

VT Teviot UK Smaller Companies Fund

Monthly Fact Sheet – September 2024



Key Facts		
Launch Date: 29.08.17	Fund Size: £122m	
Price at 30.09.24 (12:00)	Accumulation 203.0649p	Income 175.9996p
Sedol	BF6X212	BF6X223
ISIN	GB00BF6X2124	GB00BF6X2231
Annual Management Fee	0.75%	
Ongoing Charges	0.90%	
Minimum Investment	£1,000	
Dilution Levy: (effective 1 Oct 2024)	Purchases: 1.14% Redemptions: 0.78%	
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 79%
❖ 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.

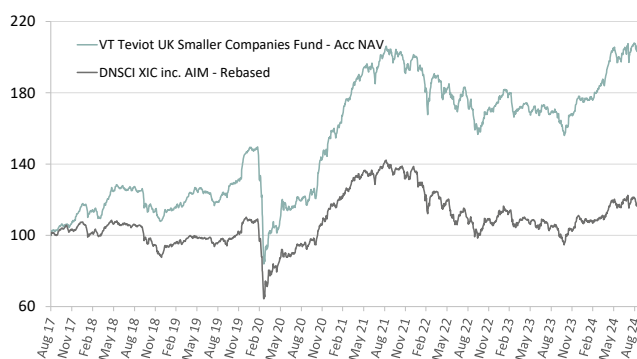
In addition to equities, the asset classes in which the Fund may invest includes transferable securities, units in collective investment schemes, money-market instruments, cash and near cash and deposits

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	-2.3%	+2.1%	+20.8%	+0.2%	+64.6%	+103.1%
NSCI (XIC) incl. AIM	-2.1%	+2.5%	+14.1%	-13.9%	+22.0%	+18.5%

12 months Discrete Returns (%) – To End Q3					
	2024	2023	2022	2021	2020
The Fund	+20.8%	+5.6%	-21.5%	+70.3%	-3.5%
NSCI (XIC) incl. AIM	+14.1%	+3.3%	-26.9%	+45.7%	-2.8%

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.

Quarterly Manager Commentary

Perhaps unsurprisingly, the third quarter of 2024 was more subdued than the first six months of the year – but positive returns were still made. The Fund was up 2.1% in Q3, slightly lagging its benchmark index (DNSCI XIC inc. AIM) which rose 2.5%. Nonetheless, after 9 months of the year, the Fund has provided a robust total return of 14%, substantially outperforming the index return of 6.8%.

Strong stock performances for the Fund in Q3 included Keller (+30%), Drax (+31%), Alumasc (+53%) and Playtech (+60%). Construction-related stocks Keller and Alumasc delivered major upgrades to profits, yet are still modestly valued, Drax responded well to the change in the political landscape, and Playtech provided good news on both its B2B arrangement with Caliplay in Mexico and the disposal of its Italian B2C sports betting business – Snaitech – to Flutter. Relative to the Index, the Fund also benefited from not owning Oil Services stock John Wood (-39%), where a takeover approach was withdrawn.

The largest detractor from performance was industrial manufacturer TT Group (down 36% on a profit warning as orders were deferred), whilst in relative terms not owning software stock Ascential (+65%) was harmful, as it succumbed to a takeover bid from media stock Informa.

From a sectoral perspective, the overweight positions in Constructions & Materials, Food Producers and Telecoms Services all aided the Fund relative to the Index, as did underweights in Healthcare, Energy and Beverages. In contrast, the underweight in Real Estate was mildly detrimental.

After the flurry of takeovers the Fund enjoyed in H1, M&A activity was more subdued, although both TI Fluids and Eckoh received tentative approaches which may conclude in the coming months.

We continue to rotate gradually into more cyclically-exposed stocks as we gain confidence in improving economic growth and declining inflation. The expectation of further cuts in interest rates may spark greater investor interest. The General Election result should ensure that the UK has a stable Government for the next 4-5 years, in contrast to the turbulence ever since Brexit. After the Budget on 30th October, we anticipate a pick-up in confidence for both the consumer and businesses, which should lead to improved corporate profitability. The undemanding valuations of UK smaller companies do not price in this scenario, and could enable share prices to appreciate considerably after a prolonged period of under-performance. As capital starts to re-allocate, the price of small-caps could move sharply, making us optimistic for further growth in the Fund.

VT Teviot UK Smaller Companies Fund

Top 10 Holdings as at 30/09/24

Holding	Sector	% of portfolio
1. Kitwave Group	Independent Wholesaler	2.7
2. Wilmington	Information, Training & Education Solutions	2.5
3. Keller Group	Construction Services	2.3
4. Jet2	Leisure Travel Group	2.2
5. TP ICAP	Inter-dealer Broker & Data Provider	2.2
6. Premier Foods	Branded Food Producer	2.1
7. Drax Group	Electricity Provider	2.0
8. Renewi	Waste Services	2.0
9. Norcros	Kitchen and bathroom products	1.7
10. SThree	Recruitment	1.6
Total		21.3

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	28.9	21
£500m - £1bn	18.4	18
£250m - £500m	21.1	19
£100m - £250m	25.0	28
Below £100m	5.5	11
Cash	1.1	
Total	100	97

Listing

	%
Main	71.9
AIM	27.0
Cash	1.1

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

Application forms and other supporting documents are also available at:

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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