

VT Teviot UK Smaller Companies Fund

Monthly Fact Sheet – December 2024



Key Facts		
Launch Date: 29.08.17	Fund Size: £116m	
Price at 31.12.24 (12:00)	Accumulation 195.3531p	Income 167.2490p
Sedol	BF6X212	BF6X223
ISIN	GB00BF6X2124	GB00BF6X2231
Annual Management Fee	0.75%	
Ongoing Charges	0.90%	
Minimum Investment	£1,000	
Dilution Levy: (effective 1 Jan 2025)	Purchases: 1.10% Redemptions: 0.75%	
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.

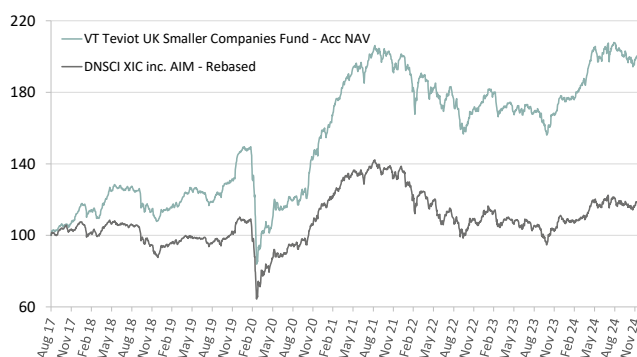
In addition to equities, the asset classes in which the Fund may invest includes transferable securities, units in collective investment schemes, money-market instruments, cash and near cash and deposits

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	-1.5%	-3.8%	+9.7%	-2.0%	+33.7%	+95.4%
NSCI (XIC) incl. AIM	-0.1%	-1.6%	+5.0%	-15.4%	+6.6%	+16.6%

12 months Discrete Returns (%) – To End Q4					
	2024	2023	2022	2021	2020
The Fund	+9.7%	+2.9%	-13.3%	+29.1%	+5.8%
NSCI (XIC) incl. AIM	+5.0%	+3.2%	-21.9%	+20.0%	+4.9%

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

After strong returns in the first nine months of 2024, Q4 then gave back some of that return in absolute and relative. The Fund was down 3.8% in Q4; and its benchmark index (DNSCI XIC inc. AIM) fell 1.6%. The previous nine months saw the Fund up 14%, compared to the index return of 6.8%. Q4 brought with it renewed concerns about inflation and the speed of central bank rate cuts which risk deferring economic growth. The new Labour Government moved swiftly to set its stall out, and Rachel Reeves' first Budget seemed to show little understanding of Capital Markets or economics in general. An increased National Insurance burden for employers was seemingly the cost for investing an additional £22 billion into the NHS and for another rise in the National Living Wage. Whilst NHS waiting lists are un-savoury and need addressing, simply throwing more supply at the problem ignores the real issue about tackling demand. The partial withdrawal of Business Property Relief had been expected and largely already priced-in to many AIM-listed equity valuations. It was, however, a somewhat unhelpful message in terms of stimulating investment in general.

The Fund's benchmark index, DNSCI XIC Inc AIM, includes about one third of its value in AIM. The Fund has been a little underweight in AIM, which served investors well for 2024. Of more note for Q4 returns were the Fund's cyclically exposed investments. The Fund has been gradually rotating capital towards more cyclical stocks throughout 2024. The path to future interest rate cuts seemed pretty established and cyclical stocks have de-rated substantially already. Government bond yields, however, have continued to rise since the Reeves' Budget on 30 October, with the 10-year gilt rising from 4.3% to 4.8% at the time of writing in early January 2025. This backdrop posed a headwind for those cyclically exposed investments and a headwind for relative performance in Q4. The Value Style was also a noticeable headwind in Q4.

Strong stock performances for the Fund in Q4 included Renewi (+29%), where the Board finally agreed to Macquarie's takeover interest; and Jet2 (+12%) which continues to trade well and execute on increased capacity. Relative to the Index, the Fund also benefited from not owning Pets At Home, which warned on depressed retail demand.

The largest detractors from performance were Secure Trust (-56%) and Severfield (-35%), whilst in relative terms not owning Trainline (+31%) was harmful. Secure Trust was impacted by concerns surrounding the provision of motor finance; and whilst it has a relatively small book exposure, concerns have extended to potential prolonged litigation. Severfield warned on cost overruns on several bridge contracts and had to provide for remedial works.

From a sectoral perspective, the overweight position in Food Producers aided the Fund relative to the Index; but the Fund's exposure to copper producers was detrimental.

After the flurry of takeovers the Fund enjoyed in H1, M&A activity was more subdued in H2, although both TI Fluids and Eckoh confirmed previous tentative approaches, and Renewi's Board succumbed to an increased bid from Macquarie.

Improvements to corporate profitability may appear to have drifted to the right of late, but we remain positive on the undemanding valuations of UK smaller companies. Uncertainty (UK GDP, interest rates, US tariffs) always serves to un-nerve Small-Cap markets, but often gets priced-in pretty quickly. We remain optimistic for further growth in the Fund.

VT Teviot UK Smaller Companies Fund

Top 10 Holdings as at 31/12/24

Holding	Sector	% of Portfolio
1. Renewi	Waste Services	2.6
2. Wilmington	Information, Training & Education Solutions	2.5
3. Kitwave	Independent Wholesaler	2.5
4. TP ICAP	Inter-dealer Broker & Data Provider	2.4
5. Jet2	Leisure Travel Group	2.3
6. Premier Foods	Branded Food Producer	2.1
7. Drax	Electricity Provider	2.0
8. Keller	Construction Services	1.9
9. Norcros	Kitchen & Bathroom Products	1.8
10. TI Fluid Systems	Automotive Fluid Systems Manufacturer	1.6
Total		21.7

Market Cap Breakdown

	% of Portfolio	No. of Stocks
Above £1bn	27.3	20
£500m - £1bn	15.1	12
£250m - £500m	25.3	25
£100m - £250m	22.9	25
Below £100m	6.9	14
Cash	2.5	
Total	100	96

Listing

	%
Main	69.9
AIM	27.6
Cash	2.5

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

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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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