



Aberforth UK Small Companies Fund

Monthly Factsheet

28 February 2017

Fund structure

The Fund is an authorised unit trust scheme under the Financial Services & Markets Act 2000 and also a UCITS scheme as defined by the Collective Investment Schemes Sourcebook. The Fund is open-ended and issues Accumulation (Acc) and Income (Inc) units.

Manager: Aberforth Partners

The Fund is managed by Aberforth's investment team of seven fund managers:

| | |
|------------------|----------------|
| Euan Macdonald | Keith Muir |
| Richard Newbery | Peter Shaw |
| Christopher Watt | Alistair Whyte |
| Mark Williamson | |

Further information on the investment team is available at www.aberforth.co.uk.

Benchmark: NSCI (XIC)

The Fund's benchmark and investment universe is the Numis Smaller Companies Index (excluding Investment Companies). This is rebalanced every January and the current profile is:

| | |
|---|--------|
| Number of companies | 345 |
| Total market value | £162bn |
| Largest constituent | £1.6bn |
| Largest constituent (if rebalanced at Factsheet date) | £1.4bn |

Key Fund information

| | |
|--------------------------|-----------|
| Total investments | £226m |
| Number of investments | 84 |
| Active share | 76.0% |
| Total net assets | £231m |
| Issue price (Acc) | £234.81 |
| Cancellation price (Acc) | £230.66 |
| Issue price (Inc) | £184.35 |
| Cancellation price (Inc) | £181.09 |
| Launch date | 20 Mar 91 |
| Next year-end | 31 Dec 17 |

Fees & charges

| | |
|--|-------|
| Ongoing charges (at 31 Dec 16 & includes Management fee) | 0.80% |
| Management fee | 0.75% |
| Performance fee | None |
| Initial/exit charges | 0% |
| Dealing spread | 1.78% |

Yield & distributions (Inc units)

| | |
|---------------------------------------|-----------|
| Yield | 2.6% |
| Interim distribution (paid 31 Aug 16) | 296.6426p |
| Final distribution (paid 28 Feb 17) | 184.6361p |

Objective

The Fund's objective is to achieve a total return greater than that of the NSCI (XIC) over the long term by investing in a diversified portfolio of small UK quoted companies.

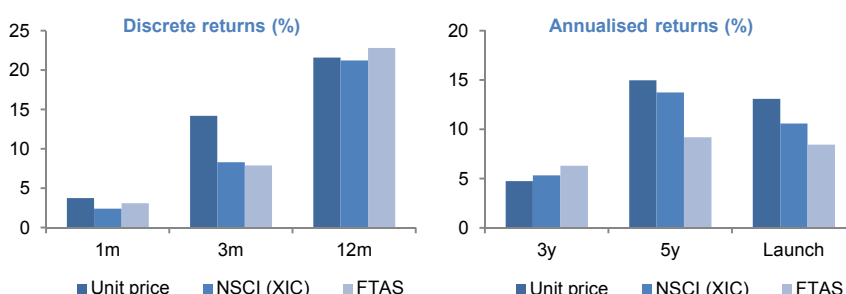
Investment style: Value

Aberforth are value investors who buy shares in companies that they calculate to be selling below their intrinsic value. This is determined through detailed financial and industrial analysis, combined with a valuation approach that focuses on both stockmarket and corporate worth.

Investment performance (annualised total returns)

| Growth (%) | 1m | 3m | 12m | 3y | 5y | Launch |
|------------|-----|------|------|-----|------|--------|
| Unit price | 3.7 | 14.2 | 21.6 | 4.7 | 15.0 | 13.1 |
| NSCI (XIC) | 2.4 | 8.3 | 21.2 | 5.3 | 13.7 | 10.6 |
| FTAS | 3.1 | 7.9 | 22.8 | 6.3 | 9.2 | 8.4 |

Notes: 1m & 3m returns not annualised; Launch date = 20 Mar 91; Unit price = Cancellation price of the Fund's Accumulation units; FTAS = FTSE All-Share Index.



Investment commentary

The month was a benign one for global equity markets. The evidence of improving economic momentum is no longer exclusively confined to the USA, where the data are likely to encourage a more rapid normalisation of monetary policy. Thus far equity investors have focussed more on the anticipated growth in profits than on the less pleasant consequences of monetary tightening. Unsurprisingly, the UK market followed the global trend with the FTSE All-Share Index generating a total return of 3.1% and the NSCI (XIC) 2.4%. The Fund out-performed both with a return of 3.7%.

The transport sector provided both the most significant relative winner and loser, emphasising the importance of stock selection rather than sectoral focus. The winner was FirstGroup, where a trading update confirmed no diminution in profit expectations; however Go-Ahead fell as results highlighted further problems with the Southern Rail franchise.

Elsewhere, RM responded positively to the proposed acquisition of a competitor in the educational supplies market, which is anticipated to be significantly earnings accretive. Northgate benefited as investors warmed to clarity regarding future strategy.

Aside from Go-Ahead, there were no significant detractors from performance. This reflects both the macro background described and a company results season that has delivered good news in the majority of cases; the backdrop will not always be so benign!

Of late, much has been written about the revival of M&A globally. With the exception of a brief flurry at the end of last year, this activity has been concentrated in large companies. This is surprising given the lower valuations of the small company universe enhanced, from the buyer's perspective, by sterling's devaluation.

Top 10 investments

| Name | Activity | % |
|-------------------------|--------------------------------------|-----|
| Vesuvius | Metal flow engineering | 3.2 |
| FirstGroup | Bus & rail operator | 3.2 |
| EnQuest | Oil & gas exploration and production | 2.8 |
| Northgate | Van rental | 2.7 |
| Nostrum Oil & Gas | Oil & gas exploration and production | 2.7 |
| e2v technologies | Electronic components & subsystems | 2.6 |
| Paragon Group | Specialist lender | 2.4 |
| Brewin Dolphin Holdings | Private client fund manager | 2.2 |
| Bovis Homes Group | Housebuilding | 2.2 |
| Urban&Civic | Property - investment & development | 2.1 |

Risk warnings

- Capital may be at risk as the value of investments may go down as well as up and is not guaranteed; therefore investors may not get back the amount originally invested. Past performance is not a guide to future performance, or a reliable indicator of future results or performance.
- Investments in shares of smaller companies are generally considered to carry a higher degree of risk as the market for their shares may be less liquid than that for shares of larger companies, making shares of smaller companies more difficult to buy and sell.
- The performance of shares of smaller companies may be more volatile than the shares of larger companies over short time periods; therefore investors should regard such investments as long term.
- There can be no guarantee that the investment objective of a Fund will be achieved or provide the returns sought by the Fund.
- The dealing spread of the Fund, which represents the difference between the buying and selling prices, will have an impact on the realisable value of any investment made in the Fund, particularly in the short term. To mitigate the impact of capital erosion, investors should regard investments in the Fund as long term.

Neither Aberforth Partners LLP or Aberforth Unit Trust Managers Limited provide retail investors with investment advice.

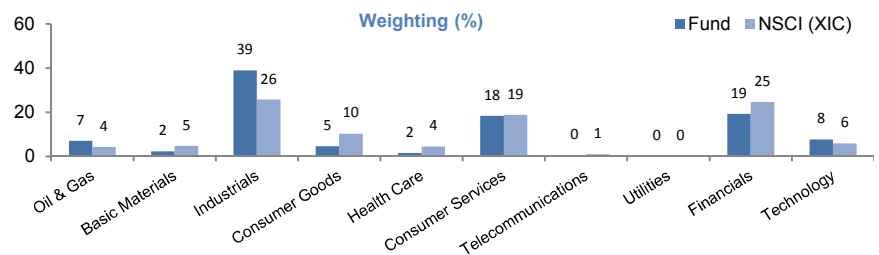
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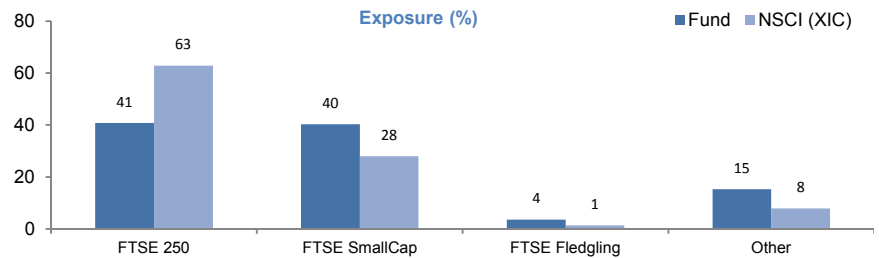
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Sector exposure



Size exposure



Standardised past performance

Discrete total return performance over 12 month periods to 31 December:

| Growth (%) | 2016 | 2015 | 2014 | 2013 | 2012 |
|------------|------|------|------|------|------|
| Unit price | 5.6 | 10.3 | -0.2 | 49.4 | 28.7 |
| NSCI (XIC) | 11.1 | 10.6 | -1.9 | 36.9 | 29.9 |

Notes: the table above is updated on a calendar quarter basis in accordance with the Financial Conduct Authority's regulations; Unit price = Cancellation price of the Fund's Accumulation units.

Dealing & pricing information

Dealings in the Fund normally take place every business day between 9.00am and the Valuation Point that day - normally 4.30pm. Orders may be placed by calling the Fund's Dealing Line on 0345 608 0940 or contacting Aberforth using the details in the Subscribe & contact section.

The dealing spread shown in the Fees & charges section is the difference between the Issue and Cancellation prices and reflects the underlying spread on the Fund's portfolio.

Data sources & calculations

All data supplied by Aberforth, except NSCI (XIC) data (from Numis/Paul Marsh and Elroy Dimson – London Business School) and FTSE data (from FTSE International Limited).

Performance returns are total returns after all expenses and assume reinvestment of dividends. Yield is based on the Fund's trailing 12 months dividends. Active Share is a measure of how the Fund's portfolio differs from the NSCI (XIC). Small companies are represented by NSCI (XIC). Large companies are represented by FTAS.

Security codes

| | | | |
|-----------|----------------|--------------------|---------------|
| Acc units | SEDOL: 0007272 | ISIN: GB0000072727 | MEXID: HIUKSC |
| Inc units | SEDOL: B2N9GS7 | ISIN: GB00B2N9GS70 | MEXID: HIUKSI |

Subscribe & contact

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