



## Annual Assessment of Value Statement as of 31 December 2024

### VT Teviot UK Smaller Companies Fund

#### Fund Information

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|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Investment Manager:</b>      | Teviot Partners LLP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Authorised Fund Manager:</b> | Valu-Trac Investment Management Limited (Valu-Trac)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Investment Objective:</b>    | <p>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).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Investment Policy:</b>       | <p>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 capitalization, 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).</p> <p>The investments held by the Fund will be primarily in companies domiciled, incorporated, or having a significant part of their business in the UK. The Manager actively manages the portfolio in order to achieve the objective and will not be restricted in respect of investments by industrial sectors.</p> <p>In seeking investments the approach will be fundamental: rigorous financial analysis of prospective and existing investments and regular contact with the management of these companies. The emphasis within the portfolio will reflect the desire to invest in companies whose shares represent relatively attractive value within the given stock market context.</p> <p>The Fund's eligible markets, as defined in COLL, include the Official List of the London Stock Exchange plc ("LSE") and the Alternative Investment Market ("AIM") of the LSE. The Fund's base currency is the Pounds Sterling. The Fund will not invest in any immovable property or tangible movable property.</p> <p>In addition to equities, the asset classes in which the Fund may invest include transferable securities, units in collective investment schemes, money-market instruments, cash and near cash, and deposits to the extent permitted for UCITS schemes under the rules in COLL and following the Fund's investment powers as set out in this Prospectus. 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, period.</p> |
| <b>AUM (£):</b>                 | £114.9m                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Fund Launch Date:</b>        | 29/08/2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

Our assessment has been conducted against the seven criteria outlined by the FCA and the fund has been rated via the “traffic light” system. Where a fund may have more than one unit class, the rating shown for each of these seven criteria, at a total fund level, may be thought of as being an average rating, based upon the rating for each unit class, and according to the relative split of fund assets, between unit classes. The overall rating for the fund will generally be a simple average of these seven criteria, taken at the total fund level. This has been summarised in the table, below:

| VT Teviot UK Smaller Companies Fund | AUM (%) | Quality of Service                                                                  | Performance                                                                         | AFM costs - general                                                                 | Economies of scale                                                                  | Comparable market rates                                                              | Comparable services                                                                   | Classes of units                                                                      | Overall                                                                               |
|-------------------------------------|---------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Overall                             | 100.0%  |  G |  G |  G |  G |  G |  G |  G |  G |
| Net Accumulation                    | 76.1%   |  G |  G |  G |  G |  G |  G |  G |  G |
| Net Income                          | 23.9%   |  G |  G |  G |  G |  G |  G |  G |  G |

The table below shows the overall summary for the previous assessment i.e. carried out as of 31 December 2023:

| VT Teviot UK Smaller Companies Fund | AUM (%) | Quality of Service                                                                  | Performance                                                                         | AFM costs - general                                                                 | Economies of scale                                                                  | Comparable market rates                                                              | Comparable services                                                                   | Classes of units                                                                      | Overall                                                                               |
|-------------------------------------|---------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Overall                             | 100.0%  |  G |  G |  G |  G |  G |  G |  G |  G |
| Net Accumulation                    | 60.9%   |  G |  G |  G |  G |  G |  G |  G |  G |
| Net Income                          | 39.1%   |  G |  G |  G |  G |  G |  G |  G |  G |

## Previous Remedial Actions

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- None

## New Remedial Actions

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- None

## Detailed Assessment

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### Quality of Service

The AFM has chosen to outsource the following services to third-party providers:

- Investment Management services: Teviot Partners LLP.
- Depositary services: NatWest Trustee and Depositary Services Limited
- Custodian services: CACEIS Investor Services
- External audit: Johnston Carmichael LLP

Other functions such as fund administration, fund accounting, and transfer agency are undertaken by Valu-Trac, and all outsourced services are subject to continuous oversight.

As part of our assessment of service providers, no systemic issues have been identified as part of our ongoing due diligence, including an assessment of investment breaches, pricing errors, complaints, fund liquidity, and ongoing adherence to the investment policy.

### **Conclusion:**

 Green

The AFM has concluded that all services being provided about the ongoing management and administration of the fund, including those provided directly and those currently being provided by third parties, are operating as unitholders may expect.

The AFM has concluded that unitholders are receiving good value, about Quality of Service.

### Performance

#### **Objective:**

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).

#### **Constraining Benchmark:**

none

#### **Comparator Benchmark:**

none

#### **Target Benchmark:**

Numis Smaller Companies Index (inc. AIM, ex.IT) TR

#### **Peer Group:**

IA UK Smaller Companies Sector

#### **Minimum Recommended Holding Period:**

5 Years

#### **Management Approach:**

## Active

The net total return and peer ranking (where available) for each available unit class within the fund, together with the return of the relevant benchmark, is shown below.

| Net Total Return* | 1 year | 3 years<br>(avg. return<br>per-year) | 5 years<br>(avg. return<br>per-year) | 5 years<br>Peer Rank |
|-------------------|--------|--------------------------------------|--------------------------------------|----------------------|
| Benchmark         | 5.0%   | -5.4%                                | 1.3%                                 | -                    |
| Net Accumulation  | 9.7%   | -0.7%                                | 6.0%                                 | Highest 8%           |
| Net Income        | 9.7%   | -0.7%                                | 6.0%                                 | Highest 9%           |

\*To 31 December 2024

Total return is the actual rate of return on an investment over a period. Total return includes interest, capital gains, dividends, and realized distributions (where appropriate).

Source: Morningstar

### Conclusion:



Green

The net total return of each unit class within the fund is higher than that of its target benchmark, over the minimum recommended holding period.

The AFM has also assessed the investment risk within the Fund and has concluded that the level of investment risk taken is not out of keeping, for an actively managed Fund of this type (further details on how the AFM arrived at this conclusion may be provided upon request).

The AFM has concluded that unitholders are receiving good value, about Performance.

### AFM Costs - General

Each unit class within the Fund has its own Annual Management Charge (AMC). The AMC may be thought of as being the amount deducted from a unit class's average net assets to pay for the investment management of that unit class; this charge will typically include a proportionate allocation from the Investment Management Fee, AFM fee, and other, ancillary fees.

The current AMC of each unit class, together with the current, average AMC for the relevant, selected peer group, is shown in the table below:

| Annual Management Charge (AMC) | Current |            |
|--------------------------------|---------|------------|
|                                |         | Peer Rank  |
| Peer Group                     | 0.86%   | -          |
| Net Accumulation               | 0.82%   | Lowest 49% |
| Net Income                     | 0.82%   | Lowest 49% |

Source: Valu-Trac / Morningstar

### Conclusion:



Green

The Investment Management Fee is proposed by Teviot Partners LLP. Owing to the limitations of the host AFM model which the AFM operates, the AFM is unable to comment upon the

specific profit margin this fee may generate for Teviot Partners LLP; instead, the AFM will focus upon ensuring that this fee appears reasonable, in the context of the overall AMC.

The AFM fee is payable to Valu-Trac to cover the services undertaken by Valu-Trac as outlined in the Quality of Service section. The AFM will set fees based on the overall cost of operating the business. Most of the AFM's costs are fixed (such as staff and property costs), and the AFM will set its fees in such a way that ensures the costs are apportioned fairly across the range of funds in which it operates. The AFM reviews its fee model via various means, such as through external independent consultancy and market benchmarking reviews against similar firms in the market. The results of these reviews are incorporated into the AFM's governance arrangements, up to the Board level.

Other notable, ancillary fees may include the depositary, custodian, and auditor fees. The AFM regularly reviews these fees compared to other funds operated by the AFM and, where the information is available, other funds within the wider marketplace, to ensure that they remain competitive.

Unitholders are currently paying an AMC lower than the market average for similar funds.

The AFM has concluded that unitholders are receiving good value, about AFM Costs – General.

### **Economies of Scale**

The fund currently has assets under management (AUM) of less than £250m; this is the threshold above which, we generally consider it reasonable to consider if economies of scale have been passed on to investors.

The fund has a tiered depositary fee, subject to a minimum amount, alongside other fixed fees, such as audit fees. Therefore, as the fund AUM grows, the proportion of such costs, relative to overall fund size, will decline, in percentage terms.

#### **Conclusion:**

 Green

The AFM has concluded that unitholders are receiving good value, about Economies of Scale.

### **Comparable Market Rates**

The current and historic Ongoing Charges Figure (OCF) for each unit class within the fund, together with the current, average OCF for the relevant, selected peer group, is shown in the table, below:

| Ongoing Charges Figure (OCF) | 2022  | 2023  | Current |            |
|------------------------------|-------|-------|---------|------------|
|                              |       |       |         | Peer Rank  |
| Peer Group                   | -     | -     | 0.95%   | -          |
| Net Accumulation             | 0.86% | 0.88% | 0.89%   | Lowest 45% |
| Net Income                   | 0.86% | 0.88% | 0.89%   | Lowest 45% |

Source: Morningstar

#### **Conclusion**

 Green

Unitholders are currently paying an OCF lower than the market average for similar funds.

The AFM has concluded that unitholders are receiving good value, about Comparable Market Rates.

### **Comparable Services**

Valu-Trac acts as AFM for just one fund for which Teviot Partners LLP is the Investment Manager.

The services provided with respect to this fund are also aligned with the AFM's normal operating model.

### **Conclusion**

 Green

The AFM has concluded that unitholders are receiving good value, from Comparable Services.

### **Classes of Units**

There is only one type of unit class in this fund (albeit with an accumulation and income variant) and all investors are offered the same level of service; therefore, all unitholders of this fund are treated equally in all respects.

### **Conclusion**

 Green

The AFM has concluded that unitholders are receiving good value, about Classes of Units.

### **Overall Assessment**

 Green

The AFM has concluded that unitholders are receiving good value with respect to all seven, discrete criteria assessed above i.e. all have been assessed as green.

The AFM has concluded that the unitholders within the VT Teviot UK Smaller Companies Fund are receiving good value, overall.

23/04/2025