	2022	2021	2020
The Fund	+16.9%	-2.1%	-9.9%	+68.3%	-7.1%
NSCI (XIC) incl. AIM	+10.0%	-2.8%	-19.0%	+52.3%	-10.7%

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 Fund had a strong Q2 (+8.2%), also relative to its benchmark index (Deutsche Numis Smaller Companies Index plus AIM, excluding Investment Companies) which rose by 5.0%. This followed a good Q1 (+3.3%), compared to the benchmark index which was down in Q1 (-0.8%). The improvement in the Small-cap index is noteworthy - it reflects much improved investor appetite. Small-cap fund flows appear to be on an improving trend and certainly the heavy outflows that have been a feature for some time now appear to have eased. In addition to the rise in the unit price, the Fund also saw net inflows – the combined effect saw the Fund grow to £123m. We continue to see material upside potential in our holdings; and when we no longer do, then we actively seek to initiate new holdings.

The stocks that contributed most to performance were Future plc and Property Franchise Group. Both updated 'in line' with expectations, but both stand to benefit from cyclical recovery. The largest detractor in relative terms was not owning Keyword Studios which succumbed to bid interest. Kitwave gave up some of the strong gains from Q1, as did Jet2.

Stock selection again proved more important than sector positioning in the period. The material macro uncertainty that characterised much of 2022 and 2023 resulted in wildly fluctuating bond yields, making stock selection less of a factor for returns. It is pleasing to see a somewhat more becalmed environment, allowing stock fundamentals to prove out.

M&A continued to benefit Fund performance (Tyman, IQGeo, Alpha Financial Markets Consulting all received recommended takeovers), and is likely to run further unless or until domestic investors move capital into the space in recognition of the value on offer. We continued to rotate gradually into more cyclically-exposed stocks as we gain confidence in improving economic growth and declining inflation. The expectation of cuts in interest rates may spark greater investor interest.

As always, though, it is the net flow of capital that will determine the price of assets. Should investment flows turn positive into UK Small-caps, share prices could appreciate considerably after a prolonged period of under-performance. Our analysis continues to suggest that most investors are currently underweight UK small-caps, and any medium-to-long-term lens strongly dictates the opposite. Improving relative returns would likely trigger net capital allocation turning from negative to positive. It is worthy of note that our benchmark Small-cap index is now up 22.1% from the recent nadir (26 Oct 2023), compared to the Numis Large Cap Index which is up only 14.2%. Those investors who are underweight Small-caps will be starting to hurt. For the previous 26 months (peak of Small-cap index on 6 Sept 2021 until 26 Oct 2023), investors were fully validated in ignoring Small-caps – over this period our Small-cap benchmark index returned -33.4%, compared to +8.7% for the Numis Large Cap Index. If capital starts to allocate across (and we sense that it is) the price of Small-caps could move sharply. It has been very pleasing to report to our investors that their returns in our Fund have been considerably better than the Small-cap benchmark index, both throughout the declining market and also now during the subsequent recovery.

It is key for us, and our investors, to remember that - particularly in an illiquid asset class - it is imperative that you do not allocate capital too late. Whilst global capital markets inevitably demonstrate heavy momentum characteristics, in Small-caps the best returns are to be had by contrarians who are bold enough to allocate before it becomes consensual. It is what we seek to do at a stock level; and what we recommend investors do at an allocation level.

We are optimistic for growth in UK Small-cap capital values.

VT Teviot UK Smaller Companies Fund

Top 10 Holdings as at 28/06/24

Holding	Sector	% of portfolio
1. Keller Group	Construction Services	2.3
2. Wilmington	Information, Training & Education Solutions	2.2
3. Renewi	Waste Services	2.1
4. Kitwave Group	Independent Wholesaler	2.1
5. Jet2	Leisure Travel Group	2.0
6. Premier Foods	Branded Food Producer	1.9
7. SThree	Recruitment	1.8
8. Drax Group	Electricity Provider	1.7
9. TP ICAP	Inter-dealer Broker & Data Provider	1.7
10. Atalaya Mining	European Copper Mining	1.6
Total		19.4

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	25.4	22
£500m - £1bn	18.0	13
£250m - £500m	22.4	25
£100m - £250m	23.9	26
Below £100m	6.6	12
Cash	3.7	
Total	100.0	98

Listing

	%
Main	68.1
Aim	28.2
Cash	3.7

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

Application forms and other supporting documents are also available at

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

Teviot Partners LLP

101 George Street

Edinburgh EH2 3ES

Tel: +44 (0)131 510 7280

info@teviotpartners.com 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. 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.