

**VT TEVIOT FUNDS ICVC**  
**(Sub-fund VT Teviot UK Smaller Companies Fund)**

**Interim Report and Financial Statements (unaudited)**  
**For the six months to 30 June 2023**

## CONTENTS

	Page
Company Overview	1
Statement of the Authorised Fund Manager's (AFM's) Responsibilities	2
<b>VT Teviot UK Smaller Companies Fund</b>	
Sub-fund Overview	3
Investment Manager's Review	5
Performance Record	7
Portfolio Summary	9
Summary of Material Portfolio Changes	12
Statement of Total Return	13
Statement of Changes in Net Assets Attributable to Shareholders	13
Balance Sheet	14
Distribution Tables	15
Information for Investors	16
Corporate Directory	17

## COMPANY OVERVIEW

---

### Type of Company

VT Teviot Funds ICVC (the 'Company') is an investment company (company number IC001094) with variable capital incorporated in England and Wales under the Open Ended Investment Company Regulations 2001 (SI2001/1228).

The Company was incorporated and authorised by the Financial Conduct Authority on 31 July 2017.

The Company is a UCITS scheme and is an umbrella company (as defined in the OEIC Regulations). Each Sub-fund would be a UCITS scheme if it had a separate authorisation order.

The shareholders are not liable for the debts of the Company.

## STATEMENT OF THE AUTHORISED FUND MANAGER'S (AFM'S) RESPONSIBILITIES

---

The rules of the Financial Conduct Authority's Collective Investment Schemes Sourcebook require the Authorised Fund Manager to prepare financial statements for each accounting period which give a true and fair view of the financial position of the Company at the end of the financial period and its net revenue and net capital losses for the period. In preparing these financial statements the Authorised Fund Manager is required to:

- > comply with the Prospectus, the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014, the Instrument of Incorporation, generally accepted accounting principles and applicable accounting standards, subject to any material departures which are required to be disclosed and explained in the financial statements.
- > select suitable accounting policies and then apply them consistently.
- > make judgements and estimates that are reasonable and prudent.
- > prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future.

The Authorised Fund Manager is required to keep proper accounting records and to manage the Company in accordance with the COLL regulations, the Instrument of Incorporation, and the Prospectus. The Authorised Fund Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## DIRECTOR'S STATEMENT

---

In accordance with the requirements of the Financial Conduct Authority's Collective Investment Scheme's Sourcebook, we hereby certify the interim report.

David E. Smith CA

Valu-Trac Investment Management Limited  
Authorised Fund Manager

Date

## SUB-FUND OVERVIEW

---

<b>Name of Sub-fund</b>	VT Teviot UK Smaller Companies Fund
<b>Size of Sub-fund</b>	£77,558,717
<b>Launch date</b>	29 August 2017
<b>Sub-fund objective and policy</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> <p>The Sub-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 Numis Smaller Companies Index (including AIM but excluding investment companies).</p> <p>The investments held by the Sub-fund will be primarily in companies domiciled, incorporated or having a significant part of their business in the UK.</p> <p>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 in nature: 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 Sub-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 Sub-fund's base currency is Pounds Sterling.</p> <p>The Sub-fund will not invest in any immovable property or tangible moveable property.</p> <p>In addition to equities, the asset classes in which the Sub-fund may invest includes transferable securities, units in collective investment schemes, money-market instruments, cash and near cash and deposits to the extent permitted for UCITS schemes pursuant to the rules in COLL and in accordance with the Sub-fund's investment powers as set out in the Prospectus.</p> <p>As indicated above, the Sub-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.</p>
<b>Performance Benchmark</b>	<p>The performance benchmark is the Numis Smaller Companies Index (including AIM but excluding investment companies). The performance of the Sub-fund can be compared against that of the benchmark. This benchmark has been selected as it is considered that this index most closely reflects the investments which the Sub-fund will make (and its risk/return objectives). For the avoidance of doubt, the Investment Manager is not bound or influenced by the index when making its decisions and can make investments that are not included in the index.</p>
<b>Derivatives</b>	<p>The Sub-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.</p>

## SUB-FUND OVERVIEW (Continued)

---

<b>Authorised Fund Manager (AFM)</b>	Valu-Trac Investment Management Limited
<b>Ex-distribution dates</b>	30 June, 31 December
<b>Distribution dates</b>	31 August, 28 February
<b>Individual Savings Account (ISA)</b>	The Company is a qualifying investment for inclusion in an ISA.
<b>Share Classes</b>	Net Accumulation Net Income Gross Accumulation Gross Income
<b>Type of Shares</b>	Net Accumulation and Net Income shares will be available at the launch date. No distinction is being drawn between institutional and retail share classes.
<b>Minimum investment</b>	
Lump sum subscription:	Net Accumulation/Income = £1,000 Gross Accumulation/Income = £1,000
Top-up:	Net Accumulation/Income = £500 Gross Accumulation/Income = £500
Holding:	Net Accumulation/Income = £500 Gross Accumulation/Income = £500
Redemption:	£500 (provided minimum holding is maintained)
Switching:	£500 (provided minimum holding is maintained)
The ACD may waive the minimum levels at its discretion.	
Initial, redemption and switching charges	Nil
<b>Annual management charges</b>	
The annual management charges are:	£30,000 per annum plus Net Accumulation/Income = 0.75% Gross Accumulation/Income = 0.75%

The above percentages being percentages of the net asset value of the Fund attributable to the relevant class (plus VAT if applicable).

The fixed element of the fee shall rise annually in line with the rate of inflation (calculated in accordance with the Consumer Price Index) on 1 July each year from 1 July 2018. In the event of negative inflation the fixed element of the fee shall remain unchanged.

### Investment Restrictions

The Sub-fund may not invest more than 10% of its value in other collective investment schemes and may not invest in other Sub-funds of the Company.

### Introduction

The VT Teviot UK Smaller Companies Fund is nearly six years old, having launched in August 2017. Our excellent returns since launch - in terms of absolute and relative investment performance - were recognised in July 2022 when we won Investment Week's "Fund Manager of the Year Award 2022" in the UK Smaller Companies category. We were shortlisted for

The bedrock of our success has been the respect for liquidity in an illiquid asset class. The capacity of the UK Smaller Companies strategy is limited, and we aim to sustain our ability to generate strong returns by not growing assets beyond the natural capacity of the strategy.

### Performance

In the six months to June 2023, the Fund was down by 1.6% (Net Accumulation). This outperformed the Fund's benchmark, the Numis Smaller Companies Index (excluding investment companies, including AIM), which fell by 2.2%. The Fund's cumulative performance since launch is now +70.2% (Net Accumulation), compared to a benchmark total return of +5.2%.

After a strong Q4 2022 for UK small caps, the year began somewhat exuberantly with the Index up 5% in January. Many of the biggest risers were new entrants into the Index after the annual rebalancing - stocks which had heavily underperformed in 2022 but then rallied strongly as investor sentiment improved. Most of these stocks fell back during the rest of the half as trading updates disappointed, but several (not owned by the Fund) such as Carnival, Burford, Pets at Home and Fevertree did strongly out-perform and thus cost the Fund relative performance. Offsetting this, the Fund's best contributors to performance included food & drink wholesaler Kitwave (+63% in the period), support services stock Mears (+40%), eyeware company Inspeks (+149%) and travel company Jet2 (+30%). All four had positive newsflow regarding current trading and their outlooks. In addition, two of the Fund's holdings received takeover approaches – Sureserve (+42%) and Lookers (+61%). Although the Lookers takeover was subsequently renegotiated in late-July after a key shareholder withdrew its consent (and may therefore not complete), we would expect M&A to remain a feature given the undervaluation of UK small caps compared to historic norms.

Key detractors in the half were Drax (-17%; Government deferral of Drax's carbon capture plans), Videndum (-34%; weaker trading in TV and film production, affected by US strikes), Gulf Keystone (-37% - suspension of oil exports due to a pipeline shutdown) and Energean (-19%; continued weaker gas prices).

Sectorally, relative to the Index, the Fund continues to be underweight Financials, Real Estate, Basic Materials, Consumer Discretionary, Technology and Health Care; and overweight Industrials (largely via the Industrial Support Services sub-sector), Utilities, Consumer Staples and Telecoms. The underweight in Health Care was beneficial, whilst amongst the sub-sectors, the Fund's overweight positions in Personal Care & Grocery and Construction & Materials served it well. Meanwhile, our overweight in Utilities was detrimental as was our underweight position in consumer-exposed areas such as Travel & Leisure and Retailers (these were hit hard in 2022 but have rallied as energy costs reduced and trading improved). Underweights in the Banks and Electronic & Electrical sub-sectors also proved unhelpful.

### Portfolio Activity

In addition to reinvesting the cash received from the takeovers of RPS Group and Devro, there was also some recycling of the profits from the strong performances of larger holdings such as Kitwave and Mears. A focus was made on new holdings that have been hit hard by the global downturn, or to gain exposure to sectors where we were underweight and felt that valuations have become more attractive - thus offering recovery potential when the economic cycle turns upwards. Examples include Gamma Communications (telecoms services), Integrafin (owner of the Transact investment platform), Redde Northgate (vehicle services) and NCC (cyber security and escrow services). For the same reasons, existing holdings in Clarkson (shipping services), Tyman (door and window security products) and Keller (geotechnical contractor for construction) were added to. Holdings in stocks where we had less conviction in their recovery potential were cut (Essentra, R&Q) or reduced (Avon Protection, C&C).

### Income

The Fund declared an interim distribution (Net Accumulation) of 2.7349p compared with 2.5439p in the first half of 2022, an increase of 7.5%. Given the investment style of the manager, dividends are an important component of long-term investment returns, and the portfolio will typically exhibit a yield premium relative to the investment benchmark.

### Outlook

Investor confidence remains fragile and small caps tend to suffer in times of uncertainty, being more illiquid, and generally more cyclical and domestic-oriented. However, the Index was down 22% in 2022 and a further -2.2% in this half-year. This compares to UK large cap indices that are comfortably up over this period. Naturally, this also reflects how much investor capital has already been withdrawn from our Index, and how much potential investor capital is currently sat on the sidelines, waiting for the perceived 'right moment'. In our experience, the nature of an illiquid asset class makes it nigh-on impossible to accurately predict this timing. Many small cap valuations are discounting a severe reduction in earnings, which may prove overly pessimistic. When net capital flows into our Index turn positive then prices could move noticeably. Our portfolio is oriented towards robust franchises that are resilient, have pricing power to offset inflation and with modest financial leverage. Our "value" bias should keep serving us well in a world of higher interest rates, as "growth" companies struggle to justify their high multiples and need to adjust their strategies to try to generate cash (or preserve their dwindling resources).

The global backdrop remains unsettled, but inflation may have finally peaked, reducing the need for prolonged interest rate rises. We will continue – with suitable caution - to rotate our capital into cyclical recovery as the outlook starts improving.

Our conclusion remains consistent with previous reports. In an uncertain political and economic environment, the most effective strategy will be to preserve our liquidity advantage so that we can respond and capitalise as events unfold. We have a broad investment universe that continues to present good opportunities and we will constantly refine the portfolio to optimise the combination of value and prospects.

Teviot Partners LLP  
Investment Manager to the Fund  
28 July 2023



## PERFORMANCE RECORD

### Financial Highlights

	Period ended 30 June 2023	Year ended 31 December 2022	Year ended 31 December 2021
<b>Net Accumulation</b>			
Changes in net assets per share	GBp	GBp	GBp
Opening net asset value per share	173.0120	199.4404	154.4885
Return before operating charges	(2.0754)	(24.8269)	46.4207
Operating charges (note 1)	(0.7465)	(1.6015)	(1.4688)
Return after operating charges *	(2.8219)	(26.4284)	44.9519
Closing net asset value per share	170.1901	173.0120	199.4404
Retained distributions on accumulated shares	2.7349	4.7380	2.3514
 *after direct transactions costs of:	 0.1544	 0.3538	 0.5840
 <b>Performance</b>			
Return after charges	(1.63%)	(13.25%)	29.10%
 <b>Other information</b>			
Closing net asset value	£46,944,161	£42,511,489	£42,981,132
Closing number of shares	27,583,366	24,571,405	21,550,869
Operating charges (note 2)	0.87%	0.86%	0.83%
Direct transaction costs	0.09%	0.19%	0.33%
 <b>Prices</b>			
Highest share price	181.9237	201.4447	206.1110
Lowest share price	166.3307	156.6567	154.2892

	Period ended 30 June 2023	Year ended 31 December 2022	Year ended 31 December 2021
<b>Net Income</b>			
Changes in net assets per share	GBp	GBp	GBp
Opening net asset value per share	156.8719	185.8778	145.9027
Return before operating charges	(1.8879)	(23.1389)	43.5662
Operating charges (note 1)	(0.6714)	(1.4738)	(1.3769)
Return after operating charges *	(2.5593)	(24.6127)	42.1893
Distribution on income shares	(2.4791)	(4.3932)	(2.2142)
Closing net asset value per share	151.8335	156.8719	185.8778
 *after direct transactions costs of:	 0.1389	 0.3256	 0.5474
 <b>Performance</b>			
Return after charges	(1.63%)	(13.24%)	28.92%
 <b>Other information</b>			
Closing net asset value	£31,260,056	£33,336,568	£44,932,481
Closing number of shares	20,588,380	21,250,823	24,173,130
Operating charges (note 2)	0.87%	0.86%	0.83%
Direct transaction costs	0.09%	0.19%	0.33%
 <b>Prices</b>			
Highest share price	164.9506	187.7459	193.4210
Lowest share price	150.8132	143.8668	145.7145

## PERFORMANCE RECORD (Continued)

---

### Financial Highlights (Continued)

1. The operating charges per share figure is calculated by applying the operating charges percentage to the average net asset valuation per share throughout the period.
2. The operating charges percentage is based on the expenses incurred during the period annualised, as a proportion of the average net asset value of the Sub-fund.

### Risk Profile

Based on past data, the Sub-fund is ranked a '6' on the synthetic risk and reward indicator scale (of 1 to 7) as described fully in the Key Investor Information Document (31 December 2022: ranked 6). The Sub-fund is ranked 6 because monthly historical performance data indicates that significant rises and falls in market prices would have occurred historically.

## PORTFOLIO SUMMARY

As at 30 June 2023				
Investment	Holding	Market Value £	Total Net Asset %	Index <sup>1</sup> %
<b>Total Equities (31.12.2022 : 96.39%)</b>		<b>75,132,525</b>	<b>96.88%</b>	<b>100.00%</b>
<b>Oil &amp; Gas Producers (31.12.2022 : 7.14%)</b>		<b>3,464,721</b>	<b>4.48%</b>	<b>4.04%</b>
Capricorn Energy	194,228	355,437	0.46%	
Diversified Energy Company	460,000	403,880	0.52%	
Energear	120,000	1,215,600	1.57%	
Gulf Keystone Petroleum	477,000	578,124	0.75%	
Serica Energy	440,000	911,680	1.18%	
<b>Chemicals (31.12.2022 : 1.58%)</b>		<b>828,811</b>	<b>1.07%</b>	<b>1.91%</b>
Zotefoams	240,235	828,811	1.07%	
<b>Mining (31.12.2022 : 4.00%)</b>		<b>2,947,593</b>	<b>3.80%</b>	<b>3.77%</b>
Atalaya Mining	401,000	1,283,200	1.65%	
Central Asia Metals	356,000	642,936	0.83%	
Ecora Resources	885,145	1,021,457	1.32%	
<b>Construction &amp; Materials (31.12.2022 : 5.41%)</b>		<b>4,854,530</b>	<b>6.25%</b>	<b>5.01%</b>
Alumasc Group	361,000	523,450	0.67%	
Costain Group	1,315,000	606,215	0.78%	
Keller Group	201,900	1,397,148	1.80%	
Norcross	602,200	1,026,751	1.32%	
Tyman	415,000	1,068,625	1.38%	
Vistry Group	35,499	232,341	0.30%	
<b>Aerospace &amp; Defense (31.12.2022 : 3.15%)</b>		<b>1,669,968</b>	<b>2.15%</b>	<b>1.70%</b>
Avon Protection	23,018	195,193	0.25%	
Qinetiq Group	254,000	901,700	1.16%	
Chemring Group	202,500	573,075	0.74%	
<b>General Industrials (31.12.2022 : 1.15%)</b>		<b>1,110,394</b>	<b>1.43%</b>	<b>0.89%</b>
Macfarlane Group	1,028,143	1,110,394	1.43%	
<b>Electronic &amp; Electrical Equipment (31.12.2022 : 0.76%)</b>		<b>774,756</b>	<b>1.00%</b>	<b>2.86%</b>
TT electronics	396,000	631,224	0.81%	
Gooch & Housego	23,453	143,532	0.19%	
<b>Industrial Engineering (31.12.2022 : 3.64%)</b>		<b>2,752,816</b>	<b>3.55%</b>	<b>1.30%</b>
Severfield	1,381,660	950,582	1.23%	
Trifast	1,334,217	1,040,689	1.34%	
Videndum	111,500	761,545	0.98%	
<b>Industrial Transportation (31.12.2022 : 1.27%)</b>		<b>1,627,185</b>	<b>2.10%</b>	<b>1.71%</b>
Braemar Shipping Services	80,000	184,800	0.24%	
Clarkson	25,767	753,685	0.97%	
Ocean Wilsons Holdings	71,000	688,700	0.89%	
<b>Food Producers (31.12.2022 : 5.25%)</b>		<b>3,057,669</b>	<b>3.94%</b>	<b>2.09%</b>
M P Evans Group	93,511	654,577	0.84%	
Premier Foods	1,207,600	1,560,219	2.01%	
Wynnstay Group	181,263	842,873	1.09%	

**PORTFOLIO SUMMARY (continued)**

As at 30 June 2023

Investment	Holding	Market Value £	Total Net Asset %	Index <sup>1</sup> %
<b>Support Services (31.12.2022 : 15.08%)</b>		<b>10,707,118</b>	<b>13.80%</b>	<b>7.69%</b>
De La Rue	484,501	218,268	0.28%	
Hargreaves Services	215,665	841,094	1.08%	
Mears Group	783,000	2,274,615	2.93%	
Renewi	269,000	1,366,520	1.76%	
Ricardo	250,319	1,426,818	1.84%	
Science Group	157,540	661,668	0.85%	
Speedy Hire	2,135,000	770,735	0.99%	
SThree	397,000	1,369,650	1.77%	
Sureserve Group	1,090,000	1,346,150	1.74%	
Staffline Group	1,660,000	431,600	0.56%	
<b>Household Goods &amp; Home Construction (31.12.2022 : 3.66%)</b>		<b>3,324,855</b>	<b>4.28%</b>	<b>1.85%</b>
DFS Furniture	263,421	281,860	0.36%	
Headlam Group	355,000	883,950	1.14%	
Inspects Group	907,467	998,214	1.29%	
UP Global Sourcing Holdings	386,875	483,594	0.62%	
Watkin Jones	370,000	266,030	0.34%	
Wickes Group	339,000	411,207	0.53%	
<b>Pharmaceuticals &amp; Biotechnology (31.12.2022 : 2.52%)</b>		<b>1,427,410</b>	<b>1.84%</b>	<b>2.30%</b>
ECO Animal Health Group	568,250	568,250	0.73%	
Indivior	47,000	859,160	1.11%	
<b>General Retailers (31.12.2022 : 5.27%)</b>		<b>4,919,374</b>	<b>6.34%</b>	<b>3.60%</b>
Kitwave Group	631,582	1,831,588	2.36%	
RHI Magnesita	33,700	895,746	1.15%	
Studio Retail Group <sup>2</sup>	605,378	-	0.00%	
Lookers	1,131,810	1,349,118	1.74%	
Mothercare	4,245,701	225,022	0.29%	
Xaar	370,000	617,900	0.80%	
<b>Media (31.12.2022 : 5.04%)</b>		<b>3,517,290</b>	<b>4.54%</b>	<b>4.06%</b>
Ebiquity	1,022,605	470,398	0.61%	
Future	78,186	528,928	0.68%	
STV Group	314,000	700,220	0.90%	
Smooove	732,939	244,802	0.32%	
Wilmington	561,765	1,572,942	2.03%	
<b>Travel &amp; Leisure (31.12.2022 : 2.51%)</b>		<b>2,452,781</b>	<b>3.17%</b>	<b>7.39%</b>
Jet2	114,100	1,415,981	1.83%	
Playtech	120,000	698,400	0.90%	
XP Factory	1,880,000	338,400	0.44%	
<b>Electricity (31.12.2022 : 3.01%)</b>		<b>1,824,042</b>	<b>2.35%</b>	<b>0.53%</b>
Drax Group	319,000	1,824,042	2.35%	
<b>Software &amp; Computer Services (31.12.2022 : 5.98%)</b>		<b>5,368,492</b>	<b>6.91%</b>	<b>8.89%</b>
Aptitude Software Group	254,500	870,390	1.12%	
Eckoh	1,254,464	451,607	0.58%	
EMIS Group	63,624	871,649	1.12%	
IQGeo Group	386,722	951,336	1.23%	
NCC Group	387,000	373,842	0.48%	
RM	748,000	613,360	0.79%	
Tracsis	93,353	830,842	1.07%	
Tribal Group	1,039,657	405,466	0.52%	

**PORTFOLIO SUMMARY (Continued)**

As at 30 June 2023

Investment	Holding	Market Value £	Total Net Asset %	Index <sup>1</sup> %
<b>Technology Hardware &amp; Equipment (31.12.2022 : 2.32%)</b>		<b>1,544,651</b>	<b>1.99%</b>	<b>1.33%</b>
Aferian	299,000	34,385	0.04%	
Fonix Mobile	523,808	1,099,997	1.42%	
Vianet Group	482,669	410,269	0.53%	
<b>Nonlife Insurance (31.12.2022 : 1.29%)</b>		<b>1,199,501</b>	<b>1.55%</b>	<b>1.35%</b>
Sabre Insurance Group	884,588	1,199,501	1.55%	
<b>Real Estate Investment &amp; Services (31.12.2022 : 3.02%)</b>		<b>2,761,835</b>	<b>3.56%</b>	<b>2.21%</b>
Belvoir Group	392,216	804,043	1.04%	
CLS Holdings	470,000	636,380	0.82%	
Harworth Group	565,000	598,900	0.77%	
LSL Property Services	258,040	722,512	0.93%	
<b>Financial Services (31.12.2022 : 8.92%)</b>		<b>8,111,527</b>	<b>10.46%</b>	<b>1.81%</b>
Begbies Traynor Group	545,000	708,500	0.91%	
Distribution Finance Capital Holdings	1,635,000	555,900	0.72%	
Duke Royalty	1,240,000	396,800	0.51%	
Integrafin Holding	272,000	656,064	0.85%	
Liontrust Asset Management	77,000	550,935	0.71%	
Mattioli Woods	130,000	793,000	1.02%	
OSB Group	186,000	893,916	1.15%	
Peel Hunt	326,725	329,992	0.43%	
Rathbones Group	79,300	1,470,222	1.90%	
TP ICAP	382,000	574,528	0.74%	
XPS Pensions Group	662,000	1,181,670	1.52%	
<b>Beverages (31.12.2022 : 1.10%)</b>		<b>340,450</b>	<b>0.44%</b>	<b>1.40%</b>
C&C Group	275,000	340,450	0.44%	
<b>Forestry and Paper (31.12.2022 : 0.07%)</b>		-	-	<b>0.13%</b>
<b>Banks (31.12.2022 : 0.89%)</b>		<b>808,600</b>	<b>1.04%</b>	<b>2.71%</b>
Secure Trust Bank	130,000	808,600	1.04%	
<b>Automobiles &amp; Parts (31.12.2022 : 1.15%)</b>		<b>1,553,565</b>	<b>2.00%</b>	<b>1.66%</b>
CT Automotive Group	244,299	95,277	0.12%	
Redde Northgate	200,000	750,000	0.97%	
TI Fluid Systems	527,000	708,288	0.91%	
<b>Fixed Line Telecommunications (31.12.2022 : 1.21%)</b>		<b>1,061,472</b>	<b>1.38%</b>	<b>1.03%</b>
Telecom Plus	62,958	1,061,472	1.38%	
<b>Telecommunications Equipment (31.12.2022 : 0.00%)</b>		<b>1,121,119</b>	<b>1.46%</b>	<b>0.64%</b>
Gamma Communications	98,000	1,121,119	1.46%	
<b>Total Equities (31.12.2022 : 96.39%)</b>		<b>75,132,525</b>	<b>96.88%</b>	
<b>Other net assets (31.12.2022 : 3.61%)</b>		<b>2,426,192</b>	<b>3.12%</b>	
<b>Total Net Assets</b>		<b>77,558,717</b>	<b>100.00%</b>	

1. Numis Smaller Companies Index (including AIM but excluding investment companies)

2. Studio Retail Group was suspended from dealing on 14 February 2022 and entered administration on 24 February 2022. The AFM has fair value priced the holding at 0p per share.

## SUMMARY OF MATERIAL PORTFOLIO CHANGES

<b>Purchases</b>	<b>£</b>	<b>Sales</b>	<b>£</b>
Gamma Communications	1,166,183	RPS Group	1,263,180
Integrafin Holding	830,234	Devro	1,204,403
Redde Northgate	764,425	Essentra	487,226
Clarkson	644,217	Avon Protection	389,463
Tyman	498,700	Mears Group	385,695
Watkin Jones	401,127	Indivior	380,460
NCC Group	389,519	Lookers	351,777
Telecom Plus	388,227	C&C Group	316,756
Keller Group	280,778	Qinetiq Group	271,796
Tracsis	259,756	Randall & Quilter Investment Holdings	242,188
Secure Trust Bank	258,538	Restaurant Group	229,134
Mattioli Woods	249,277	Kitwave Group	224,360
Ecora Resources	232,115	Staffline Group	187,082
Restaurant Group	209,405	Energear	146,046
Zotefoams	196,423	log	124,150
Macfarlane Group	192,463	Pressure Technologies	87,887
Wilmington	185,980	Ricardo	72,092
Liontrust Asset Management	185,977	Capricorn Energy	71,611
Mears Group	170,681	M P Evans Group	67,521
Wynnstay Group	168,617	Renewi	53,197
Other Purchases	5,060,129	Other Sales	404,292
<b>Total Purchases for the period</b>	<b>12,732,771</b>	<b>Total Sales for the period</b>	<b>6,960,316</b>

The above transactions represent the largest purchases and sales during the period.

## STATEMENT OF TOTAL RETURN

For the six month period ended 30 June (unaudited)

	2023	2022
	£	£
Income		
Net capital losses	(2,605,819)	(12,148,087)
Revenue	1,503,157	1,362,653
Expenses	(341,477)	(341,959)
Interest payable and similar charges	-	(602)
Net revenue before taxation	1,161,680	1,020,092
Taxation	-	-
Net revenue after taxation	1,161,680	1,020,092
Total return before distributions	(1,444,139)	(11,127,995)
Finance costs: distributions	(1,245,479)	(1,105,581)
<b>Changes in net assets attributable to shareholders from investment activities</b>	<b>(2,689,618)</b>	<b>(12,233,576)</b>

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six month period ended 30 June (unaudited)

	2023	2022
	£	£
<b>Opening net assets attributable to shareholders</b>	75,130,093	87,288,179
Amounts receivable on creation of shares	13,391,397	6,918,784
Amounts payable on cancellation of shares	(9,253,219)	(11,329,288)
Dividends reinvested	754,375	494,093
Dilution levies	225,689	150,303
Changes in net assets attributable to shareholders from investment activities (see above)	(2,689,618)	(12,233,576)
<b>Closing net assets attributable to shareholders</b>	<b>77,558,717</b>	<b>71,288,495</b>

The Investment Association SORP requires that comparatives are shown for the above report. As comparatives should be for the comparable interim period the net asset value at the end of the period will not agree to the net asset value at the start of the period. The company net asset value as at 31 December 2022 was £75,130,093.

## BALANCE SHEET

As at

	30.06.2023		31.12.2022	
	£	£	£	£
<b>ASSETS</b>				
Investment assets		75,132,525		72,429,011
<b>Current Assets</b>				
Debtors	3,248,274		121,424	
Cash and bank balances	<u>2,352,270</u>		<u>3,163,016</u>	
<b>Total current assets</b>		5,600,544		3,284,440
<b>Total assets</b>		<u>80,733,069</u>		<u>75,713,451</u>
<b>CURRENT LIABILITIES</b>				
<b>Creditors</b>				
Distribution payable on income shares	(510,406)		(428,195)	
Other creditors	<u>(2,663,946)</u>		<u>(155,163)</u>	
<b>Total current liabilities</b>		(3,174,352)		(583,358)
<b>Net assets attributable to shareholders</b>		<u>77,558,717</u>		<u>75,130,093</u>

### Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022 and are described in those annual financial statements.

The financial statements have been prepared in accordance with FRS 102, the Statement of Recommended Practice for Authorised Funds (SORP) issued by the Investment Association (IA) in May 2014 and the amendments to the SORP issued by the IA in June 2017.



## DISTRIBUTION TABLES

---

**For the six months ended 30 June 2023**

**Interim distribution in pence per share**

Group 1: Shares purchased prior to 01 January 2023

Group 2 : Shares purchased on or after 01 January 2023 and on or before 30 June 2023

<b>Net Income</b>	<b>Net revenue 31 August 2023</b>	<b>Equalisation</b>	<b>Distribution 31 August 2023</b>	<b>Distribution 31 August 2022</b>
Group 1	2.4791p	-	2.4791p	2.3782p
Group 2	1.6259p	0.8532p	2.4791p	2.3782p

<b>Net Accumulation</b>	<b>Net revenue 31 August 2023</b>	<b>Equalisation</b>	<b>Distribution 31 August 2023</b>	<b>Distribution 31 August 2022</b>
Group 1	2.7349p	-	2.7349p	2.5439p
Group 2	0.3265p	2.4084p	2.7349p	2.5439p

## INFORMATION FOR INVESTORS

---

### Individual shareholders

**Income tax:** Tax-free annual dividend allowance now standing at £1,000 (2023/24). UK resident shareholders are now subject to new, higher rates of tax on dividend income in excess of the annual allowance. UK resident shareholders are subject to tax on dividend income in excess of the annual allowance.

### Capital gains tax:

Individual shareholders resident in the UK for tax purposes may be liable to capital gains tax on realisation of their shares as with other chargeable assets. The first £6,000 (2023/2024) of gains each year are presently tax free for individuals. Gains in excess of that amount are charged at the rate of tax applicable to the individual tax payer.

### Corporate shareholders

Companies resident for tax purposes in the UK which hold shares should note that OEIC distributions are streamed into both franked and unfranked income. The unfranked income element will be treated as an annual payment which has been subject to income tax at a rate of 20% and will be liable to tax accordingly. On realisation of their shares, UK resident companies may be liable to pay corporation tax on any capital gains.

The above information on taxation is only a general summary, and shareholders should consult their own tax advisors in relation to their own circumstances. Shareholders should also note that the position as outlined may change to reflect future changes in tax legislation.

### Issue and redemption of shares

Valu-Trac Investment Management Limited is the AFM and Registrar. Valu-Trac Investment Management Limited will receive requests for the purchase or sale of shares at any time during normal business hours (8:30am-5:30pm). Instructions may be given by email (teviot@valu-trac.com) or by sending an application form to the Registrar. Application forms are available from the Registrar.

The price of shares will be determined by reference to a valuation of the Company's net assets at 12 noon daily.

The AFM has the right to reject, on reasonable grounds relating to the circumstances of the applicant, any application for shares in whole or part, and in this event the ACD will return any money sent, or the balance of such monies, at the risk of the applicant. In addition the AFM may reject any application previously accepted in circumstances where the applicant has paid by cheque and that cheque subsequently fails to be cleared.

Any subscription monies remaining after a whole number of shares has been issued will not be returned to the applicant. Instead, smaller denomination shares will be issued in such circumstances.

A contract note giving details of the shares purchased and the price used will be issued by the Registrar by the end of the business day following the valuation point by reference to which the purchase price is determined, together with, where appropriate, a notice of the applicant's right to cancel. Settlement is due four business days after the trade date shown on the contract note and should be made to the AFM's dealing account.

Ownership of shares will be evidenced by an entry on the Company's Register of Shareholders. Certificates will not be issued. Statements in respect of periodic distributions of revenue will show the number of shares held by the recipient in respect of which the distribution is made. Individual statements of a shareholder's (or, when shares are jointly held, the first named holder's) shares will also be issued at any time on request by the registered holder.

Where shares are redeemed, payment will be made not later than the close of business on the fourth business day following the next valuation point after receipt by the AFM of a request for redemption.

The most recent issue and redemption prices are available from the AFM.

## CORPORATE DIRECTORY

---

<b>Authorised Fund Manager &amp; Registrar</b>	<p>Valu-Trac Investment Management Limited Mains of Orton Fochabers Moray IV32 7QE</p> <p>Telephone: 01343 880344 Fax: 01343 880267 Email: teviot@valu-trac.com</p> <p>Authorised and regulated by the Financial Conduct Authority Registered in England No 2428648</p>
<b>Director</b>	Valu-Trac Investment Management Limited as AFM
<b>Investment Manager</b>	<p>Teviot Partners LLP 46 Charlotte Square Edinburgh Scotland EH2 4HQ</p> <p>Authorised and regulated by the Financial Conduct Authority</p>
<b>Depository</b>	<p>NatWest Trustee and Depositary Services Limited House A Floor 0, 175 Glasgow Road Gogarburn Edinburgh EH12 1HQ</p> <p>Authorised and regulated by the Financial Conduct Authority</p>
<b>Auditor</b>	<p>Johnston Carmichael LLP Commerce House South Street Elgin IV30 1JE</p>