



Aberforth UK Small Companies Fund

Monthly Factsheet

31 January 2019

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:

| | |
|----------------|------------------|
| Jeremy Hall | Euan Macdonald |
| Keith Muir | Richard Newbery |
| Peter Shaw | Christopher Watt |
| Alistair Whyte | |

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

Benchmark: NSCI (XIC)

The Fund's benchmark and primary investment universe is the Numis Smaller Companies Index (excluding Investment Companies). This index is rebalanced every January and its profile at the date of this Factsheet was:

| | |
|---|--------|
| Number of companies | 357 |
| Total market value | £149bn |
| Largest constituent | £1.6bn |
| Largest constituent if index rebalanced at Factsheet date | £1.4bn |

Key Fund information

| | |
|--------------------------|-----------|
| Total investments | £152m |
| Number of investments | 81 |
| Active share | 76.9% |
| Total net assets | £152m |
| Issue price (Acc) | £241.03 |
| Cancellation price (Acc) | £236.03 |
| Issue price (Inc) | £178.65 |
| Cancellation price (Inc) | £174.94 |
| Launch date | 20 Mar 91 |
| Next year-end | 31 Dec 19 |

Fees & charges

| | |
|--|-------|
| Ongoing charges (at 31 Dec 18 & includes Management fee) | 0.81% |
| Management fee | 0.75% |
| Performance fee | None |
| Initial/exit charges | 0% |
| Dealing spread | 2.10% |

Yield & distributions (Inc units)

| | |
|--|-----------|
| Yield | 3.3% |
| Interim distribution (paid 31 Aug 18) | 318.8306p |
| Final distribution (payable 28 Feb 19) | 262.5189p |

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.

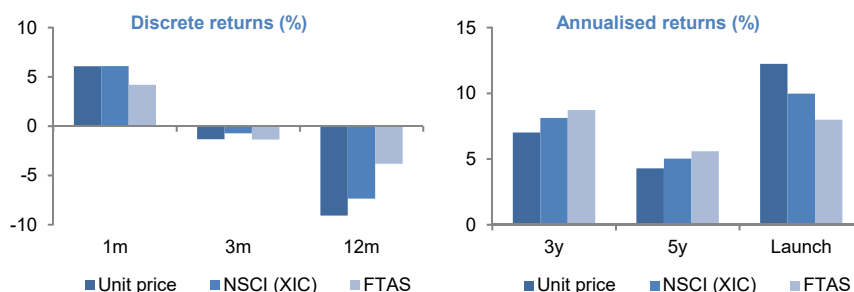
Investment style: Value

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 | 6.1 | -1.3 | -9.1 | 7.0 | 4.3 | 12.2 |
| NSCI (XIC) | 6.1 | -0.7 | -7.4 | 8.1 | 5.0 | 10.0 |
| FTAS | 4.2 | -1.4 | -3.8 | 8.7 | 5.6 | 8.0 |

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

After a weak fourth quarter, equities rallied as the US Federal Reserve signalled a more dovish stance on interest rate policy. The FTSE All-Share rose by 4.2%. Despite continuing Brexit uncertainty, the more domestically orientated NSCI (XIC) gained 6.1%. Size hindered performance since the NSCI (XIC)'s "smaller small" companies, in which the fund retains its over-weight, trailed the larger constituents. These size dynamics offset the favourable style impact of value outperforming growth. With a return of 6.1%, the Fund performed in-line with the benchmark.

The oil price remains volatile: after falling sharply in the fourth quarter, it recovered in January. This allowed Nostrum Oil & Gas and Gulf Marine Services to reverse some of their recent weak performance. Gulf Marine was also boosted by competitor Seafox acquiring a stake in the company. However, EnQuest continues to languish.

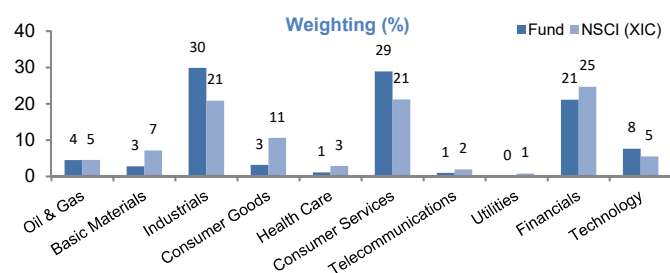
Other hits to performance came from Brewin Dolphin and consumer lender Non-Standard Finance, which both succumbed to profit-taking. Technical plastics supplier Carclo warned of programme delays in its LED technologies division and of higher net debt, this coming at a time when corporate leverage is facing greater scrutiny in general.

More positively, two notable winners were domestic companies. Home furnishings retailer Dunelm and DFS Furniture stood out for their robust trading updates – a reminder that it is not all doom and gloom in the domestic economy! Elsewhere, telecoms test company Spirent responded well to news that profits and cash flow will exceed market expectations.

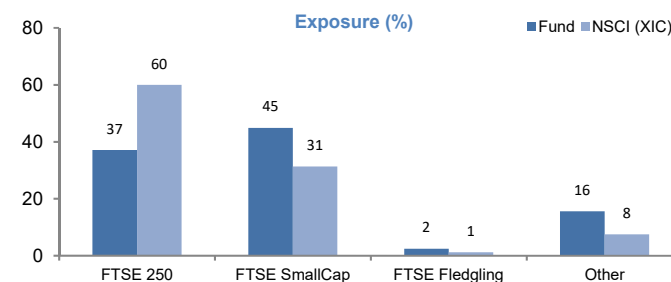
Top 10 equity investments

| Name | Activity | % |
|--------------------------------|---|-----|
| FirstGroup | Bus & rail operator | 3.1 |
| Future | Special interest consumer publisher | 3.1 |
| Urban&Civic | Property - investment & development | 3.0 |
| Spirent Communications | Telecoms test equipment | 2.9 |
| Dunelm Group | Homewares retailer | 2.8 |
| Mitchells & Butlers | Operator of restaurants, pubs & bars | 2.6 |
| Brewin Dolphin Holdings | Private client fund manager | 2.5 |
| Grainger | Property - residential rentals | 2.5 |
| SDL | Software - translation & content management | 2.5 |
| Vitec Group | Photographic & broadcast accessories | 2.4 |

Sector exposure



Size exposure



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 the NSCI (XIC). Large companies are represented by the FTAS.

Standardised past performance

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

| Growth (%) | 2018 | 2017 | 2016 | 2015 | 2014 |
|------------|-------|------|------|------|------|
| Unit price | -15.3 | 21.6 | 5.6 | 10.3 | -0.2 |
| NSCI (XIC) | -15.3 | 19.5 | 11.1 | 10.6 | -1.9 |

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.

Security codes & other information

| Acc units | Inc units | Other information |
|--------------------|--------------------|---------------------------|
| SEDOL: 0007272 | SEDOL: B2N9GS7 | Launched: 20 Mar 91 |
| ISIN: GB0000072727 | ISIN: GB00B2N9GS70 | Next year-end: 31 Dec 19 |
| MEXID: HIUKSC | MEXID: HIUKSI | LEI: 2138000NHC5DGL7RPF30 |

Subscribe & contact

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(T) 0131 220 0733

[\(E\) investors@aberforth.co.uk](mailto:investors@aberforth.co.uk)

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, nor 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 the Fund will be achieved or provide the returns sought by the Fund.

An investment in the Fund is only suitable for investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise from such an investment (which may be equal to the whole amount invested). Such an investment should be regarded as long term in nature and complementary to existing investments in a range of other financial assets and should not form a major part of an investment portfolio.

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.

This document has been issued for information purposes only. It does not contain any investment recommendations or an invitation to invest in the Fund. Investors should seek advice from an authorised financial adviser prior to making investment decisions.

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